No. 19-1173

In The
Supreme Court of the United States

COMCAST CORPORATION, ET AL.,

Petitioners,

v.

INTERNATIONAL TRADE COMMISSION, ET AL.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF THE COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION, HIGH TECH INVENTORS ALLIANCE, AND CABLELABS AS *AMICI CURIAE* IN SUPPORT OF PETITIONERS

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INTERESTS OF *AMICI CURIAE*[1]

The Computer & Communications Industry Association ("CCIA") is an international non-profit association representing a broad cross-section of computer, communications, and Internet industry firms that collectively employ nearly a million workers and generate annual revenues in excess of $540 billion.[2] CCIA regularly files *amicus* briefs in this and other courts to promote balanced patent policies that reward, rather than stifle, innovation.

High Tech Inventors Alliance ("HTIA") is a non-profit corporation dedicated to advancing balanced patent policies. HTIA's members, listed at https://www.hightechinventors.com/about, include 6 of the top 20 recipients of U.S. patents and collectively invest about $75 billion in research and development each year. HTIA's mission is to promote patent policies that preserve critical incentives to invest in innovation, research, and American jobs.

CableLabs is a non-profit non-stock company qualified under the National Cooperative Research and Production Act. CableLabs has over 65 member companies worldwide, including members who represent approximately 85% of U.S. cable subscribers. The cable

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[1] Pursuant to Supreme Court Rule 37.2(a), this brief was filed with the written consent of and at least 10 days notice to all parties. Pursuant to Rule 37.6, no counsel for any party authored this brief in whole or part; no party or counsel made a monetary contribution intended to fund its preparation or submission; and no person other than amici made such a contribution.

[2] CCIA's members are listed at http://www.ccianet.org/members.

industry supports over 2.9 million jobs and contributes $421 billion to the U.S. economy. CableLabs' members have faced numerous ITC proceedings.

The International Trade Commission ("ITC")'s authority under 19 U.S.C. § 1337 ("§ 337") was intended to protect domestic industry from unfair foreign competition, particularly from companies not subject to jurisdiction in the U.S. courts. *Amici* are concerned that the ITC has gone far beyond its statutory authority and purpose in the underlying case, as well as other such cases. The ITC's actions are also an unconstitutional aggrandizement of judicial power to the executive and legislative branches.

As product manufacturers, patent licensors and licensees, and patent owners, *amici*'s members face significant harms from the ITC's overreach. While the ITC was created to protect domestic industry from unfair foreign competition, U.S.-based industries instead face the prospect of losing access to the U.S. market—in some cases, as a result of patents owned by foreign entities with no U.S. presence.

Further, while *amici*'s members can rely on the district courts to carefully balance equitable factors when determining whether to grant an injunction, the ITC consistently refuses to conduct the same inquiry. The ITC does so despite its statutory requirement to recognize equitable defenses and defend the public interest. Companies that assemble finished products entirely in the U.S. are regularly haled into a system of administrative enforcement designed to address

foreign trade based solely on domestic actions unconnected to importation. This is particularly concerning when the patent represents only a minor aspect of the excluded product, as in this case and as in many cases faced by *amici*'s members.

The ITC's unlawful extension of a trade remedy to address purely domestic activity has imposed significant cost and risk on *amici*'s members. These members have been forced to divert their resources away from innovative activity to address these threatened disruptions to their U.S.-based industrial activity. These outcomes are precisely opposite to the outcomes that Congress intended to achieve in passing § 337.

SUMMARY OF ARGUMENT

The International Trade Commission ("ITC") is a trade agency created to protect domestic industry from unfair foreign competition in the importation of goods, not a patent court of general jurisdiction. However, in the present and other cases, the ITC has blocked the importation of concededly non-infringing goods based on acts of alleged domestic infringement, unrelated to the act of importation and occurring entirely within the United States. In doing so, the ITC has so significantly exceeded its role in protecting American industry from unfair foreign competition that it instead threatens American industry and innovation.

The ITC's actions and the underlying decision ignore the text of the statute, allow the legislative and

executive branches to encroach on core judicial functions, and take away the protections defendants receive in the courts.

