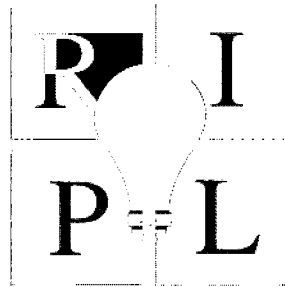


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THE ROLE OF THE OFFICE OF THE ADMINISTRATIVE LAW JUDGES WITHIN THE UNITED STATES INTERNATIONAL TRADE COMMISSION

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ABSTRACT

Section 337 of the Tariff Act of 1930 makes unlawful, specifically, the importation of products that infringe intellectual property rights. The U.S. International Trade Commission (“ITC”) is the forum in which all section 337 proceedings are adjudicated and, within the ITC, the Office of Administrative Law Judges handles all these proceedings. Section 337 cases can be exceedingly complex and technical, and the Administrative Law Judges (“ALJ”) are the initial triers of fact, administrators, and decision makers in every case. Thus, the amount of work that the ALJs—along with their staff—must meet to see these cases to completion can be substantial. This article provides an overview of the ALJ practice and gives a sense of what it is like to be involved in a section 337 case at the ITC.

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THE ROLE OF THE OFFICE OF THE ADMINISTRATIVE LAW JUDGES WITHIN THE UNITED STATES INTERNATIONAL TRADE COMMISSION

CARL C. CHARNESKI*

INTRODUCTION

The purpose of this article is to provide an overview of the Office of the Administrative Law Judges (“OALJ”) within the U.S. International Trade Commission (“ITC” or “Commission”). With some luck, it may even provide a little insight as to how the OALJ functions. What insight there is comes solely from the undersigned’s perception as to how things actually work within the Office of the Administrative Law Judges. In other words, my colleagues are not to be held responsible for the contents of this article.¹

The OALJ is a part of the ITC.² The ITC is an independent federal agency that handles a number of trade-related matters.³ These matters include, among others, unfair trade practice investigations, such as anti-dumping and countervailing duty cases under Title VII of the Tariff Act of 1930,⁴ and investigations under section 337 of the Tariff Act of 1930,⁵ involving the alleged unlawful importation of products that infringe intellectual property rights.⁶ Investigations of the latter group are referred to as “section 337 investigations” and it is these activities that are the focus here.⁷

In that regard, the OALJ has jurisdiction only in section 337 investigations.⁸ The OALJ is the section 337 trial branch of the ITC.⁹ Indeed, the sole mission of the

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¹ In the preparation of this article, reference was made to *Unfair Competition And The ITC*, by Donald K. Duvall, Philip J. McCabe, and John W. Bateman. See generally DONALD K. DUVAL ET AL., UNFAIR COMPETITION AND THE ITC (2008 ed.) (discussing, at length, section 337 actions before the ITC).

² See U.S. International Trade Commission Organization Chart, http://www.usitc.gov/ext_relations/about_itc/orgchart.pdf (last visited Feb. 15, 2009). As of the writing of this article, there are six administrative law judges within the OALJ, one of whom serves as the Chief Judge. DUVAL ET AL., *supra* note 1, § 2:2 n.4.

³ About USITC Homepage, www.usitc.gov/ext_relations/about_itc/index.htm (last visited Feb. 15, 2009) [hereinafter USITC Homepage]. The ITC is headed by six Commissioners, who are appointed by the President with the advice and consent of the Senate. DUVAL ET AL., *supra* note 1, § 2:2. Commissioners are appointed for nine-year terms. *Id.*

⁴ Trade Agreements Act of 1979, Pub. L. No. 96-39, sec. 101, 93 Stat. 144, 150–89 (codified as amended at 19 U.S.C. § 1671–1677n (2006)) (amending the Tariff Act of 1930 to include Title VII).

⁵ Tariff Act of 1930, ch. 497, sec. 337, 46 Stat. 590, 703–04 (codified as amended at 19 U.S.C. § 1337).

⁶ *Id.*

⁷ 19 U.S.C. § 1337; Section 337 Investigations, http://www.usitc.gov/trade_remedy/int_prop/index.htm (last visited Feb. 15, 2009).

⁸ See 19 C.F.R. § 210.3 (2008).

OALJ is to preside over section 337 investigations and to render decisions resolving the merits of the investigations.¹⁰ Thus, for OALJ purposes, its involvement in section 337 matters begins with the Commission's institution of an investigation and ends with the presiding judge's issuance of an Initial Determination.¹¹

I. SECTION 337 INVESTIGATIONS

By far, the majority of investigations under section 337 involve the alleged infringement of U.S. patents and, to a lesser extent, trademarks.¹² Section 337 of the Tariff Act of 1930, as amended, makes unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation, products that infringe a valid United States patent.¹³ This prohibition applies, however, "only if an industry in the United States, relating to the articles protected by the patent, copyright, trademark, mask work or design concerned, exists or is in the process of being established."¹⁴ The domestic industry requirement consists of both an economic prong—*i.e.*, there must be an industry in the United States—and a technical prong—*i.e.*, that industry must relate to articles protected by the patent at issue.¹⁵ The complainant bears the burden of proving the existence of a domestic industry.¹⁶ For the most part, satisfaction of this requirement of section 337(a)(2), known as the "domestic industry" requirement, does not seem to be too considerable of a problem for complainants.¹⁷

⁹ *See id.*

¹⁰ USITC Homepage, *supra* note 3.

¹¹ *See* 19 C.F.R. §§ 210.43–210.46. Decisions issued by administrative law judges are called "Initial Determinations." *Id.* § 210.42(a)(1)(i). While the peculiarities of ITC practice allow for the issuance of several Initial Determinations by the judge in an investigation (*e.g.*, the adding and dropping of respondents, as well as adding of claims to the investigation), proceedings are terminated at the trial level once the judge issues an Initial Determination that finally resolves the merits of the investigation. *See id.* § 210.42(h). As discussed later, it is expected that an appeal will be taken to the Commission from an adverse decision by the judge. *See infra* Part I.G. Indeed, it is another peculiarity of ITC practice that all the parties (even the party that ultimately prevailed on the merits) might seek redress and vindication from the Commission, essentially leaving no substantial adverse ruling and no evidentiary stone unturned. *See id.*

¹² *See* 19 U.S.C. § 1337(a). Section 337 investigations may also include alleged trade secrets misappropriation, or other unfair methods of competition or unfair acts. *See id.* § 1337(a)(1)(A). Trade secrets proceedings are relatively uncommon, with other non-patent and non-trademark proceedings even more uncommon. *See id.* § 1337(a)(1)(D)–(E) (discussing other areas of inquiry, which include mask work infringement and design infringement).

¹³ *Id.* § 1337(a)(1)(B).

¹⁴ *Id.* § 1337(a)(2).

¹⁵ *See In re* Certain Ammonium Octamolybdate Isomers, USITC Pub. 3668, Comm'n Op. 55, Inv. No. 337-TA-477 (Jan. 2004), 2004 ITC LEXIS 105, at *94.

¹⁶ *In re* Certain Methods of Making Carbonated Candy Products, USITC Pub. 2390, Comm'n Op. 25, Inv. No. 337-TA-292 (June 1991), 1991 ITC LEXIS 925, at *79–80.

¹⁷ *See id.* at 119, 1991 ITC LEXIS 925, at *207 (stating that the existence of an injury is not even required to meet the burden). The low burden does not mean that this requirement is a throw away issue by any means. *Id.* at 25, 191 ITC LEXIS 925, at *79–80. In some investigations, whether or not the complainant has established a domestic industry is hotly contested. *See, e.g., id.* at 2, 191 ITC LEXIS 925, at *7 (discussing how the complainants, respondents, and Commission investigative attorney all filed petitions for review of the original Initial Determination). This

A. *Initiation of the Investigation*

Formal proceedings before the ITC begin with the Commission's issuance of a Notice of Investigation ("NOI").¹⁸ However, in order to get the Commission to the point at which it may vote to institute an investigation, the person seeking this action must first file a complaint with the Secretary of the ITC.¹⁹ The complaint must meet the filing requirements of 19 C.F.R. § 210.12.²⁰

Once the Commission votes to institute an investigation, the NOI is published in the Federal Register.²¹ This publication serves several purposes. First, it alerts the complainants and the respondents that the investigation has formally begun.²² In all likelihood, there has already been some activity by both sides even before the formal institution of the investigation.²³ The issuance of the NOI in the Federal Register simply announces that the battle officially has been joined. Second, with the institution of an investigation, the judicial clock (more like a stop watch) begins to run.²⁴ Because the publication of the NOI serves as the starting point of the investigation, it allows for the calculation of the end of the investigation, also known as the "target date."²⁵ The target date is the date upon which the investigation

statement simply recognizes the fact that, thus far, complainants have taken the domestic industry requirement quite seriously in ITC investigations and have made a substantial commitment in establishing that a domestic industry does in fact exist. *Id.*

¹⁸ 19 C.F.R. § 210.10(b) (2008).

¹⁹ *Id.* § 210.8.

²⁰ *Id.* § 210.12. Interestingly, and presumably of little comfort to respondents, the complainant may submit a draft of its complaint to the Office of Unfair Import Investigations ("OUII") for a review prior to its official submission to the Secretary of the ITC. *Id.* § 210.73(a). While the OUII is a part of the ITC, at this stage, the OUII will provide only technical advice to the complainant regarding compliance with the applicable Commission procedural rules for the filing of a proper section 337 complaint. *See id.* § 210.56; DUVALL ET AL., *supra* note 1, § 3:1. Once the complaint is filed, the OUII thereafter becomes a party to the investigation, should one be instituted by the Commission. *See id.* § 210.75. As such, the OUII represents the public's interest in section 337 investigations. *See id.*

²¹ *Id.* § 210.7(3)(c).

²² *Id.* § 210.3.

²³ *See* DUVALL ET AL., *supra* note 1, § 3:1 (stating that many would be complainants consult with the OUII, which can provide technical advice and counsel experienced in section 337 practice to the complainants before filing their complaint). This activity may include, for instance, pre-institution settlement discussions between the complainant and some, or all, of the respondents, general sparring between lawyers on both sides as to the scope of discovery, or simply potential respondents seeking to obtain counsel knowledgeable on intellectual property law. *Id.*

²⁴ *See id.* § 210.42(a)(1)(i) (requiring that the judge must issue his initial determination of a violation no later than four months prior to the target that has been set). As will be discussed later, the time frame for the completion of the section 337 investigation typically is very short. *See id.* § 210.21 (discussing how quickly investigations may terminate). Because of this, there is considerable pressure on the parties and on the judge to accomplish the many things necessary to get a case ready for hearing, heard, and decided within the time period of the investigation's brief life-span. *See In re Certain Home Vacuum Packaging Machines*, Order No. 47, at 6–7, Inv. No. 337-TA-496 (Mar. 9, 2004), 2004 ITC LEXIS 217, at *10 (stating that the administrative law judge makes every effort to avoid the delay of the investigation, which rarely exceeds the short duration of fifteen months). Thus, the point at which the investigation starts, and this time begins to run, is an event not to be taken lightly. *Id.*

²⁵ 19 C.F.R. § 210.51(a).

concludes.²⁶ The investigation ends not with the judge's Initial Determination, but with either the Commission's decision not to review the Initial Determination—thus adopting the judge's decision as its own—or its reviewing the judge's Initial Determination and affirming or reversing.²⁷

19 C.F.R. § 210.51(a) provides that a target date is to be set by the judge within forty-five days of institution of the investigation.²⁸ Unless there is good reason to use all, or a substantial portion of this forty-five day period, the sooner the target date is set the better. Preferably, the target date set in an investigation is no longer than sixteen months from the institution of the investigation by the Commission—*i.e.*, from the publication of the NOI in the Federal Register.²⁹ Factors influencing the selection of the target date include the number of patents involved, their complexity, the number of complainants and respondents, the demands of other investigations on the judge's docket, and the availability of a courtroom.³⁰ Within this period of time is compressed all that needs to be done to litigate a case—*e.g.*, discovery, expert reports, and motions practice.³¹

Moreover, the Commission has four months in which to review the judge's Initial Determination.³² Because this review period takes place within the time period prescribed by the target date, it necessarily shrinks the time that the parties have to try the case—and the judge to decide—in a sixteen-month investigation, for example, to 12 months.³³ As a result, the pressures upon the parties and the judge to complete the investigation within the somewhat abbreviated time frame are even greater.

