

# Litigating Redesigns at the ITC

April 28, 2021

Presented by Greg Corbett and Libbie DiMarco

# Presenters



## Greg Corbett

*Shareholder, Chair, Wolf Greenfield's Litigation Practice*

### Overview

Greg is a Shareholder in the firm's Litigation and Post-Grant Practices with 20 years of experience, including as lead litigation counsel and representing clients in all stages of complex intellectual property and patent litigation, post-grant proceedings, appellate proceedings, licensing, and client counseling. He has experience representing clients in cases involving a wide range of technologies, and in particular, his practice has focused on electronics, computer systems, semiconductor and semiconductor manufacturing technology, microcontrollers, and internet technology.

### Education

- AB, Chemistry, Harvard University, *cum laude*
- JD, Boston College Law School, *cum laude*



## Libbie DiMarco

*Associate, Wolf Greenfield's Litigation Practice*

### Overview

Libbie represents both plaintiffs and defendants in complex patent litigation in district court, at the Patent Trial and Appeals Board, and at the International Trade Commission. Libbie has litigated and advised clients in a wide range of technologies, including computer hardware and software, data storage devices, small electronic devices, medical devices, and chemical products and processes. Libbie also has extensive experience with modification and enforcement proceedings before the International Trade Commission, as well as experience with intellectual property proceedings before the United States Customs and Border Protection.

### Education

- BS, Applied Mathematics, University of Rochester, *cum laude*
- JD, Northeastern University School of Law

### Judicial Clerkships

- U.S. Court of Appeals for the Federal Circuit
- U.S. District Court for the District of Massachusetts

### Patexia Litigation Intelligence Report

- Ranked among top 1% of best overall performing litigators representing plaintiffs or defendants

### Super Lawyers

- Recognized as Massachusetts Super Lawyer from 2017-2020

### AIPLA ITC Committee

- Vice Chair

### ITC Trial Lawyer's Association

- Member

# Litigating Redesigns at the ITC: Agenda



- ITC Background
- Why are redesigns significant at the ITC?
- Litigating redesigns during the violation phase
- Litigating redesigns after the violation phase

# Poll: Hot Topics



What topic are you most interested in hearing about today?

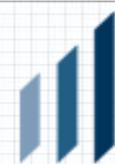
- (a) strategic importance of having a redesign litigated during an ITC investigation
- (b) how to litigate a redesign at the ITC and best practices during an ITC investigation
- (c) options for litigating a redesign *after* the ITC has found a violation and issued a remedial order

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- (b) how to litigate a redesign at the ITC and best practices during an ITC investigation
- (c) options for litigating a redesign *after* the ITC has found a violation and issued a remedial order
- (d) all of the above

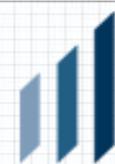


Litigating Redesigns at the ITC

# ITC BACKGROUND



- Why do plaintiffs seek to enforce at the ITC?
  - Speed (10 months to trial; 16 months to final decision)
  - Multiple defendants
  - Jurisdiction (no personal jurisdiction requirement)
  - Judges with patent experience
  - Broad and international discovery
  - Remedy (exclusion order)
  - No stay pending IPR



Litigating Redesigns at the ITC

# WHY DO REDESIGNS MATTER AT THE ITC?



# THE REMEDY



# Poll: Scope of Remedial Orders



What is covered by a limited exclusion order that issues following a finding of a violation of Section 337 based on patent infringement?

- (a) the products adjudicated to infringe during the ITC investigation
- (b) products that infringe
- (c) the list of stipulated representative accused products
- (d) I have no idea

# Poll: Scope of Remedial Orders



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# LIMITED EXCLUSION ORDER



## *Certain Digital Video Receivers and Related Hardware and Software Components, 337-TA-1103*

Accordingly, the Commission hereby **ORDERS** that:

1. Beverage dispensing systems and components thereof, including appliances, beverage containers, and disposable couplers, that infringe one or more of claims 1, 3, 7, and 10 of U.S. Patent No. 7,188,751 that are manufactured abroad by or on behalf of, or imported by or on behalf of, the Respondents or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, are excluded from entry for consumption into the United States, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the patent, except under license of the patent owner or as provided by law, and except for beverage containers used as part of ABI's PureDraught system.