The bill enacting the modern text of § 337, codified at 19 U.S.C. § 1337, had the explicit purpose of "enhanc[ing] the competitiveness of American industry" and stated that § 337 was intended to provide "United States owners of intellectual property rights with adequate protection against foreign companies." Omnibus Trade and Competitiveness Act of 1988 § 1341(a)(2), Pub. L. No. 100-418, 102 Stat. 1107, 1212 (1988). To accomplish this, the statute declares unlawful the "importation . . . sale for importation . . . or the sale [] after importation" of "articles that [] infringe a valid and enforceable United States patent" and provides the ITC with authority to investigate allegations of such violations. § 1337(a)(1). If a violation is found, the ITC can "direct that the articles concerned . . . be *excluded from entry* into the United States." § 1337(d)(1) (emphasis added). The entirety of § 337 implements the protection of American industry via blocking infringing goods *at the border*.

Despite the clear purpose set out in the statute, the ITC has become a venue primarily used to target domestic companies—often based on complaints by foreign entities without any U.S. presence. The vast majority of § 337 investigations name domestic companies as respondents, including such quintessentially American companies as Ford, Intel, and Walgreens.

The ITC's expansion of authority has opened the door to the increasingly common misuse of § 337 against American industry, as complainants seek to obtain injunctive relief without satisfying the equitable requirements that this Court specified in *eBay. eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006). The ITC has steadfastly refused to apply equitable balancing to its own decisions to grant injunctive relief, even though its statute requires that the ITC permit "[a]ll . . . equitable defenses" and carefully consider the public interest before deciding to exclude articles. 19 U.S.C. § 1337(c), (d).

In the present case, the ITC has exercised its authority to block importation of an article that does not infringe at the time of importation—the ITC's nexus of authority over patent infringement—based solely on actions taken within the U.S. by American companies and consumers. Adjudication of private infringement claims is a core judicial function. By extending its authority over importation to include purely domestic infringement, the ITC encroaches on quintessential judicial authority.

To remedy this, the Court should grant *certiorari*, reverse the decision below, and cabin the ITC's statutory authority to articles that infringe at the time of importation, as required by 19 U.S.C. § 1337 and by separation of powers concerns.

ARGUMENT

I. THE ITC'S INTERPRETATION OF SECTION 337 SIGNIFICANTLY EXCEEDS ITS STATUTORY AUTHORITY, NECESSITATING THIS COURT'S REVIEW

The ITC is an independent agency created to administer trade remedy laws and maintain the U.S. tariff schedule. The ITC's history makes plain the foreign-focused nature of the agency, as does the statutory text. Nonetheless, the ITC increasingly acts against domestic companies based on domestic conduct. The underlying case is just one example of a case where infringement relies on acts taking place solely within the U.S., well after importation.

Amici's members include companies who assemble their products in the U.S. As domestic entities acting within the U.S., their products fall outside the scope of the ITC's authority over prohibited acts of importation. However, cases like the underlying case threaten to pull *amici*'s members into an administrative adjudication intended to address unfair foreign competition, facing the possibility of being forced to shut down their business.

By taking authority over adjudicating purely domestic infringement, the ITC has exceeded its statutory mandate.

A. The ITC Exceeds Its Statutory Authority Over Unfair Foreign Competition By Adjudicating Domestic Patent Infringement

The ITC's fundamental authority stems from a trade statute intended to protect domestic industries from unfair foreign competition. This history informs the proper scope of the ITC's statutory authority, a scope the underlying decision exceeds.

1. Section 337's origins are found in the Tariff Acts of 1922 and 1930, which addressed unfair competition in importation. The 1922 Act tasked the Commission with investigating "unfair methods of competition and unfair acts in the importation of articles." Tariff Act of 1922 § 316, Pub. L. No. 67-318, 42 Stat. 858, 943 (1922). Section 337 of the Tariff Act of 1930, Pub. L. No. 71-361, 46 Stat. 590 (1930), tasked the Commission with investigating "unfair methods of competition and unfair acts in the importation of articles." *Id*. at 703.

Neither the 1922 nor the 1930 Act mention patents; in both, the duties of the Commission focused on importation and import trade. As a GAO report concluded, § 337 was "intended as a trade statute to protect U.S. firms and workers against all types of unfair *foreign* trade practices." U.S. Gen. Accounting Office, Rep. No. GAO-NSAID-86-150, International Trade: Strengthening Trade Law Protection of Intellectual Property Rights at 3 (1986) (emphasis added).

2. Even when patents were explicitly added to the Commission's jurisdiction, it was only in the context of importation. While the Commission conducted investigations of unfair practices based on patents as part of its general authority over unfair trade practices, it was not until 1988 that the statute mentioned patent infringement. And even then, the focus remained on foreign companies—in fact, the 1988 Act explicitly stated that the amendment of § 337 was necessary because the existing § 337 had "not provided *United States* owners of IP rights with adequate protection against *foreign* companies violating such rights." 102 Stat. 1107, 1211-12 (emphasis added).

The 1988 Omnibus Trade and Competitiveness Act enacted the modern § 337 and for the first time made explicit that the Commission's authority over unfair practices in import trade included 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." 102 Stat. 1107, 1212. While patents are explicitly mentioned, the focus of the statutory text remains on the act of importing articles, not on U.S. conduct.

Because it is a trade agency, not a judicial body or patent agency, the ITC is not overseen by the Judiciary Committees, who have jurisdiction over the courts and patent law, but instead by the House Ways & Means and Senate Finance Committees. These committees oversee foreign trade policy, providing further evidence Congress considers the ITC's primary function to be

trade-related, not patent-related. Bills amending § 337 are referred to those committees, even if they solely impact the Committee's authority over patents. *See*, *e.g.*, H.R. 2189 115th Cong. (2017). Congress, as it did when enacting § 337, continues to see the ITC as an agency focused on foreign trade, not on patents.

3. Despite Congress' directive that the ITC focus on unfair foreign trade practices that harm domestic industries, the ITC has increasingly provided a venue for claims against domestic companies that use global supply chains. An empirical analysis of every § 337 case filed from 1995 through 2007 found that at least one domestic respondent was named in 87% of ITC investigations and that 15% named only domestic respondents. *See* Colleen Chien, *Patently Protectionist*, 50 Wm. & Mary L. Rev. 63, 88 (2008). This pattern has continued in the intervening decade. For example, in 2016, 85% of ITC investigations named a domestic corporation as a respondent. *See* Bill Watson, *Preserving the Role of the Courts Through ITC Patent Reform*, R Street Shorts 57 (Mar. 2018).

In addition to its frequent use against domestic industry, the ITC is also regularly employed by foreign patent assertion entities ("PAEs")—companies who hold U.S. patents but have no other U.S. presence. *See*, *e.g.*, *Certain Touch Controlled Mobile Devices*, Inv. No. 337-TA-1162 (2019) (complainant Neodron, an Irish PAE, alleging infringement by multiple U.S. companies including Amazon, Dell, and Microsoft.) In addition to the alleged infringers, these entities place significant burdens on domestic licensees unwilling to join the

complaint. The PAEs subpoena technical information about the licensee's products in order to satisfy the ITC's domestic industry requirement, which the PAEs could not satisfy on their own.

B. The Federal Circuit's Decision Is Inconsistent With The Language And Intent Of The Statute

Congress intended the ITC to be a trade agency with authority over acts relating to importation, as discussed above. This intent is reinforced by the text of the statute, which limits the ITC's authority to physical articles that infringe at the time of importation. The underlying decision ignores this limit.

1. The statutory text provides no authority to determine infringement based on infringing actions, rather than infringing articles. Section 337 limits the ITC's authority to the importation of "articles that—infringe." 19 U.S.C. § 1337(a)(1)(B)(i).

An article is, as this Court has noted, "a particular thing." *Samsung v. Apple*, 137 S. Ct. 429, 435 (2016). An article is thus a physical, tangible object, not an act or intangible pattern of behavior. This is consistent with the ITC's sole permissible remedy—an exclusion order, enjoining the importation of a physical good. *See* 19 U.S.C. § 1337(d).

