

## 4 Things To Know About New ITC Rules For Patent Cases

By **Ryan Davis**

*Law360 (May 16, 2018, 7:44 PM EDT)* -- The U.S. International Trade Commission recently announced new rules for intellectual property cases that take effect next month. Here's what attorneys need to know about what will change at the ITC, including new provisions that allow larger cases to be split up into multiple proceedings.

### Multiple Investigations Permitted

The new rules give both the commission and individual administrative law judges the authority to sever one case into two or more as long as it's done in the first 30 days after the case begins. Attorneys say the change could help litigation move along more efficiently.

The rules, which take effect for cases instituted after June 7, are likely a way to deal with unwieldy complaints that feature numerous patents or accused infringers, or several different types of technology, said David Maiorana of Jones Day.

"This is really a mechanism for the commission and the ALJs to manage their workload," he said.

The rules give the commission a great deal of discretion to decide when and where to split up litigation into multiple investigations, so it's something patent owners need to keep in mind when filing a complaint.

"Going forward, we will see litigants and judges looking at investigations and cases that are filed with an eye toward whether there would be efficiencies gained by splitting up the case," said Daniel Valencia of Covington & Burling LLP.

It remains to be seen exactly how the multiple proceedings will be handled to make things more efficient, but the rules state that they "will be assigned to the same administrative law judge unless the severed case is reassigned at the discretion of the chief administrative law judge."

Theoretically, one of the severed cases could proceed while the other is stayed, the two cases could be staggered so that one starts somewhat earlier, they could proceed in tandem, or they could be split up among more than one judge.

Attorneys said it seems likely that the severed cases would proceed in parallel before the same judge, with the efficiencies gained by limiting the number of issues or parties in each one.

Current cases can sometimes involve dozens of attorneys or companies, so this "would make it so parties are not dragged into cases where half the issues have nothing to do with them, and the narrower cases can be resolved more quickly," Valencia said.

The ITC staff, which often consults with complainants before a new suit is filed, has been suggesting in recent years that the commission prefers that cases do not include numerous patents, and recommended filing multiple cases to avoid that situation, said Yar Chaikovsky of Paul Hastings LLP.

"People were already obtaining that advice in a multi-patent environment," he said, so if litigants follow it and avoid filing large complaints, the new rule may be used sparingly, he said.

Attorneys will be watching to see how the ITC manages the severed investigations, but the rule shows "the commission is trying to preserve its role as being a speedy forum that leads to fairly quick adjudication and resolution," Valencia said.

### **100-Day Program Becomes Official**

The ITC has had a program since 2013 aimed at resolving some issues in patent cases within 100 days, but it has always been a "pilot program" until now. The new rules will change that by making the program permanent and imposing some formal rules on how it operates.

The goal of the program is to address certain issues that could resolve the entire case at the outset without going through a full investigation. The commission has used it to determine whether a patent owner has standing or a domestic industry, which are requirements for filing suit at the ITC.

The 100-day program has only been used in a handful of cases over the past five years, but attorneys say it is an effective way to streamline cases and encourage patent owners to bring higher-quality complaints.

"It's nice that it's been codified and it has some procedures in place now," Chaikovsky said.

Among other things, the new rules clarify that a judge's initial determinations in the 100-day proceeding will become final 30 days after they are issued unless reviewed by the commission, and petitions to review those determinations must be filed within five business days.

The ITC elected not to adopt a proposed rule that would have allowed judges to designate issues to be put into the program, so that power rests only with the commission. That is in contrast to the new rules that gives judges the authority to split up cases, but attorneys say there's likely a good reason for the difference.

"That may be to insulate the ALJs from a zillion motions to include things in the program," Maiorana said.

The program will still likely be rarely used, since there are few issues that can be quickly decided and will dispose of a whole case, but making it official "is another acknowledgment of the importance of expedience in resolving disputes," Valencia said.

### **More Online Filings**

The new rules provide that the ITC can file more documents online, which may seem mundane but will be very helpful to attorneys, Valencia said.

"One of the frustrations of litigation at the ITC is access to the commission's documents," he said.

Under the new rules, the commission would be able to electronically serve documents containing confidential business information by placing them in an "appropriate secure repository." Currently, the commission sends documents with sensitive data through the mail, which leads to delays for litigants.

For instance, the commission posts short public summaries of its decisions online, while sending the full opinion to the parties in the mail so confidential material can be redacted before the public opinion is posted. As a result, attorneys and their clients may know the outcome of a case but have to wait several days before learning the commission's reasoning.

"I think this is a very positive step towards getting all the documents in real time," Valencia said, though he noted that members of the public not involved in the case will still have to wait to access the ITC's full opinions.

### **Scope, Subpoenas and More**

The new rules make a variety of other small changes that attorneys should know about, such as clarifying that the ITC's notice of investigation "will define the scope of the investigation in plain language so as to make explicit" what products are at issue.

Maiorana said greater clarity about what the investigation covers could limit situations where litigants try to get discovery that goes beyond the products that are being investigated, which he said is "always a sticking point."

"This will focus a little more attention on how they word the notice of investigation to try to minimize fights over the scope," he said.

The rules also allow parties that receive subpoenas to file objections in addition to motions to quash them, bringing the ITC in line with the Federal Rules of Civil Procedure and meaning that "there's now less ambiguity" in how subpoenas are handled, Valencia said.

Likewise, the new rules state for the first time that an expert witness' draft reports and disclosures are privileged, which also aligns the ITC with federal courts.

Altogether, the new rules bring to a close a process that began in 2015, when the ITC first proposed changes to its rules. The three-year process of reviewing comments on the proposal shows that the commission "takes the rules very seriously and wanted to get the opinions of stakeholders before making these changes," Maiorana said.

--Editing by Philip Shea and Emily Kokoll.