*Certain Beverage Dispensing Systems and Components Thereof, 337-TA-1130*

Accordingly, the Commission hereby **ORDERS** that:

1. Digital video receivers and related hardware and software components that infringe claim 9 of U.S. Patent No. 7,779,011 that are manufactured by, or on behalf of, or are imported by or on behalf of the Respondents or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, including ARRIS and Technicolor to the extent they import such products on behalf of Respondents,<sup>1</sup> are excluded from entry for consumption into the United States, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining term of U.S. Patent No. 7,779,011, except under license of the patent owner or as provided by law, and except for service or repair of digital video receivers that were imported before the effective date of this order. Digital video receivers for use in a system that has been adjudicated as noninfringing are not subject to exclusion.

# Litigating Redesigns at the ITC



- Redesigns are common practice at the ITC
- Redesigns are litigated differently depending on the stage of the proceedings
  - **During the violation phase:** if litigated during the violation investigation phase before the ALJ, then the burden of proof falls on the Complainant to prove that the redesign infringes
  - **After the violation phase:** if litigated after the investigation phase, then the burden of proof falls on the Respondent to prove that the redesign does not infringe
- ***Best practice for Respondents: begin redesign early and seek to litigate it before the ALJ***



Litigating Redesigns at the ITC

# LITIGATING A REDESIGN DURING THE VIOLATION PHASE

# Litigating Redesigns at the ITC



## During the Investigation – Before the ALJ

### Four Factor Test

1. Whether the product is within the scope of the investigation
2. Whether it has been imported
3. Whether it is “sufficiently fixed” in design
4. Whether it has been “sufficiently disclosed” during discovery

*In re Certain Human Milk Oligosaccharides*, Inv. No. 337-TA-1120  
- involves and discusses all four of the factors

# Poll: Importation of Redesign



Can the ITC adjudicate a redesign during the violation phase if it has **not been imported**?

- (a) yes
- (b) no

# Poll: Importation of Redesign



Can the ITC adjudicate a redesign during the violation phase if it has **not been imported**?

(a) yes

(b) no

# Litigating Redesigns at the ITC



## ***In re Certain Human Milk Oligosaccharides, Inv. No. 337-TA-1120***

- Respondent sought adjudication of infringement with respect to a redesigned bacterial strain (TTFL12), which had not been accused of infringement in the Complaint
- Respondent identified the redesign late in discovery and produced just two documents
- The ALJ refused to adjudicate the redesign, reasoning in part that the redesign had not been “subject to extensive discovery”
- The Commission reversed the ALJ, finding that he improperly applied a heightened standard of “extensive” discovery

# Litigating Redesigns at the ITC



## *In re Certain Human Milk Oligosaccharides, Inv. No. 337-TA-1120*

- The Commission reiterated its general policy “in favor of adjudicating redesigns” to prevent “subsequent and burdensome proceedings that could have been resolved in the first instance”
- Factors:
  1. **“Within the Scope”** – “Redesigned products are still within the scope of remedial orders that are issued upon the termination of the investigation even if such products were not adjudicated for infringement in the original investigation.”
  2. **“Importation”** – “no dispute” that the redesign had been imported, including evidence involving shipping labels
    - The Commission noted in a footnote that “actual importation of the redesign is not a mandatory requirement”
  3. **“Sufficiently Fixed”** - evidence showing that the redesign had been in development for a long time and had been “actually produced”
    - More recent cases (e.g. 337-TA-1191) have met this prong if actual devices are produced to show that the redesign is fixed (e.g. source-code, physical devices) - - but the prong is **not** met if it is unknown when the redesign will be manufactured or imported (e.g. 337-TA-1133)

