Bloomberg BNA

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The authors review the ITC rules changes on discovery and confidentiality taking effect June 20.

New Rules at the ITC Target Efficiency, Require Caution

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The U.S. International Trade Commission recently issued two sets of final rules, which may substantively alter ITC practice on a going-forward basis. The first set applies to investigations instituted on or after May 20 of this year;[1] the second will be effective after June 20.[2] Collectively, the rules represent part of a concerted effort by the Commission to increase the efficiency of Section 337 proceedings.[3]

This article will highlight several of the new rules, focusing on how they provide opportunities to lower discovery costs and ways in which they will require diligence to avoid disclosure (or waiver) of confidential or privileged information.

[1] 78 Fed. Reg. 23,474-87 (Apr. 19, 2013) (85 PTCJ 993, 4/26/13; 86 PTCJ 151, 5/17/13). On June 4, the Commission issued a Notice Clarifying Commission Rules (Dkt. No. MISC-040), which clarified the effective date of the new rules.

[2] 78 Fed. Reg. 29,618-24 (May 21, 2013).

[3] An investigation in response to a petition for an exclusion order under Section 337 of the Tariff Act, 19 U.S.C. § 1337.

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I. Rules that May Lower the Cost of Discovery

The ITC is well known for the compressed timeframes in which complex cases are adjudicated. And it is equally well known for the high cost associated with Section 337 proceedings—due in part to the time pressures involved, in part to unique issues (such as the domestic industry requirement), and in part to the need to create a complete administrative record for review.

The Commission's new rules impose both general and specific limits on what traditionally has been nearly unfettered discovery in Section 337 investigations, namely, where the parties had previously been limited chiefly by the time available.

General Limitations on Discovery

The Commission's rulemaking amends Commission Rule 210.27 (19 C.F.R. § 210.27) inter alia by adding a new paragraph (d):

> In response to a motion made pursuant to §§ 210.33(a) or 210.34 or sua sponte, the administrative law judge must limit by order the frequency or extent of discovery otherwise allowed in this subpart if the administrative law judge determines that:
>
> (1) The discovery sought is unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive;
>
> (2) The party seeking discovery has had ample opportunity to obtain the information by discovery in the investigation;
>
> (3) The responding person has waived the legal position that justified the discovery or has stipulated to the particular facts pertaining to a disputed issue to which the discovery is directed; or

 ISSN 0148-7965

(4) The burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the investigation, the importance of the discovery in resolving the issues to be decided by the Commission, and matters of public concern.[4]

This rule largely tracks Federal Rule of Civil Procedure 26(b)(2)(C), thus bringing practice at the ITC closer in line with district court litigation. There are, however, three differences in language worthy of note.

First, the new Commission rule includes an additional ground for limiting discovery beyond those found in the federal rules. Specifically, subparagraph (3) expressly requires that discovery be curtailed as to issues that have been resolved, in whole or in part, by means of waiver or stipulation.

Second, unlike the federal rules, the new Commission rule does not require the administrative law judge to analyze the importance of the issues at stake in the action. Instead, the Commission rule requires consideration of ''the importance of the discovery in resolving the issues to be decided by the Commission.'' In its rulemaking, however, the Commission suggests that federal case law interpreting the federal rules' language may inform the interpretation of the new Commission rule.[5]

And third, the new Commission rule, in subparagraph (4), requires consideration of ''matters of public concern.'' In its rulemaking the Commission modified its earlier proposed paragraph (d)(4), which referred to ''the public interest,'' and clarified that ''matters of public concern'' are not to be confused with the statutory public interest factors that may play a more central role in Commission proceedings, especially in determining what remedy should be ordered if a violation of Section 337 has been found to exist.[6] The Commission further advised that ''the 1983 Advisory Committee notes on Federal Rule of Civil Procedure 26(b) and relevant federal case law interpreting that rule may inform the interpretation of 'matters of public concern' in paragraph (d)(4).''[7]

Additionally, although the phrase ''the needs of the investigation'' in paragraph (d)(4) is consistent with the language of Federal Rule 26(b)(2)(C)(iii), the Commission clarified that '' 'the needs of the investigation' may include the procedural schedule and the investigation target date.''[8]

New Rule 210.26(d) thus provides a previously nonexistent set of general limitations on discovery in Section 337 investigations—limitations that may substantially reduce the cost of discovery. Concerns have already been expressed, however, that the rule will open the floodgates to costly and time-consuming motions practice.

Specific Limitations on Discovery of Electronically Stored Information

The Commission's rulemaking also adds a new paragraph (c) to Rule 210.27,[9] which closely tracks Fed. R. Civ. P. 26(b)(2)(B). Like the federal rule, new Rule 210.27(c) focuses on the burden and cost associated with accessing requested electronically stored information (ESI).

