July 19, 2013

Via e-filing to: http://www.regulations.gov.

Victoria A. Espinel
United States Intellectual Property Enforcement Coordinator
Executive Office of the President
Washington, DC

Re: IPEC Review of Exclusion Order Enforcement Processes,
78 Fed. Reg. 37242-43

Dear Ms. Espinel:

I am writing on behalf of the American Bar Association Section of Intellectual Property Law (the “Section”) in response to the Federal Register Notice soliciting comments on the Interagency Review of Exclusion Order Enforcement Process, 78 Fed. Reg. 37242-43 (June 20, 2013). These comments have not been approved by the American Bar Association’s House of Delegates or Board of Governors and should not be considered as views of the American Bar Association.

The members of the Section are lawyers that practice in and are interested in intellectual property law and in the International Trade Commission. Many members of the Section regularly practice before the International Trade Commission and/or are clients that are involved in investigations at the International Trade Commission. Therefore, the members of the Section have an interest in the administration and enforcement of exclusion orders issued by the International Trade Commission.

In general, the Section supports the efforts of the Office of the United States Intellectual Property Enforcement Coordinator to encourage dialog and improve the administration of ITC exclusion orders. The Section’s specific comments to the questions enumerated in the Notice are as follows:

2. Are the procedures, criteria, and regulations utilized by CBP when enforcing exclusion orders clear, accessible, and understood?

In the view of the Section, the procedures and criteria used by CBP when enforcing ITC exclusion orders are not sufficiently clear, accessible or understood. It is generally understood by complainants, respondents and others potentially affected by an order that they may meet with CBP both in advance of and following the issuance of an exclusion order. These meetings are believed to be helpful and advantageous in that a party may provide CBP with general market information, background on the relevant technology,
information about new or redesigned products that may or may not be covered by an exclusion order, methods of testing, information about transit routes, ports of entry, packaging and labeling of potentially covered products, and the like. While CBP personnel will listen to and accept almost any such information that a party chooses to provide, however, there is a lack of clarity about how and to what extent CBP uses or relies upon such information.

In addition, although in many if not all cases involving enforcement of exclusion orders representatives of both sides will meet or otherwise communicate with CBP, CBP will typically not disclose anything regarding what information the opposing party is providing or what positions it is taking. While this may be dictated in part by restrictions on disclosure of trade secrets and other confidential information, it is not clear that the virtually complete absence of information about other input CBP may be receiving is required by existing law or regulations. The problem created by this lack of transparency is there is no ability to correct or respond to possibly incorrect, incomplete or misleading information.

A further issue relates to the relatively recent institution within CBP of its Centers of Excellence and Expertise. While CBP is to be commended for pursuing the goal of the CEEs to improve consistency and leverage the agency’s expertise in various industries on a national level, the creation of the CEEs has led to some confusion about the respective roles of the CEEs and the IPR Branch, which in the past has had the oversight role with respect to enforcement of exclusion orders. Currently, it is possible to meet with both IPR Branch officials and the relevant industry CEE regarding exclusion order enforcement issues, but it is not clear how the two entities are dividing or sharing responsibility for decision making and implementation.

a. Please provide recommendations for enhancements to procedures, criteria, and regulations used during enforcement of exclusion orders.

- CBP should clarify the respective roles of the IPR Branch and the CEEs.
- Procedures should be created or modified to allow all interested parties to the exclusion order enforcement process to have access to the information provided to CBP as part of the process.
- A balance must be achieved between giving the successful ITC Complainant the remedy it has won through an expensive and time-consuming process at the ITC and facilitating legitimate trade in new or redesigned, non-infringing products. Improving transparency and the flow of information among interested parties as described herein should achieve this without creating a second round of full-blown litigation.

3. Are the procedures and criteria used by CBP to evaluate the scope of an exclusion order effective and clearly understood?
   a. If not, please provide a description of the problem experienced?

The foregoing responses to Question 2 and 2(a) are generally applicable here, as evaluating the scope of an exclusion order is often a critical part of the enforcement process addressed there. For example, the respective roles of the IPR Branch and the CEEs with respect to determining the scope of an order are not clearly understood. To the extent there may be divergent views being expressed by the parties to CBP, there is no transparency that permits a party to be aware of and to respond to opposing views.
Given that exclusion orders typically simply provide that products covered by specific patent claims are excluded from entry, evaluating the scope of an exclusion order may involve making determinations about the construction or interpretation of claim terms. The procedures and criteria that CBP uses to make such determinations are not necessarily clearly understood. Although it may be assumed that CBP would follow claim construction rules and doctrine articulated by the Federal Circuit, the specific process in any given case is unknown. It is also unknown to what extent CBP may rely upon or deviate from, for example, claim construction rulings made by the ALJ during the ITC Investigation, particularly where those rulings may not have been reviewed or specifically adopted by the ITC itself. Moreover, CBP does not solicit the views of the parties on such claim construction issues, although they may be volunteered through the informal meeting process described above.

b. What improvements could be made to the procedures and criteria used by CBP when evaluating the scope of an exclusion order to assist with the determining whether an import is covered by the claims of the infringing patent?