Third, at the time that the NOI is published in the Federal Register—usually on the same day—the Chief Judge issues an order assigning the investigation to a

²⁶ *Id.*

²⁷ *See id.* §§ 210.44–210.46. A remand by the Commission would necessitate the extension of the target date. *See id.* § 210.51(a).

²⁸ *Id.* § 210.51(a).

²⁹ *Id.* Generally speaking, there also is a preference at the ITC for concluding the investigation in less than 16 months. *See In re Certain Home Vacuum Packaging Machines*, Order No. 47, at 6–7, Inv. No. 337-TA-496 (Mar. 9, 2004), 2004 ITC LEXIS 217, at *10 (stating that the investigations must be conducted expeditiously and that the target dates will rarely exceed fifteen months). In any event, a judge setting a target date greater than sixteen months must do so in an Initial Determination that is subject to the Commission's review. 19 C.F.R. § 210.51(a). Occasionally, an investigation is assigned to the judge along with a motion for temporary relief that was filed with the complaint, and then referred by the Commission. *See id.* § 210.52 (discussing procedures for filing a motion for temporary relief). Temporary relief proceedings are in many ways analogous to preliminary injunction proceedings in the federal courts. *See* 19 U.S.C. § 1337(e) (2006); *Rosemount, Inc. v. U.S. Int'l Trade Comm'n*, 910 F.2d 819, 820–21 (Fed. Cir. 1990). The pace of a temporary relief proceeding is even faster than that of a normal investigation. *See* 19 C.F.R. § 210.52 (discussing the standard for granting temporary relief). The Commission's Rules of Practice and Procedure contain a special section pertaining to temporary relief. *See id.* § 210.52.

³⁰ *See* 19 C.F.R. § 210.51(a). There are two courtrooms regularly available at the ITC building in Washington, D.C. A third courtroom (the Commission's main hearing room) also is available on an as-needed basis. During those times when the judges' dockets expand due to an increase in the number of investigations, cases tend to back-up while awaiting courtroom space. *See id.* § 210.36(c) (stating that investigative hearings should be held in one place and continue there until completed). This results in a lengthier investigation than otherwise would be the case. *See id.*

³¹ *See id.*

³² *See id.* § 210.42(a)(1)(i) (stating that the administrative law judge must file his Initial Determination with the Commission at least four months before the target date set).

³³ *See id.* § 210.42(a)(1)(i).

judge.³⁴ Invariably, the judge knows several days ahead of time that the Commission will be voting on whether to initiate the investigation and that, absent a conflict, the judge is next in line to be assigned the investigation. Therefore, upon institution of the investigation by the Commission, the judge is ready to proceed immediately.

B. Preliminary Matters

Because of the relatively short period of time set for the investigation—*i.e.*, from the time of the NOI to the target date—pretty much everything that the judge does in the investigation is with a sense of urgency.³⁵

The judge assigned to the case will be cognizant of the fact that even before he exercises some sort of control over the investigation, and even before all of the respondents have hired lawyers, there generally are procedural activities already taking place. In that regard, the complainants have had considerable time to plan their strategy and deploy their legions in anticipation of the investigation.³⁶ Finally, with the institution of the investigation, complainants might well feel that it is time to let loose the first wave—discovery.

Nonetheless, as a practical matter, the judge might allow a few days to go by before issuing the first procedural order.³⁷ This gives the respondents time to obtain legal counsel, in the event that they haven't done so already. Inasmuch as foreign respondents can be expected to be involved in every investigation, it is particularly important to give them sufficient time to engage counsel familiar with patent law and the workings of the International Trade Commission. The thinking is that it provides for a far smoother process when counsel representing a respondent is served with the judge's procedural orders, as opposed to a non-lawyer representative in a foreign land.³⁸ Thus, the investigation can start off on sure footing.

The first order that the judge issues is a Protective Order.³⁹ The Protective Order essentially requires all outside counsel, their staffs, and expert witnesses to agree by oath or affirmation that they will not divulge any the confidential business

³⁴ See *id.* § 210.56(a).

³⁵ See *In re* Certain Home Vacuum Packaging Machines, Order No. 47, at 6–7, Inv. No. 337-TA-496 (Mar. 9, 2004), 2004 ITC LEXIS 217, at *10 (stating that the administrative law judge makes every effort to avoid the delay of the investigation, which rarely exceeds the short duration of fifteen months). Some of the parties may, on occasion, find this hard to believe, but it is true.

³⁶ See 19 C.F.R. § 210.10(a)(1) (2008) (stating that the Commission determines whether there will be an investigation within thirty days); DUVALL ET AL., *supra* note 1, § 3:13 (stating that during the thirty day window the complainants consult with the OUII to cure any technical difficulties they may have in anticipation of the investigation).

³⁷ See *In re* Certain Digital Image Storage and Retrieval Devices, Order No. 1, at 1, Inv. No. 337-TA-520 (Aug. 17, 2004), 2004 ITC LEXIS 633, at *1 (issuing Order Number 1, the Protective Order, approximately one month after the complaints were filed).

³⁸ See DUVALL ET AL., *supra* note 1, § 3:55 (stating that foreign counsel who represent a party before the ITC are likely to cause administrative delays that local counsel would not).

