

## PROCESS PATENTS AND THE LIMITS OF THE INTERNATIONAL TRADE COMMISSION'S JURISDICTION: FINDING THE LINE IN THE SAND

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### ABSTRACT

The International Trade Commission was created by Congress to give patent holders protection from unfair trade practices including the importation of infringing products. To that end, the Commission has in rem jurisdiction over imported goods that infringe a valid United States patent and is authorized to conduct national investigations to determine infringement. If goods are found to infringe a patent, the Commission may issue an exclusion order barring the goods from entry into the United States. The Commission has jurisdiction over both goods that infringe a product patent and goods made by a patented process or method. The Commission's jurisdiction over process patents, however, has changed several times during its history and, as a result, Congress's intent regarding the scope of the Commission's jurisdiction over process patents is difficult to discern.

Recently, the Commission encountered a case where the patent at issue covered only a process to make a precursor or intermediate product of the end product that the complainant to the investigation sought to have barred from importation. The Commission looked to seventy-five-year-old precedent from its predecessor institution to determine whether its jurisdiction could be stretched to cover articles that were only partially made by a patented process. From that precedent, it then fashioned a new hybrid test to determine its jurisdiction over such articles. The test, however, provides little insight as to how it would be applied to subsequent disputes.

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The issue could be resolved without the resulting confusion if section 271(g) of the Patent Act applied to the International Trade Commission because this provision contains defenses to infringement that would provide an easily applicable test to determine when a subsequently processed article is too far removed from the asserted process patent to find the resulting end product an infringing product. Using the test set out in section 271(g) would also harmonize the rights of patent holders between the federal district court and the International Trade Commission and reduce the risk of inconsistent judgments between the two forums.

Because the Federal Circuit held in 2004 that section 271(g) of the Patent Act does not apply to the International Trade Commission, Congress should act to amend the Patent Act to make its application to the Commission explicit. Otherwise, the Commission will employ a different test to determine its jurisdiction over process patents and competing precedent will develop—creating uncertainty over the extent of protection afforded process patents in the United States.

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I. INTRODUCTION

In recent decisions, the application of the Patent Act to process patents has caused more confusion than clarity. This has been particularly true of the International Trade Commission's treatment of process patents. While an innovative process or method has always been patentable, Congress's intent regarding the Act's application to process patents has been difficult to discern because the language of the Patent Act is more clearly directed to product patents. Harmonizing the Patent Act with the jurisdiction of the International Trade Commission has been difficult because the law in federal courts governing process patents has developed independently of, and often in contradiction to, the somewhat convoluted history of the Commission's jurisdiction over process patents. As a result, the ensuing case law interpreting how the provisions of the Patent Act should apply to the International Trade Commission has lacked uniformity and left significant issues unresolved. In the void, the Commission has created its own methods to deal with process patents. This divergent treatment will undoubtedly create inconsistent results for patent holders litigating in these two forums. This, in turn, will hurt innovation because of the resulting uncer-

tainty litigants will face regarding the level of protection afforded a process patent in the United States.

The primary example of this developing problem concerns whether the International Trade Commission's in rem jurisdiction can be stretched to cover end products of allegedly infringing precursor or partially produced products. The genesis of this issue began in 2004, when the Federal Circuit held that the defenses available under section 271(g) of the Patent Act did not apply to proceedings before the International Trade Commission.<sup>1</sup> Section 271(g) allows an accused infringer in the federal district courts to defend against a claim of process patent infringement by arguing either (1) that its product is materially changed by a subsequent process not covered by the asserted patent, or (2) that its product contains only a trivial or nonessential component made by the allegedly infringing process.<sup>2</sup> Commentators have argued that the Federal Circuit's decision denying these defenses to patent disputes in the International Trade Commission will ultimately hurt innovation and thwart the goals of the patent system because it fosters inconsistent treatment of intellectual property rights between the federal courts and the International Trade Commission.<sup>3</sup> Others have argued that the failure to afford such a defense to foreign respondents at the International Trade Commission may violate international law codified in

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<sup>1</sup> See *Kinik Co. v. Int'l Trade Comm'n*, 362 F.3d 1359, 1361 (Fed. Cir. 2004) (stating that section 271(g) defenses do not apply in proceedings before the International Trade Commission).

<sup>2</sup> See 35 U.S.C. § 271(g) (2006). Section 271(g) states:

Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

- (1) it is materially changed by subsequent processes; or
- (2) it becomes a trivial and nonessential component of another product.

*Id.*

<sup>3</sup> Sapna Kumar, *The Other Patent Agency: Congressional Regulation of the ITC*, 61 FLA. L. REV. 529, 532–33 (2009).

the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).<sup>4</sup>

While these concerns have merit, they miss a more fundamental problem. Because the International Trade Commission's jurisdiction is in rem, by definition the Commission must determine exactly what imported product is the subject of its investigation and therefore within the reach of its remedial power. This is so because, whether the defenses of section 271(g) are available or not, the Commission's in rem jurisdiction requires that the relationship between the accused product and the asserted patent be determined before the Commission can assert its authority. When a product is alleged to be made entirely by a method disclosed in a process patent asserted in the International Trade Commission, it is clear that the proper product to be excluded from importation is the allegedly infringing end product and that the Commission has in rem jurisdiction over the alleged infringing article. If, however, the asserted process patent does not result in an end product sought to be excluded or if the process does not substantially contribute to its creation, then the International Trade Commission must determine whether it has jurisdiction to exclude the end product.

Section 271(g) of the Patent Act was adopted in part to give the district courts a framework to determine whether a product should be considered infringing if it is only partially produced by a patented process or is produced by more than one patented process. Whether or not section 271(g) applies to International Trade Commission proceedings, the Commission still needs a framework to determine whether a product that is not the end product of the patent at issue in the investigation is sufficiently related to the patent to warrant issuing an exclusion order barring that product from entry into the United States. Absent section 271(g), there is no satisfying precedent to guide the Commission's determination of its jurisdiction over products that are not the final result of an asserted patented process.

The International Trade Commission recently encountered a dispute involving such a determination in *In re Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof (In re Certain Sucralose)*.<sup>5</sup> In it, the International Trade Commission appears to have adopted a new hybrid test to determine how to resolve this difficult issue and the stretch of its own jurisdiction.<sup>6</sup> In doing so, the International Trade Commission relied upon

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<sup>4</sup> Anne Elise Herold Li, *Is the Federal Circuit Affecting U.S. Treaties? The ITC, § 271(G), GATT/TRIPS & the KINIK Decision*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 601, 635–36 (2006).

<sup>5</sup> USITC Inv. No. 337-TA-604 (Apr. 28, 2009) (commission opinion); *see also infra* Part VI.

<sup>6</sup> *See id.* at 26–27, 33.

seventy-five-year-old precedent from its predecessor institution that was never intended to address the issues presently before the Commission.<sup>7</sup> As a result, the International Trade Commission offered little insight as to how subsequent disputes will be resolved. Consequently, there is presently no consistent way to predict how the Commission will treat process patents in the future. Such uncertainty will negatively affect trade and innovation because both intellectual property owners and importers will be unable to predict the extent of their respective rights.

Adding to this confusion, the courts have continued to interpret Congress's intent regarding whether the individual provisions of the Patent Act apply to process patents and/or the International Trade Commission in contradictory ways. For instance, a divided Federal Circuit in *Amgen, Inc. v. International Trade Commission*<sup>8</sup> recently held that section 271(e) of the Patent Act applies to proceedings before the Commission even though section 271(g) does not.<sup>9</sup> The rationale behind the opinion does not sufficiently address the language of the Commission's jurisdictional enabling statute or clearly explain why Congress would intend an inconsistent application of these provisions. Similarly, a divided en banc Federal Circuit thereafter determined, in *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*,<sup>10</sup> that section 271(f) does not apply to process patents despite the fact that it contains the same enabling language as section 271(e).<sup>11</sup> The apparent tension between courts' treatment of these statutes is bound to generate further uncertainty.

Rather than allowing the International Trade Commission to adopt a nebulous jurisdictional test from murky precedent, Congress should act to clearly define how the Commission should treat process patents. Whether or not Congress provides a defense to process patent infringement similar to section 271(g), it must clearly delineate the outer boundary of the Commission's jurisdiction to investigate unfair trade practices based on the infringement of a process patent, and provide guidance as to how the other provisions of the Patent Act apply to process patents.

This article will briefly explain the reach of a process patent. It will then examine how the International Trade Commission operates and discuss its similarities and differences as compared to patent litigation in the federal courts. It will then discuss how disputes involving process patents have historically

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<sup>7</sup> *Id.* at 26–27 (citing *In re N. Pigment Co.*, 71 F.2d 447 (C.C.P.A. 1934)).

<sup>8</sup> 565 F.3d 846 (Fed. Cir. 2009).

<sup>9</sup> *Id.* at 852.

<sup>10</sup> 576 F.3d 1348 (Fed. Cir. 2009).

<sup>11</sup> *Id.* at 1365.

been treated by the federal courts and the International Trade Commission. The Commission's recent decision in *In re Certain Sucralose* will be examined and its holding analyzed to determine how it will likely shape future investigations. Finally, the author will suggest how Congress should act to clarify the Commission's jurisdiction as it relates to process patents and how Congress should amend the Patent Act to address its applicability to process patents.

## II. PROCESS PATENTS

Process patents have existed in this country since the beginning of patent law.<sup>12</sup> The Patent Act of 1790, which enacted the first patent system in the United States, authorized the issuance of a patent for the invention of "any useful art, manufacture, engine, machine, or device, or any improvement therein not before known or used."<sup>13</sup> A useful "art" has been consistently used to define a "process."<sup>14</sup> In fact, the first patent issued under the Patent Act was a process patent for an improved method of making potash, a chemical used as a fertilizer.<sup>15</sup>

In its present form, the Patent Act specifically provides that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor . . . ."<sup>16</sup> The Act then defines an "invention" as an "invention or discovery" and a "process" as a "process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material."<sup>17</sup> Consequently, under the Patent Act, a patent may issue for either a product, such as a "machine, manufacture, or composition of matter," or for a process or method of making something useful.<sup>18</sup>

To use an often cited example, if the patent system existed in the time of cave dwellers who had no furniture as we now know it, a patent could issue for the invention of a device to sit upon called a chair with a single embodiment

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<sup>12</sup> JANICE M. MUELLER, AN INTRODUCTION TO PATENT LAW 216 (2d ed. 2006).

<sup>13</sup> Patent Act of 1790, ch. 7, § 1, 1 Stat. 110 (1790) (current version at 35 U.S.C. § 101 (2006)).

<sup>14</sup> See 35 U.S.C. § 100(b) (2006) ("The term 'process' means process, art or method . . . ."); MUELLER, *supra* note 12, at 216 n.21.

<sup>15</sup> MUELLER, *supra* note 12, at 216; see also U.S. Patent No. 0X0000001 (issued July 13, 1790), available at <http://patimg1.uspto.gov/piw?Docid=X0000001&IDKey=NONE>.

<sup>16</sup> 35 U.S.C. § 101.

<sup>17</sup> *Id.* § 100(a)–(b).

<sup>18</sup> *Id.* § 101.

disclosing a seat support by four legs with a back support.<sup>19</sup> If a more efficient or improved method was invented to make the chair, a process patent could then issue for the novel and nonobvious steps disclosed in that new process. This is true even if the chair itself is no longer patentable, so long as the process or method is new and useful.<sup>20</sup>

While patentable, process patents have a different reach than a patent issued for the invention or discovery of a machine, manufacture, or composition of matter.<sup>21</sup> For instance, a patent could issue for a newly discovered composition of matter called “New Compound.”<sup>22</sup> The patent holder of the patent for New Compound may exclude all others from making New Compound during the patent’s term, regardless of how it is created.<sup>23</sup> A subsequent patent could issue for a new process of making New Compound comprised of four sequential steps: mixing ingredient A with B, adding ingredient C, then applying heat, and adding ingredient D to the heated mixture to produce New Compound.<sup>24</sup> Because the patent as issued only protects the process to make New Compound, the holder of this process patent could only exclude others from making New Compound if they perform the four steps of the patented process in exact order.<sup>25</sup> If a subsequent manufacturer makes New Compound using four different

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<sup>19</sup> See MUELLER, *supra* note 12, at 15.

<sup>20</sup> *Id.* at 216–17 (discussing the societal benefit achieved by the invention of a process to more efficiently produce large quantities of insulin).

<sup>21</sup> See *id.* at 217 (“A process claim is generally considered narrower in scope, and hence of less economic value to the patent owner, than a product claim.”).

<sup>22</sup> See *Diamond v. Chakrabarty*, 47 U.S. 303, 308–10 (1980); MUELLER, *supra* note 12, at 226.

<sup>23</sup> 35 U.S.C. § 154(a)(1) (2006); MUELLER, *supra* note 12, at 217.

<sup>24</sup> See *Tilghman v. Proctor*, 102 U.S. 707, 728 (1881) (“A process is an act, or a mode of acting. The one is visible to the eye[]—an object of perpetual observation. The other is a conception of the mind, seen only by its effects when being executed or performed. Either may be the means of producing a useful result. The mixing of certain substances together, or the heating of a substance to a certain temperature, is a process.”).

<sup>25</sup> See *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 775 (Fed. Cir. 1993) (“A method claim is directly infringed only by one practicing the patented method.”); *Sealed Air Corp. v. U.S. Int’l Trade Comm’n*, 645 F.2d 976, 986 (C.C.P.A. 1981) (“When the imported product is alleged to infringe patent claims drawn to a product, the truth of that allegation can be tested by comparison of the product with the claims. When, as here, the imported product is alleged to have been made by a process that infringes patent claims drawn to a process of making the product, determination of the literal truth of that allegation requires comparison of the process employed by the foreign manufacturer with the claims. Thus, in the former instance a product found to be itself an infringement, and all products identical to it, may be excluded, without regard to which foreign manufacturer was exporting it to the United States, and without regard to how it was made.”); MUELLER, *supra* note 12, at 217 (A patent for a process comprising four steps “performed in [a] recited order . . . which produces a given



steps or performs the same steps of the process in a different order, there would be no literal infringement.<sup>26</sup>

To complicate matters, a process patent could also issue for an improved method of mixing ingredients A, B, and C, originally disclosed in steps one and two of the patented process for making New Compound. The mixture produced under this improved mixing process would be a chemically distinct precursor compound from the end product New Compound because the mixture had not been heated and ingredient D had not been added to produce New Compound. This article will examine complications regarding whether the International Trade Commission could exclude the importation of New Compound based on the infringement of a process patent disclosing only the method of making a precursor chemical mixture to the end product.

### III. INTERNATIONAL TRADE COMMISSION

As presently amended, section 337 of the Tariff Act of 1930<sup>27</sup> charges the International Trade Commission with conducting investigations into allegations of unfair practices in import trade.<sup>28</sup> The Act defines unlawful import practices to include the infringement of a U.S. patent, a “United States copyright registered under title 17,” a registered trademark, or “a mask work registered under chapter 9 of Title 17.”<sup>29</sup> Most section 337 investigations, however, typically “involve allegations of patent or registered trademark infringement.”<sup>30</sup>

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product . . . is literally infringed only by other processes . . . repeating the identical series of recited steps.”).

<sup>26</sup> See MUELLER, *supra* note 12, at 217.

<sup>27</sup> 19 U.S.C. § 1337 (2006).

<sup>28</sup> *Id.* § 1337(a)(1), (b)(1) (“The Commission shall investigate any alleged violation of this section on complaint under oath or upon its initiative.”). Generally, investigations at the Commission are referred to as “Section 337 Investigations,” referencing that section of the Tariff Act of 1930, and not to its codification at 19 U.S.C. § 1337. See DONALD K. DUVALL ET AL., UNFAIR COMPETITION AND THE ITC: ACTIONS BEFORE THE INTERNATIONAL TRADE COMMISSION UNDER SECTION 337 OF THE TARIFF ACT OF 1930 § 3:1, at 53 (West 2008) (1992).

<sup>29</sup> 19 U.S.C. § 1337(a)(1)(B)–(D).