The Commission considered, but declined to adopt, more stringent limits on discovery of ESI, including proposed limitations on the number of document custodians and requirements for narrowly-tailored search terms. In its rulemaking, however, the Commission advises that ''the mandatory limitations under [new Rule 210.27(d)] may take a variety of forms, including . . . a limit on the number of document custodians whose electronic files will be searched and a limit on the search terms used in such a search.''[10]

Other Discovery Limitations

In addition to the above, the Commission's rulemakings impose new limits on the number of depositions the parties to a proceeding may take,[11] on the time in which a party may object to a notice of deposition,[12] and on the number of interrogatories the parties may serve.[13]

Collectively, the Commission's new rules limiting discovery present the possibility of substantial cost savings in many Section 337 investigations.

II. Rules that Pose Risks to Confidential or Privileged Information

As practitioners know, confidentiality has always been sacrosanct at the ITC. A protective order is entered automatically in every investigation, and additional protections (such as relating to source code) are routinely granted to parties and non-parties. Protective orders are strictly enforced by the Commission, which investigates suspected violations sua sponte.

And, unlike federal courts, in which courtrooms are rarely sealed and confidentiality is frequently waived for purposes of live proceedings, hearings in Section 337 proceedings often spend significant time in confidential session. The Commission's new rules, however, provide several mechanisms by which a party could inadvertently waive its claims of confidentiality or privilege or otherwise permit undesirable disclosure.

Public Versions of All Orders

The Commission's rulemaking amends Rule 210.5 to require the issuance, absent an order to the contrary, of a public version of any order, initial determination, opinion, or other document within thirty days of the issuance of the related confidential version.[14] Although several administrative law judges have traditionally required parties to identify what portions of documents, if any, should be treated as confidential business information, the new rule does not contain such a requirement.

Additionally, the new rule adds a requirement not appearing in the earlier proposed rule that, upon request by the Commission or the administrative law judge, ''parties must provide support in the record for their

[4] 78 Fed. Reg. 29,618, 29,624. Note: The former Rule 210.27(d) has been redesignated as Rule 210.27(g).

[5] 78 Fed. Reg. 29,618, 29,621.

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] 78 Fed. Reg. 29,618, 29,624. Note: The former Rule 210.27(c) has been redesignated as Rule 210.27(f).

[10] 78 Fed. Reg. 29,618, 29,620.

[11] 78 Fed. Reg. 23,474, 23,483-84. Note: The limits differ for complainants, respondents, and the Office of Unfair Imports Investigation.

[12] *Id.* at 23,484.

[13] *Id.*

[14] 78 Fed. Reg. 23,473, 23,480

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claim of confidentiality'' to any portion[s] of a document they seek to have redacted from the public version.[15]

Disclosure of Settlement Agreements

The Commission's rulemakings amend Rule 210.21 to require that parties seeking to terminate an investigation by settlement agreement or consent order file with the Commission a copy of any agreements between the parties.[16]

Many Section 337 investigations, however, involve multiple respondents—frequently, competitors—and the Commission in recent years has increasingly been willing to shield one respondent's settlement agreement from being seen by other respondents (including their counsel). Although there have been many critics of this practice, the American Intellectual Property Law Association suggested ''that the Commission limit access to all [settlement] documents to only the Commission, stating that it would not be in the interest of the settling parties for non-settling respondents, who would not otherwise have access to the documents, to have access.''[17]

In response, the Commission noted that ''the standard procedure generally requires service on all parties under the protective order to encourage transparency.''[18] But the Commission did grant the administrative law judge discretion to limit service of a settlement agreement to the settling parties and the Commission investigative attorney ''[o]n motion for good cause shown.''[19]

This may raise the bar beyond what must be demonstrated under current practice, and it may thus reduce the frequency with which settlement agreements are shielded even from counsel for other, non-settling respondents.

[15] *Id.*
[16] *Id.* at 23,482-83.
[17] *Id.* at 23,477.
[18] *Id.*
[19] *Id.* at 23,482, 23,483.

Privilege Logs

The Commission's rulemakings also add a new paragraph (e) to Rule 210.27, ''Claiming Privilege or Work Product Protection.''[20] The new rule provides for the production of detailed privilege logs within ten days of making a claim of privilege, absent an order or an agreement approved by the administrative law judge to the contrary.

Parties may also agree to waive the logging requirement for items ''created or communicated within a time period specified in the agreement.'' But if privileged information that would have been subject to the agreement is produced, the new rule permits the administrative law judge to ''determine that the produced information is not entitled to privilege or protection.''[21] The Commission explains:

> The Commission considers the maintenance and production of a privilege log to be a reasonable requirement for those who (1) wish to maintain privilege or work product protection for withheld materials, and (2) wish the assistance of an administrative law judge in resolving privilege or work product disputes. In view of these underlying principles, the Commission determined that administrative law judges should have the discretion to find a waiver of privilege or work product protection when allegedly privileged or protected information is produced and the parties have agreed to relieve themselves of the duty to maintain a privilege log.[22]

III. Conclusion

The Commission's rulemakings impose limitations on discovery that may result in lower discovery costs and greater efficiency. But the new rules also require caution, lest claims to confidentiality or privilege be waived inadvertently.

Through these new rules, and others yet to come, the Commission is ensuring that the ITC remains a valuable forum for cross-border patent disputes.

[20] 78 Fed. Reg. 29,618, 29,624.
[21] *Id.*
[22] *Id.* at 29,623.