

by its suppliers. This can be particularly useful where the infringing technology is a component. The mobile device and computing business is an example of an area where indemnification may be of particular importance. These end products are often sourced and manufactured outside the US. Chips are purchased and sent to be assembled in the end product, before being imported into the US for sale to consumers. However, these chips and their functions are often the subject of 337 investigations. In the ITC, the party doing the importing of the product must be named.⁷ For example, when a complaint is filed against chips that implement 4G wireless technology, the handset manufacturers that incorporate the chips into their products prior to importation are also named in the complaint. These companies, often referred to as a customer respondent, may find themselves in the middle of an ITC investigation that has little to do with technology that they developed. Therefore, indemnification may be particularly important for customer respondents.

“Over the last few years, 337 investigations at the ITC have increased. In 2019, there were 127 active 337 investigations, an over 40% increase since 2015, when there were 88.”

Where possible, businesses should seek some say over any final settlement. For example, if the settlement requires the chip maker to cease making the chip, a business could request a transition period that could include paying to use the infringing chips for a span of time, so as to allow a transition to non-infringing alternatives. This can prevent or minimise the disruption to customers or current contracts.

Attacking the validity of the patents

Basic patent litigation strategy, such as aggressively fighting infringement and validity, is also important. In 2019, 44% of all new 337 investigations involved five or more patents.⁸ By vigorously defending itself, a business can reduce the scope of an eventual exclusion order. Implementing a redesign to avoid one patent is likely to be far easier than redesigning to avoid six patents.

Filing a petition for *inter partes* review (IPR) at the US Patent and Trademark Office (USPTO) is another potential strategy. IPR proceedings are also very fast, and may result in the IPR being completed around the same time as an ITC investigation.

US Customs and Border protection

A business also needs to ensure that an exclusion order is carried out correctly. Customs and its Intellectual Property Rights Branch (IPRB) work to carry out the exclusion order by looking at documents from the 337 investigation, including the asserted patents, the ITC's initial and final determinations, and the actual exclusion order to determine enforcement and instructions to customs agents.

Therefore, it is critical to work with customs to ensure that instructions to implement the exclusion order are appropriate. This can involve meeting with customs, and even local customs agents (with IPRB's approval), to educate them on the proper scope of the exclusion order and ensure that only appropriate products are included.

A business can obtain a ruling letter under 19 the Code of Federal Regulations' section 210.177 from customs to confirm that proper design-arounds are not included within the scope of enforcement

of the exclusion order. This procedure, which is *ex parte*, allows a respondent to submit written information to the IPRB evidencing why the new product should not be included in the exclusion order. In some instances, the IPRB will handle this request without allowing the complainant to respond. Once it has received and evaluated all this information, the IPRB will issue its determination in the form of the customs ruling letter.

Using all these tools

While the various options above may be implemented solely, there is no reason that all of the tools listed cannot be used in tandem where relevant and applicable. One case study is Arista, a computer networking company which opened in 2008 as a competitor of Cisco. As Arista grew, Cisco filed two 337 complaints alleging infringement of 12 patents by key Arista products. Arista took an aggressive approach during the investigation, and was able to obtain findings of no violation for seven of the patents. Simultaneously, Arista was also redesigning its products. Because of this, Arista was able to avoid an exclusion order on four of the Cisco patents. This left an ITC ruling and exclusion order for one patent.

However, during the 337 investigation, Arista also filed IPRs against the Cisco patents. The PTAB at the USPTO ruled that the last patent was invalid. After the invalidity was affirmed by the US Court of Appeals for the Federal Circuit, the ITC suspended its order with respect to that patent.

Using an aggressive and multi-pronged strategy, Arista was able to reduce the disruption of a 337 investigation. Arista's tactics demonstrates how a business can be proactive and utilise multiple strategies to avoid an exclusion order.

Summary

ITC investigations are on the rise, and exclusions orders are ever-present. By planning ahead and being mindful of their decisions, companies can take significant and crucial steps to reduce the risk of an exclusion order disrupting their business.

Footnotes

1. https://www.usitc.gov/intellectual_property/337_statistics_types_unfair_acts_alleged_active.htm
2. https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm
3. https://www.usitc.gov/intellectual_property/337_statistics_types_accused_products_new_filings.htm
4. Id.
5. https://www.usitc.gov/intellectual_property/337_statistics_number_cases_which_violation.htm
6. https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm
7. *Kyocera Wireless Corp v ITC*, 545 F.3d 1340, 1358 (Fed Cir 2008).
8. https://www.usitc.gov/intellectual_property/337_statistics_range_number_patents_asserted_new.htm

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