<sup>30</sup> Patricia Larios, *The U.S. International Trade Commission's Growing Role in the Global Economy*, 8 J. MARSHALL REV. INTELL. PROP. L. 290, 294 (2009) (“In fact, investigations based on allegations of patent infringement represent approximately 90 percent of recent Section 337 investigations.”); U.S. INT’L TRADE COMM’N, SECTION 337 INVESTIGATIONS: ANSWERS TO FREQUENTLY ASKED QUESTIONS 1 (2009), [http://www.usitc.gov/intellectual\\_property/documents/337\\_faqs.pdf](http://www.usitc.gov/intellectual_property/documents/337_faqs.pdf) [hereinafter SECTION 337 INVESTIGATIONS: FAQ]; see also Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV.

Section 337 specifies that unlawful practices include the importation of articles into the United States that “infringe a valid and enforceable United States patent . . . or are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.”<sup>31</sup> The former makes it unlawful to import an article into the United States that infringes a valid product patent. As will be discussed below, the latter was added to ensure that the Commission’s jurisdiction include the ability to exclude an article made abroad by a process infringing a valid process patent.<sup>32</sup>

When an imported article infringes a product patent or a process patent, it is only unlawful, and therefore subject to the Commission’s remedial powers, if there is an industry in the United States related to the articles protected by the patent.<sup>33</sup> Unlike district court litigation, a complainant (the name given to a plaintiff before the Commission) must establish both that its patent is infringed and that its patent covers a product for which an industry exists in the United States.<sup>34</sup>

The domestic industry requirement contains both an economic and technical prong.<sup>35</sup> To satisfy the technical prong, the complainant must show that there is an industry in the United States that relates to the patent.<sup>36</sup> To do so, the complainant must demonstrate that the industry practices at least one claim of the patent, but not necessarily the claim allegedly infringed by the imported article.<sup>37</sup> In other words, the domestic industry must relate to the product

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63, 70 (2008) (“85 percent of [the International Trade Commission’s] docket consists of patent cases . . .”).

<sup>31</sup> 19 U.S.C. § 1337(a)(1)(B).

<sup>32</sup> See *infra* Part V.A.

<sup>33</sup> 19 U.S.C. § 1337(a)(2) (2006).

<sup>34</sup> DUVALL ET AL, *supra* note 28, § 3:17, at 77–78; see also Larios, *supra* note 30, at 298 (“The domestic industry requirement can be demonstrated by actual manufacturing in the U.S. or by demonstrating ongoing research and development, engineering or licensing activity.”).

<sup>35</sup> Carl C. Charneski, *The Role of the Office of the Administrative Law Judges Within the United States International Trade Commission*, 8 J. MARSHALL REV. INTELL. PROP. L. 216, 217 (2009); Larios, *supra* note 30, at 301.

<sup>36</sup> 35 U.S.C. § 1337(a)(2); Charneski, *supra* note 35.

<sup>37</sup> Jay H. Reiziss, *The Distinctive Characteristics of Section 337*, 8 J. MARSHALL REV. INTELL. PROP. L. 231, 237 (2009) (“[T]he Commission has held that a complainant may satisfy the domestic industry requirement of section 337 by showing that the domestic industry exploits the patent in issue, and that a complainant is not required to establish that it practices asserted claims.” (quoting *Certain Digital Satellite System (DSS) Receivers and Components Thereof*, USITC Pub. 3418, Inv. No. 337-TA-392, at 11 (Oct. 20, 1997) (initial and recommended determinations))).

that is protected by the asserted patent or, for process patents, the product that is produced by the asserted patented process. In the example above, a complainant seeking to exclude the importation of a chair made by an infringing process must show that a domestic chair industry exists in the United States.

To satisfy the economic prong of the domestic industry requirement, the complainant must show that there is significant investment in facilities or equipment related to the article at issue or in employment of labor or capital, or that there is substantial investment in the patent's exploitation—including engineering, research and development, or licensing.<sup>38</sup> In this manner, the Commission's role in protecting United States patents is different from that of the federal courts' because the power of the Commission is only brought to bear if there is an actual industry related to the patent seeking protection.<sup>39</sup>

#### A. Jurisdiction

The Commission's subject matter jurisdiction stems from the authority Congress granted it under section 337 of the Tariff Act of 1930 to investigate unfair practices.<sup>40</sup> Among the unfair practices prohibited by section 337 are “[u]nfair methods of competition and unfair acts in the importation of articles . . . into the United States, or in the sale of such articles by the owner, importer, or consignee.”<sup>41</sup> Consequently, “[section] 337 expressly grants the Commission power to regulate unfair practices in import trade and, implicitly, grants the Commission all the reasonably necessary powers—including the assertion of jurisdiction—to carry out its express power.”<sup>42</sup>

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<sup>38</sup> 35 U.S.C. § 1337(a)(3)(A)–(C).

<sup>39</sup> DUVALL ET AL, *supra* note 28, § 3:17, at 78 (noting the trend towards reducing the amount of domestic activity required to satisfy the economic prong, and identifying that the Commission has held that it is sufficient for a complainant to show that it is in the process of establishing a domestic industry (citing *Semiconductor Chips*, Inv. No. 337-TA-432, June 5, 2002) (initial determination); *Digital Satellites Systems*, USITC Pub. 3418, ITC Inv. No. 337-TA-392 October 20, 1997 (initial determination)); Larios, *supra* note 30, at 298.

<sup>40</sup> *Sealed Air Corp. v. U.S. Int'l Trade Comm'n*, 645 F.2d 976, 985–86 (C.C.P.A. 1981) (“The Tariff Act of 1930 (Act) and its predecessor, the Tariff Act of 1922, were intended to provide an adequate remedy for domestic industries against unfair methods of competition and unfair acts . . . . Authority to provide such remedy is grounded in Congress [sic] plenary constitutional power to regulate foreign commerce, a portion of which power Congress delegated to the ITC under 19 U.S.C. § 1337.”) (citation omitted).

<sup>41</sup> 19 U.S.C. § 1337(a)(1)(A) (2006).

<sup>42</sup> *In re Certain Universal Transmitters for Garage Door Openers*, USITC Pub. 3670, Inv. No. 337-TA-497, at 9 (Nov. 4, 2003) (initial determination concerning temporary relief on violation of section 337) (“The grant of an express power carries with it the authority to exercise

The Commission has interpreted its jurisdiction broadly. In *In re Certain Universal Transmitters for Garage Door Openers*,<sup>43</sup> the Commission held that its “subject matter jurisdiction is broad, having been delegated by Congress pursuant to its plenary powers under the foreign commerce clause.”<sup>44</sup> The statute requires the Commission to determine what constitutes unfair practices in import trade.<sup>45</sup> Consequently, the Commission “has great latitude in deciding what constitutes ‘unfair methods of competition’ or ‘unfair acts in importation’ and thereby, whether jurisdiction exists.”<sup>46</sup>

To establish subject matter jurisdiction under section 337, a complaint must allege the importation of an infringing article for which there exists a domestic industry related to the asserted patent.<sup>47</sup> Once the Commission’s subject matter jurisdiction is established, it is then supplemented by in rem jurisdiction over the allegedly imported article.<sup>48</sup> The Commission’s jurisdiction is triggered by the importation of an infringing article or by its expected importation.<sup>49</sup> The Commission’s in rem jurisdiction makes it unnecessary to have in personam jurisdiction over a foreign manufacturer in order to exclude the infringing products from importation.<sup>50</sup>

As the Court of Customs and Patent Appeals (predecessor to the Court of Appeals for the Federal Circuit) explained in *Sealed Air Corp. v. United*

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all other activities reasonably necessary to carry it into effect, and this has been employed with great liberality in interpreting statutes granting administrative powers.” (quoting NORMAN J. SINGER, SUTHERLAND STATUTORY CONSTRUCTION § 65:3, at 401 (6th ed. 2001)).

<sup>43</sup> USITC Pub. 3670, Inv. No. 337-TA-497, Initial Determ. Concerning Temp. Relief on Violation of Section 337 (Nov. 4, 2003).

<sup>44</sup> *Id.* at 9 (citing *Certain Steel Rod Treating Apparatus and Components Thereof*, USITC Inv. No. 337-TA-97, 215 U.S.P.Q. (BNA) 229, 231 (June 30, 1981) (commission opinion)).

<sup>45</sup> *Id.* (citing *In re Von Clemm*, 229 F.2d 441, 443–44 (C.C.P.A. 1955)).

<sup>46</sup> *Id.* at 8–10 (“The Commission has broad discretion to determine what constitutes unfair practices in import trade. Although the terms ‘unfair methods of competition’ and ‘unfair acts,’ as such, have not been extensively analyzed by the Commission, there is a large body of law analyzing these same terms under Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, a statute which is analogous to § 337.” (internal citation omitted)).

<sup>47</sup> Larios, *supra* note 30, at 298.

<sup>48</sup> DUVALL ET AL., *supra* note 28, § 2:20, at 39; *see also* *Shaffer v. Heitner*, 433 U.S. 186, 199 (1977) (“If jurisdiction is based on the court’s power over property within its territory, the action is called ‘*in rem*’ or ‘*quasi in rem*.’ The effect of a judgment in such a case is limited to the property that supports jurisdiction and does not impose a personal liability on the property owner, since he is not before the court.”).

<sup>49</sup> Reiziss, *supra* note 37, at 231.

<sup>50</sup> *See* *Shaffer*, 433 U.S. at 199 n.17 (“A judgment in rem affects the interests of all persons in designated property.” (quoting *Hanson v. Denckla*, 357 U.S. 235, 246 n.12 (1958))).

*States International Trade Commission*,<sup>51</sup> “[a]n exclusion order operates against goods, not parties” and as a result, a “[general exclusion] order [is] not contingent upon a determination of personal or in personam jurisdiction over a foreign manufacturer.”<sup>52</sup> This is so because the “Tariff Act of 1930 (Act) and its predecessor, the Tariff Act of 1922, were intended to provide an adequate remedy for domestic industries against unfair methods of competition and unfair acts instigated by foreign concerns operating beyond the in personam jurisdiction of domestic courts.”<sup>53</sup> Congress was granted the authority to exclude these imports through its constitutional power to regulate foreign commerce and that power was in turn delegated to the International Trade Commission.<sup>54</sup> As a result, the Commission, “upon investigation and determination of a violation, [can] exclude products sold by a domestic owner/importer/consignee, under its subject matter jurisdiction, whether or not it named the foreign manufacturer as a respondent or gave notice to that foreign manufacturer.”<sup>55</sup> The Commission’s in rem jurisdiction, however, only attaches in the context of a general exclusion order.<sup>56</sup>

The practical effect of the Commission’s jurisdiction is that all claims regarding an allegedly infringing import can be brought in one nationwide proceeding before the International Trade Commission.<sup>57</sup> Such an action obviously is not possible in the federal courts, where personal jurisdiction must exist over each defendant brought before a specific geographic court.<sup>58</sup> Because the inves-

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<sup>51</sup> 645 F.2d 976 (C.C.P.A. 1981).

<sup>52</sup> *Id.* at 985. *But see* DUVALL ET AL., *supra* note 28, § 2.22, at 50 (questioning whether the Commission’s opinion “is consistent with United States’ obligations under international law and considerations of international comity”).

<sup>53</sup> *Sealed Air Corp.*, 645 F.2d at 985 (citing *In re Orion Co.*, 71 F.2d 458, 467 (C.C.P.A. 1934)).

<sup>54</sup> *Id.* at 985–86.

<sup>55</sup> *Id.* at 986.

<sup>56</sup> DUVALL ET AL., *supra* note 28, § 2:19, at 37 (The Commission’s in rem jurisdiction is considered to be “required for the ITC issuance of an exclusion orders to enforce an affirmative determination of violation of section 337”).

<sup>57</sup> *See* DUVALL ET AL., *supra* note 28, § 2:18, at 36 (“The ITC jurisdiction in section 337 investigations is in rem and nationwide.”). Section 337, however, only provides remedies regarding importation of goods into the country and does not provide monetary relief for infringement. *Id.* § 2:13, at 32.

<sup>58</sup> *See* Larios, *supra* note 30, at 298 (noting that ITC litigation “avoids the judicial inefficiency attendant to multiple district court litigations in diverse districts, targeting dozens of different importers and resellers”); Reiziss, *supra* note 37, at 236 (explaining that, in addition to the different jurisdictional standards, the law governing the treatment of an asserted patents is different in the federal courts).

tigation is designed to protect the domestic industry on a national basis, the scope of the Commission's discovery and subpoena power is also nationwide.<sup>59</sup>

Patent holders are not required to choose between vindicating their rights in either the federal courts or the International Trade Commission.<sup>60</sup> Instead, parallel actions are available to patent holders.<sup>61</sup> Because the Commission's findings lack a collateral estoppel or res judicata effect, there is, however, a danger of inconsistent rulings.<sup>62</sup> For instance, the Commission could find that an asserted patent is invalid as obvious, but because its holding has no preclusive effect, the district court could then find the same patent valid and enter judgment against the defendant.<sup>63</sup>

The International Trade Commission can also exercise in personam jurisdiction over respondents (the name given to a party defending against allegations of infringement) who are served the complaint or participate in the proceeding.<sup>64</sup> The Commission's ability to issue a specific type of remedy is dependent on the type of jurisdiction available over the target of the order.<sup>65</sup>

### B. Remedies

If the Commission finds that an imported product infringes a valid United States patent for which there exists a domestic industry, it must act.<sup>66</sup> The Commission, however, has broad discretion in fashioning the appropriate remedy.<sup>67</sup> The Commission may exclude infringing articles from entry into the United States:

If the Commission determines, as a result of an investigation under this section, that there is a violation of this section, it shall direct that the articles con-

<sup>59</sup> See DUVALL ET AL., *supra* note 28, § 2:2, at 22 (“The ITC is an administrative agency . . . with in rem jurisdiction and nationwide process.”).

<sup>60</sup> See Kumar, *supra* note 3, at 533 (stating that “ITC decisions . . . do not have collateral estoppel effect on federal court decisions”).

<sup>61</sup> See 19 C.F.R. § 210.14(e) (2009) (allowing counterclaims to be filed and immediately removed to federal district court).

<sup>62</sup> Kumar, *supra* note 3, at 532–33, 559.

<sup>63</sup> *Id.* at 559.

<sup>64</sup> DUVALL ET AL., *supra* note 28, § 2:22, at 41.

<sup>65</sup> *Id.* § 2:19, at 37.

<sup>66</sup> 19 U.S.C. § 1337(a)(1) (2006) (“[T]he following are unlawful, and when found by the Commission to exist *shall* be dealt with . . .” (emphasis added)).

<sup>67</sup> *Viscofan, S.A. v. U.S. Int’l Trade Comm’n*, 787 F.2d 544, 548 (Fed. Cir. 1988) (“[T]he Commission has broad discretion in selecting the form, scope and extent of the remedy, and judicial review of its choice of remedy necessarily is limited.”).

cerned, imported by any person violating the provision of this section, be excluded from entry into the United States, unless, after considering the effect of such exclusion upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers, it finds that such articles should not be excluded from entry.<sup>68</sup>

As discussed above, the Commission's general exclusion order is issued against the infringing products and not against any specific entity.<sup>69</sup> Section 337 states that a limited exclusion order is the appropriate remedy "unless the Commission determines that a general exclusion from entry of articles is necessary to prevent circumvention of" a limited exclusion order or if "there is a pattern of violation" making it "difficult to identify the source of infringing products."<sup>70</sup> To issue a general exclusion order, the Commission must find "a widespread pattern of unauthorized use of [the] patented invention and certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles."<sup>71</sup>

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<sup>68</sup> 19 U.S.C. § 1337(d)(1).

<sup>69</sup> Merritt R. Blakeslee, *Post-Litigation Enforcement of Remedial Orders Issued by the U.S. International Trade Commission in Section 337 Investigations*, 8 J. MARSHALL REV. INTELL. PROP. L. 248, 250 (2009).

<sup>70</sup> 19 U.S.C. § 1337(d)(2)(A)–(B).