As described above, CBP should have a more transparent and bilateral process for receiving the views of interested parties regarding the scope of an exclusion order. CBP should also clarify the roles of the IPR Branch and the CEEs in making such determinations. Once a determination about scope of an order is made, the decision and the analysis and reasoning underlying the decision should be made available to all parties with an interest in enforcement of the order.

c. Under CBP’s current ruling request process, 19 CFR part 177, an importer may seek a prospective ruling on whether a redesigned or new product falls within the scope of an exclusion order. Determinations of this kind are often initiated at the request of the importer (typically the product manufacturer) and are conducted through ex parte proceeding. Would development of an inter partes proceeding involving relevant parties to the ITC investigation enhance the efficiency, transparency and efficacy of the exclusion order enforcement process with respect to determining the scope of the exclusion order?

Yes, the Section believes that an inter partes process should be developed. As noted above, such a process must strike the right balance between competing interests. In addition, any inter partes proceeding must be designed to be efficient and expedited, given the need for all parties to a prompt decision about whether products will or will not be excluded from entry. Given the nature of many industries and product markets in today’s globalized economy, parties on both sides of the issue need prompt decisions to be made, while at the same time providing a fair and transparent process for reaching those decisions.

In the view of the Section, it is also important that any reforms to the CBP ruling request process, including the establishment of an inter partes proceeding, do not establish a parallel venue where parties can re-litigate the existing scope of an exclusion order, as determined by the Commission in the underlying section 337 investigation. In other words, any reforms should be narrowly tailored to provide CBP with the tools necessary to address whether an imported article is covered by the existing scope of the exclusion order, not whether the scope of the exclusion order should be modified to include or exclude that article.
4. Are the processes used by CBP timely and effective in notifying interested parties, for example, ITC litigants, importers and the general public, of determinations made regarding the scope of an exclusion order and, in turn, applicability to the imported product?

The processes used by CBP to notify interested parties of determinations made regarding the scope of an exclusion order and its applicability to the imported product are not sufficiently timely or effective. For example, CBP does not disclose its general determinations regarding the scope of an exclusion order, which are used by the Office of Field Operations and the various ports of entry in enforcing those orders. While CBP may disclose specific decisions about the coverage of specific articles at the point of entry, those decisions are typically only available to the importer, and only after an entry has been attempted.

In addition, because CBP’s current ruling request process is conducted through ex parte proceedings, the dissemination of relevant information – and even the fact that a ruling request has been made – is necessarily restricted to the initiating party. While CBP does issue a publicly available ruling at the conclusion of the process, there is no mechanism in place to automatically alert other interested parties, such as the ITC Complainant, of the CBP ruling.

The Section believes that CBP should develop a process whereby at least the ITC litigants are given timely notice of any determination by CBP regarding the scope of an exclusion order; in addition, timely notice of an order’s applicability to specific products should be given to the ITC Complainant and to the importer of such products.

5. What further procedural changes or collaborative steps could be undertaken between the ITC and CBP to improve the efficacy of exclusion order enforcement efforts?

The Section believes that at least two changes should be considered to help improve the efficacy of exclusion order enforcement efforts.

First, the ITC could incorporate a “practical considerations” or similar section into any instructions it provides to CBP regarding the scope of an exclusion order. Such a section could provide CBP with the kind of industry information typically provided by interested parties, such as the ITC Litigants, through informal discussions with CBP. As discussed above, when such information is provided to CBP on an ex parte basis, it is impossible to verify its accuracy, or understand how CBP may use it in determining the scope of an exclusion order. The ITC can remove that process from the shadows by giving interested parties an opportunity to provide input regarding the practical considerations of enforcing a particular exclusion order, as part of either the exclusion order itself, or the Commission’s determination on remedy.

Second, the ITC could revise the traditional language of exclusion orders to include more targeted descriptions of the covered products, which may allow for greater efficiency, consistency and predictability in the enforcement of an exclusion order. Such revisions could bring exclusion orders more in line with District Court injunctions by defining the excluded articles as those products actually found to infringe and products “no more than colorably different” from such products. Such an approach would have many advantages: it would allow CBP to focus on the relevant features of new or redesigned products when determining whether they are within the scope of the existing exclusion order; it would prevent CBP from having to engage in a new infringement analysis regarding patent claim elements or product features that may not have been considered during the ITC investigation; and existing Federal Circuit case law regarding the scope of patent injunctions would provide guidance to interpretation of
exclusion orders. Because district courts are able to enforce injunctions employing this language, concerns about evasion of exclusion orders, while valid, should be allayed.

A change in language could also be coupled with a more robust certification procedure, which would allow an importer greater latitude in the identification of articles that it can aver are outside of an exclusion order, combined with enhanced penalties for willful violations. Any revisions to the traditional language of an exclusion order, however, would need to strike a balance between preventing circumvention and providing an ITC Complainant complete relief on the one hand, and permitting legitimate trade and ease of enforcement on the other.

6. Do exclusion orders currently provide sufficient level of detail and direction necessary to assist CBP with the challenges of enforcement?

As described above, the Section believes that the inclusion of some additional detail, whether part of a separate “practical considerations” section, or through changes to the traditional language of an exclusion order, may assist CBP with the challenges of enforcement.

The ABA-IPL Section appreciates the opportunity to comment on this issue and hopes that its comments will provide useful insights. Please feel free to contact me if you have any questions.

Sincerely,

[Signature]

Joseph M. Potenza
Chair
American Bar Association
Section of Intellectual Property Law