

ITC Proposed Amendments to Section 337 Rules

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As the costs of patent litigation continue to rise, and tribunals work to more efficiently adjudicate disputes, the United States International Trade Commission (“ITC”) appears to be listening to its constituents: on September 16, 2015, the ITC issued a notice of proposed rulemaking concerning its Rules of Practice and Procedure related to its investigations under Section 337. According to the Commission’s website, the proposed rules are necessary to “address concerns that have arisen in Commission practice,” among other technical issues, with the ultimate goal of “reduc[ing] the administrative burden and costs on parties.” It is no secret that the high cost of pursuing and/or defending against an exclusion order at the ITC has been a point of great contention among complainants and respondents for several years. With the proposed rules changes, the ITC is undoubtedly attempting to respond to those concerns, formalizing the “100-day” pilot program for early ruling on potentially dispositive issues, and more closely aligning the Commission rules with the Federal Rules of Civil Procedure. Based on past experience, the proposed amendments are likely to be adopted with some expected modification based on public comments, which the ITC is accepting through November 23, 2015. Once adopted, the changes are expected to take effect in early to mid-2016, affecting investigations instituted after the effective date.

Streamlining and Simplifying Investigations

- The ITC proposes to add subsection 210.10(b)(1) to require the Commission to **specify in plain language the accused products** that will be within the scope of the investigation in order to avoid disputes between the parties concerning the scope of the investigation. The Commission is particularly interested in receiving comments on whether this proposed rule “would be useful in clarifying the scope of the investigation” and welcomes “alternative language that captures the Commission’s intent with respect to the proposed rule.”
- The ITC proposes to amend subsection 210.12(a)(9) by adding the requirement that **complaints include the expiration date of each asserted patent**. This change provides a basis for the Commission not to institute investigations concerning expired patents given that injunction is the only relief provided.
- The ITC proposes to amend subsection 210.10(a) to allow the **Commission to institute multiple investigations based on a single complaint** where necessary to limit the number of technologies and/or unrelated patents asserted in a single investigation. The proposed change is designed to help maintain average target dates (16-18 months) by limiting the complexity of issues raised in a single investigation.
- The ITC proposes to add subsection 210.14(h) to allow the presiding administrative law judge (ALJ) to **sever an investigation into two or more investigations** at any time prior to, or upon issuance of, the procedural schedule based on a motion or upon the ALJ’s judgment that severance is necessary to allow efficient adjudication. The Commission is particularly interested in receiving comments regarding whether the ALJ’s decision should be in the form of an Initial Determination (ID) or an order. Currently, the ITC proposed to add subsection 210.43(c)(3), authorizing the presiding ALJ to issue an ID for severance.

More Efficient Investigations – Formalizing the “100-day” Pilot Program

- The ITC proposes to amend subsection 210.10(b)(3) to authorize the Commission to direct the ALJ to **issue an ID on a potentially dispositive issue within 100 days of institution**, subject to an extension for good cause shown.
- The ITC proposes to add subsection 210.22 to allow parties to file a motion within 30 days of institution requesting that the **ALJ issue an order designating a potentially dispositive issue for early ruling**. Consequently, the Commission also proposes to add subsection 210.14(i) to authorize the ALJ to issue an order designating a potentially dispositive issue for an early ruling and permitting an evidentiary hearing on such dispositive issue.
- In response to the proposed changes to subsections 210.10(b)(3) and 201.22, the ITC proposes to add subsection 210.42(a)(3) to authorize the ALJ to issue an ID on a potentially dispositive issue. ALJ has discretion to **stay discovery during the 100 day period**, and the 100 day period can be extended with good cause.
- The ITC proposes to amend subsection 210.43(a)(1) to specify that parties must file **petitions for review** of an ID ruling on a potentially dispositive issue pursuant to proposed 210.42(a)(3) **within five calendar days of service of the ID** and amend subsection 210.43(c) to specify that parties must file responses to any such petition for review within three business days of service of the petition. The Commission further proposes to amend subsection 210.43(d)(1) to specify that the ITC must determine whether to review the ID on the early dispositive issue within 30 days of service of the ID.

Harmonizing ITC with District Court

- To be consistent with Federal Rule of Civil Procedure 26, the ITC proposes to add subsection 210.27(e)(5) to include language concerning the preservation of privilege between counsel and expert witnesses. In particular, the proposed rule specifies that **privilege applies to communications between a party’s counsel and any expert** and to any draft reports or disclosures that the expert prepares at counsel’s behest.
- The ITC proposes to add subsection 210.28(h)(3)(vi) to allow, within the discretion of the ALJ, the use of agreed-upon **designated deposition testimony in lieu of live witness testimony** absent the circumstances enumerated in 210.28(h)(3). Under current rules, deposition designations can only be used *by any party for any purpose* in limited circumstances, including death, illness or imprisonment of the witness.
- To bring the ITC rules into closer conformity with the Federal Rules of Civil Procedure, the ITC proposes to amend subsection 210.32(d) to clarify that a party upon which a **subpoena has been served** may file an objection to the subpoena within 10 days of receipt, with the possibility of requesting an extension for good cause shown. The proposed amendment also clarifies that any motion to quash must be filed within 10 days of receipt of the subpoena, also with the possibility of requesting an extension for good cause shown. The Commission is seeking comments particularly on whether this amendment addresses any potential conflicts that may arise from co-pending objections and motions to quash.
- The ITC proposed to amend subsection 210.19 to clarify that **motions to intervene** may be filed only after the institution of an investigation or a related proceeding. This amendment formalizes the current practice of permitting intervention after institution, putting an intervenor in a distant, disadvantageous position to a complainant, who has months for pre-filing investigation, and a respondent, who is notified of the allegation when the complaint is filed but before the investigation is officially instituted.

Stronger Enforcement Procedures

- The ITC proposes to amend subsection 210.75(b)(1), redesignated as 210.75(a)(1), to provide that the Commission shall determine whether to institute formal **enforcement proceedings within 30 days of the filing of an enforcement complaint**, barring exceptional circumstances, a request for postponement of institution, or withdrawal of the enforcement complaint.
- The ITC proposes to amend subsection 210.75(b)(4), redesignated as 210.75(a)(4), to explicitly provide that **the Commission may issue cease-and-desist orders at the conclusion of formal enforcement proceedings**. Subsection 210.75(b)(5) would also be amended, redesignated as 210.75(a)(5), to include the issuance of new cease-and-desist orders pursuant to new subsection 210.75(a)(4).
- The ITC proposes to amend subsection 210.76(a) to clarify that any person may request that the Commission make a determination that the circumstances which led to the issuance of a remedial or consent order no longer exist. Conversely, the ITC also proposed to amend subsection 210.76(b) to provide that the Commission shall determine whether to institute **modification or rescission proceedings** within 30 days of receiving a request.
- The ITC proposes to amend subsection 210.79(a) to provide that responses to requests for **advisory opinions** shall be filed within 10 days of service of the request, and further proposed to amend subsection 210.79(a) to provide that the ITC will institute advisory proceedings by notice, and within 30 days of receiving a request.

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