

CORPORATE COUNSEL

FOCUS — Never Give Up ... and You Could Score a Big ITC Win

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Owners of U.S. intellectual property (IP) can exclude illegal imports from the United States by successfully enforcing their rights at the International Trade Commission (ITC).

To be successful in ITC litigation, an IP owner needs to be focused, prepared and persistent. Our litigation team at McAndrews, Held & Malloy recently employed that approach on behalf of IP owner Amsted Industries Incorporated in ITC Investigation No. 337-TA-655, *Certain Cast Steel Railway Wheels, Certain Processes For Manufacturing Or Relating To Same And Certain Products Containing Same*.

We successfully proved and obtained remedies for misappropriation of 128 trade secrets by two Chinese companies and two U.S. companies. The remedies are a ten-year limited exclusion order (LEO) and ten-year cease and desist orders (C&DO's).

Focus, preparation and persistence in ITC litigation involve ten steps.

First, appropriately staff the outside litigation team.

A leanly staffed team possesses concentrated case knowledge, which will improve the quality of the representation and the result of the litigation. In contrast, an overly staffed team possesses diluted case knowledge, which will detrimentally affect the quality of the representation



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and the result of the litigation.

Second, prepare for trial throughout the case.

In that regard, periodically synthesize the evidence into a comprehensive, understandable and, ultimately, succinct presentation. Unlike in a district or state court trial that may last weeks or months, each party will usually have a week or less to present its case to the ITC administrative law judge.

Third, include an in-house "point person," such as in-house counsel, as part of the litigation team.

The pre-suit investigation and discovery will be time-consuming and fast-paced and will involve, for example, (a) collecting, reviewing, and producing a significant body of documents and information and (b) identifying and meeting with multiple knowledgeable persons, including employees of the IP owner.

Accordingly, the pre-suit investigation and discovery can be conducted more efficiently and effectively where there is a point person with whom outside counsel can directly interface. Alternatively, having topic-specific point persons may be appropriate.

Fourth, determine which IP to assert.

Pre-suit, a trade secret owner will determine which trade secret(s) to assert. That determination often will involve, for example, (a) reviewing trade secret source documents, (b) compiling a list of trade secrets to potentially assert and (c) modifying that list as appropriate.

A trade secret owner should not disclose the asserted trade secret(s) in the ITC complaint because an ITC complaint is typically a publicly available document and a trade secret is to be kept secret.

Similarly, pre-suit, a patent owner will determine which patent(s) to assert. The patent owner must reference the asserted patent claim(s) in the ITC complaint. ITC Rule 210.12(a)(9)(vii).

Where "practicable," the ITC complaint also is to include a chart comparing each asserted independent patent claim to a representative accused product or process of each accused party, i.e., respondent. ITC Rule 210.12(a)(9)(viii).

Fifth, as part of the pre-suit investigation, investigate as thoroughly as possible other underlying facts and circumstances.

In that regard, ITC litigation is “front-loaded” for an IP owner, i.e., complainant, because: (a) a complainant must have good-faith bases for the allegations in the complaint, (b) the complaint must “[i]nclude a statement of the facts constituting the alleged unfair methods of competition and unfair acts[.]” (c) in a trade secret case, the complaint must “state a specific theory and provide corroborating data to support the allegation(s) in the complaint concerning[, for example,] the existence of a threat or effect to destroy or substantially injure a domestic industry” and (d) a complainant needs to hit the ground running once the litigation commences. ITC Rules 201.8(e) and 210.12(a)(1), (2), (8).

As to point (d), a complainant knowledgeable about underlying facts and circumstances will more efficiently and effectively engage in discovery and develop its case during the condensed ITC litigation schedule.

Sixth, timely prepare and implement, and actively ensure compliance with, a proper litigation hold, which preserves documents, information and things, in electronic, paper or other form.

Seventh, seek appropriate remedies.

One remedy available from the ITC is an exclusion order, of which there are two types: (a) an LEO and (b) a general exclusion order (GEO). 19 U.S.C. §1337(d). Both an LEO and a GEO exclude illegal imports from the United States. *Id.*

The practical difference between an LEO and a GEO is that an LEO bars importation of illegal products of the respondent(s), whereas a GEO bars importation of illegal products of anyone, regardless of source. *Id.* As to an LEO, an IP owner should ensure that it names as respondents, i.e., sues, all appropriate companies.

Another remedy available from the ITC

is a C&DO. 19 U.S.C. §1337(f)(1). A C&DO prohibits a respondent’s unfair methods or acts, such as importing illegal products into, and marketing, advertising, offering for sale, selling and distributing illegal products in, the United States. *Id.*

Generally, the ITC issues a C&DO where there is a commercially significant inventory of illegal imports in the United States. As such, the IP owner’s pre-suit investigation and discovery should account for any respondent’s domestic inventory of illegal imports.

Eighth, organize discovery.

Prepare and implement a discovery “game plan” to ensure that needed discovery, including third-party and overseas discovery, is taken.

Also, avoid discovery-related distractions. In other words, wherever possible, resolve discovery disputes through agreement rather than litigation. Additionally, identify any area(s) in which an expert(s) may be needed and, as appropriate, evaluate and retain a qualified expert(s). An IP owner sometimes becomes aware of an expert before a need for his or her expertise arises. As such, an IP owner that maintains potential experts’ contact information can facilitate evaluation and retention of a qualified expert(s).

Ninth, persist in discovery.

Diligently pursue formal and informal discovery as early as possible. For example, as to formal discovery, an IP owner should finalize its initial written discovery prior to the ITC’s institution of the litigation so that such discovery promptly can be served on the respondent(s). ITC Rules 210.29(b), 210.30(b), 210.31(a).

As to informal discovery, which should be part of the pre-suit investigation, potential sources of useful, publicly available information should be investigated. Such potential sources may include governmental or certifying agencies; trade

or industry shows or publications; Web sites; published technical, marketing or sales literature; and press releases.

A respondent’s former employees also may be such potential sources, but communication with former employees may not be allowed or may be conditional. Persistence in discovery can be especially important where activity at issue (a) was conducted covertly and evidence of that activity cannot be easily discovered (e.g., where persons made efforts to cover their tracks) or (b) is evidenced by electronic fingerprints that can be discovered only through computer forensics.

Tenth, prepare for electronic discovery (e-discovery).

Be familiar with any ITC rules or administrative law judge’s ground rules relating to e-discovery. In the absence of such rules, another forum’s e-discovery rules may provide helpful guidance for coordination of and participation in e-discovery.

Remember, to be successful in ITC litigation, be focused, prepared and persistent.

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