³⁹ U.S. INT'L TRADE COMM'N, PUB. NO. 3708, SECTION 337 INVESTIGATIONS: ANSWERS TO FREQUENTLY ASKED QUESTIONS 9 (2004) [hereinafter USITC FAQs], available at http://www.usitc.gov/trade_remedy/int_prop/pub3708.pdf.

information (“CBI”) that they review as a result of their participation in the investigation.⁴⁰

CBI is the lifeblood of a section 337 investigation. For purposes of such an investigation, CBI generally encompasses information which has not been made public and which concerns:

[T]rade secrets, processes, operations, style of works, or apparatus, or to the production, sales, shipments, purchases, transfers, identification of customers, inventories, or amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or other organization, or other information of commercial value, the disclosure of which is likely to have the effect of either impairing the Commission's ability to obtain such information as is necessary to perform its statutory functions, or causing substantial harm to the competitive position of the person, firm, partnership, corporation, or other organization from which the information was obtained, unless the Commission is required by law to disclose such information.⁴¹

Because often times so much of the section 337 investigation involves CBI, especially the most critical portions of the investigation involving the accused products, as well as domestic industry considerations, a person's subscription to the Protective Order is essential to having any meaningful role in the matter.⁴² Subscription to the Protective Order allows access to all confidential documents in the official record.⁴³

Next, the judge will issue his Ground Rules, which supplement the Agency's procedural rules contained in 19 C.F.R. Sections 201 and 210.⁴⁴ Following the

⁴⁰ See 19 C.F.R. § 210.34(a); see also USITC FAQs, *supra* note 39, at 9. The parties' in-house counsel and company personnel are precluded from reviewing CBI material. 19 C.F.R. § 210.34(a). This prohibition extends to being present in the courtroom (or at a deposition) as witnesses testify regarding CBI. *Id.* This prohibition includes the review of transcripts of such CBI testimony. *Id.* § 210.34(a)(6). Also, when CBI areas come up during the hearing, the practice is for counsel to inform the judge at which time the proceedings go on a confidential record, and all persons not entitled to hear CBI related testimony are directed to leave the courtroom. *Id.* § 210.34(a)(5).

⁴¹ 19 C.F.R. § 201.6(a)(1).

⁴² *In re* Certain Integrated Repeaters and Products Containing the Same, Order No. 6, at 3–4, Inv. No. 337-TA-430 (June 13, 2000), 2000 ITC LEXIS 163, at *5–6.

⁴³ 19 C.F.R. § 210.7(b). There are confidential documents in the possession of both the complainant and respondent that are protected by the attorney-client privilege and the work product doctrine, among others. MODEL RULES OF PROF'L CONDUCT R. 1.6 (2008). Because these documents are not in the official record, obviously subscription to the Protective Order has no play here. See 19 C.F.R. § 210.39(a). Instead, when these documents are the subject of a dispute between the parties, it is a matter often times resolved by the judge's *in camera* review of the documents to which privilege is claimed to determine whether such privilege exists and whether it warrants that the documents not be disclosed. *Id.* § 210.39(a).

⁴⁴ See, e.g., *In re* Certain Digital Image Storage and Retrieval Devices, Order No. 2, at 9–39, Inv. No. 337-TA-520 (Aug. 17, 2004), 2004 ITC LEXIS 631, at *3–46 (delineating the ground rules for a particular case); see also 19 C.F.R. §§ 201, 210. Each judge has his own set of Ground Rules that address matters ranging from the setting of dates for the filing of specific pleadings to the hours during which the hearing will be held. See *In re* Certain Digital Image Storage and Retrieval Devices, Order No. 2, at 9–39, Inv. No. 337-TA-520 (Aug. 17, 2004), 2004 ITC LEXIS 631, at *3–46. This admittedly unique system is a long-held tradition within the OALJ. See *id.*

Ground Rules, the judge will issue an order setting the target date (discussed *supra*) for the investigation.⁴⁵ The target date often will be set after allowing the parties an opportunity to comment on the length of the investigation.⁴⁶

C. Pre-Hearing Activities

At some point, close on the heels of the Protective Order and Ground Rules, comes the Scheduling Order.⁴⁷ This order does just what it says—it sets forth the key dates that the parties must meet in order to keep the investigation on course and moving a timely manner.⁴⁸ For example, a scheduling order will set the date by which discovery must end, expert reports exchanged, and motions to compel and motions for summary determination (we're really talking summary judgment) filed.⁴⁹ While the specificity of the order will vary from judge to judge, what essentially happens from the time that the NOI is issued to the time that the parties arrive in the courtroom is the same. What happens is that the parties, with direction from the court, focus on the issues to be tried as they get their case ready for hearing.⁵⁰

Presumably, this will not come as a shock, but at the ITC the most prominent prehearing matters seem to center on discovery. Discovery in an ITC proceeding begins early, often times immediately upon the Commission's issuance of a NOI.⁵¹ Some of the more lively areas of discovery concern the claim construction of expert witnesses as to the meaning of disputed terms of the asserted patents, as well as the

⁴⁵ See 19 C.F.R. § 210.51(a).

⁴⁶ See *id.* As a practical matter, the selection of the target date may depend more on the judge's docket and the availability of a courtroom. See *In re Certain Digital Image Storage and Retrieval Devices*, Order No. 2, at 2, Inv. No. 337-TA-520 (Aug. 17, 2004), 2004 ITC LEXIS 631, at *2. In that regard, for approximately the past 20 months, the dockets of the judges at the ITC have been extraordinarily heavy. While the judges' dockets now appear to be, for a variety of reasons, leveling off to a more manageable size, because of the complexity of the cases, it takes only a few new investigations to essentially overwhelm the system.

⁴⁷ See, e.g., *In re Certain Flash Memory Circuits and Products Containing the Same*, Order No. 3, at 1, Inv. No. 337-TA-382 (Mar. 1, 1996), 1996 ITC LEXIS 56, at *1 (showing that the scheduling order, the order setting new ground rules, and the target date order were made within three days of each other).

⁴⁸ See 19 C.F.R. § 210.51(a).

⁴⁹ See *In re Certain Flash Memory Circuits and Products Containing the Same*, Order No. 3, at 1, Inv. No. 337-TA-382 (Mar. 1, 1996), 1996 ITC LEXIS 56, at *1.

⁵⁰ See 19 C.F.R. § 210.10(b) (stating that the NOI will define the scope of the investigation).

