

Firms seek ‘burst of sunshine’ at ITC after gloomy year

Rani Mehta November 02, 2023



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ITC filings so far this year are down on 2022, but sources say a ruling against Apple shows the forum still has its perks

Medical device company Masimo's win against Apple at the US International Trade Commission could be a good sign for firms that are hopeful of an uptick of work at the forum, counsel tell Managing IP.

The ITC issued a **limited exclusion order** against Apple on October 26. The decision could ban the tech company from importing Apple Watches into the US on the grounds that they infringe two Masimo patents for pulse oximetry technology. President Joe Biden has 60 days from October 26 to veto the ban.

Practitioners say the ruling could remind parties that the ITC is a useful venue after a sharp decline in cases this year.

Blair Jacobs, principal at McKool Smith in Washington DC, notes that ITC filings are down so far this year compared to 2022. He predicts that 2023 will see half the number of filings as 2022.

And as of October 23 of this year, there have been **25 ITC investigations instituted** compared to 60 for the whole of 2022, according to data compiled by law firm Morrison Foerster.

Glimmer of hope

Jacobs says Masimo's victory could be "a burst of sunshine in an otherwise dreary year".

He notes that filings may have gone down because clients believe it's become more difficult to get an exclusion order at the ITC.

"This [the Apple case] shows that with the right case, the right facts, and the right patents, you can get the necessary intended remedy. That's great news for practitioners and for law firms and will highlight that the ITC is still a very valid consideration when you're enforcing patents."

Jacobs notes that the decrease in filings had caused lawyers to debate the efficacy of ITC proceedings.

"But this shows that within 2023, the ITC remains stable and viable and will hopefully be a place where we'll see an uptick in 2024."

Smith Brittingham, partner at Finnegan in Washington DC, adds that some patent owners may feel that the forum is less patent-friendly than it was.

He notes that this is partly down to the number of cases filed by non-practising entities (NPEs). NPEs often struggle to establish domestic industry, which is one of the requirements for bringing an ITC complaint.

"This case shows that a complainant can still run that gauntlet and get a result, which may encourage people to take a second look at the ITC as a potential venue."

Multi-pronged approach

Of course, this is just one case, so lawyers are unlikely to do anything drastically different when it comes to their firms' ITC practices.

 Ja at McKool Smith says firms must be careful not to overreact.

“But if we started to see a significant uptick in ITC matters being filed and our clients started talking about it more, I think we would consider bringing on more specific ITC expertise.”

He adds: “2023 was a very, very slow year, so most law firms are being very conservative for now.”

This case also highlights the importance of firms adopting a multi-pronged strategy for litigation.

Brittingham points out that the patent dispute wasn’t only fought at the ITC but also in court. Masimo has also filed a separate trade secrets suit against Apple related to the same technology.

“This fits within our view that many of the modern large-scale IP disputes are not single forum cases. There needs to be a comprehensive strategy of ITC, district court, and perhaps European litigation,” Brittingham says.

“Being able to investigate and work on a range of matters is very important in today’s patent litigation world.”

Brittingham adds that Finnegan has flexible subject matter expertise among partners. For example, in addition to ITC matters, he also works on district court cases and trade secrets disputes.

“If you get the client in the door, we’ll put together a team that’s able to handle the entire variety of claims and forums, and it wouldn’t feel like separate teams,” he says.

There are other ways to handle multi-pronged disputes, however.

Barbara Murphy, founding partner at ITC boutique Foster Murphy Altman & Nickel in Washington DC, says her firm usually partners with another firm when there are pending matters in other courts.

“We would not be trying to handle the inter partes review aspects or the district court case on our own,” she notes.

Getting guidance

This Apple case also interests counsel because it could provide more guidance on how to establish domestic industry at the ITC.

Brittingham at Finnegan says Masimo’s relevant commercial product hadn’t come out when it filed its complaint. This raised questions about relying on investments in domestic industry that were in the process of being established.

He notes, however, that this is an open question because there’s not yet a public version of the ITC’s opinion.

Apple and Masimo will be given time to make proposed redactions, a process that could take several weeks.

“They asked a lot of questions that practitioners would love to know the answer to. When we see the public version, we may get a lot of answers,” he says.

The case could also provide more guidance on the public interest factors.

The ITC can decline to ban imports if the allegedly infringing products are found to have benefitted the public interest.

Brittingham notes that Apple tried to argue that the Apple Watches were being used in various studies and had health benefits for consumers. Masimo pushed back on these arguments.

“Those issues will also be discussed, and it will be helpful to understand where the commission’s coming from where there’s a big public interest fight,” says Brittingham.

One interesting point from the ITC’s order was that it still allowed Apple to import products in order to repair or replace items customers had already purchased.

Murphy at Foster Murphy Altman & Nickel says this is a big deal and falls under public interest concerns.

She adds that if she was representing respondents at the ITC, she would make sure that they had evidence of warranty and repair obligations so they could receive similar exemptions should they lose their disputes.

“If you’re the complainant, you would want to fight this big time because you don’t want any product trickling in,” she notes.

Presidential review

Another factor that counsel are watching is whether the ruling will even stick.

Mark Abate, partner at Goodwin in New York, notes that the high-profile nature of the case could work in Apple’s favour during the presidential review period.

He adds that Apple could also be working on a way to produce its watches without infringing the patents at issue so that it could still import them.

Apple will likely be doing everything it can to avoid being banned from importing the watches.

But regardless of what the tech company does, the ruling shows that the ITC is willing to come down hard on alleged infringers.

That alone could be good news for counsel who are hoping that the next few months provide a better for ITC work.

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