

Client Alert

ITC Section 337 Practice Group

April 30, 2013

U.S. International Trade Commission Publishes Rules of General Application and Adjudication and Enforcement Effective May 20, 2013

On April 19, 2013, the U.S. International Trade Commission (“Commission”) published final Rules of General Application and Adjudication and Enforcement (78 Fed. Reg. 23474-82), which become effective on May 20, 2013. The final rules amend the Commission’s Rules of Practice and Procedure 19 C.F.R. Part 201 - Rules of General Application and 19 C.F.R. Part 210 - Adjudication and Enforcement. Many of the final rules are identical to the correspondingly numbered proposed rules published by the Commission on July 12, 2012 (77 Fed. Reg. 41120-32). However, the final rules differ from the proposed rules for nine of the rules (for a total of 16 changes from the proposed rules) after the Commission considered the public comments on the proposed rules amendments. The Commission received a total of 8 sets of comments, including from the American Bar Association, Section of Intellectual Property Law; the American Intellectual Property Lawyers Association; Broadcom; Cisco; Innovation Alliance; the Intellectual Property Owners Association; and the ITC Trial Lawyers Association. A detailed summary of the amendments to 19 C.F.R. Parts 201 and 210 follows. (This summary is not intended to be inclusive of all amendments set forth in the final rules.)

PART 201 - RULES OF GENERAL APPLICATION

Subpart B - Initiation and Conduct of Investigations

Section 201.16 Service of process and other documents.

The Commission uses the term “express delivery” instead of “overnight delivery” in certain instances and adds a definition in paragraph (e) for “Service by express delivery” to mean “a method that would provide delivery by the next business day within the United States and refers to the equivalent express delivery service when the delivery is to a foreign location.” Paragraph (a)(4) provides that when service is by mail, it is complete upon mailing of the document. When service is by express delivery, it is complete upon submitting the document to the express delivery service or depositing it in the appropriate container for pick-up by the express delivery service. Paragraph (e) provides that for responses to service of a document by express delivery, one (1) day is added if the service is to a destination in the United

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States; five (5) days are added if service is to a destination outside the United States. Unnecessary language was removed from the provision for electronic service in paragraph (f) which requires only that if electronic service is used, no additional time is added to respond.

PART 210 - ADJUDICATION AND ENFORCEMENT

Subpart A - Rules of General Applicability

Section 210.3 Definitions.

Commission added a definition of “Ancillary proceeding” as follows: “*Ancillary proceeding* has the same definition as *related proceeding*.”

Section 210.4 Written submissions.

New paragraph (f)(3) provides that responses to a complaint, briefs, comments and responses thereto, compliance reports, motions and responses or replies thereto, petitions and replies thereto, prehearing statements, proposed findings of fact and conclusions of law and responses thereto, and submissions filed with the Secretary pursuant to an order issued by the presiding Administrative Law Judge (ALJ) shall be filed electronically, and paper copies shall be filed by twelve (12) noon ET the next business day.

Section 210.5 Confidential business information.

When the Commission or a presiding ALJ issues a confidential document, the Commission or ALJ shall issue a public version of the document within thirty (30) days, unless good cause exists to extend the deadline. Upon request by the Commission or an ALJ, parties must provide support pursuant to Rules 201.6 and 210.4 for any proposed redactions that parties submit to the Commission or an ALJ for the preparation of the public version of a document.

Section 210.8 Commencement of preinstitution proceedings.

With respect to confidential versions of submissions on the public interest filed by the complainant, a member of the public or a proposed respondent, a public version of the submission shall be filed no later than one business day after the deadline for filing the submission.

Subpart C - Pleadings

Section 210.12 The complaint.

Paragraphs (a)(6)(i)-(ii) of Rule 210.12(a) have been amended to require the complainant to plead domestic industry allegations in the complaint with more particularity by providing a “detailed” description of the alleged domestic industry that exists or is in the process of being established (and if the latter, facts showing complainant is actively engaged in steps leading to the exploitation of its intellectual property rights, and that there is a significant likelihood that an industry will be established in the future). Additionally, paragraph 11 of Rule 210.12(a) requires the complainant to specify in the complaint whether it is requesting relief in the form of a general exclusion order, a limited

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exclusion order, and/or a cease and desist order. Furthermore, the Commission has added new paragraph (12) to Rule 210(a) to require the complainant to identify the accused products with a clear statement in “plain English” in order to put the public on notice of the specific types of products involved.

Section 210.13 The response.