# Litigating Redesigns at the ITC



## *In re Certain Human Milk Oligosaccharides, Inv. No. 337-TA-1120*

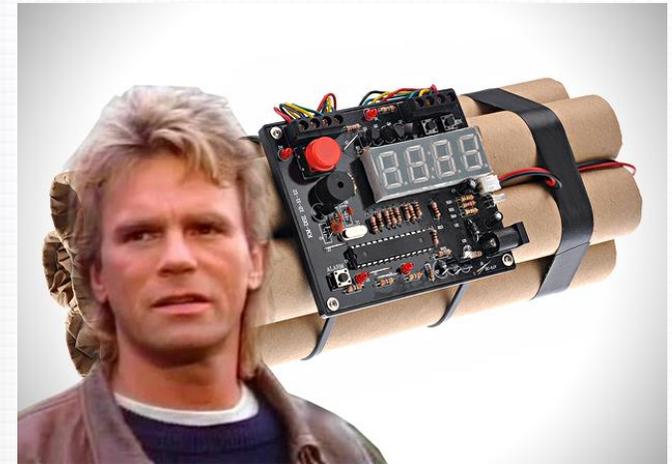
4. **“Sufficient Disclosure in Discovery”** – discovery that was “sufficient to inform” complainant regarding the relevant redesigned product features
- Redesign identified in interrogatory responses
  - Documents produced
  - If Complainant wanted additional discovery, it “could and should have taken available procedural steps, such as a motion to reopen discovery or to compel further discovery”
  - “The burden of infringement remains with [Complainant]”
  - Noting that “a Complainant cannot willfully ignore evidence of noninfringement presented in discovery and then expect that any remedy imposed will apply to the products that the Complainant declined to investigate”
  - It was **not** on the Respondent to make an “earnest effort to force the redesign into the investigation”
  - More recent cases (e.g. 337-TA-1133) found this prong not met where key redesign documents were produced after the close of fact discovery

# Litigating Redesigns at the ITC



## TAKEAWAYS

- Get the redesign into the investigation early if possible
- Actual importation is not mandatory (footnote)
- Needs to be done before the close of fact discovery
- Judge Cheney recently:
  - **“Think of it like a MacGyver ticking clock. The closer you get to the close of fact discovery, the less likely I am to adjudicate the redesign. Because everyone has to have fair notice of what it is so that we can get a record developed about it.”**
- Commission opinion declining to require “extensive” fact discovery gives some room to respondents
- Complainants must diligently prove-up infringement of redesign if Respondent provides sufficient evidence
  - With evidence
  - With expert testimony





