

ITC May Be Willing To Wait On PTAB, If The Timing Is Right

By **Dani Kass**

Law360 (September 8, 2020, 8:43 PM EDT) -- The U.S. International Trade Commission in August signaled that it's willing to suspend remedial orders in infringement cases where the Patent Trademark and Appeal Board has invalidated the patents at issue, but defendants will have to hustle if they want to succeed with this litigation strategy.

In an extremely rare move, the ITC on Aug. 20 suspended the limited exclusion and cease and desist orders it issued against SZ DJI Technology Co., for violating Section 337 of the Tariff Act by infringing Autel Robotics Co.'s drone patents, while the commission waits to see whether a related PTAB invalidation holds up on appeal.

Attorneys say companies accused of Section 337 violations may now rush to file their PTAB petitions in the hopes of getting the complainant's patents invalidated before the ITC decides whether they were infringed. But they also warned that while this is a tactic worth trying, the commission hasn't indicated that it's always going to suspend remedial orders like it did with DJI.

"I think you will see some earlier [inter partes reviews] filed in hopes they can beat [remedial orders], because if it happened once, maybe it'll happen again, but I would not be out advising clients necessarily that this a strategy to avoid an exclusion order in the ITC," said Pillsbury Winthrop Shaw Pittman LLP partner Kecia Reynolds. "I don't think this is a hard and fast rule that the commission has come up with."

The ITC has suspended remedial orders at least once before to see if a PTAB ruling is affirmed on appeal, in the 2016 investigation of Certain Three-Dimensional Cinema Systems and Components Thereof. There, the ITC suspended a limited exclusion order and cease and desist orders barring infringing imports of certain cinema systems after the PTAB invalidated claims of one of the asserted patents.

However, holding off on remedial orders is unusual given the roles of the two agencies.

"The ITC and the PTAB have different statutory mandates, and they're bound to conclude their own independent reviews [and] investigations," said Morrison & Foerster LLP partner Mark L. Whitaker. "What typically happens is that [when] a party [files] a petition for review at the PTAB, the ITC traditionally pays no attention to that because under their independent statute, there's nothing in there that would cause them to pause or stay any investigation that's going forward, unlike a district court."

Autel had filed the infringement claims against DJI in August 2018, hoping to block certain drone imports. DJI filed multiple petitions for IPR, but the one that led to the suspension was filed in November 2018. The PTAB issued its final written decision invalidating all challenged claims in Autel's patent on May 21. Autel appealed in July, and the ITC issued its notice on Aug. 20.

Whitaker said the PTAB generally takes about 18 months to reach a decision, and the ITC takes 16-18 months, so making those timelines sync up as much as possible is key to getting a result like DJI's.

"As soon as they get an inkling that they may be embroiled in an ITC case, or they've been given some notice that some patents may be asserted against them, they should start getting their ducks in a row and looking at IPRs as a route for assisting them," he said.

Reynolds added that the merits of DJI's case also likely played into the ITC's decision, which is something for companies to keep in mind when molding their case.

Here, DJI proved the claims were anticipated by a manual, and the question came down to whether the manual was publicly accessible. She said the ITC may be more hesitant, for example, if it was an obviousness case based on four combined pieces of prior art, with more moving parts and subjective analysis.

If the ITC hands down its ruling before the PTAB's decision, it's highly unlikely the ITC will suspend its orders, according to McGuireWoods LLP partner Wanda D. French-Brown. She said while there's no precedent suggesting the commission will defer to the PTAB when its decision comes down first, the ITC's 2016 ruling did show that the commission was considering how issued final written decisions factor into its enforcement practices.

The ITC's suspension is giving deference to the appeals process itself, rather than giving deference to the PTAB, Reynolds added.

The ruling may frustrate patent owners who want infringing products off the market immediately after getting a ruling in their favor, Whitaker said, but the ITC has the discretion to stay its orders.

There's sound logic supporting the ITC's decision too, French-Brown added.

"When you enforce an ITC finding of infringement, you're taking a product out of commerce, you're taking it out of the market, and if you're going to do that, it's better to do it when you have a final remedy in terms of validity of the patent," she said.

--Editing by Brian Baresch.