<sup>71</sup> *In re Certain Airless Paint Spray Pumps and Components Thereof*, USITC Pub. 1199, Inv. No. 337-TA-90, at 18 (Nov. 24, 1981) (commission opinion). The Commission should consider the following:

Among the evidence which might be presented to prove a widespread pattern of unauthorized use of the patented invention would be:

- (1) a Commission determination of unauthorized importation into the United States of infringing articles by numerous foreign manufacturers; or
- (2) the pendency of foreign infringement suits based upon foreign patents which correspond to the domestic patent in issue;
- (3) other evidence which demonstrates a history of unauthorized foreign use of the patented invention.

Among the evidence which might be presented to prove the "business conditions" referred to above would be:

- (1) an established demand for the patented product in the U.S. market and conditions of the world market;
- (2) the availability of marketing and distribution networks in the United States for potential foreign manufacturers;

A limited exclusion order may issue against a respondent named in the investigation who has been found to violate section 337.<sup>72</sup> The limited exclusion order may be directed to a respondent's infringing product or to products that contain the infringing product.<sup>73</sup> In *Hyundai Electronics Industries Co. v. United States International Trade Commission*,<sup>74</sup> the court upheld the Commission's order prohibiting Hyundai from importing into the United States erasable programmable read only memories (EPROMs).<sup>75</sup> The Commission determined that these EPROMs infringed Intel Corporation's patents and the court required that Hyundai "certify, as a condition of entry, that certain of its secondary products which require EPROMs to function do not contain the infringing EPROMs."<sup>76</sup> The Commission had concluded "that Hyundai could easily assemble the infringing EPROMs into and import them as part of other Hyundai product 'containers' that require EPROMs to function, including wafers, circuit boards, computers, computer peripherals, telecommunications equipment, and automotive electronic equipment."<sup>77</sup> In fashioning its remedy, the court held that the Commission correctly:

[C]onsider[ed] such matters as the value of the infringing articles compared to the value of the downstream products in which they are incorporated, the identity of the manufacturer of the downstream products (*i.e.*, are the downstream products manufactured by the party found to have committed the unfair act, or by third parties), the incremental value to complainant of the exclusion of downstream products, the incremental detriment to respondents of

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- (3) the cost to foreign entrepreneurs of building a facility capable of producing the patented article;
  - (4) the number of foreign manufacturers whose facilities could be retooled to produce the patented article; or
  - (5) the cost to foreign manufacturers of retooling their facility to produce the patented articles.

*Id.* at 18–19.

<sup>72</sup> Blakeslee, *supra* note 69, at 250.

<sup>73</sup> See *Hyundai Elecs Indus. Co. v. U.S. Int'l Trade Comm'n*, 899 F.2d 1204, 1209 (Fed. Cir. 1990) (upholding the Commission's limited exclusion order requiring the respondent to the investigation to certify, as a condition of entry, that certain of its downstream products do not contain its infringing chips).

<sup>74</sup> 899 F.2d 1204 (Fed. Cir. 1990).

<sup>75</sup> *Id.* at 1210.

<sup>76</sup> *Id.* at 1204; see also *Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Such Memories, and Processes For Making Such Memories*, USITC Inv. No. 337-TA-276, at 127 (May 1989) (commission opinion on violation, and remedy, bonding, and the public interest).

<sup>77</sup> *Hyundai*, 899 F.2d at 1209.



such exclusion, the burdens imposed on third parties resulting from exclusion of downstream products, the availability of alternative downstream products which do not contain the infringing articles, the likelihood that imported downstream products actually contain the infringing articles and are thereby subject to exclusion, the opportunity for evasion of an exclusion order which does not include downstream products, [and] the enforceability of an order by Customs . . . .<sup>78</sup>

The Court held that the list was not exclusive and that the Commission could “identify and take into account any other factors which it believe[d] bear on the question of whether to extend remedial exclusion to downstream products, and if so to what specific products.”<sup>79</sup> These considerations have become known as the EPROM factors.<sup>80</sup>

The Commission, however, may not issue a limited exclusion order against downstream products where the manufacturer has not been named as a respondent to the investigation.<sup>81</sup> The Federal Circuit in *Kyocera Wireless Corp. v. International Trade Commission*<sup>82</sup> explained that “Congress created two distinct forms of exclusion orders: one limited and one general. The default exclusion remedy ‘shall be limited to persons determined by the Commission to be violating this section.’”<sup>83</sup> In contrast, “a ‘general exclusion’ order . . . is only appropriate if [the] two exceptional circumstances” in 19 U.S.C. § 1337(d)(2)(A) and (B) apply.<sup>84</sup> “By implication, [a limited exclusion order] is both ‘an order limited to products of named persons,’ and one where the complainant has not demonstrated ‘a pattern of violation of this section and [diffi-

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<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> Chien, *supra* note 30, at 79 n.100. As discussed *infra* Part IV.B, the Federal Circuit in *Kinik Co. v. International Trade Commission*, 362 F.3d 1359, 1362–63 (Fed. Cir. 2004), held that section 271(g) of the Patent Act does not apply in proceedings before the International Trade Commission. Section 271(g)(2) provides a defense to patent infringement in the federal courts if the product at issue that is made by the allegedly infringing process “becomes a trivial and nonessential component of another product.” 35 U.S.C. § 271(g)(2) (2006). The EPROM factors reflect some of the same concerns reflected in Congress’s enactment of section 271(g)(2).

<sup>81</sup> *Kyocera Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1356 (Fed. Cir. 2008).

<sup>82</sup> 545 F.3d 1340 (Fed. Cir. 2008).

<sup>83</sup> *Id.* at 1356 (citing 19 U.S.C. § 1337(d) (2006)).

<sup>84</sup> 19 U.S.C. § 1337(d)(2)(A)–(B) (“The authority of the Commission to order an exclusion from entry of articles shall be limited to persons determined by the Commission to be violating this section unless the Commission determines that—(A) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named persons; or (B) there is a pattern of violation of this section and it is difficult to identify the source of infringing products.”); *Kyocera Wireless Corp.*, 545 F.3d at 1356.

culty in identifying] the source of infringing products.”<sup>85</sup> Therefore, the statute itself restricts the reach of limited exclusion orders “to named respondents that the Commission finds in violation of Section 337.”<sup>86</sup> Furthermore, “[t]he ITC cannot expand its authority from ‘persons determined by the Commission to be violating’ to ‘articles manufactured by persons determined by the Commission to be violating.’”<sup>87</sup> Consequently, the Commission can only issue an exclusion order against non-respondents’ articles if it satisfies the heightened burden required for a general exclusion order set out in § 1337(d)(2)(A) and (B).<sup>88</sup> The court in *Kyocera* noted that its reading of section 377 was not inconsistent with the Commission’s grant of in rem jurisdiction—Congress simply reserved that form of jurisdiction to those instances where the statutory requirements of a general exclusion order are met.<sup>89</sup>

Under section 337, the Commission may also enter a cease and desist order against a respondent who holds a commercially significant inventory of infringing goods in the United States.<sup>90</sup> Like limited exclusion orders, the Commission must have personal jurisdiction over the respondent to issue a cease and desist order.<sup>91</sup>

The Commission’s power to issue remedial orders is statutory and therefore of a different scope than that of the federal courts. Section 337 states that the Commission “shall direct that the [infringing] articles . . . be excluded from entry into the United States.”<sup>92</sup> Under the Patent Act, however, a district court “may grant injunctions” only if, as the Supreme Court reiterated in *eBay Inc. v. MercExchange, L.L.C.*,<sup>93</sup> the plaintiff can satisfy the four-part test appli-

<sup>85</sup> *Kyocera Wireless Corp.*, 545 F.3d at 1356 (first alteration in original).

<sup>86</sup> *Id.* at 1356.

<sup>87</sup> *Id.* (emphasis added).

<sup>88</sup> *Kyocera Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1356 (Fed. Cir. 2008).

<sup>89</sup> *Id.* at 1357. The court also noted that its holding was not inconsistent with its decision in *Hyundai Electronics Industries Co. v. United States International Trade Commission*, 899 F.2d 1204, 1209–10 (Fed. Cir. 1990), because “[t]he only downstream products affected by the [Commission’s limited exclusion order] were those of the sole adjudged violator of section 337, namely, Hyundai.” *Kyocera Wireless Corp.*, 545 F.3d at 1357–58.

<sup>90</sup> See 19 U.S.C. § 1337(f)(1) (2006) (“[T]he Commission may issue [a cease and desist order] . . . on any person violating this section . . .”). Blakeslee, *supra* note 69, at 250 (“Cease-and-desist orders are issued against named respondents who hold, or, in the case of defaulting respondents, who are deemed to hold, a ‘commercially significant’ inventory of the infringing goods in the United States at the conclusion of the Section 337 investigation.”).

<sup>91</sup> Steven E. Adkins & John Evans, “Several Healthy Steps Away”: *New & Improved Products in Section 337 Investigations*, 8 J. MARSHALL REV. INTELL. PROP L. 309, 310 (2009).

<sup>92</sup> 19 U.S.C. § 1337(d)(1).

<sup>93</sup> 547 U.S. 388 (2006).

cable to preliminary injunctions.<sup>94</sup> As the Commission explained “the Tariff Act of 1930, as amended, represents a legislative modification of the traditional test in equity . . . that it is unnecessary to show irreparable harm to the patentee in the case of infringement by importation.”<sup>95</sup> Consequently, “[t]he difference between exclusion orders granted under the Tariff Act of 1930, as amended, and injunctions granted under the Patent Act, 35 U.S.C. § 283, is reasonable in light of the long-standing principle that importation is treated differently than domestic activity.”<sup>96</sup> Because the Commission’s jurisdiction and its remedies arise from section 337 and not the Patent Act, it is not bound by the same test applicable to the federal courts.<sup>97</sup>

### C. Section 337 Investigations

The importation of a product that infringes a valid United States patent is an unfair act that triggers the Commission’s authority to investigate and to protect the related domestic industry.<sup>98</sup> To fulfill its mandate to investigate allegations of unfair trade practices under section 337, the Commission conducts a quasi-judicial proceeding called an “investigation.”<sup>99</sup> As a federal agency, the Commission is subject to the Administrative Procedures Act and its investigations are conducted under the Commission’s Rules of Practice and Procedure set forth in the Code of Federal Regulations.<sup>100</sup>

The investigatory process begins when a person or an entity files a complaint alleging a violation of section 337.<sup>101</sup> The Commission votes on whether to commence an investigation based on the facts alleged in the complaint and, if the vote passes, the Commission thereafter publishes a Notice of

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<sup>94</sup> *Id.* at 391.

<sup>95</sup> Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets, USITC Inv. No. 337-TA-543, at 102 n.230 (June 19, 2007) (commission opinion on remedy, the public interest, and bonding).

<sup>96</sup> *Id.*

<sup>97</sup> Chien, *supra* note 30, at 78.

<sup>98</sup> Larios, *supra* note 30, at 294.

<sup>99</sup> *Id.*

<sup>100</sup> DUVALL ET AL., *supra* note 28, § 2.5, at 27–28 (citing 5 U.S.C. § 556 (2006) and 19 C.F.R. § 210 (2009)); *see also infra* note 116.

<sup>101</sup> *See* Charneski, *supra* note 35, at 218 (“[A] complaint [must be filed] with the Secretary of the ITC. . . . [It also] must meet the filing requirements of 19 C.F.R. § 210.12.”). The Commission may also commence an Investigation upon its own initiative. 19 U.S.C. § 1337(b)(1) (2006).

Investigation in the Federal Register to institute the action.<sup>102</sup> The Commission's Notice of Investigation defines the scope of the investigation and the Commission's jurisdiction.<sup>103</sup> While the Notice of Investigation limits the scope of the investigation, the investigation's reach can be long.<sup>104</sup>

As mentioned above, the Commission has in rem jurisdiction over infringing articles of trade.<sup>105</sup> Consequently, the Notice of Investigation and the caption of the case describe the alleged infringing imports and not the parties to the investigation.<sup>106</sup> Once the Commission issues the Notice of Investigation, it assigns the case to an administrative law judge who oversees the initial course of the investigation.<sup>107</sup>

<sup>102</sup> 19 U.S.C. § 1337(b)(1); Charneski, *supra* note 35, at 218.

<sup>103</sup> 19 C.F.R. § 210.10(b); DUVALL ET AL., *supra* note 28, § 3:21, at 94.

<sup>104</sup> See Certain Network Interface Cards and Access Points for Use in Direct Sequence Spread Spectrum Wireless Local Area Networks and Products Containing Same, USITC Inv. No. 337-TA-455, at 6 (Aug. 30, 2001) (Order No. 34: Granting Motion to Reconsider Order No. 21) (“Limiting discovery to only those products named in the Complaint may encourage the respondents to market newly named products with the same infringing components.”); Larios, *supra* note 30, at 305–06 (discussing the administrative law judge’s decision in *In re* Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same, USITC Inv. No. 337-TA-605, at 5 (Feb. 14, 2008) ((1) Granting Complainant Tessera’s Motion to Compel Respondent Motorola to Provide Discovery Commensurate with Scope of Investigation; and (2) Granting Tessera’s Unopposed Motion for Leave to File Its Corrected Prehearing Statement Late) (holding that for discovery purposes, the Notice of Investigation encompassed both the article described in the Notice and any products containing those articles)).

<sup>105</sup> Chien, *supra* note 30, at 73 (“The Commission’s jurisdiction [as amended by the Trade Act of 1974 is] nationwide and in rem, based on the contested goods themselves, rather than in personam.”); see also Trade Act of 1974, ch. 4, § 341, Pub. L. No. 93-618, 88 Stat. 1978 (1975) (current version at 19 U.S.C. § 1337); *infra* Part III.A.

<sup>106</sup> See, e.g., Certain Cold Cathode Fluorescent Lamp (“CCFL”) Inverter Circuits and Products Containing Same, USITC Inv. No. 337-TA-666 (June 2, 2009) (Notice of Comm’n Decision Not to Review an Initial Determ. Correcting the Name of Asus Computer Int’l in the Complaint and Notice of Investigation) (notice of investigation regarding the import of Cold Cathode Fluorescent Lamp Inverter circuits); Certain Non-Shellfish Derived Glucosamine and Products Containing Same, USITC Inv. No. 337-TA-668 (Feb. 26, 2009) (Institution of Investigation) (notice of investigation regarding the import of Non-Shellfish Derived Glucosamine); Certain DVD Players and Recorders and Certain Products Containing Same, USITC Inv. No. 337-TA-603, (May 3, 2007) (Notice of Investigation) (notice of investigation regarding the import of DVD Players and Recorders).

<sup>107</sup> 19 C.F.R. § 210.56 (2009); see also Charneski, *supra* note 35, at 216 (noting that a judge is appointed from the Commission’s Office of Administrative Law Judges and has “jurisdiction only in section 337 investigations” and that “[t]he [Office of Administrative Law Judge serves as] the section 337 trial branch of the ITC”).

The entire investigation is conducted at an accelerated pace.<sup>108</sup> Typically, the Commission will set a target date to complete the investigation within fifteen months.<sup>109</sup> After an expedited discovery period, the administrative law judge conducts an evidentiary hearing to determine the merits of the investigation as set forth in the Notice of Investigation.<sup>110</sup> Four months before the target date, the administrative law judge issues an initial determination reporting his or her decision and, if applicable, a remedy.<sup>111</sup> Upon petition by any party and the support of at least one participating Commissioner, the Commission reviews the Administrative Law Judge's Initial Determination.<sup>112</sup> If the Commission deter-

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<sup>108</sup> 19 U.S.C. § 1337(b)(1) (2006) (“The Commission shall conclude any such investigation and make its determination . . . at the earliest practicable time . . .”). A previous version of § 1337(b)(1) required investigations to be completed at the earliest practicable time but no later than in twelve months or in eighteen months if the case was designated more complicated. 19 U.S.C. § 1337(b)(1) (1994). The Act was amended in 1994 to remove the specific time limits. Uruguay Round Agreements Act, § 321, Pub. L. No. 103-465, 108 Stat. 4809, 4943-4947 (1994). Congress passed the 1994 amendments removing the specific time requirements in part to address complaints that strict timelines raised due process concerns and violated the terms of the General Agreement on Tariffs and Trade (GATT). Li, *supra* note 4, at 624-25. The Commission’s own rules, however, still dictate expedited review. 19 C.F.R. § 210.2 (“[T]o the extent practicable[,] . . . all investigations . . . shall be conducted expeditiously.”). The Commission has generally adhered to the previous expedited time requirements. See Charneski, *supra* note 35, at 218-20 (discussing the setting of target dates and general time frames); DUVALL ET AL., *supra* note 28, § 1.5, at 9 (asserting that many within the ITC did not believe eliminating set time limits would extend the time that ITC investigations were completed).