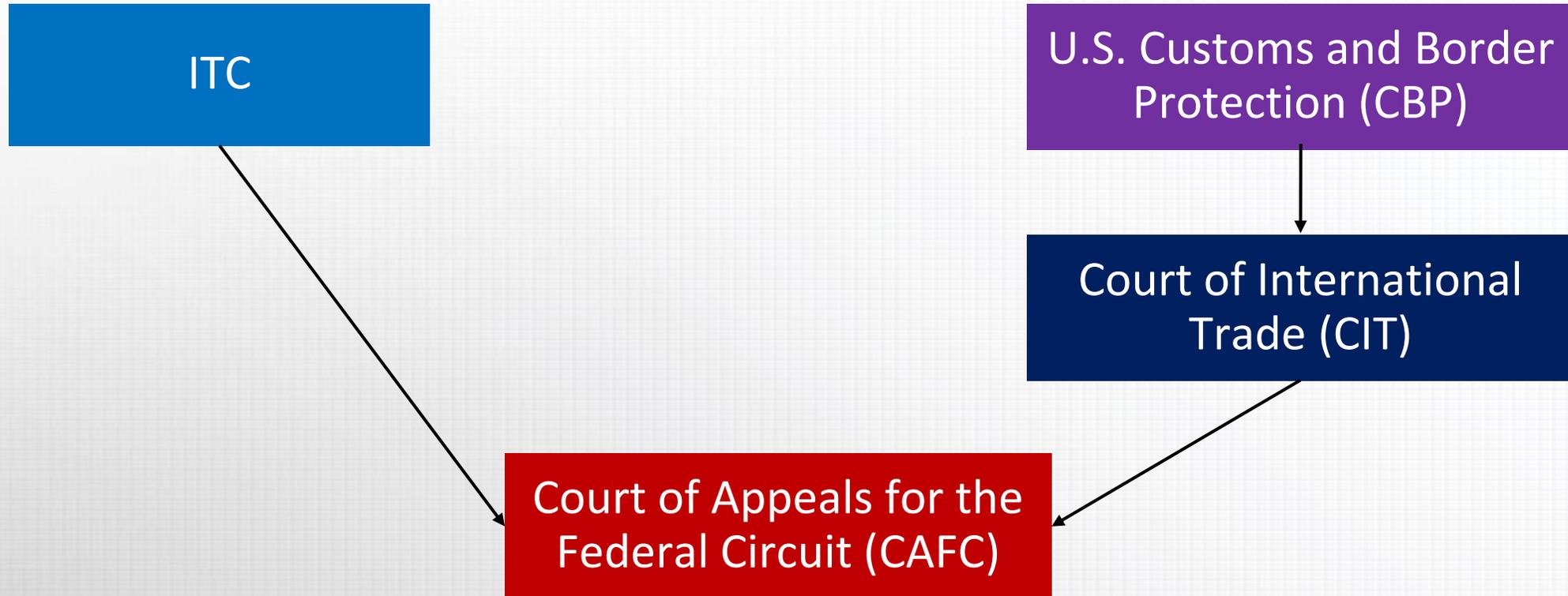
Litigating Redesigns at the ITC

# **OPTIONS FOR LITIGATING A REDESIGN AFTER THE ITC ISSUES A REMEDIAL ORDER**

# Litigating Redesigns After the Violation Phase



Implicates up to four different bodies:



# Litigating Redesigns After the Violation Phase



Proceeding Type	Objective	Time to Resolution	Precedential?	Appealable?
<b>Before the ITC</b>				
Enforcement proceeding (19 CFR 210.75)	Violation of exclusion order based on importation of redesign.	6 to 9 <b>months</b>	Yes	Yes → CAFC
Modification Proceeding (19 CFR 210.76)	Exclusion order modified to specify that redesign is/is not covered.	60 <b>days</b> to 9 <b>months</b> depending on complexity	Yes, binding on CBP	Yes → CAFC
Advisory Opinion Program (19 CFR § 210.79 )	Opinion that redesign falls outside the scope of existing remedial order.	60 <b>days</b> to 9 <b>months</b> depending on complexity	NO	NO
<b>Before CBP</b>				
Enforcement at ports of entry (19 CFR 12.39)	Stop importations of redesign from entry into the U.S.	Immediate	NO	Yes → seizure protest / CIT / ITC
Ruling Request (19 CFR 177)	Ruling from CBP that redesign falls within/outside the scope of existing remedial order.	30 to 90 <b>days</b>	Only on CBP officers	Maybe → CIT, BUT difficult to invoke and rarely used

# CERTIFICATION PROVISIONS



3. At the discretion of CBP and pursuant to the procedures it establishes, persons seeking to import articles that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraph 1 of this Order. At its discretion, CBP may require persons who have provided the certification described in this paragraph to furnish such records or analyses as are necessary to substantiate this certification.

*Certain Beverage Dispensing Systems and Components Thereof, 337-TA-1130*

3. At the discretion of U.S. Customs and Border Protection (“CBP”) and pursuant to the procedures it establishes, persons seeking to import digital video receivers and hardware and software components thereof that are potentially subject to this Order may be required to certify that they are familiar with the terms of this Order, that they have made appropriate inquiry, and thereupon state that, to the best of their knowledge and belief, the products being imported are not excluded from entry under paragraph 1 of this Order, including because the products will be used as part of a redesign adjudicated by the Commission in the violation investigation not to infringe, and thus the products cannot be used in a manner that infringes the claim of the patent that is the subject of this Order. At its discretion, CBP may require persons who have provided the certification

*Certain Digital Video Receivers and Related Hardware and Software Components, 337-TA-1103*

***A certification provision is not automatic and must be requested by Respondent.***

# Modification Proceeding Before ITC 19 CFR 210.76



- Usually prospective in nature
- Timeline depends on complexity of the issue
  - 60-90 days for pure legal questions; can be conducted by OGC
  - 90-180 days for “minimal factfinding;” can be conducted by OUII
  - 6-9 months for cases requiring extensive factfinding; conducted by ALJ
- Binding on customs
- Commission can issue modified remedial orders
- Can involve formal discovery or just briefing

# CBP Ruling Request under 19 CFR 177



- Obtain CBP position on redesign **before it is imported**
- Inter partes process (formerly ex parte process)
- Fast timeline
  - 60-90 days
  - May request immediate consideration
- Letter format
- Contain a “complete statement of all relevant facts”
- NDA governs confidentiality
- No formal discovery
  - But CBP encourages voluntary discovery, including samples
- Not binding on ITC