⁵¹ See DUVALL ET AL., *supra* note 1, §§ 3:21, 4:1 (stating that within fifteen to thirty days following the assignment of the investigation the ALJ will hold a prehearing conference to discuss the expedition of discovery). Smart counsel work out the majority of problems among themselves. Even smarter counsel seek help from the judge, by way of a motion to compel, only on discovery matters that are truly important to their case. See DUVALL ET AL., *supra* note 1, § 4:36. Obviously, there are going to be difficult and complex discovery disputes that the parties will be unable to resolve on their own. The judge is aware of that fact and expects a certain amount of motions to compel in an investigation. Nonetheless, discovery disputes all too often are brought to the judge for resolution when they could, and should, have been settled by the litigants. Moreover, in the worst cases, counsel seem more intent on disparaging the tactics and motives of opposing counsel than on identifying the discovery dispute for the judge and clearly articulating their position. When this happens, opposing counsel invariably responds in kind. No one benefits from this calamitous situation.

experts' analysis of the products and methods accused of infringing the patents. Discovery concerning importation matters and domestic industry issues are also prominent.

Suffice it to say that discovery is critically important in a section 337 investigation. It is essential that the judge keep close watch that the parties meet the discovery time lines prescribed in the Scheduling Order.⁵² Moreover, within the discovery time prescribed, the judge must resolve all disputes promptly and decisively in order to keep the investigation on a strict schedule.⁵³ Earlier, it was noted that the judges' dockets were becoming more manageable; this is particularly important here because with a more manageable docket the judge is better able to keep abreast of discovery matters and resolve any disputes in a more timely fashion.⁵⁴

While there are certainly other pre-hearing matters that routinely take place as the investigation winds its way toward trial, one event that deserves mention is the Tutorial. Because of the complexity of many of the patents at issue in ITC investigations, a judge often finds it useful to hold a tutorial session during which counsel, with the aid of experts, present non-controverted technical information relating to the patent or patents at issue.⁵⁵ A transcript is made of the tutorial for future reference by the judge or any reviewing body, although this tutorial record is not a part of the evidentiary record.⁵⁶ Thus, the tutorial is solely intended to bring the judge up-to-speed on the involved technology.⁵⁷

D. The Hearing

From the judge's perspective, the first day of the hearing is like baseball's opening day. The door to the robing room opens and the judge enters to a courtroom usually packed to capacity with each party's legal team.⁵⁸ There is the sense of a

⁵² See *In re* Certain Home Vacuum Packaging Machines, Order No. 47, at 6–7, Inv. No. 337-TA-496 (Mar. 9, 2004), 2004 ITC LEXIS 217, at *10 (stating that the Commission's policy is that all investigations be conducted "expeditiously").

⁵³ See *id.* (stating that the administrative law judge makes every effort to avoid the delay of the investigation, which rarely exceeds the short duration of fifteen months).

⁵⁴ See *In re* Certain Semiconductor Integrated Circuits and Products Containing the Same, Order No. 2, at 6, Inv. No. 337-TA-665 (Dec. 19, 2008), 2008 ITC LEXIS 2180, at *10–11. For example, a useful tool is for the judge to call counsel into court to explain why there is a discovery dispute and for counsel to argue the merits of their respective positions. *Id.*

⁵⁵ See *In re* Certain Recordable Compact Discs and Rewritable Compact Discs, USITC Pub. 3686, Initial Determination 5 n.3, Inv. No. 337-TA-474 (Apr. 2004), 2004 ITC LEXIS 431, at *129 n.50 (illustrating that the administrative law judge held a tutorial on the technology and products at issue seven days before the hearing commenced).

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ DUVALL ET AL., *supra* note 1, § 5:2. Each "team" usually consists of attorneys from the various offices of the firm. There are numerous supporting attorneys, as well as an ample detail of paralegals and support personnel to help with the hundreds of exhibit binders that, for the most part, line the walls of the courtroom. When a patent-based investigation goes to hearing at the ITC, it involves a tremendous commitment of resources. See 19 C.F.R. § 210.36(a)(1) (2008) (discussing the purposes of the hearings).

great conflict looming, with each side ready to unleash the dogs of war upon its opponent. It is truly a grand production.

Yet, despite this initial atmosphere, the hearing quickly focuses upon the only reason for everyone's being there—*i.e.*, for the conduct of the investigation ordered by the Commission in its notice of investigation.⁵⁹ In general, a hearing will focus upon the claim construction of the disputed claim terms of the asserted patents, whether the accused products or methods infringe the asserted patents as construed by the judge, and whether the respondent has prevailed on any patent invalidity defenses.⁶⁰

As discussed earlier, the NOI has identified the scope of the investigation, namely, the complainants, the respondents, the patents at issue, and the claims asserted as to each patent.⁶¹ Indeed, that is why all have come. The parties recognize that the hearing is their opportunity to build an evidentiary record that would mandate a holding in their favor.⁶² Thus, what previously seemed complex now becomes, to a degree, quite simple. Gone are the numerous motions to compel documents and witnesses, motions to strike, motions for sanctions, motions for summary determination, and the like. Now it is time to simply take witness testimony and introduce exhibits into the record—admittedly, sometimes easier said than done.⁶³ An interesting aspect of an ITC evidentiary hearing is the fact that it is essentially two hearings in one. For example, in a patent-based investigation, the complainant bears the burden of proof.⁶⁴ The standard of proof here is a preponderance of the evidence.⁶⁵

After the complainant rests, it is the respondent's turn to put on its case.⁶⁶ This is the second part of the case referred to above. The respondent invariably will raise at least one, and normally more than one, invalidity defense.⁶⁷ For example, while the claims of a patent are presumed to be valid, the respondent might well argue that

⁵⁹ 19 C.F.R. § 210.3.

⁶⁰ *See* DUVALL ET AL., *supra* note 1, § 5:2. In some investigations, administrative law judges will have issued claim constructions before the evidentiary hearings. *Id.* As an antecedent to those determinations, the judges have received written submissions, and in most cases also heard live testimony and arguments during short hearings akin to the Markman hearings held in district courts. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 372 (1996); *see also* DUVALL ET AL., *supra* note 1, § 5:2. In view of the relatively short discovery phase of section 337 investigations—as compared to district court proceedings—and the fact that an administrative law judge's constructions of asserted patent claims are subject to Commission review, the advance issuance of claim constructions and Markman-type hearings have not become the norm at the ITC. DUVALL ET AL., *supra* note 1, § 5:2.

⁶¹ 19 C.F.R. § 210.10.

⁶² *See id.* § 210.38 (discussing the components of the record).