<sup>109</sup> 19 C.F.R. § 210.51(a) (“Within 45 days after institution of the investigation, the administrative law judge shall issue an order setting a target date for completion of the investigation.”); SECTION 337 INVESTIGATIONS: FAQ, *supra* note 30, at 23.

<sup>110</sup> A review of a representative scheduling orders from four sitting administrative law judges indicates that on average the discovery period for combined fact and expert discovery is less than six months, and the evidentiary hearing is held two months thereafter. DUVALL ET AL., *supra* note 28, app. M-P, at 779-89. While an expedited investigation schedule is mandated by the Commission’s rules, its effect may favor the complainant. Robert W. Hahn & Hal J. Singer, *Assessing Bias in Patent Infringement Cases: A Review of International Trade Commission Decisions*, 21 HARV. J.L. & TECH. 457, 461 n.22 (2008) (“Limiting discovery time systematically favors complainants, who are able to prepare their case and develop evidence before filing a complaint. A respondent surprised by a complaint will have little time to develop and prepare a defense.”).

<sup>111</sup> 19 C.F.R. § 210.42(a)(1)(i) (“[T]he administrative law judge shall certify the record to the Commission and shall file an initial determination on whether there is a violation of section 337 of the Tariff Act of 1930 no later than four (4) months before the target date . . .”); see also Charneski, *supra* note 35, at 225 (“The Initial Determination is issued typically no sooner than four months prior to the target date.”).

<sup>112</sup> 19 C.F.R. § 210.43(a), (d)(3).

mines that there is a violation of section 337, it sends its determination to the President of the United States for review. The President has sixty days to disapprove the Commission's decision but must do so only on policy grounds.<sup>113</sup> If the President does not disapprove the Commission's determination, the determination becomes final and is thereafter subject to review by the United States Court of Appeals for the Federal Circuit.<sup>114</sup>

### 1. Similarities to District Court Proceedings

While the statutory accelerated timeframe and administrative review procedures differentiate the Commission's investigations from patent litigation in the federal courts, there are several similarities. The Commission rules are generally parallel to the Federal Rules of Civil Procedure.<sup>115</sup> Discovery tools, which include depositions, interrogatories, request for productions of documents, requests for admissions, and subpoenas, are similar to those available in district court.<sup>116</sup> The parties may also assert claims of privilege.<sup>117</sup> The evidentiary hearing before the administrative law judge progresses in a fashion similar to federal district court litigation<sup>118</sup> and basic due process is guaranteed.<sup>119</sup>

<sup>113</sup> 19 U.S.C. § 1337(j)(2). Historically, presidents have rarely disapproved the Commission's determinations. Kumar, *supra* note 3, at 537.

<sup>114</sup> 28 U.S.C. § 1295(a)(6) (2006).

<sup>115</sup> David L. Schwartz, *Courting Specialization: An Empirical Study of Claim Construction Comparing Patent Litigation Before Federal District Courts and the International Trade Commission*, 50 WM. & MARY L. REV. 1699, 1710 (2009).

<sup>116</sup> Compare 19 C.F.R. §§ 210.27–33 (2009) (outlining discovery before the ITC), with FED. R. CIV. P. 26–37 (outlining discovery in federal courts). See Robert G. Krupka, *International Trade Commission Patent Litigation: A Unique Experience*, in PATENT LITIGATION 1992, at 481–82 (PLI Pats., Copyrights, Trademarks, and Literary Prop., Course Handbook Series No. 350, 1992), available at Westlaw, 350 PLI/Pat 475 (discussing discovery differences between the ITC and district courts).

<sup>117</sup> See 19 C.F.R. § 210.27(b) (“[A] party may obtain discovery regarding any matter, not privileged, that is relevant . . .”). Parties may assert a claim of attorney client privilege or work product. DUVALL ET AL., *supra* note 28, § 4.40, at 223.

<sup>118</sup> See 19 C.F.R. § 210.36(a)(1) (“At the hearing, the presiding administrative law judge will take evidence and hear argument for the purpose of determining whether there is a violation of section 337 . . .”); DUVALL ET AL., *supra* note 28, § 2:12, at 34 (outlining the procedures for an evidentiary hearing before the ITC). A notable exception is the participation of the Office of Unfair Import Investigations in the Investigation. See *infra* Part III.C.2.

<sup>119</sup> 19 C.F.R. § 210.36(d) (“Every hearing under this section shall be conducted in accordance with the Administrative Procedure Act (i.e., 5 U.S.C. §§ 554 through 556). Hence, every party shall have the right of adequate notice, cross-examination, presentation of evidence, objection, motion, argument, and all other rights essential to a fair hearing.”).

## 2. Procedures Unique to the International Trade Commission

Despite the similarities noted above, there are several critical differences between investigations held before the Commission and patent litigation conducted in federal court.<sup>120</sup> The bulk of the investigation is conducted by an administrative law judge rather than by a judge appointed under Article III of the U.S. Constitution.<sup>121</sup> Neither juries<sup>122</sup> nor money damages are available.<sup>123</sup> Because the Commission's jurisdiction is in rem, the scope of its discovery and subpoena power is nationwide.<sup>124</sup> The Commission's determinations also have no res judicata effect on federal courts.<sup>125</sup> While a respondent to an investigation may assert a defense of invalidity or unenforceability, counterclaims are not adjudicated as part of the proceeding.<sup>126</sup>

Moreover, while the Federal Rules of Evidence generally apply, there is no prohibition on the introduction of hearsay evidence.<sup>127</sup> Similarly, while the

<sup>120</sup> DUVALL ET AL., *supra* note 28, Appendix E, at 649 (comparing advantages and disadvantages of ITC and U.S. District Court for relief from patent infringement); Chien, *supra* note 30, at 67, 71; Larios, *supra* note 30, at 295–96; Neil Edward L. Santos, III et al., *What IP Holders Ought to Know About the ITC and the District Courts*, 7 J. HIGH TECH. L. 173, 174–79 (2007).

<sup>121</sup> Administrative law judges are appointed under 5 U.S.C. § 3105 and are authorized to hear evidence in section 337 investigations. 19 C.F.R. § 210.3. Federal district court judges are appointed for life by the President of the United States with the consent of the Senate. U.S. CONST. art. II, § 2, cl. 2, art. III, § 1. Administrative law judges sitting at the International Trade Commission are considered to have greater technical expertise in patent matters because such disputes are the bulk of their caseload. Larios, *supra* note 30, at 296–97. *But see* Schwartz, *supra* note 115, at 1733 (“Using reversal rates as the metric, however, the ALJs of the ITC perform no better than district court judges on the essential issue of claim construction. Other factors such as the small universe of ITC cases and a potential selection bias may mask the ITC's true performance.”).

<sup>122</sup> Kumar, *supra* note 3, at 534.

<sup>123</sup> DUVALL ET AL., *supra* note 28, § 2:13, at 32.

<sup>124</sup> *Id.* § 2:2, at 22.

<sup>125</sup> Kumar, *supra* note 3, at 559 (“ITC determinations of patent issues are not given preclusive effect by federal courts.”). Because a party may litigate a patent infringement dispute both before the Commission and in federal court, there is a possibility of inconsistent results. *Id.* at 561–63.

<sup>126</sup> Li, *supra* note 4, at 626. A counterclaim may be filed, but it must then be removed to the appropriate federal district court. 19 U.S.C. § 1337(c) (2006); 19 C.F.R. § 210.14(e) (2009).

<sup>127</sup> Certain Recloseable Plastic Bags, USITC Pub. 801, Inv. No. 337-TA-22, 192 U.S.P.Q. (BNA) 674, 680 (Jan. 17, 1977) (commission opinion) (“Hearsay may be admitted if it appears reliable, and it should be admitted if the nature of the information and the state of the particular record make it useful.”); DUVALL ET AL., *supra* note 28, § 2.5, at 26, § 5.8, at 295.

right of cross-examination is preserved, live witness direct examination is not required and several administrative law judges receive testimonial direct evidence through the submission of written witness statements.<sup>128</sup> Like the district court, Commission hearings are public but are often cleared of spectators given the amount of confidential business information introduced into evidence and the Commission's mandate that information designated confidential remain private under the terms of protective orders entered in each investigation.<sup>129</sup>

More strikingly, Investigations conducted by the Commission include an additional party designed to represent the public interest.<sup>130</sup> Would-be complainants are advised to consult with the Office of Unfair Import Investigations ("OUII") before filing a complaint alleging an act of unfair trade to ensure that it comports with the technical and procedural requirements of the Commission's rules for filing a proper section 337 complaint.<sup>131</sup> Once the Commission issues a Notice of Investigation, it assigns a staff attorney from the OUII to act as the "Commission Investigative Attorney" charged with representing the public interest in the Investigation.<sup>132</sup> "The investigative attorney is a full party to the investigation" who participates in discovery, motion practice, and the evidentiary hearing.<sup>133</sup> Significantly, the investigative attorney takes positions regard-

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<sup>128</sup> Typically, direct witness testimony is offered in a question and answer format as an exhibit subject to objections with the witnesses available for live cross-examination. See DUVALL ET AL., *supra* note 28, § 5.10, at 300–02.

<sup>129</sup> 19 C.F.R. § 210.39(a) ("[C]onfidential documents and testimony made subject to protective orders or orders granting in camera treatment are not made part of the public record and are kept confidential in an in camera record. Only the persons identified in a protective order . . . and court personnel concerned with judicial review shall have access to confidential information in the in camera record."); see also 19 C.F.R. § 210.36(b) ("All hearings in investigations under this part shall be public unless otherwise ordered by the administrative law judge."); SECTION 337 INVESTIGATIONS: FAQ, *supra* note 30, at 20 ("Hearings are generally open to the public, except for those portions which involve confidential business information as defined in the Commission's Rules. During those portions of a hearing, members of the general public and others who are not allowed access to confidential information must step outside the hearing room while such information is presented or discussed."). In practice, a party's in-house counsel or its employees are prohibited from being present in the courtroom whenever a witness testifies regarding confidential business information. Charneski, *supra* note 35, at 221 n.40.

<sup>130</sup> SECTION 337 INVESTIGATIONS: FAQ, *supra* note 30, at 2.

<sup>131</sup> Charneski, *supra* note 35, at 218 n.20.

<sup>132</sup> *Id.* at 2.

<sup>133</sup> *Id.*



ing the merits of a dispute and files briefs with the administrative law judge advocating recommended outcomes.<sup>134</sup>

#### IV. FEDERAL COURTS AND PROCESS PATENTS

As discussed above, a patent may issue for a process to make a product, as well as for the product itself, and a patent holder may protect his or her rights to the invention in both regards in federal district court.<sup>135</sup> As early as 1877, the Supreme Court in *Cochrane v. Deener*<sup>136</sup> confirmed that a new manufacturing process was as patentable as any other type of new invention. The Court stated: “A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.”<sup>137</sup> If the process claimed in the patent is “new and useful, it is just as patentable as is a piece of machinery.”<sup>138</sup>

While process patents have always been around, the reach of the remedies available to protect them from infringing imports has not been consistent and the protections available in the federal courts vary from those available in the International Trade Commission.<sup>139</sup> Prior to the Patent Act of 1952, protections for process patents were not codified.<sup>140</sup> While the 1952 amendments made explicit that 35 U.S.C. § 101 included process patents, they failed to provide protection against the importation of products made by infringing processes abroad.<sup>141</sup> Consequently, while domestic manufacturers were prohibited from using an infringing process to make a product, the importation of a product made by the same process outside the United States was not actionable in federal district court.<sup>142</sup> It took the enactment of the Process Patent Amendment Act of 1988 “to close this loophole and bring United States law into conformity with

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<sup>134</sup> DUVALL ET AL., *supra* note 28, § 12:6, at 475 (“The staff attorney will participate in all conferences of the parties, the discovery and motion practice, and the hearing, and submit post-hearing briefs.”); Charneski, *supra* note 35, at 218 n.20; Krupka, *supra* note 116, at 482.

<sup>135</sup> See *supra* Part II.

<sup>136</sup> 94 U.S. 780 (1876).

<sup>137</sup> *Id.* at 788.

<sup>138</sup> *Id.*

<sup>139</sup> DUVALL ET AL., *supra* note 28, § 2.17, at 34–35.

<sup>140</sup> Li, *supra* note 4, at 606.

<sup>141</sup> *Id.*; see also *Ajinomoto Co. v. Archer-Daniels-Midland Co.*, 228 F.3d 1338, 1347 (Fed. Cir. 2000) (“Previously, the holder of a United States process patent had no recourse against one who practiced the process abroad and imported the product.”).

<sup>142</sup> DUVALL ET AL., *supra* note 28, § 2.17, at 34–35.

that of other nations.”<sup>143</sup> The Process Patent Amendments Act was passed as part of the Omnibus Trade and Competitiveness Act of 1988.<sup>144</sup> The Act amended the Patent Act by adding section 271(g):

Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

- (1) it is materially changed by subsequent processes; or
- (2) it becomes a trivial and nonessential component of another product.<sup>145</sup>

As a result, process patents in federal court were afforded the same protection against foreign infringers as was available against domestic infringers.<sup>146</sup> Significantly, section 271(g) provided two defenses to process patent infringement: a product that has been “materially changed by subsequent processes” does not infringe, nor does a product that itself “becomes a trivial and nonessential component of another product.”<sup>147</sup> As will be discussed below, the defenses codified by section 271(g) do not apply to proceedings before the Commission.<sup>148</sup>

While the enactment of section 271(g) equalized the treatment of process patents in the federal courts relating to importation, the Patent Act has not been uniformly applied to process patents. Recently, the Federal Circuit, in *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*, decided that the section 271(f) of the Patent Act does not apply to process patents.<sup>149</sup> Congress enacted section 271(f) in 1984, in response to the Supreme Court’s decision in *Deep-south Packing Co. v. Laitram Corp.*,<sup>150</sup> holding that a manufacturer of an infringing shrimp deveiner machine did not infringe United States patent law when it

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<sup>143</sup> *Ajinomoto*, 228 F.3d at 1347; Li, *supra* note 4, at 607–08.

<sup>144</sup> Omnibus Trade and Competitiveness Act of 1988, §§ 9001–9007, Pub. L. No. 100-418, 102 Stat. 1107, 1563–67 (1988).

<sup>145</sup> 35 U.S.C. § 271(g) (2006).

<sup>146</sup> *Ajinomoto*, 228 F.3d at 1347.

<sup>147</sup> 35 U.S.C. § 271(g)(1)–(2).

<sup>148</sup> See *infra* Parts V.B, VI.

<sup>149</sup> *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348, 1365 (Fed. Cir. 2009).

<sup>150</sup> 406 U.S. 518 (1972).

shipped the parts of the deceiver to foreign buyers for assembly abroad.<sup>151</sup> Through section 271(f), Congress made it an infringing act to supply from the United States “all or a substantial portion of the components of a patented invention” for combination outside of the United States.<sup>152</sup> The Federal Circuit in *Cardiac Pacemakers*, held that section 271(f) could not apply to process patents because the components of a process patent are its steps and “[s]upplying an intangible step is . . . a physical impossibility.”<sup>153</sup>

Judge Pauline Newman of the Federal Circuit dissented in *Cardiac Pacemakers*, arguing that section 271(f) must include process patents because the “patented invention” referenced in that statute embraced all of the statutory classes of patentable inventions defined by 35 U.S.C. § 101 to include the “discover[y] of any new and useful process, machine, manufacture, or composition of matter.”<sup>154</sup> While section 271(f) of the Patent Act does not directly affect the International Trade Commission’s jurisdiction because this section concerns the export of infringing products, the dispute regarding the interpretation of the Patent Act’s applicability to process patents demonstrates the uncertain treatment process patents receive. The Patent Act broadly defines patentable inventions to include a patented process,<sup>155</sup> but until Congress specifies whether its statutes are intended to specifically include process patents in each regard, the treatment of process patents under the law will continue to be subject to uncertainty.