This limitation is reinforced by the *in rem* nature of the ITC's jurisdiction. The ITC does not require *in personam* jurisdiction over respondents—understandable, given the ITC's purpose in remedying unfair

foreign trade practices over which the courts might not have personal jurisdiction. Instead, the ITC exercises *in rem* jurisdiction over imported articles, permitting it to provide a remedy even when the respondent might not be subject to ordinary jurisdiction. *See Sealed Air Corp. v. Int'l Trade Comm'n*, 645 F.2d 976, 986 (C.C.P.A. 1981).

The underlying decision relies on infringing actions, not articles, and is thus inconsistent with the statute.

2. Section 337, beyond limiting the ITC's authority to tangible articles, also limits the ITC's authority to articles that infringe at the time of importation.

Section 337 sets forth the three circumstances in which the ITC may issue an exclusion order—the "importation," the "sale for importation," and the "sale within the United States after importation" of "articles that—infringe." In each case, it is the importation of articles that infringe that provides jurisdiction.

Induced infringement, such as that alleged in the present case, cannot meet this statutory requirement. Section 337 applies to "articles that—infringe" at the time of importation. Induced infringement arises "only if [there is] direct infringement." *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2117 (2014). If there is no direct infringement at the time of importation, there also cannot be any induced infringement. This is true even if an importer might intend to subsequently induce infringement within the United States.

Irrespective of such intent, there is no "article[ ]—that infringe[s]" and no statutory authority to exclude.

This limitation to infringement present at importation renders the underlying decision inconsistent with the statute, as that decision relies on post-importation actions taken solely within the U.S., as well as with the ITC's focus on foreign acts. The Court should reverse this incorrect application of the statute.

C. The ITC's Expanded Authority Inappropriately Requires An Investigation Of Future Acts, Rather Than A Determination At Importation

Section 337 sets out a simple statutory test. Does the imported article infringe, at the time of importation, based on the characteristics of the physical object that is being imported? This simple *in rem* test has been inappropriately transformed by the Federal Circuit into a speculative analysis of the future actions of domestic third parties that occur after importation, far outside the Commission's authority. *See*, *e.g.*, *Suprema, Inc. v. Int'l Trade Comm'n*, 796 F.3d 1338 (Fed. Cir. 2015); *Comcast v. Int'l Trade Comm'n*, No. 2018-1450, slip op. (Fed. Cir. Mar. 2, 2020).

This conversion creates a vague and indeterminate test where the exact same article might infringe one day, but not the next. The test also creates serious practical difficulties for enforcement by Customs.

The ITC's statutory authority extends to "articles—that infringe" at the time of importation. However, the Federal Circuit has extended that authority to include acts unconnected to importation that occur wholly within the United States, far outside of the scope of the statutory text. Because of this, the Federal Circuit permits the ITC to exclude articles that undisputedly *do not infringe* when they are imported or even when sold after importation. Indeed, in the underlying case, the Federal Circuit noted that "the X1 set-top boxes are non-infringing when imported." *Comcast*, slip op. at 15.

This test permits situations in which the exact same article infringes when imported by an importer who sells to a first U.S.-based customer who instructs its U.S.-based users to apply the device in one way, but does not infringe when imported by the same importer who sells the same article to a second U.S. customer who does not provide the same instruction. In fact, the dispute between Comcast and Rovi illustrates this problem. The X1 set-top boxes originally excluded were later allowed in based on a non-infringing redesign. However, the set-top boxes themselves were unmodified—instead, Comcast modified its domestic computer systems so that the allegedly infringing functionality was disabled. *See* U.S. Customs and Border Protection, Part 177 Letter Ruling No. H292490, Re: U.S. International Trade Commission Inv. No. 337-TA-1001 at 2 (Mar. 5, 2018). In other words, the same "article that—infring[ed]" at an earlier time suddenly did not

infringe at a later date based purely on domestic post-importation conduct. *Id.*

Such an approach is incompatible with the article-based *in rem* jurisdiction of the ITC.