Paragraph (b) provides that “each response shall be under oath and signed by respondent or his duly authorized officer, attorney, or agent with the name, address, and telephone number of the respondent and any such officer, attorney, or agent given on the first page of the response.”

Section 210.14 Amendments to pleadings and notice; supplemental submissions; counterclaims; consolidation of investigations.

The Commission added a new sentence at the end of paragraph (a) that would allow the Commission to restart the normal 30-day period for determining whether to institute an investigation if the complainant makes substantial amendments to the complaint, such as naming additional respondent(s) or making additional infringement allegation(s), prior to institution. The Commission also added a sentence in paragraph (b)(1) requiring that a motion to amend the complaint to name an additional respondent after institution shall be served on the proposed respondent. The Commission further added new paragraph (f) to Rule 210.14 to formalize the process for consolidation of Section 337 investigations. Paragraph (f) allows ALJs the discretion to consolidate investigations, if both investigations are before the same ALJ, and allows the chief ALJ to consolidate investigations if the investigations are before different ALJs provided that both ALJs agree that consolidation is appropriate.

Subpart D - Motions

Sections 210.16 Default and 210.17 Other failure to act and default.

If a named respondent has not yet responded to the complaint and notice of investigation, then the default resulting from a notice of intent to default is under Rule 210.16. If the named respondent has responded to the complaint or notice of investigation, then the default resulting from a notice of intent to default is under Rule 210.17. The Commission has further clarified that a respondent’s filing of a notice of intent to default eliminates the need for an order to show cause why the respondent should not be found in default.

Section 210.21 Termination of investigations.

Paragraph (a) provides that a motion for termination of an investigation based on withdrawal of the complaint, or for good cause, shall contain a statement that there are no agreements between the parties concerning the subject matter of the investigation, or if there are any agreements, all such agreements shall be identified and filed with the Commission along with the motion. On a motion for good cause, the ALJ may limit service of the agreements to the settling parties and Commission investigative attorney.

Paragraph (b)(1) provides that a motion for termination by settlement shall contain copies of the licensing or other settlement agreements, any supplemental agreements, any documents referenced in the motion or attached agreements,

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and a statement that there are no other agreements concerning the subject matter of the investigation. On a motion for good cause, the ALJ may limit service of the agreements to the settling parties and the Commission investigative attorney.

Paragraph (c) provides that a motion for termination by consent order shall contain copies of any licensing or other settlement agreement, any supplemental agreements, and a statement that there are no other agreements concerning the subject matter of the investigation. On a motion for good cause, the ALJ may limit service of the agreements to the settling parties and Commission investigative attorney. The Commission has also clarified what is required in consent order stipulations and consent orders and clarified that it is respondents who sign consent order stipulations.

Subpart E - Discovery and Compulsory Process

Section 210.28 Depositions.

Rule 210.28(a) has been amended to limit complainants as a group to a maximum of five (5) fact depositions per respondent, or no more than twenty (20) fact depositions, whichever is greater, and respondents as a group to a maximum of twenty (20) fact depositions total. If the Commission investigative attorney is a party, he or she may take a maximum of ten (10) fact depositions and is permitted to participate in all depositions taken by any parties in the investigation. The Commission further clarified that each notice for corporate designations only counts as one deposition; clarified that related respondents are treated as one entity for purposes of the rule; and eliminated the need to respond to a notice of deposition other than to make objections.

Section 210.29 Interrogatories.

Rule 210.29(a) has been amended to limit the number of interrogatories that may be served by each party to a maximum of one hundred seventy five (175), including all discrete subparts. The Commission clarified that related respondents are treated as one entity for purposes of the rule.

Section 210.34 Protective orders; reporting requirements; sanctions and other actions.

Paragraph (b) provides that a party responsible for disclosure of confidential business information in a manner not authorized by the protective order, such party must bring all pertinent facts to the attention of the submitter of the information and the ALJ or Commission and make every effort to prevent further mishandling of the information by the party or the recipient of such information. Paragraph (c) provides further procedures for whether sanctions may be imposed, maintaining secrecy of the alleged breacher unless the Commission issues a public sanction and the types of sanctions that might be imposed.

Subpart G - Determinations and Actions Taken

Section 210.42 Initial Determinations.

Rule 210.42(a)(1)(i) provides that the ALJ shall certify the record to the Commission and file an initial determination no later than four (4) months before the target date. Rule 210.42(c)(1) lists the motions granted by initial determination or denied by order, and paragraph (c)(2) lists the motions granted or denied by initial determination.

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Section 210.43 Petitions for review of initial determinations on matters other than temporary relief.