# Parallel Redesign Proceedings – Inv. No. 1088



## Certain Road Construction Machines, Inv. No. 337-TA-1088



### ITC Modification Proceeding

- ITC denies respondent’s motion to stay remedial orders but determines the motion is tantamount to a petition for modification and institutes a modification proceeding **against** respondent’s position.
  - Respondent asserted that the modification proceeding was unlawful because no change in circumstances and the LEO by its language did not apply to the redesigned machines.
- Parties submitted evidence on the papers.
- **July 13, 2020:** ALJ issued recommended determination that the remedial orders be modified to specifically exempt the redesigned machines.

### CIT Challenge to CBP Action

- Simultaneously, respondent pursued an action before CIT to challenge the CBP exclusion of redesigned articles.
- **May 21, 2020:** CIT ordered CBP to release the seized redesigned machines for entry into the United States.
  - Respondent files emergency motion in ITC to stay or rescind ITC’s SFO.
  - **June 10, 2020:** ITC temporarily rescinds SFO.



## ***Wirtgen Am. v. United States*, Court of International Trade**

- The Court of International Trade (CIT) ruled that Customs failed to determine whether the redesign actually infringed:
  - “This court [CIT] is unpersuaded by Defendants’ assertion that it is not proper or possible for Customs to conduct a substantive patent analysis to determine whether proposed entries fit within the parameters of a Section 337 exclusion order. Defendants’ argument suggests that, absent a pre-importation ruling request to Customs under Part 177, only the ITC can make an infringement determination before allowing an entry into the United States.”

“The court concludes that Customs must determine whether goods meet the parameters of the subject patent when enforcing a Section 337 exclusion order.”

“In this case, the LEO did not specify which road construction machines were infringing, so Customs was required to conduct an examination according to its policies and procedures to determine whether Wirtgen’s unadjudicated entries were excludable under the LEO.”

# Parallel Redesign Proceedings – Inv. No. 1088



- The ITC Modification ID: the redesign does ***not infringe***
  - “The Redesigned 1810 Series machines use a new swing-leg design that was implemented in response to findings in the violation phase of the investigation” (Op. at 22)
  - **“Judicial estoppel precludes Caterpillar from making infringement arguments that are clearly inconsistent with its arguments that the [prior art] does not anticipate.”** (Op. at 12)
  - “Accordingly, the Redesigned 1810 Series machines do not infringe claim 19 for the same reasons that the Bitelli SF 102 C failed to anticipate this claim.”

# Parallel Redesign Proceedings – Inv. No. 1082



*Certain Gas Spring Nailer Products and Components Thereof, Inv. No. 337-TA-1082*

## Respondent Submits CBP 177 Letter Request

- **Respondent** implemented a software update that altered the function of one of its operating modes
- **Complainant** took the position that the redesign still infringed certain claims
  - argument partially related to claim differentiation
- **No fact or expert discovery** conducted by either side.
- **CBP** found the **redesign did not infringe**, citing deference to Commission claim construction



## Complainant Submits Petition for Modification Proceeding

- **Complainant** reiterates positions in front of CBP
  - requests a modified remedial order clarifying that the redesign is covered
  - seeks expedited treatment in view of CBP decision allowing importation of redesigned products
- **Commission instituted** – modification proceeding pending

# Litigating Redesigns After the Violation Phase



## TAKEAWAYS

- Customs:
  - Push CBP during pre-FD enforcement discussions that there is a redesign
  - **Be prepared** to seek or respond to a Ruling Request under 19 CFR 177
- CIT:
  - Customs still needs to determine infringement, and a 19 CFR 177 Ruling Request is not the only avenue for Customs to do that
  - If Customs seizes after importation, consider protest and appeal to the CIT
- ITC:
  - If redesign is done after the hearing but before the FD, brief it to the Commission. ITC may call for an immediate Modification Proceeding.
  - Complainants also should consider modification proceedings; takes longer than customs but makes exclusion order **easier to enforce at the border**.
  - Especially if there is a CDO in place, consider seeking parallel Modification Proceeding even if also seeking a Rule 177 Ruling Request

# Thank You



- Further Questions and Requests:



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*Shareholder, Chair*  
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