
Notable Recent Cases: The Federal Circuit and the ITC

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Section 337 actions with the ITC have more than tripled over the last decade, with more than fifty actions being filed this fiscal year alone, and eighty-eight actions pending, according to figures from the ITC.

In *eBay Inc. v. MercExchange LLC*, 547 U.S. 388, 394 (2006), the high court established a four-step test whereby patent owners must prove that an injunction is merited, a move that has made it measurably more difficult to obtain an injunction. The ITC, on the other hand, has the authority to hand out exclusion orders that bar companies found to infringe from importing merchandise into the United States, as long as the patent holder can show that it maintains a “domestic industry.”
Cases

- Kyocera
- Epistar
- Amgen
- Princo
- Crocs
- Apple & Nokia
Kyocera Wireless Corp. v. International Trade Com'n, 545 F.3d 1340 (Fed. Cir. 2008).

- ITC exceeded its statutory authority by issuing a limited exclusion order (LEO) that excluded imports of downstream manufacturers who were not named as respondents; and

- A LEO against importation of all downstream products containing accused technology was beyond the ITC’s powers.
Kyocera
The ITC may issue either: 1) limited exclusion orders directed toward the actions of specific companies; or 2) general exclusion orders directed broadly to an industry.

In this case, the ITC issued a limited order that excluded, *inter alia*, downstream manufacturers who were not named parties in the litigation.

The ITC said the exclusion order applied to the Qualcomm semiconductor chips, and also any cell phones that contained those chips, even if other parties made and imported those cell phones and were not named respondents in the ITC investigation.
On appeal, the Federal Circuit found that limited exclusion orders may not go beyond the named parties. A general exclusion order may be appropriate. However, additional proofs of necessity are required for general orders (these are more difficult to obtain):

The Commission may issue a GEO if it is “necessary to prevent circumvention of an exclusion order limited to products of named persons” or, under subsection d(2)(B), if “there is a pattern of violation of this section and it is difficult to identify the source of infringing products.” §§ 1337(d)(2)(A) and (B).

Impact: More respondents named and/or more requests for GEOs.
Epistar

Epistar Corp. v. International Trade Com'n, 566 F.3d 1321 (Fed. Cir. 2009).

Applies Kyocera:

ITC lacked statutory authority to issue LEO that excluded imported products by entities not named as respondents before ITC.

The Federal Circuit also vacated the exclusion order and instructed the ITC to reconsider the order based on Kyocera that the ITC lacks statutory authority to exclude imported products by entities not named as respondents before the ITC.

The court found that Epistar does not itself manufacture downstream products; instead other foreign entities incorporate the infringing LEDs in packaged LEDs and LED boards for importation into the U.S.
Epistar

LED-embodiment of the claimed invention
The Commission’s LEO excluded from entry into the United States Epistar's infringing LED products. This exclusion included downstream “packaged LEDs containing the infringing LEDs and boards primarily consisting of arrays of such packaged LEDs,” regardless of the manufacturer or importer of these products.

The Federal Circuit reviews the Commission's LEOs for actions that are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”

The Commission erred in extending the LEO to downstream products manufactured by third parties not named in this case.
Amgen Inc. v. International Trade Com'n, 565 F.3d 846 (Fed. Cir. 2009).

- Safe harbor provision of Patent Act for products imported for purposes of obtaining federal approval applies to process patent liability under the Tariff Act when the imported product is used for the exempt purposes, and

- ITC had jurisdiction to investigate and remedy infringement with respect to product imported for purposes of obtaining federal approval, whether or not there was also actual sale in the United States or contract for sale of the imported product.
Amgen, Inc. charged that certain importations of recombinant human erythropoietin (“EPO”) are in violation of Section 337 (both the imported EPO and the process by which it is produced in Europe).
Amgen

The Commission held that the safe harbor statute applies to products produced offshore by a process patented in the United States.

Amgen argued that the statute does not bar the exclusion of such importation--the § 271(e)(1) reference to importing “a patented invention” is necessarily limited to importation of product (a process cannot be imported).

The Federal Circuit affirmed the Commission's ruling that the safe harbor statute applies to process patents in actions under Section 337, when the imported product is used for the exempt purposes of § 271(e)(1).
Inclusion of pool licensor's patent covering recordable compact discs in patent pool did not give rise to an illegal tying arrangement constituting patent misuse, and

Importer could establish patent misuse defense if it could establish that pool licensors agreed to license a potential competitor to the pool patents in a way that would necessarily prevent it from ever becoming a commercially viable alternative technology.
Princo

Princo Corp. v. International Trade Com'n, 583 F.3d 1380 (Fed. Cir. 2009).

The court's April 20, 2009, opinion is vacated, and the appeal is reinstated.

GRANTING - The petitions of Appellee International Trade Commission and Intervenor U.S. Philips Corporation for rehearing *en banc*.

DENYING - The petitions of Appellants Princo Corporation and Princo America Corporation for rehearing *en banc*.

The parties filed “new briefs” addressing primarily those issues originally decided in Section II of the court's April 20, 2009 opinion. (“What Princo calls its principal price-fixing argument ... thus really amounts to the accusation that Philips bribed Sony not to use ... Lagadec to compete against the Orange Book.”) Appellants' Reply Br. 1.

Oral Argument: March 3, 2010

Design Patent and Domestic Industry.

The ITC found no infringement of the '789 patent. The ITC also determined that Crocs had not satisfied the technical prong of the industry requirement for the '789 patent.

The Federal Circuit reversed and remanded, finding that the ITC placed undue emphasis on particular details of its written description of the patented design. Those details became a mistaken checklist for infringement. Without a view to the design as a whole, the ITC used minor differences between the patented design and the accused products to prevent a finding of infringement. The accused products embodied the overall effect of the '789 patent design in sufficient detail and clarity to cause market confusion.
Crocs

FIG. 1
Crocs

Design Patent: Under “Ordinary Observer” test: Accused products are “Nearly Identical”

Domestic Industry: The test for the technical prong of the industry requirement is essentially the same as that for infringement, i.e., a comparison of domestic products to the asserted claims. In other words, the technical prong requires proof that the patent claims cover the articles of manufacture that establish the domestic industry. Put simply, the complainant must practice its own patent.
Apple and Nokia?

• Nokia requested that the ITC ban all imports of products alleged to infringe Nokia’s patents, including iPhones, iPods, and Mac computers.

• Apple requested that the ITC ban imports of all Nokia products alleged to infringe Apple’s patents, including legacy mobile phones using Symbian.
Thank you.

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