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Certain High-Density Fiber Optic Equipment: International Trade Commission Continues to Espouse Broad View of Section 337 Authority

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On August 23, 2021, the United States International Trade Commission (ITC) released the public version of its Opinion in *Certain High-Density Fiber Optic Equipment and Components Thereof*, Inv. No. 337-TA-1194. The Commission's Opinion once again revisited an issue confronted by the ITC and the Federal Circuit over the last several years—the scope of the Commission's authority under Section 337 to exclude "articles that infringe" U.S. patents from importation into the United States—and provided incremental guidance for ITC litigants and practitioners to consider going forward. Commission Chairman Jason Kearns also set forth a multifactor test that he and potentially other Commissioners may use to evaluate the ITC's authority in future cases involving the importation of components.

In the underlying investigation, the complainant, Corning, accused several respondents of violating Section 337 by infringing several Corning patents. The Administrative Law Judge (ALJ) found induced infringement and, consequently, a violation of Section 337. Respondents petitioned for Commission review, arguing they do not violate Section 337 because the imported components were not "articles that infringe" within the meaning of Section 337 and that the ALJ improperly extended Federal Circuit and Commission precedent to find a violation based on the importation of non-infringing components. The Commission disagreed, affirming with modified reasoning the finding of a violation.

The intersection of Section 337 and the importation of products that do not necessarily infringe at the time of importation into the United States—but may be used in an infringing manner or combined with other components to infringe post-importation—has been a heavily litigated issue since the Federal Circuit's 2015 *en banc* decision in *Suprema, Inc. v. ITC*.[1] In Suprema, the court concluded that "articles that infringe" includes imported articles that are used to directly infringe after importation into the United States, as a result of the seller's inducement. And last year in *Comcast Corp. v. ITC*,[2] the Federal Circuit upheld the Commission's determination that Section 337 liability applies to a respondent's induced infringement in the context of products that were imported on behalf of the respondent and supplied to its customers with instructions to use the imported products to directly infringe an asserted patent.

In *Certain High-Density Fiber Optic Equipment*, the Commission reiterated that imported products "constitute 'articles that infringe' for purposes of induced infringement when they are used by third-parties to directly infringe in the United States and the requirements of induced infringement under [35 U.S.C.] § 271(b) are established." Here, because "Respondents induce their customers to use the imported articles in combination with other components in the United States after importation to directly infringe the asserted apparatus claims," it was immaterial whether or not the articles "infringed" at the time of importation or whether respondents' inducing conduct occurred before, during, or after importation. Accordingly, the Commission found that respondents' products are "articles that infringe" under Section 337(a)(1)(B)(i), and issued an exclusion order.

Chairman Kearns agreed with the Commission's Opinion, but he also issued a separate section titled Additional Views Regarding "Articles that Infringe." Chairman Kearns's additional views addressed the reality that

[o]ften, imported articles are components of an infringing system – whether in an attempt to circumvent section 337 liability or by virtue of an increasingly global supply chain. Upon importation, these component articles are physically

[1] 796 F.3d 1338 (Fed. Cir. 2015) (*en banc*).
[2] 951 F.3d 1301 (Fed. Cir. 2020).

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modified or combined by the owner, importer, or consignee, and then used, sold, or offered for sale in a manner that directly infringes a U.S. patent.

To that end, to determine whether imported components may lead to a finding of a Section 337 violation, Chairman Kearns proposed replacing the existing "nexus" test with a revised framework—drawn largely from the contributory infringement section of the Patent Act—that considers the following factors:

a. Whether the article is a material part of the invention,

b. Whether it is especially designed and/or configured for use in an infringing manner,

c. Whether it is a staple article and the extent to which it has non-infringing uses, and

d. The extent to which it is modified or combined with other articles after importation.

While Chairman Kearns did not apply these factors to the facts of *High-Density Fiber Optic Equipment*, these factors may provide an important roadmap for future ITC litigants. Yet these factors represent the views of just one Commissioner, and leave many unanswered questions—how the individual factors may be weighed, whether the Commission may consider additional factors, etc. Future ITC proceedings involving disputes over the scope of Commission authority will likely delve into these factors.

If you have any questions about this Alert or the Commission Opinion, please contact Matthew Rizzolo or Brendan McLaughlin.

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