Further, because indirect infringement requires an underlying instance of direct infringement, the ITC's determination is based on predictions about *future conduct* involving the imported article, not on the characteristics of the article itself at the time of importation. This means that exclusion will sweep in articles that would have been put solely to non-infringing uses. *Cf. Comcast*, slip op. at 15. In analogous situations faced by *amici*'s members, the allegedly infringing feature is unused by a significant portion (or even a majority) of consumers. In such circumstances, the majority of excluded articles would never become "articles—that infringe," even if that statutory text included articles within the U.S., but are nonetheless excluded.

The Federal Circuit's interpretation thus ignores the statutory text that limits the ITC to authority over "articles—that infringe" during importation. It also creates insuperable difficulties in enforcement for Customs, discussed in Section IV.A, *infra*.

II. THE ITC'S CLAIM OF AUTHORITY OVER DOMESTIC INFRINGEMENT TAKES JUDICIAL POWER AT THE EXPENSE OF THE JUDICIARY, VIOLATING CONSTITUTIONAL CONSTRAINTS

Article III, § 1, serves as "an inseparable element of the constitutional system of checks and balances," *Northern Pipeline Construction Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 58 (1982), and safeguards the judiciary by preventing the "encroachment or aggrandizement of one branch at the expense of the other." *Buckley v. Valeo*, 424 U.S. 1, 122 (1976).

Here, the Federal Circuit's interpretation of § 337 delegates adjudication of domestic patent infringement to a non-judicial body. In doing so, the ITC has taken judicial power for its own, violating the Constitutional separation of powers. U.S. Const. art. III. While not all aspects of patent law are private rights, *cf. Oil States Energy Servs. v. Greene's Energy Group*, 138 S. Ct. 1365 (2018), infringement is a private right, setting the bounds of liability between two private parties, with a long history of resolution solely by Article III courts. When such private rights are at stake, this Court's "examination of the congressional attempt to control the manner in which those rights are adjudicated has been searching." *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833, 854 (1986).

A. The Searching Inquiry Required By *Schor* Leads To The Conclusion That The ITC Has Overstepped Constitutional Boundaries

Schor identifies several non-determinative factors that are relevant to the inquiry into whether one branch has encroached on another. *Schor*, 478 U.S. at 851. These include the origins and importance of the right to be adjudicated, the extent to which "essential attributes of judicial power" are exercised by the non-Article III court, and the concerns which drove Congress to depart from Article III.

1. Here, the right being adjudicated is whether a patent is infringed, thereby determining liability between two parties. This is a prototypical marker of a private right. *Crowell v. Benson*, 285 U.S. 22, 51 (1932). Infringement is also historically adjudicated in court—as this Court has held, "there is no dispute that *infringement cases* today must be tried to a jury, as their predecessors were more than two centuries ago." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996) (emphasis added). Further, a respondent's right to conduct its private commercial conduct is at stake when infringement is adjudicated.

The right is thus the type of core private right that is centrally within the power of the judiciary.

2. Congress created the ITC in part because of concerns about unfair foreign trade which could not be reached, or could not be reached efficiently, by U.S. courts. *See* Chien, *Patently Protectionist* at 80.

Addressing this concern is securely within the scope of established legislative and executive power over the regulation of the border and foreign commerce. *See California Bankers Ass'n v. Shultz*, 416 U.S. 21, 46 (1974); *U.S. v. Montoya de Hernandez*, 473 U.S. 531, 537 (1985).

However, the ITC has extended its adjudication of infringement at the border to encompass actions taken within the U.S. which connect to an imported article, analogous to the "relating to" jurisdiction found unconstitutional in *Northern Pipeline*. This exercise of authority takes the ITC far from the concerns over unfair foreign actions that justified its existence. Such an extension creates serious concerns that the ITC has taken judicial authority over infringement within the U.S. at the expense of the judiciary.

3. The exercise of the essential attributes of judicial power by the ITC does not remedy these concerns.

The Commission functions much like a district court. Its orders are enforceable without a district court order or even review and its findings of fact are only overturned if unsupported by substantial evidence, the same standard applied to review of a trial court's factual findings. *Corning Glass Works v. U.S. Int'l Trade Comm'n*, 799 F.2d 1559, 1565-66 (Fed. Cir. 1986). And it has no power to refuse to hear a case; in contrast, it "shall investigate any alleged violation of this section on complaint under oath." 19 U.S.C. § 1337(b)(1). Finally, respondents cannot refuse

consent to hear the case in the ITC in order to have their right be tried to judge or jury.

