

MAYER • BROWN

# Section 337 Proceedings

## Part 2 of 3: From Institution to Final Determination by the International Trade Commission

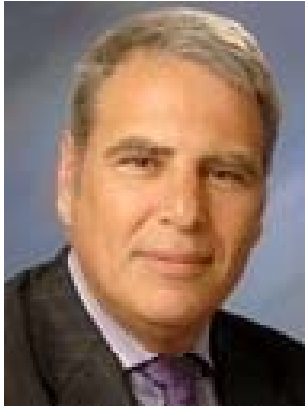
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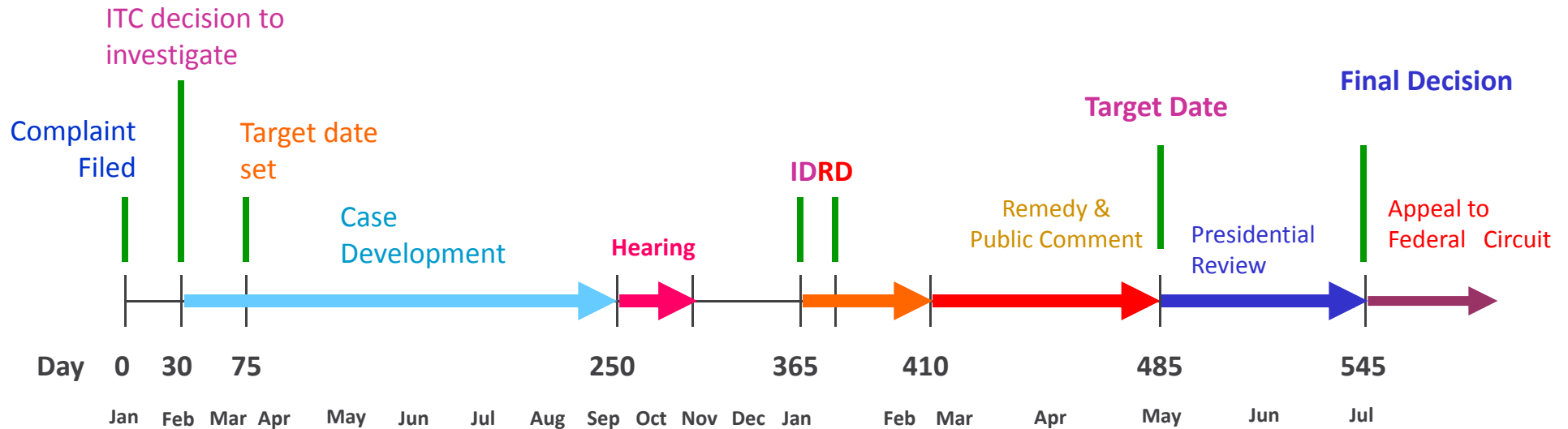


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# Timeline of an ITC 337 Investigation



Based on 15 month target date (typical range is 12-16 months)

## Case Development Process

- Discovery
- Experts
- Motions
- Settlement Conferences (3-4)
- Summary Determinations
- Hearing preparation

## Notes

- Target Date = date for final ruling by ITC
- ID = Initial Determination on liability
- RD = Recommended Determination on Remedy
- 45 day ID review period

# Strategies for Litigating Section 337 Investigations – The Complainant’s View

- Early discovery, including 30(6)(6) depositions to learn basic facts about importation and accused products
- Amend early if necessary
- Pursue defaults promptly
- Engage in early settlement discussions – obtain consent orders if possible (more effective, civil penalties possible)
- Force Respondents to coordinate discovery requests
- Exploit differences in Respondents’ positions (e.g., claim interpretation)
- Maintain number of claims as long as possible, but narrow before trial to simplify issues

# Strategies for Litigating Section 337 Investigations – the Respondent’s View

- Seek early discovery to determine basis for Complainant’s allegations, including tests
- Coordination between counsel is critical to avoid inconsistent positions where possible
- Focus discovery and resources on best arguments to conserve time and resources
- Make sure Staff attorney understands your positions
- Use speed of the ITC to your advantage
- Force Complainant to narrow its claims and finalize its positions as early as possible
- File summary determination motions as early as feasible

# Discovery Challenges in a Section 337 Investigation

- Consider starting with more focused requests
- Foreign discovery – key is to start early
- Allow time for translation issues and possible issues with exporting technical data
- Using interrogatories to identify relevant documents
  - Unlike Federal Rules, expanded number of interrogatories
  - Contention interrogatories may be deferred
- Using 30(b)(6) depositions to
  - Identify relevant documents
  - Establish basic facts
  - Identify key witnesses
  - Narrow a party's positions

# Discovery on Remedy Issues

- Commission has indicated a growing interest in having an adequate record established on remedy issues
- Discovery relating to downstream product relief – evidence on importance of downstream relief to Complainant vs. harm to legitimate commerce
- Discovery relating to a general exclusion order, including experts – focus on the statutory factors
  - Is GEO necessary to prevent circumvention of exclusion order?
- Discovery relating to domestic inventories to obtain a cease and desist order
- Discovery relating to the appropriate bond