⁶³ *See id.* § 210.37(a) (stating that the proponent of any factual proposition bears the burden of proof with respect to that factual proposition).

⁶⁴ *In re* Certain Rubber Antidegradants, Components Thereof, and Products Containing Same, Final Initial and Recommended Determination 93, Inv. No. 337-TA-533 (Feb. 17, 2006), 2006 ITC LEXIS 212, at *142.

⁶⁵ Enercon GmbH v. Int'l Trade Comm'n, 151 F.3d 1376, 1384 (Fed. Cir. 1998).

⁶⁶ *See* DUVALL ET AL., *supra* note 1, § 5:2(3).

⁶⁷ *E.g.*, *In re* Certain Digital Televisions and Certain Products Containing Same and Methods of Using Same, Initial Determination 65, Inv. No. 337-TA-617 (Nov. 17, 2008), 2008 ITC LEXIS 2171, at *95–96 (stating that the respondents asserted eight validity defenses).

regardless of what the judge might find as to complainant's infringement claims, the patents are invalid and therefore unenforceable.⁶⁸

Some of the more common invalidity defenses include, but are not limited to, anticipation,⁶⁹ obviousness,⁷⁰ and indefiniteness.⁷¹ A respondent that has raised patent invalidity as an affirmative defense must overcome the presumption of patent validity by "clear and convincing" evidence of invalidity.⁷²

E. The Initial Determination

After the hearing is concluded, there is typically a two-week briefing period before the filing of main briefs and one week before the filing of reply briefs.⁷³ The briefs are filed simultaneously by the parties.⁷⁴ Everything now is on the judge who will finally decide the merits of the infringement claims, the all too numerous defenses, and the remedy to be awarded complainant in the event that infringement of a valid patent is found.⁷⁵ The Initial Determination is issued typically no sooner than four months prior to the target date.⁷⁶ Thus, the date of issuance of the Initial Determination is of no surprise to the parties, who await the date with the anticipation of new parents.

Initial Determinations tend to be quite lengthy.⁷⁷ Of course, the length of the decision depends in large measure on the number of patents involved, their complexity, the number of claims asserted, as well as the number of parties.⁷⁸ Accordingly, in most instances, there is no getting around the fact that Initial Determinations at the ITC are going to be quite substantial.

The writing of the Initial Determination requires an enormous amount of effort for the judge, and his army of one (each judge works with a highly experienced

⁶⁸ See 35 U.S.C. § 282 (2006); *DMI, Inc. v. Deere & Co.*, 802 F.2d 421, 427 (Fed. Cir. 1986); *In re Certain Digital Televisions and Certain Products Containing Same and Methods of Using Same*, Initial Determination 65, Inv. No. 337-TA-617 (Nov. 17, 2008), 2008 ITC LEXIS 2171, at *95-96.

⁶⁹ 35 U.S.C. § 102; *In re Certain Dynamic Random Access Memories, Components Thereof, and Products Containing Same*, USITC Pub. 2034, Comm'n Op. 21, Inv. No. 337-TA-242 (May 21, 1987), 1987 ITC LEXIS 170, at *44.

⁷⁰ *Id.* § 103; *In re Certain Dynamic Random Access Memories, Components Thereof, and Products Containing Same*, USITC Pub. 2034, Comm'n Op. 23, Inv. No. 337-TA-242 (May 21, 1987), 1987 ITC LEXIS 170, at *46.

⁷¹ *Id.* § 112; *In re Certain Digital Satellite System (DSS) Receivers and Components Thereof*, USITC Pub. No. 3418, Initial Determination 56 n.29, Inv. No. 337-TA-392 (Apr. 2001), 1997 ITC LEXIS 307, at *91.

⁷² *Checkpoint Sys., Inc. v. U.S. Int'l Trade Comm'n*, 54 F.3d 756, 761 (Fed. Cir. 1995).

⁷³ *DUVALL ET AL.*, *supra* note 1, § 5:19.

⁷⁴ *Id.*

⁷⁵ 19 C.F.R. § 210.62.

⁷⁶ *DUVALL ET AL.*, *supra* note 1, § 6:6 (stating that if the target date is set at more than fifteen months after the institution of the investigation, the judge must issue his initial determination of a violation no later than four months prior to the target date that has been set and if the target date is set at less than fifteen months after the institution, the judge must issue his initial determination no later than three months prior to the target date).

⁷⁷ See, e.g., *In re Certain Home Vacuum Packaging Machines*, Initial Determination, Inv. No. 337-TA-496 (Dec. 16, 2003), 2003 ITC LEXIS 790 (resulting in an Initial Determination of 279 pages in length).

⁷⁸ See *id.* 150-page decisions are not considered unusual by any means. *Id.*

attorney on whom he relies substantially), to plow through the typical several thousand page transcript (much of it complex), the hundreds of exhibits (most of them complex), and the hundreds of pages of post-hearing briefing (some of it needlessly complex, but nonetheless usually enormously helpful).⁷⁹ This is what is required to get the job done, and the amount of effort expended by the judge in preparing the decision merely complements the efforts of counsel in preparing and presenting their cases.

That having been said, it is the practice at the ITC—and apparently the expectation of the Commission and the parties—that the judge will address all aspects of the investigation in his Initial Determination, whether or not needed to fully resolve the merits.⁸⁰ For example, let's say that there are three patents at issue, with the complainant asserting three claims as to each. If the judge were to find that each of the patents is invalid as being anticipated by prior art pursuant to 35 U.S.C. § 102, the matter is not at an end. It is only beginning. The judge is not expected to write a short Initial Determination disposing of the complaint on the basis of invalidity alone, regardless as to how strong the evidence establishing invalidity. Instead, the judge is expected to proceed and address the nine asserted claims in the three patents, and each and every other defense asserted in the investigation.⁸¹

Thus, while a 20-page Initial Determination might be sufficient, at least in the judge's view, to fully resolve the merits of the investigation, a 150-page decision might well be produced in order to address "those other issues."⁸² That presently is the OALJ practice.