Further, while the present case deals with patent law, the ITC's jurisdiction extends to "unfair methods of competition and unfair acts" in importation as well. 19 U.S.C. § 1337. Upholding the ITC's interpretation of its jurisdiction over actions within the U.S. that may be infringing and that involve imported articles would necessarily lead to the implication that the similar statutory language regarding unfair competition should be interpreted similarly, giving the ITC plenary jurisdiction over unfair competition in the U.S. as long as there is even a thin nexus to an imported article. For example, a false advertising claim, brought by a U.S. citizen against a U.S. company, could be heard by the ITC so long as a single component of the product being advertised was originally imported.

Under this logic, there is very little conduct that Congress could not assign to a non-Article III court.

B. To Avoid These Constitutional Problems, The ITC Must Be Limited To Adjudicating Infringement That Occurs And Is Apparent At The Time Of Importation, Without Reference To Actions Inside Of The U.S.

It is uncontested that "[f]ederal statutes are to be so construed as to avoid serious doubt of their constitutionality." *Int'l Ass'n of Machinists v. Street*, 367 U.S. 740, 749 (1961). When such doubts arise, courts should

determine "whether a construction of the statute is 'fairly possible' by which the constitutional question can be avoided." *Schor*, 478 U.S. at 841.

Here, such a construction is plainly apparent. Rather than permitting the ITC to extend its jurisdiction to include actions taken within the U.S., taking core judicial power, the statutory text is naturally read as limited to infringement that is solely determined at the time of importation based on the article to be excluded.

The Court should thus take this case and clarify that the ITC's authority extends only to articles that themselves infringe, where that infringement is present at the time of importation and is apparent based solely on the article. This construction, unlike the ITC's and the Federal Circuit's, is compliant with the statute and with the Constitution.

III. THE ITC'S ENCROACHMENT INTO DOMESTIC ADJUDICATION VITIATES PROTECTIONS PARTIES RECEIVE IN ARTICLE III COURTS

One consequence of this arrogation of judicial power is that defendants are deprived of protections they would receive in district court. As one major example, in cases where the *eBay* factors would prevent a plaintiff from receiving a district court injunction the plaintiff can instead go to the ITC for an exclusion order, rendering *eBay* a dead letter.

For *amici*'s members, this represents a serious problem. District courts balance equity in deciding whether to issue injunctions. The ITC does not. As a result, litigants who can no longer obtain inequitable injunctions in district courts have flocked to the ITC. And because of the severe threat of having product off-market and no income as a result, U.S. companies often cannot afford to appeal the ITC's decision, forcing them to pay license fees far in excess of the value of the patented technology. *See* Erik Hovenkamp & Tom Cotter, *Anticompetitive Patent Injunctions*, 100 Minn. L. Rev. 871, 884-85 (2016).

Ratification of the underlying decision would recreate the pre-*eBay* world where U.S. manufacturing entities were forced to pay rates far in excess of the value of a patent in order to avoid the *in terrorem* threat of their product being taken off the market entirely.

A. Modern Plaintiffs Utilize The ITC Not Because They Require It In Order To Obtain A Remedy But Because It Offers A Remedy They Could Not Equitably Obtain In A District Court

The ITC was created to address unfair foreign competition. Part of the concern was that foreign entities could escape the jurisdiction of the U.S. court system and send their products into the country without any way for domestic industries to remedy the foreign competitor's unfair act.

However, many modern complainants utilize the ITC not because the district courts are unavailable, but because they wish to obtain relief that district courts cannot grant to them because granting that relief would be inequitable under *eBay*. The majority of ITC investigations involve respondents over whom the district courts have no difficulty establishing jurisdiction.

In fact, *most* ITC cases are conducted simultaneously with district court litigation between the same parties, on the same patents. In fact, in the same exhaustive analysis of ITC investigations from 1995-2007, two thirds of ITC cases had a parallel district court litigation—and the ITC case was almost always initiated after the district court case had been filed. Chien, *Patently Protectionist* at 92-93. Complainants are not forced to utilize the ITC because the courts are unavailable.