Rule 210.43(a)(1) provides that a petition for review of an initial determination must be filed within ten (10) days after service of the initial determination. Paragraph (b)(2) provides that petitions exceeding (50) pages, must be accompanied by a summary of the petition not exceeding ten (10) pages, and that petitions may not exceed one hundred (100) pages in length. Any issue not raised and any argument not relied on in a petition for review will be deemed waived. Paragraph (c) provides that responses to petitions for review must be filed within eight (8) days after service of a petition of a final initial determination and within five (5) days after service of all other types of petitions. Similarly, responses to petitions exceeding fifty (50) pages must be accompanied by a summary of the response not exceeding ten (10) pages and responses to petitions must not exceed one hundred (100) pages. Any argument not relied on in a response is deemed waived.

Section 210.50 Commission actions, the public interest, and bonding by respondents.

Rule 210.50(a)(4) provides that responses to recommended determinations are limited to five (5) pages, and that public versions of confidential submissions must be filed on the next business day. Rule 210.50(d) provides for the procedures for forfeiting a bond and for return of a bond.

Section 210.51 Period for concluding investigation.

Rule 210.51(a) provides that the ALJ shall issue an order setting a target date within forty-five (45) days after institution of an original investigation or an enforcement proceeding. For original investigations, if the target date does not exceed sixteen (16) months, the ALJ's order shall be final and not subject to interlocutory review. If the target date exceeds sixteen (16) months, or any extension of the target date is beyond sixteen (16) months, the ALJ's order shall constitute an initial determination. For enforcement proceedings, if the target date does not exceed twelve (12) months, the ALJ's order shall be final and not subject to interlocutory review. If the target date exceeds twelve (12) months, or any extension of the target date is beyond twelve (12) months, the ALJ's order shall constitute an initial determination.

Subpart H - Temporary Relief

Section 210.54 Service of motion by the complainant.

Rule 210.54 provides that notwithstanding the provisions of Rule 210.11 regarding service of the complaint by the Commission upon institution of an investigation, on the day the complainant files a complaint and motion for temporary relief, the complainant must also serve non-confidential copies of both documents on all proposed respondents and on the embassy in Washington, D.C. of the country in which each proposed respondent is located as indicated in the complaint.

Section 210.56 Notice of accompanying service copies.

Rule 210.56 provides that the Commission will examine the complaint for sufficiency and compliance with 19 C.F.R. 210.4, 210.5, 210.8 and 210.12.

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Section 210.58 Provisional acceptance of the motion.

Rule 210.58 provides that before the Commission will provisionally accept a motion for temporary relief, the motion will be examined for sufficiency and compliance with 19 C.F.R. 210.52, 210.53(a) (if applicable), 210.54 through 210.56, as well as 210.4 and 210.5.

Section 210.59 Response to the motion and the complaint.

Rule 210.59(c) provides that each response to the motion for temporary relief must also be accompanied by a response to the complaint and notice of investigation.

Section 210.60 Designating the temporary relief phase of an investigation more complicated for the purpose of adjudicating a motion for temporary relief.

Rule 210.60(a) provides that the Commission upon institution of an investigation or any time thereafter or the ALJ after a motion for temporary relief is referred to the ALJ may designate the temporary relief phase “more complicated” for the purpose of obtaining up to sixty (60) additional days to adjudicate the motion for temporary relief. Under Rule 210.60(b), “A temporary relief phase is designated more complicated owing to the subject matter, difficulty in obtaining information, the large number of parties involved, or other significant factors.”

Subpart I - Enforcement Procedures and Advisory Opinions

Section 210.75 Proceedings to enforce exclusion orders, cease and desist orders, consent orders, and other Commission orders.

Rule 210.75(b)(1) provides that enforcement proceedings are authorized under Section 337(b) as investigations on whether there is a violation of Section 337 in the same manner as original investigations. Paragraph (b)(3) provides that the Commission may hold a public hearing in the course of the formal enforcement proceeding and delegate for designation to a presiding ALJ who shall certify the record and issue an initial determination to the Commission no later than three (3) months before the target date of the enforcement proceeding. Parties may file petitions for review and responses thereto and the enforcement determination shall become the determination of the Commission within forty-five (45) days of service of the enforcement initial determination, unless the Commission orders the review of such initial determination.

Section 210.76 Modification or rescission of exclusion orders, cease and desist orders and consent orders.

Rule 210.76(c) provides that parties may submit comments on a recommended determination within ten (10) days from service and that parties may submit responses thereto within five (5) business days from service.

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This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice.