

# Section 337 Investigations

## Trade Secret Misappropriation Cases

### Abstract:

As practice under Section 337 has grown, so has an interpretation of the law. Practice under Section 337 before the United States International Trade Commission requires in-depth analyses and explanations of the participants in a Section 337 investigation and the procedural rules of an investigation and related issues. The International Trade Commission offers advantages for the complainant in proving the respondent responsible for the issues of the case. Also, it is better adapted to employ the legal tech to the case. The remedy obtained in which the plaintiff prevails is much more robust; therefore, it gives the competitive edge for the complainant.

Section 337 investigation requires peculiar elements such as domestic industry, public interest as well as misappropriation of trade secret, protection of trade secret, and economic value of the trade secret. Each element above needs in-depth review to deeply understand the characteristics of the investigation. For instance, domestic industry element for trade secret misappropriation requires the in-depth case studies because the legal standard differs from patent infringement. Moreover, the legal standard itself varied from its initiation and laxed itself to facilitate the protection of Intellectual Property Right Holders. It is important to investigate the specifics of other elements of the Investigations.

Also, it has a significant impact on the APEC region because it involves the cross-border disputes related to Intellectual Property, based on the import into the United States territory. The ban on importation to the United States gravely impacts trade amongst the APEC region, and this should lead to an in-depth review of the Section 337 investigations.

### Keywords:

Intellectual Property, International Trade Commission (ITC), patent protection, Section 337 Investigations

### JEL Code:

F13, F51, K33, K41, K42

## I. Introduction

International Trade Commission (ITC; “Commission”) offers advantages for the complainant in proving the required elements of the case to hold a respondent responsible. It is better adapted to employ the legal tech to the case. Moreover, the remedy obtained where the plaintiff prevails is much more robust, and therefore, it gives the competitive edge for the complainant, which is the holder of trade secret (including the Intellectual Property) protected under the law of the United States.

In Korea, trade secrets are being protected under the Unfair Competition Prevention Act. However, the Supreme Court has been overruling most of the compensation for damage with a high contribution rate because it holds the stance that the goal of restitution is about offsetting the profit and loss to restore where it would have been if there were no trade secret misappropriations. Moreover, the trade secrets will not be protected after the scope of the relatively short trade secret protection period (Supreme Court judgment no. 2017Da34981<sup>1</sup>). Thus, even if the complainant files the case with the court and wins the suit, the remedial reliefs granted by Korean courts are literally deficient and inadequate, not enough to refrain respondents from committing wrongdoings in the future.

Moreover, preserving and acquiring the other party’s evidence to prove damage works reasonably and advantageously in the ground of ITC. [e.g., the merit of e-DISCOVERY– It allows a misappropriator and a misappropriated to contest each other on a genuinely equal footing.] ITC exercises jurisdiction over the ‘products’ rather than the parties.– potentially, not only the defendant but the parties which had not seen themselves being included as a defendant for a cause that no sufficient contacts/industry with/ within the US may become subject to the remedial reliefs granted by ITC.

It has a significant impact on the APEC region because it all involves the cross-border disputes related to Intellectual Property, based on import to the United States territory (the cooperation and reliance among APEC regions are growing evermore recently.<sup>2</sup>). The ban on importation into the

United States gravely impacts the trade amongst the APEC region, and this should lead to an in-depth review of the Section 337 investigations. As a significant number of investigations are presently instituted related to Korean companies and is expected to grow in the future, it would be meaningful to explore and analyze the investigation procedure of ITC.

For the next chapter of all 5 chapters ahead, a summary of Section 337 Investigation will follow. Following the 2nd chapter, key elements of the Misappropriation of Trade Secret will be presented. For the 4th and 5th chapter, public interest and remedy will be discussed.

Recently, the chances of APEC region being significantly affected by the results of ITC are getting higher. Basically, it cannot help but have a significant impact on the APEC region because it involves the cross-border disputes related to Intellectual Property, based on the importation into the United States territory. Moreover, the number of cases ongoing between the Korean companies in ITC is rising constantly. Also, a ban on importation to the United States gravely impacts trade amongst the APEC region, because the United States is always on the top list with regards to trade volumes in the pacific region. Therefore, this should lead to an in-depth review of the Section 337 investigations.

1 Supreme Court 2019. 9. 10. 2017Da34981 [Trade Secret Misappropriation & Restitution] [Gong 2019Ha,1954]

2 See Woosung Lee.(2018). Science Diplomacy and APEC STI (Science, Technology and Innovation) Cooperation. Journal of APEC Studies [ISSN:1229-4640 / eISSN: 2671-5813], 10(2): 39-47; Also see Kyu Yub Lee.(2019). The Welfare Impact of Data Localization on the APEC. Journal of APEC Studies [ISSN:1229-4640 / eISSN: 2671-5813], 11(1): 1-7.



## II. Overview of Section 337 Investigation

A major concern for businesses in the United States, primarily intellectual property (“IP”) rights holders, is protection from unfair foreign competition. Section 337 of the Tariff Act of 1930 is a crucial tool in that effort. Although most commonly used to target infringement of intellectual property rights, particularly patents<sup>3</sup>, Section 337 can be used to address a variety of unfair acts in the importation of articles into the United States, such as misappropriation of trade secrets. Indeed, globalization of the marketplace has inextricably linked IP protection and international trade. Enforcing US patent and other IP rights and certain common law rights is one way to protect domestic industries from unfair competition emanating outside the United States.

Owners of US IP, primarily patent owners, have used Section 337 of the Tariff Act of 1930 to protect their rights against infringing imported products. Although not widely used at its inception, **Section 337 has become increasingly popular over the past 45 years** as IP rights holders have learned how to take advantage of the protection the statute affords. The ITC has the sole authority to investigate alleged Section 337 violations. The ITC has become a popular forum for many reasons: the effective remedies it offers IP holders; its ability to conduct expedited hearings; its broad jurisdiction; and its specialized knowledge of patent law.

**The complaints instituted increased on average from 17 investigations per year during 1990 and 2003 to 42 during 2004 and 2017. It sets a record high of 69 new investigations in 2011.**<sup>4</sup>

Under the statute, the ITC has the power to exclude infringing products from entry into the United States. In the case of investigations based on federally registered IP rights, such as patents,

federal trademarks, and copyrights, this remedy can be obtained based on a showing of (1) infringement of a complainant’s IP rights by imported articles and (2) the existence of a domestic industry protected by the IP rights in question<sup>5</sup>. For investigations based on common-law allegations, such as theft of trade secrets, the complainant must additionally establish that the imported articles have caused or threaten to cause substantial injury to a domestic industry<sup>6</sup>. Traditionally, the “domestic industry” requirement was satisfied by demonstrating that facilities, equipment, and labor in the United States were utilized to produce a protected item. However, in 1988, amendments to the law relaxed the domestic industry requirement in recognition of the fact that much actual production had moved offshore<sup>7</sup>. As the law stands now, “an industry in the United States” exists if there is (1) significant investment in plant and equipment; (2) significant employment of labor or capital; or, as added in 1988, (3) substantial investment in the exploitation of the patent, trademark, or copyright as evidenced by expenditures on engineering, research, development, or licensing “relating to” articles protected by the patent, trademark, or copyright.<sup>8</sup> However, the third part of this definition is only available for investigations based on federally registered IP rights.<sup>9</sup> The domestic industry requirement continues to be contentious and is evolving on a case-by-case basis, particularly in the context of “research and development” and “licensing.”

The 1988 amendments also eliminated the need to prove injury to a domestic industry in patent, trademark, or copyright cases brought under Section 337. Seeking to make Section 337 “a more effective remedy for the protection of US intellectual property rights,” Congress determined that requiring proof of injury beyond that presumed by proof of the infringement itself was not necessary. The elimination of this requirement has opened the door to more complainants who might not have met

3 [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_types\\_unfair\\_acts\\_alleged\\_active.htm](https://www.usitc.gov/intellectual_property/337_statistics_types_unfair_acts_alleged_active.htm)

4 [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_number\\_new\\_completed\\_and\\_active.htm](https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm)

5 19 US Code § 1337(a)(1)

6 See, generally, *TianRui Group Co. Ltd v. Int’l Trade Comm’n*, 661 F.3d 1322 (Fed. Cir. 2011)

7 S. Rep. No. 71, 100th Cong., 1st Sess., at 129 (1987) (Senate Report): “The third factor [requiring substantial investment in the exploitation of the article protected by the patent, including engineering, research and development, or licensing], however, goes beyond the ITC’s recent decisions in this area. This definition does not require actual production of the article in the United States if it can be demonstrated that substantial investment and activities of the type enumerated are taking place in the United States.”

8 Such stance in law confirmed in numbers of cases; generally see, *TianRui Group Co. Ltd v. Int’l Trade Comm’n*, 661 F.3d 1322 (Fed. Cir. 2011).

9 In the case of *Certain Coaxial Cable Connectors and Components Thereof and Products Containing Same*, Inv. No. 337-TA-650, Comm’n Op. (April 14, 2010) (Public Version), the ITC held that “litigation activities (*including patent infringement lawsuits*) may satisfy [Section 337(a)(3)(C)] if a complainant can prove that these activities are related to licensing and pertain to the patent at issue, and can document the associated costs.”

the injury requirement. Even as to complainants that could prove injury, the amendment had an essential practical effect: before the amendment, over half of the total expense litigating a Section 337 case was incurred in establishing injury, making such actions inaccessible to many prospective complainants. Without the burden of proving injury, Section 337 is less costly for litigants, and many more IP owners can afford to bring a claim.

A Section 337 investigation involves several players: the Commission itself, the administrative law judge, an investigative attorney from the Office of Unfair Import Investigations (in most cases), the complainant(s), the respondent(s), third parties (from whom discovery may be sought), the Office of the Secretary, and the Commission's General Counsel's office. Nonetheless, the speed at which Section 337 investigations are conducted is remarkable—an essential advantage for companies seeking immediate relief. The evidentiary hearing (the ITC's version of a trial) generally occurs seven to nine months from the date of institution of the investigation instead of the typical two to three years in most federal district courts. The majority of Section 337 investigations are targeted for completion in approximately 16 months.<sup>10</sup>

There are four primary remedies available under the statute: (1) a temporary exclusion order (analogous to a preliminary injunction), (2) a general exclusion order, (3) a limited exclusion order, and (4) a cease and desist order. When an exclusion order goes into effect, US Customs and Border Protection (Customs), a part of the Department of Homeland Security, will bar the infringing products from entering the country. If there is evidence that infringing products are still entering the United States and violate an exclusion order, an enforcement proceeding may occur at the ITC. Any party adversely affected by a Commission decision under Section 337 may appeal the decision to the US Court of Appeals for the Federal Circuit ("CAFC").



<sup>10</sup> The US International Trade Commission Section 337 Investigations, Answers to Frequently Asked Questions, Publications No. 4105 March 2009. (For further details, see [https://www.usitc.gov/intellectual\\_property/337\\_statistics\\_average\\_length\\_investigations.htm](https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm))

### III. Key Elements of the Misappropriation of Trade Secret Section 337 investigations

Primarily, there are four types of investigations available under Section 337: Patent infringement, Registered trademark infringement, Copyright infringement, and Unfair methods of competition and unfair acts. In this thesis, the focus is primarily on Unfair methods of competition and unfair acts, inter alia, “trade secret misappropriation.”

Trade secret misappropriation occurs when a protectable trade secret owned by the complainant was wrongfully taken by the respondent; and used by the respondent, causing injury to the complaint. (**Certain Crawler Cranes**, Comm’n Op, 2015 WL 13817116<sup>11</sup>). The key elements are as below.

#### 1. Protectable Trade Secret

##### 1.1 Elements of Protectable Trade Secret

First, trade secrets concerned should be protectable and owned by the complainant. If a piece of information is to be called “protectable trade secrets,” it must have an independent economic value from not being generally known or readily ascertainable, and efforts reasonable under the circumstances to maintain its secrecy must have taken place. The complainant has the burden to prove that a piece of information was a protectable trade secret (**Certain Activity Tracking Devices**<sup>12</sup>).

Economic value from not being known/readily ascertainable is also required. Even if all elements of an overall process were individually disclosed, absent a basis to combine the references, the process was a protectable Trade Secret (**Rubber Resins**<sup>13</sup>). Similarly, although some or all of [the information in question] may be known in the industry, if the specific embodiment of general concepts or a combination of elements was not known, the information may be protectable as a Trade Secret (**Crawler Cranes**<sup>14</sup>).

However, the complainant merely stating that information was helpful or useful (e.g., save someone time) does not compel to conclude the Trade Secret sufficiently valuable. The core inquiry is the value to the owner in keeping the information secret from persons who could exploit it to the relative disadvantage of the original owner” (**Yield Dynamics Inc. v. TEA System Corp**<sup>15</sup>).

The requirement for “Reasonable efforts” is required. Neither perfection nor “absolute secrecy” is required (**AvidAir Helicopter Supply v. Rolls-Royce**), and companies are not required “to guard against the unanticipated, the undetectable, or the unpreventable.” (**El duPont de Nemours v. Christopher**<sup>16</sup>).

##### 1.2 The typical arguments by Respondents

The typical arguments by the respondents are also quite important to review. Broadly, there are three typical arguments that respondents in Trade Secret investigations make.

(1) “Gained from someone else” (i.e., info was quite generally known, at least within the industry)

By saying this, the respondents may try to argue that the information did not have sufficient economic value and thus is not a Trade Secret. For example, the trade secrets alleged might have been known generally for at least a decade. Information was widely discussed in patent publications filed, or they were from the articles publicly disclosed.

(2) “Complainant is not the sole/real owner”

The complainant must ‘own’ the information to make a claim under Section 337. Therefore, the respondents might allege that the third party developed the equipment and complainant did not gain ownership of the trade secret concerned. The respondents might allege that complainant does not own these Trade Secrets.

11 *Certain Crawler Cranes*, Inv. No. 337-TA-887, Comm’n Op, 2015 WL 13817116 (May 6, 2015)

12 *Certain Activity Tracking Devices*, Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

13 *Certain Rubber Resins & Processes For Mfg. Same*, Inv. No. 337-TA-849, Initial Det. (June 17, 2013)

14 Inv. No. 337-TA-887; Initial Det. (July 11, 2014), and also Comm’n Op, 2015 WL 13817116 (May 6, 2015).

15 *Yield Dynamics Inc v. TEA System Corp*, 154 Cal. App. 4th 547 (2007)

16 *El DuPont de Nemours v. Christopher*, 431 F.2d 1012 (5th Cir. 1970)



(3) “Result/outcome of independent development by respondent”

Again, this is an argument to negate the ownership of complainant. Respondent might say that they independently developed the Trade Secrets.

### 1.3 The Six Non-exhaustive Factors

Besides, the Six Non-exhaustive Factors that ITC may refer to determining whether information qualifies as a protectable Trade Secret were suggested in the case of **Certain Activity Tracking Devices**<sup>17</sup>.

1. Extent to which the information is known outside of a complainant’s business;

2. Extent to which it is known by employees and others involved in a complainant’s business;

Concerning vendor information, the complainant should not simply aver that the information was “not necessarily publicly available, or even readily available in the industry,” but instead must affirmatively show that the information is not publicly available or readily available in the industry (Certain Activity Tracking Devices<sup>18</sup>).

Former employees are “permitted to use general, readily ascertainable information in the course of subsequent employment” (Certain Activity Tracking Devices<sup>19</sup>).

3. Extent of measures taken by a complainant to guard the secrecy of the information;

4. Value of the information to a complainant and to the competitors;

Competitive advantage to competitors are required (**Buffets v. Klinke**<sup>20</sup>; and also **Cudahy v. Am.Labs**<sup>21</sup>).

Mere possession of a Trade Secret is insufficient to establish a proprietary interest (Rubber Resins); Commission Rule 210.12(a)(7) requires that at least one complainant own or exclusively license the Alleged Trade Secret.

Respondent is not liable for use or disclosure unless it knows or has reason to know that the information in

its possession is a secret’ (RESTATEMENT (THIRD) OF UNFAIR COMPETITION Section 40 cmt. d).

When “product or process can be said to derive from other sources of information or independent creation, the Trade Secret has not been ‘used’ for purposes of imposing liability.”(id.; also, **Am.Can Co v. Mansukhani**<sup>22</sup>). Complainant’s Trade Secret has no value outside of Complainant’s optimized and complex manufacturing processes (**Buffets v. Klinke; Cudahy v. Am. Labs, Inc**<sup>23</sup>)’

Trade secrets must provide lasting economic value and cannot be obsolete (See, e.g., **Fox Sports Net N., LLC v. Minnesota Twins P’ship**<sup>24</sup>).

“Obsolete information” in Fox Sports Net N., LLC:

Cattoor, a former MSC employee, had specific information. In the middle of the M&A between MSC and Fox that occurred after Cattoor left the company, a change in the acquired company’s financial information (MSC) occurred. In this situation, District Courts determined that the information held by Cattoor was obsolete due to the changes in the circumstances.

5. Amount of effort or money expended by a complainant in developing the information

It may be relied upon to make ‘no incentive given thus no value’ argument. The Complainant’s failure to pay compensation premiums suggests that the Alleged Trade Secret lacked independent economic value. **Joshua David Mellberg LLC v. Will**<sup>25</sup>, “Independent economic value can be shown by circumstantial evidence of the . . . precautions taken to protect its secrecy.”’

6. Ease or difficulty with which the information could be properly acquired or duplicated by others.

17 Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

18 *id.*

19 *id.*

20 *Buffets v. Klinke*, 73 F.3d 965 (9th Cir. 1996)

21 *Cudahy v. Am.Labs*, 313 F. Supp. 1339 (1970)

22 *Am.Can Co v. Mansukhani*, 742 F.2d 314 (7th Cir. 1984)

23 73 F.3d 965 (9th Cir. 1996); and 313 F. Supp. 1339 (1970)

24 *Fox Sports Net N., LLC v. Minnesota Twins P’ship*, Civil No. 01-961 (DSD/SRN) (D. Minn. July 9, 2002)

25 *Joshua David Mellberg LLC v. Will*, 96 F. Supp. 3d 953

## 1.4 The Strategies for the Complainant with regards to Protectable Trade Secrets

(1) Documented evidence is needed to prove the economic value.

- “The information has huge economic value as Complainant and its Employees invested approximately 0000 hours in developing this Trade Secret”. – such an argument alone may not be enough to be produced as evidence. The data is required to record how much amount of cost, labor force, and the time spent by each labor force or “how many hours each Trade Secret spent” must be identified and recorded.

(2) Incentive payment may be a strategy.

- In **Certain Activity Tracking Devices**<sup>26</sup> one of the factors that could be considered when judging an economic value proposed by the Commission was the amount of money expended by a complainant in developing the information. However, identifying and recording the development cost spent on each Trade Secret development for presentation as evidence is practically difficult.
- Therefore, keeping records such as incentives granted to key employees involved when each Trade Secret is developed can be the key evidence that directly shows the ‘cost’ incurred in direct connection with each Trade Secret in further lawsuits.
- By giving incentive payment, it can show that the complainant wanted to protect the information (employees can more clearly know what the Trade Secret is) and can also prove an employee morale-boosting effect.

(3) Show the reasonable protection of the information concerned

- A trade secret owner must prove that it “has taken reasonable precautions to maintain [their trade secrets] secrecy” (**Certain Rubber Resins**<sup>27</sup>). Because trade secrets are deemed to have no more value at the moment, they are disclosed. (**Ruckelshaus**<sup>28</sup>).

Precautions must be “reasonable under the circumstances” (**Learning Curve Toys v. PlayWood Toys**<sup>29</sup>), however, “reasonable efforts to maintain secrecy need not be overly extravagant, and absolute secrecy is not required” (**AvidAir Helicopter Supply v. Rolls-Royce Corp.**<sup>30</sup>). “Perfect security is not optimum security” (**Rockwell Graphic System v. DEV Industry**<sup>31</sup>) and steps such as requiring employees to sign NDAs, establishing corporate policies regarding confidentiality, controlling access to computer systems and facilities, and marking confidential information constitute reasonable measures to protect the secrecy of the Complainant’s trade secrets (See generally, **Certain Crawler Cranes**<sup>32</sup>). Safeguards such as locked entry doors, password-protected computers, and corporate policies on Trade Secret and confidentiality have been found sufficient, with or without non-disclosure agreements. (**Crawler Cranes**<sup>33</sup>)

## 1.5 Case laws on Protection

### 1.5.1. Identifying Documents is a key element.

Under **Electro-Craft Corp. v. Controlled Motion Inc**<sup>34</sup>, identifying (classifying) and designating the specific information to be kept secret is the most fundamental part of any Trade Secret protection program. It is crucial to identify and designate the information to be protected to inform employees, suppliers, and customers of the information’s confidential nature.

26 Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

27 *Certain Rubber Resins & Processes For Mfg. Same*, Inv. No. 337-TA-849, Initial Det. (June 17, 2013)

28 *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984)

29 *Learning Curve Toys Inc. v. PlayWood Toys Inc.*, 342 F.3d 714 (7th Cir. 2003)

30 *AvidAir Helicopter Supply v. Rolls-Royce*, 663 F.3d 966 (8th Cir. 2011)

31 *Rockwell Graphic System v. DEV Industry*, 925 F.2d 174 (7th Cir. 1991)

32 Initial Det. (July 11, 2014); and Comm’n Op, 2015 WL 13817116 (May 6, 2015)

33 *id.*

34 *Electro-Craft Corp. v. Controlled Motion Inc*, 332 N.W.2d 890 (Minn. 1983)

In the case of **Electro-Craft Corp**, none of the documents were marked as 'CONFIDENTIAL,' and drawings, blueprints, and parts were delivered to customers without such marking. Besides, there were no internal regulations on trade secrets. Therefore, complainant was not deemed to have protectable Trade Secret.

In the case of **Wilson Certified Foods Inc v. Fairbury Food Prods Inc**<sup>35</sup>, companies must go beyond a 'general security system', and direct security efforts at preserving the confidentiality of information that is secret. To be specific, just asking for identifications to visitors of the factory and restricting entry by security guards cannot be said that the company ensured the security.

### 1.5.2. Marking documents is a key element.

In the case of **Yellowfin Yachts Inc v. Barker Boatworks LLC**<sup>36</sup>, where a company does not mark docs as confidential so that employees are on notice of how to treat those docs, it cannot prove that the information was a Trade Secret. (Summary Judgment granted on the issue of lack of reasonable efforts, because "Plaintiff effectively abandoned all oversight in the security", when it failed to mark its confidential information and allowed the use of personal devices to store Alleged Trade Secret.).

In the case of **CVD Inc v. Raytheon Co.**<sup>37</sup>, the court ruled that "Significant [to the issue of] the existence of Trade Secret ... was Raytheon's failure to follow its own established procedures for the protection of Trade Secret. For example, despite [its own] written policy that all confidential drawings and docs were to be stamped with a restrictive legend warning of document's confidential nature, none of the engineering drawings [were] stamped or marked with any restrictive legend".

Under **Call One Inc v. Anzine**<sup>38</sup>, finding the failure to mark Trade Secret material following its information security policy or otherwise communicate the confidential nature of the information at issue meant that no reasonable jury could find misappropriation of its alleged trade secrets. The company did not comply with the guidelines that require that confidential information be labeled "confidential" in the background of documents.

Under **Hoffmann-La Roche Inc v. Yoder**<sup>39</sup>, one of the primary facets of a 'Trade Secret document control policy' is some kind of facial indicia indicating that the document is confidential." In the facts of the case, it is indicated that of the 550-page documents which were claimed to be trade secrets, only three pages were stamped as confidential.

In the case of **Electro-Craft Corp**<sup>40</sup>, the court ruled that "Instead, ECC treated its information as if it were not secret. None of its technical documents were marked 'Confidential', and drawings, dimensions, and parts were sent to customers and vendors without special marking."

Under **Capsonic Group Inc v. Plas-Met Corp**<sup>41</sup>, the court ruled that "Plaintiff never treated such information as confidential or restricted ... The engineering drawings were not marked as secret or kept under lock, and key ... [an employee] testified that he was never told that his work was secret. It is believed and held that P failed to prove that the information [was] ... held as a Trade Secret".

### 1.5.3. Informing employees is also a key factor.

Under **Wilson Certified Foods**<sup>42</sup>, a company alleging trade secret misappropriation must have undertaken efforts to signal that certain information is confidential and must designate the particular trade secrets in its confidentiality agreements with employees.'

35 *Wilson Certified Foods Inc v. Fairbury Food Prods Inc*, 370 F.Supp. 1081 (D.Neb. 1974)

36 *Yellowfin Yachts Inc v. Barker Boatworks LLC*, No. 17-11176 (11th Cir. 2018)

37 *CVD Inc v. Raytheon Co.*, 769 F.2d 842 (1st Cir. 1985)

38 *Call One Inc v. Anzine*, No.18-C-124, 2018 WL 2735089 (N. D. Ill. June 7, 2018)

39 *Hoffmann-La Roche Inc v. Yoder*, 950 F.Supp. 1348 (SD Ohio 1997)

40 332 N.W.2d 890 (Minn. 1983)

41 *Capsonic Group Inc v. Plas-Met Corp*, 361 N.E.2d 41 (Ill. App. 1977)

42 370 F.Supp. 1081 (D.Neb. 1974)



#### 1.5.4. Limiting access is also the key factor.

Under **Harvey Barnett Inc v. Shidler**<sup>43</sup>, ‘reasonable secrecy measures require limiting access to the data on a need-to-know basis’. The court found that even though the swimming teaching method was a trade secret, it was taught in an open manner to parents and passers-by, and those who saw it were able to reproduce it, therefore it was not protectable trade secret. Also according to the rule, “the subject matter of the trade secrets must be unknown, i.e., known only to the owner and possibly ... others to whom it was necessarily disclosed upon the admonition that its secrecy be maintained.” (2 Callmann, Unfair Competition, Sec53.3).

Under **Abrasic 90 Inc v. Weldcote Metals Inc**<sup>44</sup>, the court has denied Trade Secret protection where the claimant “assigned the same password to many ... employees to facilitate their access to the shared drive, files were not encrypted, and there were no restrictions on employees’ ability to access, save, copy, print or email the information at issue.” Also under **Diamond Power Int’l Inc v. Davidson**<sup>45</sup>, a program or file being accessible to “any of the many ... employees who had computer access” warrants a finding that the company failed to take reasonable steps.

## 2. Misappropriation: Wrongfully taking and using the information

### 2.1. The element of “USE”

The “USE” requirement for Trade Secret misappropriation does not require that the accused’s final product be identical to the Trade Secret owners’ product. The “Use” also is found where the accused derived their technology from the Trade Secret, or the accused used the Trade Secret to assist or accelerate its research and development (Certain Cast Steel Railway Wheels<sup>46</sup>. In other words, the “Use” can occur where goods that embody the complainant’s Trade Secret are currently in market for sale, as well as where the Trade Secret was relied upon to assist or accelerate respondent’s research or development.

The strategies for complainants to detect ‘which’ Trade Secrets have been misappropriated are also important. When initiating a lawsuit, it is difficult for the complainant to understand in detail what has been misappropriated, and it is impossible to add the details before filing a complaint. Because of this, the complainant has no choice but to make an assumption based on the documents and materials taken by employees when they left the company. Therefore, as a general strategy, complainants have to assert as many Trade Secrets as it can, alleged to have been misappropriated and then specify the misappropriated ones by vetting those trade secrets later.

In other words, it is crucial to once file a complaint by including all the possibly misappropriated Trade Secrets and then promptly screen Trade Secrets through discovery, etc. later to correct/supplement the Trade Secret misappropriation related part in the complaint. It is difficult, or even impossible, to add the newly-found misappropriated ones later after filing the pre-trial brief. (it will not be allowed by the Court).

Under **Crawler Cranes**<sup>47</sup>, ITC ruled that Trade secrets must be described with a “reasonable degree of precision and specificity [as] appropriate.” In other words, the plaintiff needs to be prepared to produce a list of misappropriated Trade Secrets with fairly detailed descriptions of each Trade Secret. This is to enable the ALJ (and the Rs) to identify which

43 *Harvey Barnett Inc v. Shidler*, 143 F. Supp.2d 1247 (D. Colo. 2001)

44 *Abrasic 90 Inc v. Weldcote Metals Inc*, 364 F.Supp. 3d 888 (ND Ill. 2019)

45 *Diamond Power Int’l Inc v. Davidson*, 540 F.Supp. 2d 1322 (N.D.Ga.2007)

46 *Certain Cast Steel Railway Wheels* (unreviewed in relevant parts), Inv. No. 337-TA-655, Initial Det. (October 28, 2019)

47 Initial Det. (July 11, 2014); and Comm’n Op, 2015 WL 13817116 (May 6, 2015)

Trade Secrets are the subject of this investigation specifically so the ALJ can decide whether the Rs misappropriate the alleged Trade Secrets. “Neither the court nor the parties can know, with any degree of certainty, whether discovery is relevant or not; and it is doubtful whether [the alleged trade secret owner] can undertake a meaningful discovery program, which includes its attempt to trace the flow of trade secrets and confidential information through [the defendant], without first identifying which trade secrets and what confidential information [the defendant] has misappropriated” (**Xerox Corp. v. Int’l Bus. Machines Corp**<sup>48</sup>).

## 2.2. Then, what amounts to a “reasonable disclosure”?

A “Reasonable Disclosure” should not be too broad or general. Under **Imperial Chem. Indus. Ltd v. National Distillers & Chem**<sup>49</sup>, the court ruled that although 8 of the nine constituent elements of a particular chemical process were in the public domain, the “unified description of the design, process, and operation, i.e., how all the features were interrelated, the know-how by which it was done and the method of making it work” was found to be a secret and worthy of protection. If the trade secret concerned is hard to describe, the complainant should tie the Trade Secret with the specific document(s) in which the core elements of the Trade Secret have been incorporated or/and give some insight on what Trade Secret is.

Under **O2 Micro Int’l Ltd v. Monolithic Power Sys. Inc**<sup>50</sup>, the court ruled that even where some aspects of an Alleged Trade Secret may be public knowledge, “[c]ombinations of public information from a variety of different sources when combined in a novel way can be a trade secret.” Suppose Trade Secret is a combination of public knowledge + information developed by Complainant. Specifying which parts are developed by Complainant and how/why the general knowledge becomes special when used with the Complainant-developed info would help. [i.e., degree of certainty required].

Reasonableness enough to allow the other party to grasp what complainant is claiming is sufficient. Under **Certain Set-top Boxes, and Hardware and Software Components Thereof**<sup>51</sup>, ITC ruled that a motion to strike has been denied where the disclosures were sufficient to put a respondent on notice for a complainant’s contentions, and the respondent thus could have affirmatively discovered or compelled more information.

48 Xerox Corp. v. Int’l Bus. Machines Corp, 75 FRD. 668 (SDNY 1977)

49 Imperial Chem. Indus. Ltd v. National Distillers & Chem, 342 F.2d 737 (2d Cir. 1965)

50 O2 Micro Int’l Ltd v. Monolithic Power Sys. Inc., 467 F.3d 1355 (Fed. Cir. 2006)

51 Certain Set-top Boxes, and Hardware and Software Components Thereof, Inv. No. 337-TA-761

### 3. Causing Injury to the Complainant

#### 3.1. Definition of the Injury

Causing substantial injury or threat to injury to the domestic industry must be proved by the Complainant. One aspect of ITC litigation unique to Section 337 actions and not present in typical IP litigation is the “domestic industry” requirement. For Complainant/Plaintiff, it could be a minor speedbump or a significant hurdle. This is an essential element in that it directly affects the scope and scale of remedy, such as exclusion orders. This is because remedial orders are reserved for those companies that have a domestic industry to be protected.

#### 3.2. Proving Domestic Industry

For articles protected by IP, both economic prong and technical prong are required. However, for Trade Secret Misappropriation claims under Sec 337, there is no rigid formula in determining the scope of the ‘domestic industry.’ Namely, different standards would apply for Trade Secret misappropriation claims after the case of TianRui, and the Commission will examine each case in light of the “realities of the marketplace” in deciding whether the domestic industry exists or not (*Certain Floppy Disk Drives and Components*.<sup>52</sup> However, both “economic prong” and “technical prong” must be shown by the Complainant to establish existence of “Domestic Industry.” (Section 1337(a)(2)-(3)<sup>53</sup>).

##### 3.2.1. Technical Prong & Economic Prong

According to the Section 337(a)(3), it lays out the requirement of the ITC case as “with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned” and this is categorized as Technical prong. Also the same rule illustrates 3 requirements, which are (A) significant investment in plant and equipment, (B) significant employment of labor or capital, or (C) substantial investment in its exploitation, including engineering, research and development, or licensing. These requirements are called Economic prong.

#### 3.2.2. Tian Rui Case Analysis

New definition of “industry” (TianRui<sup>54</sup>): Industry would exist for IP investigations if there were significant domestic investment or employment relating to the articles protected by the IP. If Domestic Injury is shown to exist, harm from importation [=“Injury”] is presumed.

For Other 337 investigations, e.g., Trade Secret Misappropriation, there is no rigid formula in determining the scope of the ‘domestic industry’ as it is not precisely defined for other 337 investigations in the statute, ... will examine each case in light of the “realities of the marketplace” (*Certain Floppy Disk Drives and Components*<sup>55</sup>). The Commission has relied on this “more flexible... “realities of marketplace” test” to decide the domestic industry’s existence in TianRui. Harm to domestic Industry from importation is not presumed. – (Seems) must be proved. “Section 337 has consistently been interpreted to contain a distinct injury requirement of independent proof” (*Textron v. ITC*<sup>56</sup>) A demonstration of injury or threat thereof “requires proof separate from, and independent of proof of an unfair act” (*Certain Optical Waveguide Fibers*<sup>57</sup>).

#### 3.3. Proving Injury (for Trade Secret Misappropriation Cases)

Complainant must prove domestic industry is suffering actual substantial injury or the threat of substantial injury as a result of the importation of the accused articles (*Certain Rubber Resins*<sup>58</sup>). It is not sufficient for complainant to claim substantial injury or “threat” as to all of its trade secrets “collectively” or in “broad categories.” The Commission must be able to determine “what specific injury is attributable to [specific] trade secrets, and whether the injury is substantial” (*Certain Activity Tracking Devices*<sup>59</sup>).

Where “threat” of substantial injury is alleged, Complainant’s claims cannot be “based on allegation, conjecture, or mere possibility” but rather must be “substantive and clearly foreseen” (*Certain Optical Waveguide Fibers*<sup>60</sup>). “[M]ere speculation” of future

52 *Certain Floppy Disk Drives and Components*, No. 337-TA-203, Initial Det. (April 26, 1985)

53 19 USC § 1337(a)(2)-(3)

54 *TianRui Group Co. Ltd v. Int’l Trade Comm’n*, 661 F.3d 1322 (Fed. Cir. 2011)

55 No. 337-TA-203, Initial Det. (April 26, 1985)

56 *Textron v. Int’l Trade Comm’n*, 753 F.2d 1019 (Fed. Cir. 1985)

57 *Certain Optical Waveguide Fibers*, Inv. No. 337-TA-189, Initial Det. (January 22, 1985)

58 Inv. No. 337-TA-849, Initial Det. (June 17, 2013)

59 Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

60 Inv. No. 337-TA-189, Initial Det. (January 22, 1985)



substantial injury is insufficient to prevail on a Section 337 claim. The Commission will consider ‘effect’ of respondents’ imports on the domestic industry in determining whether there is substantial evidence supporting ‘injury’.

Under **TianRui**<sup>61</sup> (Inv. No. 337-TA-655), parties submitted evidence indicating that the imported TianRui wheels could directly compete with wheels domestically produced by the Trade Secret owner. There was substantial evidence supporting Commission’s factual analysis of the effect of TianRui’s imports on the domestic industry is supported by substantial evidence. The Commission concluded, ‘This type of competition is sufficiently related to the investigation to constitute an injury to an “industry” within the meaning of Section 337(a)(1)(A).

Typical arguments by Respondent related to Domestic Industry & Injury are as below;

(1) Any injury or threat of injury the Complainant has suffered or will suffer is not “substantial.”

The respondent might allege that Complainant’s continued success in securing large supply contracts with major customers contradicts any claim of diminution of value in complainant’s trade secret. In particular, respondent might allege harm suffered by complainant is not ‘substantial’ because complainant has secured new businesses since the alleged misappropriation and lost sales.

Under **Textron**<sup>62</sup>, the court ruled that no actual substantial injury or threat where complainant failed to establish that respondent “holds, or threatens to hold, a significant share of the domestic market in the covered articles or has made a significant amount of sales of the articles.”

Under **Corning Glass Works**<sup>63</sup>, the court ruled that “Congress has directed that the remedy of section 337, involving as it does the act of the sovereign inclosing our borders to certain imports, be exercised only in those instances where at least there is proof of a tendency to substantially injure the subject industry.”

Under **Lelo Inc v. ITC**<sup>64</sup>, “the terms ‘significant’ and ‘substantial’ refer to an increase in quantity, or to a benchmark in numbers”. They are not sufficient to merely rely on qualitative descriptions of the alleged injury and conclusory arguments or opinions. The court ruled that “The Commission erred when it disregarded the quantitative data.”

(2) Any injury to Complainant is self-inflicted (= the deal was not closed not because of respondent but because of complainant’s fault).

The respondent might allege that the complainant has lost contract because it failed to satisfy needs of the Third Party.

(3) Any injury to Complainant has no causal nexus to respondents’ alleged unfair acts.

The lost sale alleged by complainant can be a good injury assertion to start from. Under **Certain Drill Point Screws**<sup>65</sup>, lost sale claim by complainant was rejected where customer was not a “regular” of the domestic Industry.

Also, respondent can allege, (even if any lost in sale has occurred) lost sale was not cognizable, thus complainant could not have suffered ‘substantial’ injury. Under **Certain Charge Cell Culture Microcarriers**<sup>66</sup> (Inv. No. 337-TA-129), where the relevant customers “tend to seek multiple sources of supply” and the record shows that many customers purchased from both complainants and respondents,” the Commission has found that lost sales opportunities do not demonstrate substantial injury or threat of injury.

Under **Certain Optical Waveguide Fibers**<sup>67</sup>, no tendency to substantially injure because respondents’ anticipated increase in market share and anticipated sales would “largely be sustained by production of [accused products] in respondents’ new US facility.”

61 661 F.3d 1322 (Fed. Cir. 2011)

62 753 F.2d 1019 (Fed. Cir. 1985)

63 *Corning Glass Works v. US Intern. Trade*, 799 F.2d 1559 (Fed. Cir. 1986)

64 *Lelo Inc v. Int’l Trade Comm’n*, 786 F.3d 879 (Fed. Cir. 2015)

65 *Certain Drill Point Screws, Inv.*, No. 337-TA-116, Comm’n Op (March 1983)

66 *Certain Limited-Charge Cell Culture Microcarriers, Inv.* No. 337-TA-129 (February 1984)

67 *Inv. No. 337-TA-189, Initial Det.* (January 22, 1985)

Moreover, respondent can allege that complainant's collective treatment of its Alleged Trade Secret was deficient. For example, respondent can allege "complainant's injury contentions are deficient because complainant has not alleged or purported to prove substantial injury to its domestic industry separately with respect to each alleged trade secret misappropriation, consistent with Commission precedent".

Under **Certain Activity Tracking Devices**<sup>68</sup>, ITC ruled that explained injury showings should specify the individualized trade secrets at issue in order for the ALJ to determine on the basis of the record "what specific injury is attributable to [specific] trade secrets, and whether the injury is substantial" (See also *Crawler Cranes*).

Therefore, specifically describing the interrelation between the trade secrets may help make better injury submission. An allegation may be raised that 'because Trade Secrets are interrelated, the injuries due to the Trade Secret misappropriation must also appear collectively' (**Imperial Chemical Industries Limited**<sup>69</sup>).



68 Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

69 342 F.2d 737 (2d Cir. 1965)

## IV. Public Interest Factors

It is not necessarily an ‘element’, but Public Interest is taken into account by ITC when making decisions on remedial relief. ITC must consider the effect of any remedial orders upon the four following public interest areas.

### 1. Public Interest seldom affects whether and to what extent the ITC Issues a Remedy

Whether to grant remedy is not affected in the vast majority of investigations because ITC has repeatedly held a substantial interest in enforcing IP rights. Nonetheless, where ‘significant’ public interest concerns exist, ITC has been issuing ‘tailored remedies’ (e.g., exempting service parts (No. 337-TA-1067<sup>70</sup>); grandfathering certain products (No. 337-TA-543<sup>71</sup>); Delaying imposition of remedy (No. 337-TA-710<sup>72</sup>); or, in very rare cases, deny relief altogether (***Certain Fluidized Supporting Apparatus and Components***<sup>73</sup>). For the above cases, the relief was declined because the accused beds were sold, rented, and leased to hospitals to treat burn patients.

### 2. Public Interest is a valuable tool for respondents and third parties to limit the scope of a remedy even in the face of an infringement finding.

Particularly where the remedial orders can adversely affect (i) the public health and welfare, the ITC often limits the scope of the remedy. Under ***Certain Microfluidic Devices***<sup>74</sup> (Inv. No. 337-TA-1068; December 2019), ITC issued a LEO where products otherwise covered by the order would be exempted as they are “imported ... for use by researchers ... who have a documented need to continue receiving the devices or a specific current ongoing research project for which that need cannot be met by any alternative product.”. Namely, ITC determined that the public interest would be best served if certain qualifying – though infringing – devices were allowed to continue entering the US.

### 3. ‘Public Interest Factors’ are Evaluated by the Commission

After the Administrative Law Judge (“ALJ”) had made Initial Determination (“ID”) on the merits, ITC may choose to delegate public interest-related discovery, and an initial recommendation on public interest to the ALJ for better developing the factual record for public interest considerations did delegate in over 100 investigations since 2010. Still, the authority/ jurisdiction to “determine” on the public interest factors is, inherently, that of ITC. Compared to the past, courts are more of rendering judgments/ amendments to judgment based on public interest factors. From the Commission’s perspective, the motive to determine with more care as Final Determinations are subject to presidential review. ITC would not want their decisions to be disapproved for public policy reasons. From the Executive branch’s perspective, ITC’s conducting more factual discovery (through ALJ) and spending more time taking into account public interest factors is saving their parts of work.

70 *Certain Road Milling Machines and Components Thereof*, No. 337-TA-1067

71 *Power Control Chips, And Products Containing Same, Including Cellular Telephone Handsets (“Baseband Processors”)*, No. 337-TA-543

72 *Certain Personal Data and Mobile Communication Devices and Related Software*, No. 337-TA-710

73 *Certain Fluidized Supporting Apparatus and Components*, No. 337-TA-182/188 (October 1984)

74 *Certain Microfluidic Devices*, Inv. No. 337-TA-1068, Comm’n Op. (December 10, 2019)



## V. Remedy Available from a Successful Claim under Section 337

### 1. Initial Determination/ Final Determination/ Presidential Review

ID is a decision by ALJ on the merits of the case - e.g., Liability of the parties. ALJ may grant Default Judgment instead of ID. In contrast, the Final Determination is rendered after the "Commission Review" by the ITC upon the parties' petition or on its initiative.

Final Determination is rendered after the review of ID in its entirety or in part (e.g., Affirm, Set aside, or Modify), and, if applicable, it includes comments on Remedy ("Remedial Orders"). The Final Determination is reviewed by all of the six members of the ITC Committee. Also, Commission review by the Commission means something more than merely reviewing the case file. The Commission reviews the ID with broad authority, more comprehensive than that of CAFC when reviewing the lower courts' judgments, and can check/review virtually all parts of the ID by ALJ. For example, the Commission may allow/adopt new pieces of evidence to obtain more information about the factual circumstances of the case. Also, albeit rare, the Commission may summon a witness to give a testimony.

After the Final Determination is rendered, the process for Presidential Review will initiate. The President reviews the Remedial Orders within '60 days' ("Presidential Review Period"). During the period, the President may disapprove of the Remedial Orders for policy reasons but rarely does. If the President does not disapprove (e.g., by not taking any action), the Remedial Orders become final at the conclusion of the Presidential Review Period.

### 2. Appeal to Federal Court

Parties adversely affected can appeal on the Commission decisions, namely the Final Determination. Notice of Appeal should be filed within 60 days after the ITC issues a final determination (19 USC Section 1337(c)). A party that prevailed at the Commission may intervene in the appeal to defend the Commission's decision.

### 3. Types of Remedies by ITC

General Exclusion Order is an order to exclude all infringing articles, without regard to source. It is enforceable against anyone, including the "non-named" entities. The Limited Exclusion Order is an order to exclude infringing articles from the specified respondent(s) in the Commission investigation. It is enforceable against the "named" respondents.

Cease and Desist order is an order that directs the respondent(s) to cease its unfair acts, including selling infringing imported articles out of US inventory. It is enforceable against the "named" respondents.

The Respondent's first option is to import the infringing product without notice when the Commission grants remedial orders. It refers to the situation that Respondent is importing the infringing product, hoping it might not get caught.

Also, Respondents might try to redesign the products and Obtain ruling from the IPR Branch of the Customs (CBP). This ruling can be pursued before or after importation. Subsequently, IPR will issue a ruling on whether or not the newly designed product was within the scope of the ITC's exclusion order. If Respondent is not satisfied with IPR's ruling, Respondent can file a protest with Customs and appeal to the Court of International Trade, the Article III court sitting in New York City. Customs' and Court of International Trade's determinations, however, are NOT binding on the ITC (*Eaton Corp v. US*<sup>75</sup>).

Moreover, Respondent can redesign the products and seek an advisory opinion from the Commission. However, proposed importation must be more than hypothetical, but plans or preparation to commercialize a design may be sufficient. ITC may delegate requests for an advisory opinion to ALJ.

---

75 *Eaton Corp v. US*, 95 F. Supp. 2d 1314 (Ct. Intl. Trade 2005)

Besides the above, Respondent can seek a ruling of non-infringement or invalidity from the district court or appeal the final determination to the US CAFC. Because any person who has been adversely affected by an FD of the ITC may appeal (19 USC Section 1337(c)). “Adversely affected” requires actual, not speculative, injury (**Rohm & Haas v. USITC**<sup>76</sup>).

A party that prevailed before the ITC is not “adversely affected”, even if it did not prevail on every issue (although such parties may intervene and raise arguments in support of the underlying decision) (**Surface Technology v. USITC**<sup>77</sup>). An appeal can be filed when the Commission decision becomes ‘final’ (Menell, et al., 2010<sup>78</sup>).

A decision is final only at the conclusion of the Presidential Review Period where Commission decisions found a violation of Sec337 and resulted in the issuance of remedial orders (i.e. FD in favor of the Complainant) (Menell, et al., 2010<sup>79</sup>). ITC determination in favor of a complainant is not final until the day after the expiration of the 60-day presidential review period (**Duracell v. USITC**<sup>80</sup>). If the Commission decisions found no violation of Section 337 (i.e., Final Determination adverse to the Complainant), it is final when FD is issued. The Complainant must prepare for an appeal immediately because the Serve Notice of Appeal should be instituted within 60 days. The Final Determination that is adverse to the complainant is final and appealable immediately upon issuance by the Commission (**Import Motors Ltd v. USITC**<sup>81</sup>). When the Final Determination is partly favorable, partly adverse to the Complainant, split review periods may apply for each party respectively (**Allied Corp. v. USITC**<sup>82</sup>).

WHAT can be appealed? Only FD on the merits can be appealed (**Block v. USITC**<sup>83</sup>) and only the issues actually decided can be appealed (**Beloit Corp. v. ValmetOy**<sup>84</sup>). Also, sanctions decisions are appealable (**Nutrinova v. USITC**<sup>85</sup>; and **Genentech v. USITC**<sup>86</sup>). Moreover, the modification of a previous remedial order is appealable, even if it occurred in the context of an enforcement proceeding (**Crucible Materials v. USITC**<sup>87</sup>).

The standard of review at Court is divided into 2 standards. With regard to factual findings, ‘Substantial evidence’ standard is applied. It is the standard of reviewing whether the ITC’s factual findings were supported by “substantial evidence” (5 USC Section 706(2)(E)). “The [standard] is satisfied by such relevant evidence as a reasonable mind might accept as adequate to support conclusion.” (Enercon **GMBH v. USITC**<sup>88</sup>). It is less strict than ‘clearly erroneous’ standard that applies when reviewing decisions of trial court ( “It was the intent of Congress that greater weight and finality be accorded to the Commission’s findings as compared with those of a trial court” (**Tandon v. USITC**<sup>89</sup>)).

With respect to legal determinations, DE NOVO standard is applied, however, ITC is entitled to significant deference. The Commission’s determinations regarding law are reviewed de novo but “[a]s the agency charged with the administration of Section 337, the ITC is entitled to appropriate deference to its interpretation of the statute” (**Enercon GMBH v. USITC**<sup>90</sup>).

76 *Rohm & Haas v. Int’l Trade Comm’n*, 554 F.2d 462 (CCPA 1977)

77 *Surface Technology, Inc. v. United States International Trade Commission*, 780 F.2d 29 (1985)

78 Menell, P. S., Busey, G. B., Cordell, R., Davis, M. G., Powers, M. D., & Sobin, S. (2010). *Section 337 Patent Investigation Management Guide*, UC Berkeley Public Law Research Paper No. 1603330.

79 *id.*

80 778 F.2d 1578 (Fed. Cir. 1985)

81 63 C.C.P.A. 56, 530 F.2d 940 (1976)

82 782 F.2d 982 (Fed. Cir. 1986)

83 *Block v. US Intern. Trade Com’n*, 777 F.2d 1568 (Fed. Cir. 1985)

84 *Beloit Corp. v. ValmetOy*, 742 F.2d 1421 (Fed. Cir. 1984)

85 *Nutrinova v. USITC*, 224 F.3d 1356 (Fed. Cir. 2000)

86 *Genentech v. USITC*, No. 95-1244 (August 14, 1997)

87 *Crucible Materials v. USITC*, Nos. 97-1409, 97-1411 (September 30, 1997)

88 *Enercon GMBH v. USITC*, 151 F.3d 1376 (Fed. Cir. 1998)

89 831 F.2d 1017 (Fed. Cir. 1987)

90 151 F.3d 1376 (Fed. Cir. 1998)

Also, ITC decisions on remedy are subject to arbitrary and capricious/abuse of discretion standard of review (**Hyundai v. USITC**<sup>91</sup>). The review of agency determinations is limited to whether the agency's action was arbitrary, capricious, an abuse of discretion or otherwise not in accordance with law, or if it was taken without observance of procedure required by law (5 USC Section 706(2)(A)). See the following cases; "Review under the arbitrary and capricious standard is narrow, and it should not substitute our judgment for that of the agency" (**Gardner v. US Bureau of Land Mgmt.**<sup>92</sup>). "An agency decision will be upheld as long as there is a rational connection between the facts found and the conclusions made." (**Barnes v. US Dep't of Transp**<sup>93</sup>)

The effect of Federal Circuit Decisions on non-patent issues (such as existence of a license or antitrust violations) have binding effect (e.g. **Telectronics Proprietary v. Medtronic**<sup>94</sup>; **Aunyx v. Cannon USA**<sup>95</sup>).

---

91 *Hyundai v. USITC*, F.3d 1204 (Fed. Cir. 1990)

92 *Gardner v. US Bureau of Land Mgmt.* 638 F.3d 1217, 1224 (9th Cir 2011))

93 *Barnes v. US Dep't of Transp.* 655 F.3d 1124, 1132 (9th Cir 2011)

94 *Telectronics Proprietary v. Medtronic*, 836 F.2d 1332 (Fed. Cir. 1988)

95 *Aunyx v. Canon USA*, 978 F.2d 3 (1st Cir. 1992)



## VI. Conclusion

While the future cannot be known, the Commission will continue to provide more focus on allegations of trade secret misappropriation, which have arisen in a number of recent investigations. According to recent media reports, LG Chem filed a suit against SK Innovation to the United States International Trade Commission for the issue of trade secrets related to 2nd generation batteries in 2019, mainly because of the remedies given by the Commission.

The recent trend is that Korean companies prefer to file a complaint with the ITC rather than the US Federal Court due to the litigation strategy.

This indicates that the legal system of Korea for the remedy against Trade Misappropriation is not even close to enough for the complainants.

Also, as seen in the introductory statement, Section 337 Investigation has a significant impact on the APEC region because the ban on importation into the United States territory has grave impact on both the manufacturer and the suppliers. This article will be a steppingstone in analyzing the current trend and status of ITC Investigations. Due to the recent trend, this should lead to robust in-depth reviews on the Section 337 investigations.



## References

Seungjae Choi, Youngki Kim and Hyunwoo Park (2020). *New US Patent Laws*, Seoul: Bubmunsa.

Furman, J. D. (2015). Reports of Section 337's Death Have Been Greatly Exaggerated, *Berkeley Technology Law Journal* Vol. 30, No. 4, *Annual Review* (2015), pp. 489-530

Goh, C. G. (2014). *Manage the Intellectual Property*, Human&books.

Menell, P. S., Busey, G. B., Cordell, R., Davis, M. G., Powers, M. D., & Sobin, S. (2010). Section 337 Patent Investigation Management Guide, UC Berkeley Public Law Research Paper No. 1603330.

Schaumberg, T. M. (2016). *A Lawyer's Guide to Section 337 Investigations before the US ITC*, Third edition, American Bar Association.

Sim, J. (2020). *Why do Korean companies bring the case to US Courts?*, Cloudnine.

US International Trade Commission (2009). Section 337 Investigations, Answers to Frequently Asked Questions, Publications No. 4105 March 2009

Yeh, B.T.. (2013). Availability of injunctive relief for standard-essential patent holders. 1-32.

Kyu Yub Lee. (2019). The Welfare Impact of Data Localization on the APEC. *Journal of APEC Studies* [ISSN:1229-4640 / eISSN: 2671-5813], 11(1): 1-7.