Instead, complainants go to the ITC in order to bypass the equitable protections this Court elucidated in *eBay*. ITC exclusion orders are a type of injunctive relief—an order that the products involved will be barred from entry into the U.S. Courts have treated exclusion orders as injunctive relief, even while declining to apply *eBay*. *See*, *e.g.*, *Spansion, Inc. v. Int'l Trade Com'n*, 629 F.3d 1331, 1359 (Fed. Cir. 2010).

By going to the ITC, litigants can obtain injunctive relief that a district court would refuse as inequitable.

B Congress Did Not Intend The ITC To Depart From Traditional Principles Of Injunctive Relief

As this Court held in *eBay*, a "major departure from the long tradition of equity practice should not be lightly implied." *eBay*, 547 U.S. at 391. The ITC's statute illustrates that no such departure was intended.

First and foremost, the statute explicitly states that "all legal and equitable defenses may be presented in all cases." 19 U.S.C. § 1337(c). Casting the equitable protections discussed in *eBay* as something other than a defense against the application of an inequitable injunction elevates form over substance.

Second, Congress wrote into the statute those same equitable considerations. In particular, the ITC is explicitly required to consider the impact of exclusion on the public health and welfare, competitive conditions in the U.S., the production of competitive articles, and on U.S. consumers. 19 U.S.C. § 1337(d). If those considerations weigh against exclusion, the ITC shall not issue an exclusion order. These explicit statutory requirements are consistent with the third and fourth *eBay* factors—the balance of hardships and the public interest.

C. The ITC's Exclusion Of Products Based On The Potential Of Future Infringement Imposes Inequitable Injunctions

As described above, it is uncontested that the articles in question do not themselves infringe at the time

of importation in the underlying case. They are ultimately involved in infringement only if used in conjunction with mobile apps used by third parties and with Comcast's completely domestic computer systems. While the Federal Circuit's decision does not discuss the relative prevalence of the use of the infringing features, the ITC found that the products have substantial non-infringing uses and that the specific infringing functionality is not frequently used. Pet. App. 407a.

In these situations, the ITC does not engage in consideration of the harms U.S. consumers may experience because of supply disruptions and unavailability of technology, or the impact on U.S. competitive conditions, even though most of those customers would never use the device in an infringing fashion. Instead, it excludes every article. *Amici*'s members include U.S. companies who have experienced such exclusion, or the threat of such exclusion, and have been forced to negotiate for licenses in the *in terrorem* shadow of an injunction.

In issuing these exclusion orders, the ITC ignores its own statutory requirements and the equitable balance described in *eBay* in favor of exercising its authority to exclude. This is in part because the ITC has a single remedy available to it—exclusion—and does not consider the availability of other remedies in other forums, such as the district courts. *See*, *e.g.*, *Rovi v. Comcast*, No. 1:16-CV-09826 (S.D.N.Y., transferred from E.D. Tex. Dec. 21, 2016, originally filed Apr. 1, 2016). But the inability of the ITC to issue relief in accordance

with the principles of equity does not justify issuing inequitable relief.

D. The ITC's History Demonstrates It Does Not Properly Apply The Requirements Of *eBay* And § 1337

The ITC's decision to exclude in this case and to ignore the equitable protections required by statute and equity is unsurprising. The ITC has conducted more than 750 investigations under § 1337 over the past 15 years. In those 15 years, they have *never* refused to issue an exclusion order because of the public interest.

In fact, the last time the ITC refused to issue an exclusion order on public interest grounds was more than 30 years ago, in 1984. *See Certain Fluidized Supporting Apparatus*, Inv. No. 337-TA-182 (1984). In its entire modern history, the ITC has refused a total of 3 exclusion orders on those grounds. *See id.*; *Certain Inclined Field Acceleration Tubes*, Inv. No. 337-TA-67 (1980); *Certain Automatic Crankpin Grinders*, Inv. No. 337-TA-60 (1979). The Commission justifies its failure to seriously consider the public interest based on a "strong public interest in enforcing intellectual property," Recommended Determination on Remedy and Bonding in *Certain Gaming and Entertainment Consoles*, Inv. No. 337-TA-752 (2012), leading to exactly the sort of flawed categorical approach that this Court criticized in *eBay*.