F. Remedies

The complainants file a complaint with the Commission seeking a section 337 investigation because they believe that have been wronged.⁸³ The complainants

⁷⁹ *Id.*

⁸⁰ 19 C.F.R. § 210.42(d) ("The initial determination shall include: an opinion stating findings (with specific page references to principal supporting items of evidence in the record) and conclusions and the reasons or bases therefor necessary for the disposition of all material issues of fact, law, or discretion presented in the record . . ."); *Coleco Indus., Inc. v. U.S. Int'l Trade Comm'n*, 573 F.2d 1247, 1249 n.2 (C.C.P.A. 1978).

⁸¹ 19 C.F.R. § 210.42(d).

⁸² *See, e.g., In re Certain Home Vacuum Packaging Machines*, Initial Determination, Inv. No. 337-TA-496 (Dec. 16, 2003), 2003 ITC LEXIS 790 (resulting in a total Initial Determination length of 279 pages, with a likelihood of success on the merits discussion of over 100 pages in length). Admittedly, there are benefits to the judge addressing all infringement claims and all defenses. For example, as the Initial Determination passes along the appellate chain to the Commission and eventually to the Federal Circuit, the reviewing bodies have the advantage of seeing the whole picture. *See* 19 C.F.R. § 210.43(b)(3) (discussing the process for appealing an Initial Determination to the Commission and then to the Federal Circuit). This is particularly important should the judge's holding of invalidity be reversed and the asserted patent claims and remaining invalidity defenses be put into play again.

⁸³ 19 C.F.R. § 210.12(a)(2) (stating that complainants must expressly state, in their complaints, the alleged unfair acts); *see* 19 U.S.C. § 1337(b)(1) (2006) (stating that the investigation commission will investigate any violation that the complainant alleges).

assert that they have been the victims of patent infringement.⁸⁴ Thus, in seeking the institution of the investigation, the complainants will request a specific remedy.⁸⁵ In that regard, the Commission has broad discretion in selecting the form, scope, and extent of the remedy in a section 337 proceeding.⁸⁶

The remedies that the Commission may provide are (1) limited exclusion orders, (2) general exclusion orders, and (3) cease and desist orders.⁸⁷ Regardless of whether the judge finds infringement of a valid United States patent, the judge will decide an appropriate remedy, should the Commission decide this issue in favor of the complainant.⁸⁸ The judge may include this remedy discussion in his Initial Determination, or in a separate document titled something along the lines of “Recommended Determination On Remedy And Bonding.”⁸⁹

1. Limited Exclusion Orders

A limited exclusion order directed to the respondents’ infringing products is among the remedies that the Commission may impose.⁹⁰ There is no Commission practice of issuing remedial orders based on hypothetical products or product configurations. The Commission practice is to direct remedial orders to all products “covered by” the asserted claims as to which a violation has been found, rather than to limit the orders to specific models.⁹¹ The Commission may add “downstream products” to an exclusion order, and thus, in certain circumstances, products may be excluded from importation because they contain one or more infringing devices.⁹²

⁸⁴ 19 U.S.C. § 1337(a)(1)(B).

⁸⁵ 19 C.F.R. § 210.12(a)(11).

⁸⁶ See *Viscofan, S.A. v. U.S. Int’l Trade Comm’n*, 787 F.2d 544, 548 (Fed. Cir. 1986).

⁸⁷ 19 C.F.R. § 210.50(a)(1).

⁸⁸ 19 C.F.R. § 210.42(a)(1)(ii)(A).

⁸⁹ DUVALL ET AL., *supra* note 1, § 7:14. In some instances, the Commission may issue an advisory opinion as to whether a proposed course of conduct would violate an exclusion order, a cease and desist order, or a consent order. 19 C.F.R. § 210.79(a).

⁹⁰ See 19 U.S.C. § 1337(d)(2) (2006).

⁹¹ See *In re Certain Hardware Logic Emulation Systems and Components Thereof*, USITC Pub. 3089, Comm’n Op. 15–16, Inv. No. 337-TA-383 (Mar. 1998), 1998 ITC LEXIS 138, at *31–32; *In re Certain Optical Disk Controller Chips and Chipsets and Products Containing Same, Including DVD Players and PC Optical Storage Devices*, Comm’n Op. 56, Inv. No. 337-TA-506 (Sept. 28, 2005), 2005 ITC LEXIS 881, at *90 (finding no basis for specifically exempting a particular chip from the limited exclusion order).

⁹² See *In re Certain Erasable Programmable Read-Only Memories, Components Thereof, Products Containing Such Memories, and Processes for Making Such Memories*, USITC Pub. No. 2196, Comm’n Op. 124–25, Inv. No. 337-TA-276 (May 1989), 1989 ITC LEXIS 122, at *252–53, *aff’d sub nom. Hyundai Elecs. Co. v. U.S. Int’l Trade Comm’n*, 899 F.2d 1204 (Fed. Cir. 1990). *But see Kyocera Wireless Corp. v. U.S. Int’l Trade Comm’n*, 545 F.3d 1340, 1358 (Fed. Cir. 2008) (holding that a limited exclusion order barring downstream products was outside the statutory authority of the Commission).

2. General Exclusion Orders

Another remedy that the Commission may provide is a general exclusion order.⁹³ A general exclusion order is significantly broader than a limited exclusion order. It applies to all infringing products, regardless of their manufacturer, if such an order “is necessary to prevent circumvention of an exclusion order limited to products or named persons; or there is a pattern of violation and it is difficult to identify the source of the infringing products.”⁹⁴

The Commission’s determination of whether to issue a general exclusion order is guided by a two-part test set forth in its opinion in *In re Certain Airless Paint Spray Pumps and Components Thereof* (“*Spray Pumps*”).⁹⁵ Under *Spray Pumps*, the Commission requires a complainant to prove “both a widespread pattern of unauthorized use of its patented invention and certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles.”⁹⁶

3. Cease and Desist Orders

Finally, section 337 provides that in addition to, or in lieu of, the issuance of an exclusion order, the Commission may issue a cease and desist order as a remedy for violation of section 337.⁹⁷ The Commission generally issues a cease and desist order directed to a domestic respondent when there is a “commercially significant” amount of the infringing, imported product in the United States that could be sold so as to undercut the remedy provided by an exclusion order.⁹⁸

⁹³ 19 U.S.C. § 1337(d)(1).

⁹⁴ *Id.* § 1337(d)(2).

⁹⁵ *In re Certain Airless Paint Spray Pumps and Components Thereof*, USITC Pub. 1199, Comm’n Op. 18, Inv. No. 337-TA-90 (Nov. 1981), 1981 LEXIS 167, at *30; *see also In re Certain Tadalafil or Any Salt or Solvate Thereof and Products Containing Same*, USITC Pub. 3992, Order No. 10, at 3, Inv. No. 337-TA-539 (May 2008), 2008 ITC LEXIS 744, at *4 (requiring the application of the *Spray Pumps* test to specifically authorize the issuance of general exclusion orders even after the statute was amended in 1994). Nonetheless, recently the Commission stated that “[c]onsideration of some factual issues or evidence examined in *Spray Pumps* may continue to be useful for determining whether the requirements of Section 337(d)(2) have been met. However, we do not view *Spray Pumps* as imposing additional requirements beyond those identified in Section 337(d)(2).” *In re Certain Hydraulic Excavators and Components Thereof*, Comm’n Op. 17, Inv. No. 337-TA-582 (Feb. 3, 2009) (public version of confidential original filed on Jan. 21, 2009). The Commission found that “notwithstanding” a *Spray Pumps* analysis performed by an administrative law judge, the judge had addressed the requirements for issuance of a general exclusion order that appear in section 337(d)(2)(B). *Id.* The Commission proceeded to conduct its own review of the evidence under section 337(d)(2)(B), without reference to the *Spray Pumps* factors, and determined to issue a general exclusion order. *See id.* at 18–19. Specifically, the Commission has commented upon, and appears to have restricted the use of, the *Spray Pumps* factors.

⁹⁶ *See In re Certain Airless Paint Spray Pumps and Components Thereof*, USITC Pub. 1199, Comm’n Op. 18, Inv. No. 337-TA-90 (Nov. 1981), 1981 LEXIS 167, at *30.

⁹⁷ 19 U.S.C. § 1337(f)(1).

⁹⁸ *See In re Certain Crystalline Cefadroxil Monohydrate*, USITC Pub. No. 2391, Comm’n Op. 40 n.119, Inv. No. 337-TA-293 (June 1991), 1991 ITC LEXIS 736, at *86 n.119; *cf. In re Certain Condensers, Parts Thereof and Products Containing Same, Including Air Conditioners for*

4. Bond

In addition to the remedies listed above, the judge and the Commission must determine the amount of bond to be required of a respondent, pursuant to section 337(j)(3), during the 60-day Presidential review period following the issuance of permanent relief, in the event that the Commission determines to issue a remedy.⁹⁹ The purpose of the bond is to protect the complainant from any injury.¹⁰⁰ When reliable price information is available, the Commission has often set the bond by eliminating the differential between the domestic product and the imported, infringing product.¹⁰¹ In other cases, the Commission has turned to alternative approaches, especially when the level of a reasonable royalty rate could be ascertained.¹⁰² A 100 percent bond has been required when no effective alternative existed.¹⁰³

G. Appeals

A short note on appeals. Appeals may be taken from the judge's Initial Determination to the Commission.¹⁰⁴ Thereafter, appeals may be taken from the Commission to the United States Court of Appeals for the Federal Circuit.¹⁰⁵

With respect to appeals from the judge's Initial Determination to the Commission, it appears to be the more common practice for all of the parties to appeal all significant adverse rulings of the judge.¹⁰⁶ This, for example, even includes the prevailing party where the judge has not adopted the exact claim construction precisely advanced by the party that won.¹⁰⁷

Automobiles, USITC Pub. 3063, Comm'n Op. 25, Inv. No. 337-TA-334 (Sept. 1997), 1997 ITC LEXIS 385, at *49 (stating that the ALJ recommended against issuing cease and desist orders because there was no evidence of commercially significant inventories of infringing products).

⁹⁹ 19 U.S.C. § 1337(j)(3).

¹⁰⁰ *Id.*

¹⁰¹ *In re* Certain Microsphere Adhesives, Processes for Making Same, and Products Containing Same, Including Self-Stick Repositionable Notes, USITC Pub. 2949, Comm'n Op. 24, Inv. No. 337-TA-366 (Jan. 1996), 1996 ITC LEXIS 280, at *43-44.

¹⁰² *In re* Certain Integrated Circuit Telecommunication Chips and Products Containing Same, Including Dialing Apparatus, USITC Pub. 2670, Comm'n Op. 43, Inv. No. 337-TA-337 (Aug. 1993), 1993 ITC LEXIS 854, at *87.

¹⁰³ *In re* Certain Flash Memory Circuits and Products Containing Same, USITC Pub. 3046, Comm'n Op. 26, Inv. No. 337-TA-382 (July 1997), 1997 ITC LEXIS 248, at *81 (stating that a 100 percent bond was imposed when a price comparison was not practical because the parties sold products at different levels of commerce, and the proposed royalty rate appeared to be *de minimis* and without adequate support in the record).

¹⁰⁴ 19 C.F.R. § 210.47 (2008).

¹⁰⁵ 28 U.S.C. § 1295(a)(6); *see* 19 C.F.R. § 210.43(b)(3).

¹⁰⁶ *See, e.g., In re* Certain Crystalline Cefadroxil Monohydrate, USITC Pub. No. 2391, Comm'n Order 2, Inv. No. 337-TA-293 (June 1991), 1991 ITC LEXIS 736, at *6 (reversing a portion of the Initial Determination after the parties had filed for review to the Commission).

¹⁰⁷ *See, e.g., In re* Certain Voltage Regulators, Components Thereof and Products Containing Same, Comm'n Op. 3, Inv. No. 337-TA-564 (Oct. 19, 2007), 2007 ITC LEXIS 1108, at *4 (stating that all parties filed petitions for review of the Initial Determination on the issue of claim construction).

SUMMARY

This article only touches upon some of the more common procedural occurrences in practicing before the administrative law judges at the U.S. International Trade Commission. Because no two investigations at the International Trade Commission are identical, it is intended to give only a sense of what it is like to be involved in a section 337 investigation at the ITC.