# E-discovery in a Section 337 Investigation

- Identify key documents and individuals up front through use of interrogatories and 30(b)(6) depositions
- Try to limit electronic discovery to documents that really matter
  - To reduce expense of producing and reviewing documents
  - To make sure that relevant documents are identified and produced and not (a) buried or (b) omitted altogether
- Spend the time necessary to negotiate agreements with other side on search terms, custodians, etc.
- Start early to allow time for follow-up
- Raise discovery problems/issues early on if they can't be negotiated with opposing counsel



## E-discovery in a Section 337 Investigation

- *Hydraulic Excavators*, No. 582, Order No. 33 (Judge Barton, March 26, 2007): Complainant ordered to produce documents in electronic format (native electronic format rather than “tiff”)
- *Composite Wear Components*, No. 644, Order No. 16 (Judge Essex, Jan. 22, 2009): motion to compel documents from the Complainants’ Belgian server granted.
  - While Commission’s Rules are not specific with respect to electronic discovery, Federal Rules provide guidance
  - Objecting party has burden of showing time, money and procedure necessary to produce documents; relevant consideration is time and cost, not merely the amount of data
  - ALJ “expects the parties to work together” if a particular search term is burdensome

# Use of Markman Hearings in 337 Investigations

- Use varies considerably for different ALJs
- Discovery cannot wait until after claims are construed
- Early Markman hearings unlikely
  - Experts may not be identified for several months
  - Respondents need time to assess claims, etc.
  - Complainants would like to have discovery about accused products before taking definitive positions
- Claims may be construed through motion for summary determination
- Risk of having to conduct another hearing, and delaying relief, if Commission reverses on claim interpretation

# Use of Markman Hearings in 337 Investigations

- Judge Bullock has held Markman hearings in many cases
  - *Flash Memory Chips*, No. 664 (Markman hearing held over opposition of Complainant and Staff, target date extended to 18 mos.)
  - *Probe Card Assemblies*, No. 621 (Markman hearing scheduled over objection of Complainant where hearing was due to begin in less than 5 weeks; target date extended to 20 mos.; expert discovery to proceed pending ruling; 180-pg opinion construing disputed terms)
  - *Peripheral Devices*, No. 654 (joint request for Markman hearing, target date extended to 18 mos.)
  - *Flash Memory Controllers*, No. 619 (Markman hearing scheduled over opposition of Complainant and Staff, will help “in focusing and streamlining the issues in the investigation”; target date extended to 18 mos.; 115-pg opinion construing claims)

# Use of Markman Hearings in 337 Investigations

- Judge Rogers
  - *Catheters*, No. 642: Markman hearing initially scheduled by Judge Bullock, then cancelled after assignment to Judge Rogers
  - Judge Rogers’ Ground Rules provide that “If the undersigned determines that a Markman hearing would be beneficial to the investigation, the undersigned may conduct a Markman hearing on the date set forth in the procedural schedule”
- Judge Essex has a similar provision in his Ground Rules
  - *Refrigerators*, No. 632: Judge Essex denied a request for a Markman hearing, noting that the request came just 2.5 months before the scheduled hearing date and would delay the hearing and investigation, noting, however, that the merits could be resolved through the filing of a motion for summary determination of non-infringement

# Special Considerations for Litigating Claims of Induced and Contributory Infringement

- Third-party discovery may be key to showing a direct infringement by others – start early
- Intent to infringe and knowledge of the patent are essential elements
- Unlike most 337 cases, this raises the issue of whether or not a respondent will rely on advice of counsel
- When does respondent have to decide whether or not to rely on advice of counsel and possible waiver of privilege?
- Scope of remedy may be an issue – make sure the record is well-developed

# Strategies for Litigating Process Patent Claims under Section 337 – the Complainant’s Perspective

- Complaint is likely based on circumstantial evidence
- Obtain discovery on actual process used as soon as possible
  - Interrogatories, requests for documents and samples
  - 30(b)(6) depositions, plant inspections
- Inspections must be scheduled and planned well in advance – before or after other discovery
- Testing of samples should be completed before expert reports are due – late submission may not be allowed
- Argue presumption under §295 if discovery inadequate
- Be prepared to advance economic feasibility arguments if necessary

# Strategies for Litigating Process Patent Claims under Section 337 – the Respondent’s Perspective

- Attack Complainant’s basis for bringing case in the first place through early discovery
- Seek discovery from Complainant on its process, including plant inspection, as relevant to domestic industry
- Negotiate and seek ALJ’s intervention, if necessary, to impose reasonable limits on inspection and sample-taking
- Force Complainant to be as specific as possible, before fact discovery closes, regarding basis for its claims
- Force Complainant to produce test results as early as possible and allow time for rebuttal tests
- Avoid giving Complainant any excuses for arguing inadequate discovery and presumption under §295

# Unique Aspects of Trying a Case at the ITC

- Rules of evidence relaxed
  - Hearsay often admitted, becomes a “weight” issue
- Motions *in limine* rarely granted
  - Most likely to succeed where based on failures to produce documents or disclose information, including expert opinions, according to the rules and procedural schedule
- Some ALJs prefer direct testimony by witness statement
  - Need to be sure the testimony is the witness’ own
  - Documents should be sponsored through testimony
- Time limits are often strictly followed
  - Don’t waste time on side issues
  - Preserve time for rebuttal



# Questions?