## V. THE INTERNATIONAL TRADE COMMISSION AND PROCESS PATENTS

A review of how the International Trade Commission evolved into its present incarnation is necessary to understand how it presently treats process patents. Ultimately, the International Trade Commission is a creation of Congress, and its reach regarding process patents and other articles of trade has tak-

<sup>151</sup> *Id.* at 518–19, 526–27 (“The statute makes it clear that it is not an infringement to make or use a patented product outside of the United States.”); *see also infra* Part V.B.

<sup>152</sup> 35 U.S.C. § 271(f)(1) (2006).

<sup>153</sup> *Cardiac Pacemakers*, 576 F.3d at 1364. When reviewing the scope of section 271(f), the Supreme Court, in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007), cautioned that because section 271(f) is an exception to the general rule that United States patent law does not apply extraterritorially, courts should “resist giving the language in which Congress cast § 271(f) an expansive interpretation.” *Microsoft*, 550 U.S. at 442.

<sup>154</sup> *Cardiac Pacemakers*, 576 F.3d at 1367 (Newman, J., concurring in part, dissenting in part).

<sup>155</sup> 35 U.S.C. § 101.

en different forms at different times depending on Congress's will.<sup>156</sup> The Commission's subject matter jurisdiction is:

[D]elegated by Congress pursuant to the foreign commerce clause of the Constitution . . . . As such, there is no such thing as a "vested right" to import goods into the United States; importation is a privilege granted by Congress. Hence, Congress may exclude goods from the United States, or empower the Commission to do so, for "importation, even as to our own citizens, is not a vested right, but an act of grace."<sup>157</sup>

#### A. *The History of the Act*

The International Trade Commission, in its present form, derives its authority from section 337 of the Tariff Act of 1930.<sup>158</sup> Section 337 can trace its roots back to section 316 of the Tariff Act of 1922.<sup>159</sup> The 1922 Act authorized the Tariff Commission<sup>160</sup> to investigate and recommend remedies to the President of the United States for any unfair practices in United States import trade.<sup>161</sup> Section 316(a) provided as follows:

That unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, [or] consignee . . . the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and

<sup>156</sup> See *Kyocera Wireless Corp. v. Int'l Trade Comm'n*, 545 F.3d 1340, 1355 (Fed. Cir. 2008) ("The ITC is a creature of statute, and must find authority for its actions in its enabling statute." (citing *VastFame Camera, Ltd. v. Int'l Trade Comm'n*, 386 F.3d 1108, 1112 (Fed. Cir. 2004))); *In re Orion Co.*, 71 F.2d 458, 466–68 (C.C.P.A. 1934) (discussing how Congress changed the reach of section 337 from its predecessor, the Tariff Act of 1922).

<sup>157</sup> *Certain Steel Rod Treating Apparatus and Components Thereof*, USITC Inv. No. 337-TA-97, 215 U.S.P.Q. (BNA) 229, 231 (June 30, 1981) (commission opinion) (citations omitted) ("The Constitution gives Congress broad comprehensive powers [to] regulate Commerce with foreign nations." (quoting *United States v. 12 200-Ft. Reels of Super 8mm. Film*, 413 U.S. 123, 125 (1973))).

<sup>158</sup> 19 U.S.C. § 1337(b)(1) (2006).

<sup>159</sup> Tariff Act of 1922, ch. 356, § 316(a), Pub. L. No. 67-318, 42 Stat. 858, 943 (1922).

<sup>160</sup> *Id.* The Tariff Commission was created in 1916 to study tariffs and recommend appropriate tariff levels. U.S. Int'l Trade Comm'n, U.S. Tariffs and Trade: A Timeline, [http://www.usitc.gov/flash/dynamic\\_timeline.htm](http://www.usitc.gov/flash/dynamic_timeline.htm) (scroll to 1916) [hereinafter U.S. Tariffs and Trade: A Timeline] (last visited Jan. 30, 2010).

<sup>161</sup> Tariff Act § 316(a); U.S. Tariffs and Trade: A Timeline, *supra* note 160.

when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.<sup>162</sup>

While the Act was designed to protect domestic manufacturers, its scope is substantially different in several material respects from the Commission's present day authority. First, to establish the existence of an unfair act under the Tariff Act of 1922, a complainant had to show that the importation of an infringing product would destroy or substantially injure a domestic industry, or its development, and that the industry involved had been efficiently and economically operated.<sup>163</sup> Second, while the Tariff Commission could recommend action, the President had to determine if an unfair trade practice had actually occurred.<sup>164</sup> Finally, an importer could not raise an invalidity defense to a patent asserted against it under the 1922 Act.<sup>165</sup>

While the wording of the 1922 Act did not specifically list patent infringement as an unfair method of competition or an unfair act, the Tariff Commission soon held that it fell within its scope.<sup>166</sup> After section 316 was enacted, the Tariff Commission instituted an investigation regarding the first synthetic plastic and recommended that the President issue an exclusion order for articles made by synthetic phenolic resin, Form C.<sup>167</sup> The Bakelite Corporation had filed a complaint with the Tariff Commission alleging that articles made of Form C constituted an unfair method of competition because they were manufactured using a method that was covered by Bakelite's process patent.<sup>168</sup> The Tariff Commission recommended that an exclusion order issue because such imports

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<sup>162</sup> Tariff Act § 316(a).

<sup>163</sup> The Act no longer requires proof that the infringing product will either destroy or substantially injure a domestic industry or that the industry involved had been efficiently and economically operated. See 19 U.S.C. § 1337(a)(2)–(3) (lacking); Chien, *supra* note 30, at 75–76.

<sup>164</sup> Tariff Act § 316(b); see also Kumar, *supra* note 3, at 541 (noting that one of the early Tariff Commission's functions was "to provide information to help the President administer the tariff laws").

<sup>165</sup> See *Frischer & Co. v. Bakelite Corp.*, 39 F.2d 247, 257–58 (C.C.P.A. 1930) ("[W]e are clearly of opinion that it was neither the right nor the duty of the Tariff Commission to pass upon the question as to whether complainant's patents were properly issued or not.").

<sup>166</sup> See *id.* at 260 ("Domestic patentees have no effective means through the courts of preventing the sale of imported merchandise in violation of their patent rights. . . . [T]herefore, section 316 may be invoked to reach the foreign articles at the time and place of importation by forbidding entry into the United States of those articles which upon the facts in a particular case are found to violate rights of domestic manufacturers, such domestic manufacturers have no adequate remedy.").

<sup>167</sup> *Id.* at 250.

<sup>168</sup> *Id.*

were “made by the processes described in complainant’s patent.”<sup>169</sup> In its appeal of the decision in *Frischer & Co. v. Bakelite Corp.*,<sup>170</sup> the Court of Customs and Patent Appeals upheld the Tariff Commission’s finding that the importation of goods made directly by a patented process constituted an unfair method of competition or unfair acts under the Tariff Act of 1922.<sup>171</sup>

In 1930, Congress passed the Smoot-Hawley Tariff Act, which doubled many import tariffs and instituted the highest protective tariff rates in United States history.<sup>172</sup> The Act is considered one of the factors that deepened the severity of the Great Depression.<sup>173</sup> The Smoot-Hawley Tariff Act also replaced section 316 of the Tariff Act of 1922 with section 337 of the Tariff Act of 1930.<sup>174</sup> Despite its association with the protectionist legislation of the Smoot-Hawley Tariff Act, section 337 defined unfair methods of competition and unfair acts in the same manner as the 1922 statute.<sup>175</sup>

The treatment of process patents under section 337 turned out to be more controversial than under section 316. The history of this treatment is somewhat convoluted. In 1934, the Tariff Commission instituted an investigation, entitled *In re Oxides of Iron Suitable for Pigment Purposes*,<sup>176</sup> to determine whether the importation of yellow oxide of iron pigments made from iron ore infringed process patents owned by Magnetic Pigment Company.<sup>177</sup> According to the Tariff Commission’s Findings and Recommendations, Magnetic Pigment’s patent disclosed a process for “manufacturing pigments, which process consists of immersing metallic iron in a solution of a ferrous salt, heating the

<sup>169</sup> *Id.* at 258. The Commission also recommended that the imported products be excluded because they violated Bakelite’s trademarks. *Id.* at 256.

<sup>170</sup> 39 F.2d 247 (C.C.P.A. 1930).

<sup>171</sup> *Id.* at 257.

<sup>172</sup> U.S. Tariffs and Trade: A Timeline, *supra* note 160.

<sup>173</sup> Chien, *supra* note 30, at 72; U.S. Tariffs and Trade: A Timeline, *supra* note 160.

<sup>174</sup> *In re Orion Co.*, 71 F.2d 458, 463 (C.C.P.A. 1934) (“[S]ection 316 of the Tariff Act of 1922 . . . was the prototype of section 337 of the Tariff Act of 1930.”).

<sup>175</sup> *Id.* (“[T]he only substantial differences being that the provisions for a writ of certiorari from the Supreme Court and the provision giving the President a right to make increases of tariff duties are omitted.”).

<sup>176</sup> See *In re N. Pigment Co.*, 71 F.2d 447, 449 n.1 (C.C.P.A. 1934).

<sup>177</sup> *Id.* at 447 (Magnetic Pigment Company alleged that respondents “were causing to be imported into this country yellow oxide of iron pigments produced by the Northern Pigment Co., a Canadian corporation, and made by employing the method of two United States patents under which the said Magnetic Pigment Co., as exclusive licensee, had been, for 10 years, manufacturing such pigments commercially in the United States.”). Magnetic Pigment alleged infringement of a second patent for an improved process and its trademarks. *Id.* at 447, 449 n.1.

solution and introducing an oxidizing agent.”<sup>178</sup> The Tariff Commission found that a Canadian company, Northern Pigment, manufactured “oxides of iron suitable for pigment purposes in accordance with the process described” in Magnetic Pigment’s patents.<sup>179</sup> The Tariff Commission found that the importation of such iron oxides was an unfair method of competition or an unfair act within the meaning and intent of section 337.<sup>180</sup>

In its findings, the Tariff Commission also noted that under Magnetic Pigment’s patents,

[P]igments having variances in color tones are produced. The shades of color may vary from light yellow to yellowish brown and, by calcining, burning, etc., may be made into red. Variations in shade between similar named grades of the Canadian and the domestic pigments do not indicate that either the imported or the domestic was not made in accordance with the disclosures of said patents. The imported and the domestic pigments are sold in the same channels of trade and consumed in the same industries.<sup>181</sup>

The Tariff Commission apparently made this notation because the focus of the investigation was yellow oxide of iron pigments. After recommending an exclusion order for yellow pigment, the Tariff Commission stated that:

While neither patent contains any claim specifically for the production of red oxides of iron, patent No. 1,327,061 states that the color of the oxide produced by the process there disclosed is yellow or yellowish brown and that it can be calcined or burned into a red oxide of iron if desired. . . . [Evidence] shows that the Northern Pigment Company intended to sell red pigments made from the yellow base, and the Commission is informed that one or more shipments have been sent to the United States. While the quantity of such importation is unknown, and to date has undoubtedly been comparatively small when compared with yellow, it is apparent that an order of exclusion limited to the hydrated type (yellow, orange, brown) may be evaded by shipments of the dehydrated (red) type. The Commission accordingly includes the dehydrated as well as the hydrated in its recommendations.<sup>182</sup>

Northern Pigment appealed to the Court of Customs and Patent Appeals. There, in *In re Northern Pigment*,<sup>183</sup> the court affirmed the Tariff Commission’s Findings and Recommendations, citing the *Frischer* case for support.<sup>184</sup> In so ruling, the court stated that “the importation into this country of a

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<sup>178</sup> *Id.* at 449 n.1.

<sup>179</sup> *Id.*

<sup>180</sup> *Id.*

<sup>181</sup> *Id.*

<sup>182</sup> *In re N. Pigment Co.*, 71 F.2d 447, 449 n.1 (C.C.P.A. 1934).

<sup>183</sup> 71 F.2d 447 (C.C.P.A. 1934).

<sup>184</sup> *Id.* at 454.

produc[t] made without the authority of a patentee, under the process of an American patent, such as is shown in the case at bar, falls within the provision ‘unfair methods of competition and unfair acts.’”<sup>185</sup> The court’s decision, however, contained no discussion regarding the Tariff Commission’s exclusion of the dehydrated red oxides of iron other than by reprinting the Tariff Commission’s recommendations and findings in a footnote.<sup>186</sup>

Despite its decisions in *Frischer* and *Northern Pigment*, the Court of Customs and Patent Appeals soon reversed course. In 1933, the Tariff Commission instituted an investigation, *In re Phosphate Rock*,<sup>187</sup> regarding the importation of phosphate rock that had been mined in the Soviet Union using a floatation method patented in United States.<sup>188</sup> Similar to its findings in *Northern Pigment* and *Frischer*, the Tariff Commission found that because the process used to produce the imported phosphate rock infringed a valid United States process patent, the phosphate rock constituted an unfair method of competition warranting its exclusion from entry into the United States.<sup>189</sup>

The Court of Customs and Patent Appeals, in *In re Amtorg Trading Corp.*,<sup>190</sup> reversed the Tariff Commission’s holding, stating that a “[m]ature consideration of the question leads us to the conclusion” that a holder of a process patent is protected against infringement only in the United States.<sup>191</sup> Thus, an act of infringement wholly done in a foreign country could not be the basis for an unfair method of competition under section 337.<sup>192</sup> Noting that such rights were not available in the federal courts, the court reasoned that by enacting section 337 Congress could not have meant “to broaden the field of substantive patent rights, and create rights in process patents extending far beyond any point to which the courts have heretofore gone in construing the patent statutes.”<sup>193</sup> In

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<sup>185</sup> *Id.* at 455.

<sup>186</sup> *Id.* at 449 n.1.

<sup>187</sup> *See In re Amtorg Trading Corp.*, 75 F.2d 826, 829 n.3 (C.C.P.A. 1935).

<sup>188</sup> *See id.* at 828 (“The instant proceedings were initiated before the Tariff Commission by the . . . appellees, a joint complaint being filed by them which alleged unfair methods of competition and unfair acts in the importation and sale in the United States of apatite, or phosphate rock, imported from Russia.”).

<sup>189</sup> *See id.* at 829 n.3 (“Any method or act which unfairly interferes therewith comes within the terms of the statute in respect of imported products.”).

<sup>190</sup> 75 F.2d 826 (C.C.P.A. 1935).

<sup>191</sup> *Id.* at 830.

<sup>192</sup> *Id.* at 831–32.

<sup>193</sup> *Id.* at 834; *see also supra* Part IV (recounting the history of the treatment of process patents in the federal courts and the subsequent adoption of 35 U.S.C. § 271(g) in 1988 which prohibited the importation of a product made by an infringing process outside the United States).



so ruling, the Court of Custom and Patent Appeals overturned both *Northern Pigment and Frischer*.<sup>194</sup>

Many in Congress disagreed with the Court of Customs and Patent Appeals' interpretation of section 337 in *Amtorg Trading Corp.*,<sup>195</sup> and moved to overrule its effect by amending the statute.<sup>196</sup> Congressional debate regarding the proposed amendment includes the following remark:

This bill is designed to correct the present problem which was created when the Court of Customs and Patent Appeals in the case *In re Amtorg Trading Corporation* reversed its former decisions and held that the importation of products made abroad in accordance with a United States process patent without consent of patentee was not regarded as an unfair method of competition.<sup>197</sup>

Congress thereafter overruled *Amtorg Trading Corp.* by replacing 19 U.S.C. § 1337 with section 1337a, which specifically referenced the infringement of a process patent by stating that:

The importation for use, sale, or exchange of a product made, produced, processed, or mined under or by means of a process covered by the claims of any unexpired valid United States letters patent, shall have the same status for the purposes of section 1337 of this title as the importation of any product or article covered by the claims of any unexpired valid United States letters patent.<sup>198</sup>

In later years, the International Trade Commission would consider the enactment of section 1337a to be the equivalent of a full reinstatement of *Northern Pigment and Frischer*.<sup>199</sup> The Commission would look to the holdings of those two cases as evidence of Congress's present intent regarding the extent of the Commission's jurisdiction concerning process patents.<sup>200</sup>

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<sup>194</sup> *Amtorg Trading Corp.*, 75 F.2d at 834.

<sup>195</sup> H.R. REP. NO. 76-1781, at 1 (1940); *see also* S. REP. NO. 76-1903, at 1 (1940).

<sup>196</sup> *Amgen, Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1538 (Fed. Cir. 1990) ("Former section 1337a was enacted in response to the Court of Customs and Patent Appeals' (CCPA's) decision in *In re Amtorg Trading Corp.*, 75 F.2d 826, *cert. denied*, 296 U.S. 576." (citations omitted)).

<sup>197</sup> H.R. Rep. No. 76-1781, at 1.

<sup>198</sup> 19 U.S.C. § 1337a (HeinOnline 1940) (repealed 1988).

<sup>199</sup> *See Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Inv. No. 337-TA-604, at 26–27 (Apr. 28, 2009) (commission opinion) ("[S]ection 337a was enacted to overturn *In re Amtorg* which had reversed *Phosphate Rock* and overruled *Northern Pigment and Frischer*.").

<sup>200</sup> *See id.* ("We therefore understand former section 337a, re-enacted as current section 337(a)(1)(B)(ii), to have reinstated the holdings of *Northern Pigment and Frischer*, as well as *Iron Oxides, Phosphate Rock, and Synthetic Phenolic Resin . . .*").

Despite the adoption of § 1337a, the statute was not widely used for the next four decades.<sup>201</sup> In 1975, Congress passed the Trade Act of 1974 in an attempt to strike a balance between liberalizing trade and expanding protections to United States industries from unfair import practices.<sup>202</sup> As part of the second goal, the Tariff Commission was renamed the International Trade Commission and granted many of its present day powers.<sup>203</sup> The new Commission had the authority to issue exclusion orders over infringing imports subject only to the President's objection on policy grounds.<sup>204</sup> Additionally, investigations were now subject to the requirements of the Administrative Procedures Act, and fact finding was conducted by an administrative law judge who would issue a written determination of his or her findings.<sup>205</sup> The Trade Act of 1974 also gave the Commission the power to issue cease and desist orders.<sup>206</sup> Unlike proceedings before the Tariff Commission, legal and equitable defenses such as invalidity and unenforceability were now available to respondents.<sup>207</sup>

One of the more notable changes was the requirement that the Commission now complete its investigations within twelve months or, if the case was designated more complicated, within sixteen months.<sup>208</sup> The availability of such a quick adjudication of a dispute, coupled with the Commission's new power to decide unfair acts, attracted more patent cases.<sup>209</sup>

In 1988, Congress passed the Omnibus Trade and Competitiveness Act, which made sweeping changes to the law governing the International Trade Commission.<sup>210</sup> It eliminated the requirement that a complainant show specific injury and that the domestic industry be efficiently and economically operat-

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<sup>201</sup> Chien, *supra* note 30, at 73 n.42 (citing 133 CONG. REC. H2548 (daily ed. Apr. 28, 1987) (statement of Rep. Moorhead)); *see also* Thomas J. Prusa, *An Economic History and Analysis of Section 337*, in *TECH. TRADE & WORLD COMPETITION* 135, 137 (Japan Electronic Industry Development Association 1990).

<sup>202</sup> Kumar, *supra* note 3, at 542–43.

<sup>203</sup> *See generally* Trade Act of 1974, Pub. L. No. 93-618, 88 Stat. 1978 (1975).

<sup>204</sup> DUVALL ET AL., *supra* note 28, § 1:2, at 2; Kumar, *supra* note 3, at 544.

<sup>205</sup> DUVALL ET AL., *supra* note 28, § 1.2, at 2.

<sup>206</sup> *Id.*

<sup>207</sup> *Id.* In doing so, however, it did not make the Patent Act binding on the Commission. Kumar, *supra* note 3, at 544.

<sup>208</sup> Li, *supra* note 4, at 625; Charneski, *supra* note 35, at 218–19 (stating that the four-month review period effectively shrinks the case timeframe from sixteen to twelve months).

<sup>209</sup> *See* Kumar, *supra* note 3, at 544 (stating that upon enactment of the 1974 amendments, “no one anticipated that granting broad powers to the ITC for § 337 patent decisions would lead to a rise in § 337 patent investigations”).

<sup>210</sup> Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, 102 Stat. 1107.

ed.<sup>211</sup> Instead, a complainant could show that there was significant investment in plant equipment, employment of labor or capital, or that there was substantial investment in the patent's exploitation, including engineering, research and development, or licensing.<sup>212</sup>

Most notably, the Process Patent Amendments Act replaced the wording of section 1337a, which had been previously adopted in response to the *Am-torg Trading Corp.* decision, with the present language of 19 U.S.C. § 1337(a).<sup>213</sup> Section 1337(a) provides in relevant part:

- (1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:

....

- (B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that—
  - (i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17, United States Code; or
  - (ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.<sup>214</sup>

Senator Lautenberg, a sponsor of the bill, stated that:

Section 337(a)(1) (a reenactment of section 337a) will provide the assistance necessary for emerging U.S. industries, such as the biotechnology industry, to compete in a marketplace without interference due to unfair acts of foreign competitors. The continued broad jurisdiction of the International Trade Commission will help U.S. industry address the unfair activity of foreign competitors who, for example, import products manufactured using patented genetic engineering technology. Merely moving manufacture offshore does not absolve the wrongdoer from the requirement to compete fairly. This Trade Act protection prohibits the foreign enterprise from taking jobs from

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<sup>211</sup> See 19 U.S.C. § 1337(a)(2)–(3) (2006).

<sup>212</sup> *Id.*

<sup>213</sup> See 134 CONG. REC. S10711, S10714 (daily ed. Aug. 3, 1988) (statement of Sen. Lautenberg) (“With respect to section 1342 of the Trade Act (title 19), this bill reenacts prior section 337a of the Tariff Act of 1940 (as 337(a)(1)) which addresses protection of U.S. business from importation of products made outside of the United States by a process covered by a claim of a U.S. patent.”).

<sup>214</sup> 19 U.S.C. § 1337(a)(1)(B).

American workers by doing offshore that which they could not lawfully do in the United States.<sup>215</sup>

The end result was that section 1337 was adopted with the intent to reenact section 1337a using different wording.<sup>216</sup> The Federal Circuit has therefore held that section 1337 has the same scope as section 1337a.<sup>217</sup> The scope of section 1337a, in turn, is considered to have the same scope as the holding of *Northern Pigment* because Congress adopted it in order to overturn *Amtorg Trading Corp.*, which had overturned *Northern Pigment*.<sup>218</sup>

The Federal Circuit, in *Amgen*, confirmed that the new wording of section 1337 was meant to reenact the reach of section 1337a regarding process patents and no more.<sup>219</sup> In *Amgen*, the patent holder argued that the importation of erythropoietin, made abroad using host cells, fell within the meaning of section 1337(a)(1)(B)(ii) even though Amgen's patent did not cover a process for making erythropoietin.<sup>220</sup> The court held that Amgen's patent for a host cell was analogous to a patented machine or product that a foreign manufacturer was using to create the imported product, erythropoietin.<sup>221</sup> The Federal Circuit noted that section 1337a was specifically enacted to overrule *Amtorg Trading Corp.* to provide protection from imported products made by an infringing process and that nothing in the legislative history supported Amgen's position that "section 1337(a)(1)(B)(ii) was intended to prohibit the importation of articles made abroad by a process in which a *product* claimed in a U.S. patent is used."<sup>222</sup>

<sup>215</sup> 134 CONG. REC. S10711, S10714. *But see* *Amgen Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1539–40 (Fed. Cir. 1990) (noting that it did not consider Senator Lautenberg's sentence stating that "Trade Act protection prohibits the foreign enterprise from . . . doing offshore that which they could not lawfully do in the United States" to be "clearly expressed legislative intention sufficient to interpret the statute contrary to its plain meaning") (internal quotation marks omitted).

<sup>216</sup> The statute was again amended in 1994 by the Uruguay Round Agreements Act as part of the General Agreement on Tariffs and Trade (GAAT). DUVALL ET AL., *supra* note 28, § 1:4, at 6. Those amendments included the removal of specific time limits and the ability to remove counterclaims to the federal district courts and request a stay while the investigation is pending. *Id.* at 7.

<sup>217</sup> *Amgen*, 902 F.2d at 1538 ("The key language in section 1337(a)(1)(B)(ii) ('process covered by the claims') was originally introduced in former section 1337a and was not altered by the 1988 Trade Act.").

<sup>218</sup> *See supra* note 200.

<sup>219</sup> *Amgen*, 902 F.2d at 1538–40.

<sup>220</sup> *Id.* at 1537–38.

<sup>221</sup> *Amgen, Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1537–38 (Fed. Cir. 1990).

<sup>222</sup> *Id.* at 1538–39 (emphasis added).

**B. The Patent Act's Relationship to International Trade Commission**

When Congress passed the Omnibus Trade and Competitiveness Act of 1988 amending section 1337(a)(1)(B)(ii), it also passed the Process Patent Amendments Act which added section 271(g) to the Patent Act. Section 271(g) closed a loophole in the federal courts by making the importation of a product made by a process protected by a valid United States patent an act of infringement.<sup>223</sup> Prior to the enactment of section 271(g), domestic manufacturers were prohibited from using an infringing process to make a product, while the importation of a product made by a process outside the United States was not prohibited.<sup>224</sup> Section 271(g) also provided two defenses to process patent infringement.<sup>225</sup> Under these defenses, a product was non-infringing if it had been materially changed by a subsequent process or contained only a trivial and nonessential component of the infringing product.<sup>226</sup>

In *Kinik Co. v. International Trade Commission*,<sup>227</sup> the Federal Circuit held that the defenses of section 271(g) were not available in the International Trade Commission.<sup>228</sup> The court in *Kinik* afforded the Commission *Chevron* deference in the interpretation of its statute.<sup>229</sup> It relied upon the fact that when Congress enacted section 271(g) as part of the Omnibus Trade and Competitiveness Act of 1988, it specifically stated that “The amendments made by this subtitle shall not deprive a patent owner of any remedies available under subsections (a) through (f) of section 271 of title 35, United States Code, *under section 337 of the Tariff Act of 1930*, or under any other provision of law.”<sup>230</sup> The court reasoned that if the remedies under the Tariff Act were to remain unchanged, the defenses of section 271(g) could not apply.<sup>231</sup> The court also relied upon the fact that section 271(g) specifically states that for the purpose of this title, the

<sup>223</sup> Process Patent Amendments Act of 1988, Pub. L. No. 100-418, § 9004, 102 Stat. 1107 (1988) (codified as amended at 35 U.S.C. § 271(g) (2006)).

<sup>224</sup> See *supra* Part IV.

<sup>225</sup> See 35 U.S.C. § 271(g)(1)–(2) (2006).

<sup>226</sup> *Id.*

<sup>227</sup> 362 F.3d 1359 (Fed. Cir. 2004).

<sup>228</sup> See *supra* note 1.

<sup>229</sup> *Kinik*, 362 F.3d at 1363 (citing *Chevron U.S.A., Inc. v. Natural Res. Def. Council*, 467 U.S. 837, 843 (1984)).

<sup>230</sup> *Id.* at 1362 (citing Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, § 9006(c), 102 Stat. 1107, 1567 (codified as amended at 35 U.S.C. § 271(g) (2006) (emphasis added)).

<sup>231</sup> See *id.* at 1363.

defenses apply to “a product which is made by a process patented,” thereby evidencing Congress’s intent that the defenses be restricted to the Patent Act, which was the referenced title.<sup>232</sup> The *Kinik* court was not concerned that its ruling would create “a legislative distinction in the defenses available in different tribunals, [because] before this enactment there was an even greater distinction, for [an] overseas manufacture could not be reached at all in the district courts.”<sup>233</sup>

Opponents of the *Kinik* decision argue that the Federal Circuit ignored the provision of section 337(c) guaranteeing that, “[a]ll legal and equitable defenses may be presented in all cases” when it held that section 271(g) defenses were not available.<sup>234</sup> The ruling also increased the danger of inconsistent results between the International Trade Commission and the federal courts because a respondent at the Commission could be held to infringe a patent while successfully asserting a section 271(g) defense on the same patent in federal court.<sup>235</sup>

*Kinik*’s holding is also somewhat difficult to reconcile with the Federal Circuit’s recent decision in *Amgen, Inc. v. International Trade Commission (Amgen II)*.<sup>236</sup> In *Amgen II*, the complainant alleged that the importation of certain recombinant human erythropoietin and derivatives thereof (EPO) violated section 337 because they were produced in Europe using processes covered by one or more claims of its patents.<sup>237</sup> The respondent argued that its conduct was protected by the safe harbor provision of 35 U.S.C. § 271(e)(1) because all of its actions in the United States were related to the development and submission of information in compliance with the federal regulations governing the manufacture of drugs.<sup>238</sup> The court held that that section 271(e)(1) applied to proceed-

<sup>232</sup> See *id.* at 1361.

<sup>233</sup> *Kinik Co. v. Int’l Trade Comm’n*, 362 F.3d 1359, 1363 (Fed. Cir. 2004).

<sup>234</sup> 19 U.S.C. § 1337(c) (2006); see Kumar, *supra* note 3, at 18–19.

<sup>235</sup> Li, *supra* note 4, at 603.

<sup>236</sup> 565 F.3d 846 (Fed. Cir. 2009). *Amgen II* concerns a dispute that was first reviewed by the Federal Circuit twenty years earlier in *Amgen, Inc. v. U.S. Int’l Trade Comm’n*, 902 F.2d 1532 (Fed. Cir. 1990). See *Amgen II*, 565 F.3d at 854.

<sup>237</sup> *Id.* at 848.

<sup>238</sup> See *id.* Section 271(e)(1) states:

It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention . . . solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

35 U.S.C. § 271(e)(1) (2006).

ings before the International Trade Commission involving both product and process patents, even though the statute refers only to the importation of a “patented invention.”<sup>239</sup> Amgen argued that the reference to a patented invention in section 271(e)(1) tracks the language of section 271(a), which is limited to the importation of patented products and not to the importation of products made by an infringing process patent—an act that was only made an act of infringement in the federal courts by the enactment of section 271(g).<sup>240</sup>

The *Amgen II* court relied upon the fact that the legislative history of section 271(g) included the following statement:

[T]he Committee does not intend that it shall be an act of infringement to import a product which is made by a process patented in the United States “solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs.”<sup>241</sup>

In dissent, Judge Richard Linn argued that whatever Congress may have intended to do by enacting the Omnibus Trade and Competitiveness Act of 1988, it did not extend the safe harbor provision of section 271(e)(1) to process patents in the International Trade Commission.<sup>242</sup> Judge Linn based his decision on “the fact that § 271(e)(1) declares that certain activities ‘shall not be an act of infringement,’ [and] the plain language of the statute governing process claims before the Commission, 19 U.S.C. § 1337(a)(1)(B)(ii), does not require an act of infringement for the Commission to issue an exclusion order.”<sup>243</sup> Judge Linn explained that “§ 1337(a)(1)(B)(ii) [makes] unlawful the importation . . . of articles that ‘are made, produced, processed, or mined under, or by means of a process covered by the claims of a valid and enforceable United States patent’” and not infringing articles.<sup>244</sup> As such, even if Amgen prevailed and there was a finding of non-infringement on the merits, “the EPO at issue in this case would

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<sup>239</sup> *Amgen II*, 565 F.3d at 851.

<sup>240</sup> *Id.*

<sup>241</sup> *Id.* at 851 (citing S. REP. NO. 100-83, at 48 (1987)).

<sup>242</sup> *Amgen, Inc. v. Int’l Trade Comm’n (Amgen II)*, 565 F.3d 846, 855 (Fed. Cir. 2009) (Linn, J., concurring-in-part and dissenting-in-part).

The thrust of the majority’s position is that Congress probably intended § 271(e)(1) to apply in section 337 proceedings the same way it applies in patent infringement litigation under Title 35. While I agree that it would make sense for section 337 to apply that way, the problem remains that if that is what Congress intended, it is not what Congress unambiguously said.

*Id.*

<sup>243</sup> *Id.*

<sup>244</sup> *Id.*

be ‘produced . . . by means of[] a process covered by the claims of a valid and enforceable United States patent’—regardless of whether the use to which the EPO is put is shielded from liability for infringement by section 271(e)(1).<sup>245</sup> In contrast, section 1337(a)(1)(B)(i) which governs claims of product infringement “declares unlawful the importation of articles that ‘infringe a valid and enforceable United States patent.’”<sup>246</sup> Judge Linn argues that, as a result, the safe harbor provision of section 271(e) would apply to product claims before the Commission because “the unlawfulness under section 337 of the importation of a patented product hinges on whether the importation is itself an act of infringement” even if it would not conversely apply to process patents.<sup>247</sup>

The distinction that Judge Linn points to is indicative of Congress’s inconsistent treatment of the International Trade Commission when attempting to reconcile the provisions of the Patent Act to it. The history of process patents in the federal courts and in the International Trade Commission has developed independently and on completely divergent paths. Thus, there is no reliable method for courts to interpret Congress’s intent in applying the Patent Act to the Commission because the statute governing the Commission and the history of the Patent Act do not share a common language. In *Amgen II*, this seemed particularly clear because Congress failed to take into account the idiosyncratic development of the Commission’s enabling statute when enacting section 271(e) and as a result, there is no persuasive authority from which to determine whether section 271(e) defenses should apply to proceedings before the International Trade Commission.

The same can be said of the court’s decision regarding section 271(g) in *Kinik* because even if Congress meant that the defenses of section 271(g) should not apply to the Commission’s investigations, it has not analyzed the repercussions of its actions or provided the Commission with an alternate framework to determine its jurisdiction when process patents are at issue. This is because when the Commission institutes an investigation under section 337, it obtains in rem jurisdiction over the imported article, thereby triggering its remedial powers, including its power to exclude the article under investigation from importation.<sup>248</sup> In exercising its jurisdiction, the Commission must determine whether a subsequently processed article can be excluded from importation when the complainant has not asserted a patent the covers the end product. As a result, the Commission must make the same type of inquiry regarding whether the as-

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<sup>245</sup> *Id.* (alteration in original).

<sup>246</sup> *Id.*

<sup>247</sup> *Id.*

<sup>248</sup> *See supra* Part III.A–B.



serted patent is sufficiently related to the accused infringing end product that is implicitly required to determine whether the section 271(g) defenses apply to a claim of infringement in the federal courts. As a consequence, the Commission is forced to decide issues analogous to the section 271(g) defenses, even though the section 271(g) defenses are not applicable to proceedings before the Commission.<sup>249</sup> This inconsistency highlights Congress's piecemeal approach to reconciling the various provisions of the Patent Act to proceedings before the International Trade Commission and its unsatisfying results.

## VI. THE FUTURE OF PROCESS PATENTS AT THE INTERNATIONAL TRADE COMMISSION

As discussed above, how the Commission frames the subject matter of an investigation has long reaching effects.<sup>250</sup> Recently, the Commission instituted an investigation where the asserted process patents did not cover a process for making the end product that was the subject of the investigation. The issues raised in that investigation help illustrate how the Commission views the extent of its jurisdiction and its relationship to the Patent Act.

*In re Certain Sucralose* dealt with a complainant alleging that the importation of the artificial sweetener sucralose, which it sold in the United States under the brand name Splenda, violated its process patents disclosing improved processes for the distinct steps for making intermediate chemicals that could thereafter be processed into sucralose.<sup>251</sup> The complainant's patent for the product sucralose had expired six years before the investigation was instituted.<sup>252</sup>

On May 7, 2007, the Commission issued a Notice of Investigation to determine whether there was a violation of section 1337(a)(1)(B) by "the importation into the United States, the sale for importation, and the sale within the United States after importation of certain sucralose, sweeteners containing sucralose, and related intermediate compounds thereof by reason of infringement of certain claims of U.S. Patent Nos. 5,470,969, 5,034,551, 4,980,463,

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<sup>249</sup> See *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Pub. 402054, Inv. No. 337-TA-604, at 27 (Apr. 28, 2009) (commission opinion).

<sup>250</sup> 19 C.F.R. § 210.10(b) (2009) ("The notice will define the scope of the investigation . . .").

<sup>251</sup> See *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Pub. 402054, Inv. No. 337-TA-604, at 11 (Apr. 28, 2009) (commission opinion).

<sup>252</sup> *Id.* at 11 n.4.

5,498,709, and 7,049,435.”<sup>253</sup> In the Notice of Investigation, the Commission specifically noted that:

[S]ome of the patents at issue may cover processes that produce chemical precursors or intermediates of sucralose or that recover certain chemical catalysts from the synthesis. In instituting this investigation, the Commission has not made any determination as to the scope of [19] U.S.C. 1337(a)(1)(B)(ii) or whether 337(a)(1)(B)(ii) is sufficiently broad as to encompass such processes. Accordingly, the presiding administrative law judge may wish to consider these fundamental issues at an early date.<sup>254</sup>

To understand the jurisdictional issues confronted by the Commission, a brief description of the process patents at issue in the case is necessary. Sucralose is made from the chemical conversion of sucrose (table sugar) by replacing three specific hydroxyl groups on the sucrose molecule with chlorine atoms.<sup>255</sup> “[T]he resulting [product] is 600 times sweeter than sugar.”<sup>256</sup> Sucrose contains eight hydroxyl groups located at distinct locations on the molecule and only three specific hydroxyls must be substituted with chlorine to form sucralose.<sup>257</sup> Because the three hydroxyl groups that need to be substituted with chlorine (located on the 4, 1’, and 6’ positions) are not the first hydroxyl groups to chlorinate, sucralose must be made in steps by which the most reactive hydroxyl group is chemically protected from chlorination, so that only the three specific hydroxyl groups that need to be chlorinated are actually chlorinated.<sup>258</sup> Then the protected hydroxyl group is de-protected so that the resultant molecule contains five hydroxyl groups and three chlorine atoms at the 4, 1’, and 6’ positions.<sup>259</sup>

Complainants originally asserted five patents in the investigation, of which four covered the individual steps of the process for making sucralose.<sup>260</sup>

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<sup>253</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, 72 Fed. Reg. 26,645 (USITC May 10, 2007) (notice of investigation).

<sup>254</sup> *Id.*

<sup>255</sup> See Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 11 (Apr. 28, 2009) (commission opinion).

<sup>256</sup> See *In re* Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. 320569, Inv. No. 337-TA-604, at 17 (Sept. 22, 2008) (initial determination on violation of section 337 and recommended determination on remedy and bond).

<sup>257</sup> *Id.* at 17–18.

<sup>258</sup> *Id.*

<sup>259</sup> *Id.*

<sup>260</sup> See Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 11 (Apr. 28, 2009) (commission opinion).

The '969 patent taught a “masking” or “esterification” step by which a tin catalyst was added to protect the most reactive hydroxyl group with an ester group so that it would not react with the chlorine in the next step.<sup>261</sup> In the '463 patent, the three targeted hydroxyl groups are replaced with chlorine (chlorination) while the most reactive hydroxyl group is still masked with the ester group.<sup>262</sup> The end product of '463 patent is a chemical compound called 1', 4, 6'-trichlorosucrose-6-ester; not sucralose.<sup>263</sup> In the '709 patent, the hydroxyl group that was previously masked is de-esterified to create a reaction mixture that contains sucralose.<sup>264</sup> The '435 patent taught a method to remove the impurities from the reaction mixture so that purified sucralose is produced.<sup>265</sup> Complainant's fifth patent, the '551 patent, disclosed a method to extract the tin compound used in the esterification step of the '969 patent for its later reuse in subsequent batches.<sup>266</sup>

On June 12, 2007, respondents moved to terminate the investigation for lack of jurisdiction as to the '969, '463, and '551 patents because those patents were directed only to processes for producing intermediates of sucralose or a recovered tin catalyst and did not result in the end product sucralose—the article that complainants were seeking to bar from importation.<sup>267</sup> The investigating attorney from the OUII filed a brief on the issue stating:

The [Commission Investigative] Staff is aware of no instance in [sic] the over sixty-five years since the enactment of Section 337a, and its subsequent codification in Section 337(a)(1)(B)(ii) where the Commission instituted an investigation or found a violation based on the importation of an article when the asserted patent claimed *only* a process for making a chemical intermediate or precursor of that imported article.<sup>268</sup>

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<sup>261</sup> *Id.*

<sup>262</sup> *Id.*

<sup>263</sup> *Id.* at 33. Sucralose is 1', 4, 6'-trichlorosucrose. *Id.* at n.19.

<sup>264</sup> *Id.* at 11.

<sup>265</sup> *Id.*

<sup>266</sup> See Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 11 (Apr. 28, 2009) (commission opinion).

<sup>267</sup> *Id.* at 7, 11.

<sup>268</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. 276734, Inv. No. 337-TA-604, at 9 (June 22, 2007) (response of commission investigative staff to respondents' motion to terminate the investigation as to the '463, '969, and '551 patents).

The administrative law judge issued an initial determination denying the motion to terminate.<sup>269</sup> The Commission, however, vacated the initial determination stating that the motion raised issues of “whether the importation of the finished product alone (sucralose) constitutes a violation of section 337” that needed to be reviewed further.<sup>270</sup> The Commission further stated:

In addressing these issues, the parties and the ALJ should consider the following:

1. The amount of any subject product which has been or is currently being imported.
2. Whether there is a difference in effective scope between 35 U.S.C. § 271(g) and 19 U.S.C. § 1337(a)(1)(B)(ii). Whether this question has been decided by *Kinik v. International Trade Commission*, 362 F.3d 1359, 1361–63 (Fed. Cir. 2004).
3. The language and legislative history of 19 U.S.C. § 1337(a)(1)(B)(ii) and the language and legislative history of former section 337a (former 19 U.S.C. § 1337a). The statements in *Amgen v. ITC*, 902 F.2d 1532 (Fed. Cir. 1990), as to “covered” and that former section 337a was reenacted as section 337(a)(1)(B)(ii) without a change in scope. Any special rule of statutory interpretation that should be applied given that former section 337a was enacted in response to *In re Amtorg Trading Corp.*, 75 F.2d 826 (CCPA 1935). The processes and patents in *In re Amtorg Trading Corp.* and in *In re Northern Pigment Co.*, 71 F.2d 447 (CCPA 1934), and the underlying Commission proceedings. The processes and patents in all Commission and related court proceedings involving process patents and section 337 before and after the enactment of former section 337a.
4. The Supreme Court’s recent decision in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. [437] (2007).
5. How the above cases may best be read in conjunction with each other.<sup>271</sup>

The Commission’s questions demonstrate the unsettled nature of section 337 precedent regarding the reach of its jurisdiction over process patents and the

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<sup>269</sup> See *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, Inv. USITC Pub. No. 402054, No. 337-TA-604, at 7 (Apr. 28, 2009) (commission opinion).

<sup>270</sup> *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Pub. 282957, Inv. No. 337-TA-604, at 2 (Sept. 24, 2007) (notice of commission determination to review and vacate an initial determination denying a motion to terminate the investigation with regard to three patents).

<sup>271</sup> *Id.* at 2–3.

types of issues the Commission must decide when it institutes an investigation exerting in rem jurisdiction over imported articles produced by a process patent.<sup>272</sup>

After holding an evidentiary hearing, the administrative law judge issued an initial determination finding that the '463 and '969 patents fell within the Commission's jurisdiction because they "relate to the synthesis of chemical precursors of sucralose," the article sought to be excluded from import.<sup>273</sup> The administrative law judge found that, in contrast, the '551 patent did not fall within the Commission's jurisdiction because it "[was] directed to the recovery and re-use of the tin catalyst."<sup>274</sup> The administrative law judge found it persuasive that "unlike the processes claimed in the '463 and '969 patents, the tin catalyst that is the direct result of the process covered by the '551 patent, is not chemically related to sucralose and the recovery step has not been shown to be necessary in the synthesis of sucralose."<sup>275</sup>

The Commission affirmed the administrative law judge's decision regarding its jurisdiction over the '463 and '969 patents and its lack of jurisdiction over the recovered tin catalyst disclosed in the '551 patent.<sup>276</sup> In so holding, the Commission rejected the complainant's argument that the Federal Circuit's decision in *Kinik*, which held that section 271(g) defenses do not apply to International Trade Commission proceedings, by implication also held that "section 337(a)(1)(B)(ii) extends to products made abroad by a process patented in the United States, no matter how much further they are processed."<sup>277</sup> Instead, the Commission stated that it understood the "Federal Circuit's statement that § 271(g) defenses do not apply to section 337(a)(1)(B)(ii) to mean that 35 U.S.C. § 271(g) does not inform the analysis of 19 U.S.C. § 1337(a)(1)(B)(ii),

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<sup>272</sup> The Commission's first question is analogous to section 271(g)(2) which provides a defense to infringement if a product is a trivial and nonessential component of another product. 35 U.S.C. § 271(g)(2) (2006). The remaining questions frame many of the issues facing the International Trade Commission that remain unresolved after the enactment of the Omnibus Trade and Competitiveness Act of 1988.

<sup>273</sup> *Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Pub. 320569, Inv. No. 337-TA-604, at 45–46 (Sept. 22, 2008) (initial determination on violation of section 337 and recommended determination on remedy and bond).

<sup>274</sup> *Id.* at 46.

<sup>275</sup> *Id.*

<sup>276</sup> *See Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof*, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 34–36 (Apr. 28, 2009) (commission opinion).

<sup>277</sup> *Id.* at 29.

and therefore that 19 U.S.C. § 1337(a)(1)(B)(ii) must be analyzed independently.”<sup>278</sup>

After reviewing the history of section 337, the Commission found that section 1337(a)(1)(B)(ii) was enacted to reinstate “former section 337a without change.”<sup>279</sup> It also held that because the cases that were decided before *Amtorg Trading Corp.* recommend the exclusion of further processed articles without objection from the parties,<sup>280</sup> “it appears that Congress had no objection to the Commission’s conduct under the law when it subsequently reinstated these holdings through legislation.”<sup>281</sup> Significantly, the Commission went on to state that “while these cases indicate that further processing of a certain extent does not remove an article from the scope of section 337(a)(1)(B)(ii), they do not, however, necessarily represent the maximum further processing that may be performed on an article without removing it from the reach of the statute.”<sup>282</sup> The Commission also held that “[w]hile an articulation of additional considerations relevant to the application of the statute may be required by a future dispute, the pertinent record facts here represent a straightforward case.”<sup>283</sup> In other words, while the Commission concluded that some further processing fell within the scope of section 1337(a)(1)(B)(ii), and therefore the jurisdiction of the sucralose investigation could be determined, it was unable to articulate a test for future cases to determine how much processing would be too much.

The Commission stated that it would be guided, however, by the Supreme Court’s decision in *Microsoft*, which “cautions that statutes should be interpreted to limit the extraterritorial application of United States law in the absence of a clear statement by Congress” and warns against reading too much congressional intent from the specific facts of a case it has overruled through the passage of a statute.<sup>284</sup> The Commission found it significant that while the “intermediates produced by the processes in the ’463 and ’969 patents . . . are further processed, . . . the record does not show uses for these intermediates other

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<sup>278</sup> *Id.* at 30.

<sup>279</sup> *Id.* at 26.

<sup>280</sup> *Id.* at 26–27 (referencing “*Northern Pigment* and *Frischer*, as well as *Iron Oxides*, *Phosphate Rock*, and *Synthetic Phenolic Resin*”). Only *Northern Pigment*, however, mentions the further processing of the product that is the subject of the investigation. See *id.* at 19–21; see also *supra* Part V.A.

<sup>281</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 27 (Apr. 28, 2009) (commission opinion).

<sup>282</sup> *Id.*

<sup>283</sup> *Id.* at 33.

<sup>284</sup> *Id.* at 31 (citing *Microsoft Corp., v. AT&T Corp.*, 550 U.S. 437, 455 (2007)).

than for making sucralose,” and that the patents cover a process to produce “intermediates in the chain of production for sucralose in close proximity to the final product.”<sup>285</sup> Consequently, those “patents cover[ed] processes by means of which sucralose is made within the meaning of section 337(a)(1)(B)(ii).”<sup>286</sup> In contrast, because the tin catalyst disclosed in the ’551 patent was “neither a precursor of sucralose nor . . . the imported article,” it does not fall within the requirement of section 1337(a)(1)(B)(ii) that the article under investigation be “made, produced, or processed” under or by means of the processes claimed by the asserted patent.<sup>287</sup>

Fundamental to the Commission’s decision was its finding that Congress enacted section 1337a “to overturn *In re Amtorg* which had reversed *Phosphate Rock* and overruled *Northern Pigment* and *Frischer*.”<sup>288</sup> Thus, the Commission noted that “former section 337a [was] re-enacted as current section 337(a)(1)(B)(ii), to . . . reinstate[] the holdings of *Northern Pigment* and *Frischer*, as well as *Iron Oxides*, *Phosphate Rock*, and *Synthetic Phenolic Resin*,” and that the reinstated cases excluded further processed products.<sup>289</sup> A review of those cases, and the Commission’s own description of them, however, reveals that only *Northern Pigment* excluded further processed products when it excluded the dehydrated red oxide of iron.<sup>290</sup> In any regard, any attempt to second guess what the court’s holding in *In re Northern Pigment* might mean if it were applied to different circumstances runs the risk, as the Supreme Court warned in *Microsoft*, of reading more into Congress’s intent than is justified when it overturns a specific case to enact a law.<sup>291</sup>

In *Microsoft*, the Court held that computer software that Microsoft sent to a foreign manufacturer on a master disk that was then copied on computers

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<sup>285</sup> *Id.* at 33.

<sup>286</sup> *Id.* at 34.

<sup>287</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 35 (Apr. 28, 2009) (commission opinion); *see also* 19 U.S.C. § 1337(a)(1)(B)(ii) (2006).

<sup>288</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 26 (Apr. 28, 2009) (commission opinion).

<sup>289</sup> *Id.* at 26–27.

<sup>290</sup> *See id.* at 19–21; *see also In re N. Pigment Co.*, 71 F.2d 447, 449 n.1 (C.C.P.A. 1934).

<sup>291</sup> *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 457–58 (2007); *see also* Certain Rubber Antidegradants, Components Thereof, and Products Containing Same, USITC Pub. No. 259120, Inv. No. 337-TA-533, at 29 (July 21, 2006) (commission opinion) (“While Congress clearly intended to overrule *Amtorg*, it is going too far to say that Congress intended to address an issue that was not present in that case.”).

made and sold abroad was not an infringing act within the sweep of section 271(f) of the Patent Act.<sup>292</sup> Section 271(f) was adopted in 1984, in response to the Court’s decision in *Deepsouth*, which held that a manufacturer of an infringing shrimp deveiner machine did not infringe United States patent law when it shipped the parts of the deveiner to foreign buyers for assembly and use abroad.<sup>293</sup> In response, Congress passed section 271(f), which made it an infringing act to supply from the United States “all or a substantial portion of the components of a patented invention” for combination outside of the United States.<sup>294</sup>

In *Microsoft*, the Court held that because section 271(f) is an exception to the general rule that United States patent law does not apply extraterritorially, it would “resist giving the language in which Congress cast § 271(f) an expansive interpretation.”<sup>295</sup> The Court held that because the copies actually installed on computers abroad were supplied “from places outside the United States,” they did not fall within the reach of section 271(f) governing only components supplied from the United States.<sup>296</sup>

The Court also cautioned against trying to read more into Congress’s intent in adopting section 271(f) than simply to overrule the *Deepsouth* decision. The Court noted that because

Section 271(f) was a direct response to a gap in our patent law revealed by this Court’s *Deepsouth* decision. The facts of that case were undeniably at the fore when § 271(f) was in the congressional hopper. In *Deepsouth*, the items exported were kits containing all the physical, readily assemblable parts of a shrimp deveining machine (not an intangible set of instructions), and those parts themselves (not foreign-made copies of them) would be combined abroad by foreign buyers. Having attended to the gap made evident in *Deepsouth*, Congress did not address other arguable gaps: Section 271(f) does not

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<sup>292</sup> *Microsoft*, 550 U.S. at 442.

<sup>293</sup> *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 527–28 (1972).

<sup>294</sup> 35 U.S.C. § 271(f)(1) (2006).

<sup>295</sup> *Microsoft*, 550 U.S. at 442.

<sup>296</sup> *Id.* at 452. In so ruling, the Court specifically did not express an opinion as to [W]hether software in the abstract, or any other intangible, can ever be a component under § 271(f). If an intangible method or process, for instance, qualifies as a “patented invention” under § 271(f) . . . , the combinable components of that invention might be intangible as well. The invention before us, however, AT&T’s speech-processing computer, is a tangible thing.

*Id.* at 452 n.13. The Federal Circuit, in *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, later held that § 271(f) could not apply to process patents because the components of a process patent are its steps and “[s]upplying an intangible step is . . . a physical impossibility.” 576 F.3d 1348, 1364 (Fed. Cir. 2009).



identify as an infringing act conduct in the United States that facilitates making a component of a patented invention outside the United States; nor does the provision check “suppl[ying] . . . from the United States” information, instructions, or other materials needed to make copies abroad. Given that Congress did not home in on the loophole AT&T describes, and in view of the expanded extraterritorial thrust AT&T’s reading of § 271(f) entails, our precedent leads us to leave in Congress’ court the patent-protective determination AT&T seeks. *Cf. Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 431, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984) (“In a case like this, in which Congress has not plainly marked our course, we must be circumspect in construing the scope of rights created by a legislative enactment which never contemplated such a calculus of interests.”).<sup>297</sup>

The Commission’s attempt in *In re Sucralose* to extrapolate Congressional intent from the facts of *In re Northern Pigment* regarding whether an intermediate chemical process patent falls within the scope of its jurisdiction runs afoul of the Supreme Court’s warning in *Microsoft*.

The *Northern Pigment* decision was an appeal from the Tariff Commission’s decision regarding its investigation in *In re Oxides of Iron Suitable for Pigment Purposes*.<sup>298</sup> The Tariff Commission stated in its findings and recommendations that it also recommended excluding dehydrated red oxide of iron because “an order of exclusion limited to the hydrated type (yellow, orange, brown) may be evaded by shipments of the dehydrated (red) type.”<sup>299</sup> The Commission did not discuss whether the exclusion of such a product fell within its jurisdiction. The Tariff Commission’s findings and recommendations are reprinted in a footnote in the Court of Customs and Patent Appeals decision in *Northern Pigment*, but there is no discussion by the court as to whether the Commission had jurisdiction over the red oxide of iron in its decision.<sup>300</sup>

Thereafter, the Court of Customs and Patent Appeals issued *Amtorg Trading Co.*, which held that imports made abroad by an infringed process patent did not fall within the Commission’s jurisdiction.<sup>301</sup> This is because at the time, such rights were not available in the federal courts, and Congress could not have meant “to broaden the field of substantive patent rights, and create rights in process patents extending far beyond any point to which the courts have heretofore gone in construing the patent statutes.”<sup>302</sup> Given the court’s holding, there was no discussion in *Amtorg Trading Corp.* of whether further

<sup>297</sup> *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 457 (2007).

<sup>298</sup> *In re N. Pigment Co.*, 71 F.2d 447, 449 n.1 (C.C.P.A. 1934).

<sup>299</sup> *Id.*

<sup>300</sup> *Id.*

<sup>301</sup> *In re Amtorg Trading Corp.*, 75 F.2d 826, 834 (C.C.P.A. 1935).

<sup>302</sup> *Id.*

processed goods fell within the reach of the Tariff Commission's jurisdiction. In overruling *Northern Pigment*, the court never expressed any concern that its ruling in *Northern Pigment* had gone too far because it excluded further processed imports. Instead, the court overruled *Northern Pigment* because it believed that the Commission did not have authority to exclude an import made directly by a process patent because such relief was not available in the federal courts.<sup>303</sup> Congress thereafter acted to undo the Court of Customs and Patent Appeals' decision in *Amtorg Trading Corp.*, and reinstate *Northern Pigment* by confirming that an article made abroad by an infringing process was an unfair act within the jurisdiction of section 1337.<sup>304</sup> In doing so, however, Congress shed no more light on whether the Commission's jurisdiction under the subsequently enacted section 1337(a)(1)(B)(ii) includes precursor or intermediate compounds than the *Deepsouth* decision informed the question of whether abstract software code was a component amenable to combination under section 271(f).

More troubling, however, is that even if the test set out in *In re Certain Sucralose* was well grounded in the precedent of *In re Northern Pigment*, it does not sufficiently explain the limits of the Commission's jurisdiction. In reviewing pre-*Amtorg Trading Corp.* cases, the Commission in *In re Certain Sucralose* stated that "while these cases indicate that further processing of a certain extent does not remove an article from the scope of section 337(a)(1)(B)(ii), they do not, however, necessarily represent the maximum further processing that may be performed on an article without removing it from the reach of the statute."<sup>305</sup> The Commission did find two factors significant: that the intermediates produced did not seem to have uses other than for making sucralose, and that the patents cover a process to produce "intermediates in the chain of production for sucralose in close proximity to the final product."<sup>306</sup> These factors, however, seem like substitutes for the defenses of section 271(g)<sup>307</sup> and will induce further testing of the limits of the Commission's jurisdiction.<sup>308</sup>

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<sup>303</sup> *Id.*

<sup>304</sup> See *supra* note 196.

<sup>305</sup> Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof, USITC Pub. No. 402054, Inv. No. 337-TA-604, at 27 (Apr. 28, 2009) (commission opinion).

<sup>306</sup> *Id.* at 33–34; see also *id.* at 35–36 (discussing why the '551 patent, covering the recovery of a tin catalyst, fell outside the Commission's jurisdiction).

<sup>307</sup> 35 U.S.C. § 271(g) (2006).

<sup>308</sup> David F. Nickel, *Why the ITC Might Be Right for Your Chemical Case*, LAW360, Aug. 3, 2009, <http://www.law360.com/articles/106942> (citing the *In re Sucralose* decision and the

## VII. CONCLUSION

If the answer cannot be found in the *Northern Pigment* case, how should the Commission determine the sweep of its jurisdiction when something other than the end product of a process patent is at issue?<sup>309</sup> Congress needs to amend section 1337 to specifically determine if each of the subsections of the Patent Act should apply to proceedings before the Commission. This would eliminate the need to second-guess what Congress intended each time it amended the Patent Act and whether the specific amendments should apply to the International Trade Commission. It would also allow the provisions of the Patent Act to be specifically tailored to the peculiarities of the Commission's role in policing unfair trade in importation. In particular, Congress must clarify that the term "patented invention," which includes a patented process in 35 U.S.C. § 101, is meant to have the same meaning throughout the statute.<sup>310</sup>

More importantly, Congress should adopt a standard similar to the defenses of section 271(g) to define an "article" that is made "by means of a process" in order to give the Commission a framework to firmly determine its own jurisdiction.<sup>311</sup> As such, the issues described in section 271(g)(1) and (2) would not be defenses to infringement but would limit the jurisdictional scope of section 337(a)(1)(B)(ii). In other words, the importation of an article "made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent" set forth in section 1337(a)(1)(B)(ii) would fall within the Commission's jurisdiction only if the article was not made by a patented process that is materially changed by subsequent processes or is a trivial and nonessential component of another product.<sup>312</sup> Disputes would still occur as to what this would entail for each specific product sought to be excluded from exportation by the Commission, but the developing case law would mirror the decisions in the federal courts regard-

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§ 271(g) defenses as relaxing the Commission's jurisdictional standard for chemical process patents).

<sup>309</sup> See *In re Certain Probe Card Assemblies, Component Thereof and Certain Tested DRAM and NAND Flashcard Memory Devices and Products Containing Same*, USITC Pub. No. 287997, Inv. No. 337-TA-621, Notice of Investigation, (Dec. 13, 2007). In that investigation, one of the patents at issue did not cover products made by a covered process but products that were tested by a certain process. *Id.*

<sup>310</sup> See 35 U.S.C. § 101, which defines "inventions patentable" as "any new and useful process, machine, manufacturer, or composition of matter."

<sup>311</sup> See 19 U.S.C. § 1337(a)(1)(B)(ii) (2006).

<sup>312</sup> See 35 U.S.C. § 271(g)(1)-(2).

ing the section 271(g) defenses and each forum could thereafter rely on the other's precedent.

This would synchronize the treatment of process patents in the federal courts with that of Commission and avoid the risk of inconsistent results for parties involved in dual process patent litigation in the federal courts and before the Commission.<sup>313</sup> Because the law regarding process patents developed in the federal courts independently from the International Trade Commission, there has been no effort historically to align the rights of patent holders between the forums. But that accident of history no longer holds sway as both the federal courts and the Commission now protect process patents from imported infringing products. Consequently, there is no basis for treating a process patent holder's rights differently based on the forum where the rights are presented.

If there is no effort to synchronize these rights, the Commission will employ the separate test it partially enunciated in *In re Certain Sucralose* and divergent precedent will develop. While the *In re Certain Sucralose* test may be workable once it is fully developed, there is no reason that it should operate in contrast to the federal courts employing the defenses of section 271(g). It is clear from the legislative history regarding the creation of the International Trade Commission that Congress never contemplated the issue of whether the Commission should have jurisdiction over intermediate or further processed products.<sup>314</sup> In addition, resorting to *Northern Pigment* to fashion an answer does not provide an intellectually satisfying precedent to determine the contours of the Commission's jurisdiction.

Congress should also act to unify the statutes because this issue is unavoidable in the International Trade Commission. In federal court, where jurisdiction is in personam, Congress could abolish the section 271(g) defenses and as a result certain forms of infringement would not be excluded from liability. While this would change the scope of a process patent holder's rights, it would end the issue, and the federal district courts' jurisdiction would remain unchanged. In contrast, the Commission must decide whether intermediates or further processed goods fall within its in rem jurisdiction in order to determine whether to initiate an Investigation. As a result, excluding the section 271(g) type defenses from application to the International Trade Commission would not end the issue. The types of questions that the defenses of section 271(g) answer still have to be asked by the Commission, and it makes no sense to de-

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<sup>313</sup> This would also ensure consistency between the federal courts and the Commission when it applies the EPROM factors to the precedent of the Commission. See *supra* Part III.B.

<sup>314</sup> See *supra* part V.A.

velop a test separate from section 271(g) to provide a framework different from what is available in the federal courts.

Moreover, as the Supreme Court cautioned in *Microsoft*, statutes should be interpreted to limit the extraterritorial application of United States law in the absence of a clear statement by Congress.<sup>315</sup> Extending the Commission's jurisdiction to reach intermediate products or further processed goods should not be undertaken without Congress's clear authorization. In this regard, Congress cannot rely upon the Commission or the courts to read its intention into precedent that does not speak to the issues before it. *Kinik*, *Amgen*, and *Amgen II* have all tried with varying results. The confusion that has ensued is also sufficient reason for Congress to act. Without such action, both innovation and the litigants before the International Trade Commission will suffer because there will be no predictability as to the rights of process patent owners or importers.

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<sup>315</sup> *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454–55 (2007) (“The presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.”).