E. Extension Of The ITC's Authority Into Domestic Conduct Shows Why The ITC Must Abide By *eBay*

As in the present case, the ITC's extension of its jurisdiction to adjudicate purely domestic conduct only reinforces concerns that the ITC fails to provide the same protections that district courts provide during the adjudication of the same private right of infringement. A complainant at the ITC can obtain injunctive relief even though a plaintiff in district court, suing the same defendant over the same products and patents, could be barred from such relief under long-standing principles of equity.

In order to ensure that the ITC abides by its statutory authorities and the principles of equity that Congress intended it to abide by, this Court should clarify that the ITC must apply the same equitable factors to the grant of exclusion orders as the district courts. For cases such as those the ITC was created to hear—foreign competitors who are not amenable to district court jurisdiction—factors such as the availability of remedies at law will be clearly shown. But for cases such as the underlying case here, where the plaintiff suffers no non-monetary harm and has recourse to the district courts for all remedies, and where the balance of hardships and the public interest is disserved by barring a product from the market based on a minor feature, the ITC should not exclude products.

IV. ENFORCEMENT OF ITC EXCLUSION ORDERS BY CUSTOMS BASED ON DOMESTIC CONDUCT CREATES PRACTICAL AND CONSTITUTIONAL PROBLEMS

The ITC's adjudication of domestic conduct creates problems beyond violation of its statute and encroachment on judicial authority. Such adjudication based on domestic conduct also creates significant enforcement difficulties for Customs, simultaneously allowing Customs to encroach on the judicial power as well.

Customs agents have significant discretion in enforcing ITC orders. While ITC decisions are made based on specific products, the exclusion orders issued by the ITC do not generally identify specific products. Instead, they order Customs to exclude products that infringe the relevant patent. One example, the limited exclusion order in ITC investigation 337-TA-1068, orders Customs to exclude "Microfluidic devices that infringe one or more of claims 1, . . . of the '664 patent; claims 14, . . . of the '682 patent; and claims 1, . . . of the '635 patent." Limited Exclusion Order in *Certain Microfluidic Devices*, Inv. No. 337-TA-1068 (2019).

While the ITC's investigation supplies Customs with information as to some products that infringe, Customs applies its own discretion and authority to determine which products to exclude. In one recent example, Customs excluded a redesigned product that the Commission had explicitly noted was not at issue in the investigation and which the ITC confirmed was not within the scope of the ITC's investigation. *See*

Wirtgen v. U.S., No. 20-CV-195, slip op. at 9 (D.D.C. Mar. 11, 2020).

This type of independent exclusion does not rely on the ITC's determination—instead, it is based on a determination by a Customs agent that a specific product infringes.

This issue is exacerbated by orders such as the order in the underlying case, which rely on post-importation domestic conduct. In such a case, Customs is asked to determine whether the product infringes based on potential future conduct, often by parties other than the importer. This is an impossible determination to make in the limited timeframe in which a Customs agent makes such determinations.

As a result, enforcement of ITC orders reliant on domestic conduct creates serious practical difficulties for Customs.

The ITC's expanded authority also enables conduct by Customs that violates the Constitution. Customs, an executive agency, can independently determine infringement. *See id*. And Customs agents are instructed to exclude products that infringe a set of patent claims. If the definition of an infringing article extends, as the ITC contends, to infringement based on domestic conduct, then Customs has unconstitutional authority to determine for the first time that a product infringes a patent based on purely domestic post-importation conduct.

By limiting the authority of the ITC to articles that infringe at the time of importation, the Court would also correct this Constitutional infirmity.

CONCLUSION

The decision below contradicts the text of the statute and the Constitutional structure of separated powers. For the foregoing reasons, this Court should grant *certiorari*, expand the questions presented to address the Constitutional infirmities described above, and overturn the *Comcast* decision.

Respectfully submitted,

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