Woosung Lee. (2018). Science Diplomacy and APEC STI (Science, Technology and Innovation) Cooperation. *Journal of APEC Studies* [ISSN:1229-4640 / eISSN: 2671-5813], 10(2): 39-47.

## Cases

***Abrasic 90 Inc v. Weldcote Metals Inc***, 364 F.Supp. 3d 888 (ND Ill. 2019)

***Am.Can Co v. Mansukhani***, 742 F.2d 314 (7th Cir. 1984)

***Allied Corp. v. US Intern. Trade Com’n***, 782 F.2d 982 (Fed. Cir. 1986)

***Aunyx v. Canon USA***, 978 F.2d 3 (1st Cir. 1992)

***AvidAir Helicopter Supply v. Rolls-Royce***, 663 F.3d 966 (8th Cir. 2011)

***Barnes v. US Dep’t of Transp.***, 655 F.3d 1124, 1132 (9th Cir. 2011)

***Beloit Corp. v. ValmetOy***, 742 F.2d 1421 (Fed. Cir. 1984)

***Block v. US Intern. Trade Com’n***, 777 F.2d 1568 (Fed. Cir. 1985)

***Buffets v. Klinke; Cudahy v. Am.Labs***, 73 F.3d 965 (9th Cir. 1996)

***Call One Inc v. Anzine, No.18-C-124***, 2018 WL 2735089 (N. D. Ill. June 7, 2018)

***Capsonic Group Inc v. Plas-Met Corp.***, 361 N.E.2d 41 (Ill. App. 1977)

***Certain Activity Tracking Devices***, Inv. No. 337-TA-963, Initial Det. (August 23, 2016)

***Certain Baseband Processor Chips And Chipsets, Transmitter And Receiver (Radio) Chips, Power Control Chips, And Products Containing Same, Including Cellular Telephone Handsets (“Baseband Processors”)***, No. 337-TA-543

***Certain Cast Steel Railway Wheels***, Inv. No. 337-TA-655, Initial Det. (October 28, 2019)

***Certain Crawler Cranes***, Inv. No. 337-TA-887, Initial Det. (July 11, 2014)

***Certain Crawler Cranes***, Inv. No. 337-TA-887, Comm’n Op, 2015 WL 13817116 (May 6, 2015)

***Certain Drill Point Screws***, Inv., No. 337-TA-116, Comm’n Op (March 1983)

***Certain Floppy Disk Drives and Components***, No. 337-TA-203, Initial Det. (April 26, 1985)

***Certain Fluidized Supporting Apparatus and Components***, No. 337-TA-182/188 (October 1984)

***Certain Limited-Charge Cell Culture Microcarriers***, Inv. No. 337-TA-129 (February 1984)

***Certain Optical Waveguide Fibers***, Inv. No. 337-TA-189, Initial Det. (January 22, 1985)

***Certain Microfluidic Devices***, Inv. No. 337-TA-1068, Comm’n Op. (December 10, 2019)

***Certain Personal Data and Mobile Communication Devices and Related Software***, No. 337-TA-710

***Certain Road Milling Machines and Components Thereof***, No. 337-TA-1067

***Certain Rubber Resins & Processes For Mfg. Same***, Inv. No. 337-TA-849, Initial Det. (June 17, 2013)

***Certain Set-top Boxes, and Hardware and Software Components Thereof***, Inv. No. 337-TA-761

***Certain Stainless Steel Products, Certain Processes for Manufacturing or Relating to Same and Certain Products Containing Same (“Stainless Steel”)***, Inv. No. 337-TA-933, Comm’n Op. (June 9, 2016)



**Corning Glass Works v. US Intern. Trade**, 799 F.2d 1559 (Fed. Cir. 1986)

**Crucible Materials v. USITC**, Nos. 97-1409, 97-1411 (September 30, 1997)

**CVD Inc v. Raytheon Co.**, 769 F.2d 842 (1st Cir. 1985)

**Diamond Power Int’l Inc v. Davidson**, 540 F.Supp. 2d 1322 (N.D.Ga.2007)

**Duracell v. US Intern. Trade Com’n**, 778 F.2d 1578 (Fed. Cir. 1985)

**Eaton Corp v. US**, 95 F. Supp. 2d 1314 (Ct. Intl. Trade 2005)

**El DuPont de Nemours v. Christopher**, 431 F.2d 1012 (5th Cir. 1970)

**Electro-Craft Corp. v. Controlled Motion Inc**, 332 N.W.2d 890 (Minn. 1983)

**Enercon GMBH v. USITC**, 151 F.3d 1376 (Fed. Circ. 1998)

**Fox Sports Net N., LLC v. Minnesota Twins P’ship**, Civil No. 01-961(DSD/SRN) (D. Minn. July 9, 2002)

**Funai Electric Co., Ltd. v. US and US Bureau of Customs and Border Protection** (Re: “**Certain Digital TVs**”), Slip Op. 09-109 (CIT October 6, 2009)

**Gardner v. US Bureau of Land Mgmt.**, 638 F.3d 1217, 1224 (9th Cir 2011)

**Genentech v. USITC**, No. 95-1244 (August 14, 1997)

**Harvey Barnett Inc v. Shidler**, 143 F. Supp.2d 1247 (D. Colo. 2001)

**Hoffmann-La Roche Inc v. Yoder**, 950 F.Supp. 1348 (SD Ohio 1997)

**Hyundai v. USITC**, F.3d 1204 (Fed. Cir. 1990)

**Imperial Chem. Indus. Ltd v. National Distillers & Chem**, 342 F.2d 737 (2d Cir. 1965)

**Import Motors Ltd v. USITC**, 63 C.C.P.A. 56, 530 F.2d 940 (1976)

**Jazz Photo Corp. v. USITC**, 264 F.3d 1094 (August 21, 2001)

**Joshua David Mellberg LLC v. Will**, No. CIV 14-2025-TUC-CKJ (D. Ariz. May. 20, 2020)

**Learning Curve Toys Inc. v. PlayWood Toys Inc.**, 342 F.3d 714 (7th Cir. 2003)

**Lelo Inc v. Int’l Trade Comm’n**, 786 F.3d 879 (Fed. Cir. 2015) “

**Nutrinova v. USITC**, 224 F.3d 1356 (Fed. Cir. 2000)

**O2 Micro Int’l Ltd v. Monolithic Power Sys. Inc.**, 467 F.3d 1355 (Fed. Cir. 2006)

**Rockwell Graphic System v. DEV Industry**, 925 F.2d 174 (7th Cir. 1991)

**Rohm & Haas v. Int’l Trade Comm’n**, 554 F.2d 462 (CCPA 1977)

**Ruckelshaus v. Monsanto Co.**, 467 US 986 (1984)

**Tandon v. USITC**, 831 F.2d 1017 (Fed. Cir. 1987)

**Telectronics Proprietary v. Medtronic**, 836 F.2d 1332 (Fed. Cir. 1988)

***Textron v. Int’l Trade Comm’n***, 753 F.2d 1019 (Fed. Cir. 1985)

***TianRui Group Co. Ltd v. Int’l Trade Comm’n***, 661 F.3d 1322 (Fed. Cir. 2011)

***Wilson Certified Foods Inc v. Fairbury Food Prods Inc***, 370 F.Supp. 1081 (D.Neb. 1974)

***Yellowfin Yachts Inc v. Barker Boatworks LLC***, No. 17-11176 (11th Cir. 2018)

***Yield Dynamics Inc v. TEA System Corp***, 154 Cal. App. 4th 547 (2007)

***Xerox Corp. v. Int’l Bus. Machines Corp***, 75 FRD. 668 (SDNY 1977)

## Laws

Commission Rule 210.12(a)(7)

5 USC § 706(2)(E)

5 USC § 706(2)(A)

19 USC § 1337(a)

19 USC § 1337(c)

RESTATEMENT (THIRD) OF UNFAIR COMPETITION Section 40 cmt. d