

MAY/JUNE 2022

VOLUME 28 NUMBER 3

DEVOTED TO  
INTELLECTUAL  
PROPERTY  
LITIGATION &  
ENFORCEMENT

*Edited by Gregory J. Battersby  
and Charles W. Grimes*

# IP *Litigator*®



# ITC Investigations

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## Avoiding Unforced Tech DI Errors at the ITC

The key to success as a Complainant in the ITC is careful preparation, long before the complaint is filed. Nowhere is this more important than in preparing and planning a Complainant's domestic industry case. The so-called "technical prong" of the domestic industry requirement is a much more common point of failure for ITC complainants than the "economic prong." The "technical prong" requirement is essentially the same as for infringement: an ITC complainant must "show that there is a domestic industry product that actually practices" at least one claim of the asserted patent. *Microsoft*, 731 F.3d 1354 at 1361. (Fed. Cir. 2013). It is unfortunately not uncommon at the ITC for Complainants to prepare meticulous infringement proofs for the accused products but then to fail to show that the domestic industry products practice a claim of the asserted patents.

Good planning and proactive thinking are a must in order to avoid major unforced errors when it comes to the "technical prong." The "technical prong" cannot be an afterthought. A complainant and its experts must carefully select and prepare their "infringement" proofs for domestic industry products long before filing the complaint. If additional "technical prong" information must be adduced in discovery, especially from third parties, a "punch list" of the missing pieces

and a game plan to obtain it should be first-order priorities out of the gates.

## Provide Evidence of Specific Instances of Infringement

Failures of proof with respect to specific instances of "infringement" by domestic industry devices continue to lead to adverse outcomes for Complainants at the Commission. Most recently, the Court of Appeals for the Federal Circuit (CAFC) affirmed the Commission's final determination in *Certain Infotainment Systems, Components Thereof, and Automobiles Containing Same*, Inv. No. 337-TA-1119 (May 28, 2020). In that case, the CAFC affirmed the Commission's finding that Broadcom had failed to show that there existed an actual domestic industry article that practiced a claim of the asserted patents. The CAFC, noting that "[w]e have previously found that, in order to meet the technical requirement of Section 337, a complainant must 'show that there is a domestic industry product that actually practices' at least one claim of the asserted patent," held that:

Broadcom failed to identify any specific integration of the domestic industry SoC and the "clock tree driver" firmware, or a specific location where the firmware was stored. Because Broadcom failed to identify an actual article that practices claim 25, the Commission's finding

that Broadcom failed to satisfy the domestic industry requirement of Section 337 was supported by substantial evidence.

## *Broadcom Corporation v. ITC*, [2022 U.S. App. LEXIS 5951] (March 8, 2022)

The facts and circumstances in the *Broadcom* case are broadly similar to those in an earlier ITC investigation involving Microsoft in which the ITC also found that the technical prong of the domestic industry requirement was not proven. See *Certain Mobile Devices, Associated Software, and Components Thereof*, Inv. No. 337-TA-744, ID at 196–206 (Dec. 20, 2011). In that case, the domestic industry article was a third-party smartphone that allegedly implemented the infringing functionality. Microsoft's expert relied on source code that was provided by Microsoft to OEMs to show that the domestic industry article necessarily practiced the asserted tech DI claim. The expert, however, did not offer any direct evidence with respect to a specific domestic industry article, but rather made his arguments inferentially.

In that case the Commission, affirmed by the CAFC, found that Microsoft had failed to meet the technical DI requirement because it did not show an **actual instance** of direct infringement: "the capability of infringement has not even been proved here because Microsoft has failed to offer any evidence that anyone implements the example code on any device. Thus, the ALJ is left only with a hypothetical device, which is insufficient." *Id.* The CAFC agreed, finding that "Microsoft failed to show, however, that any such client applications were actually implemented on any third-party mobile device." *Microsoft Corp. v.*

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*ITC*, 731 F.3d 1354 (Fed. Cir. 2013). Microsoft “simply failed to identify any phones with the required components performing as required.” *Id.* at 1362.

Similarly in the recent Broadcom case, the Commission found that “Broadcom’s expert admitted . . . that he could not identify any specific source code in the accused products where that sequence of events actually happened or could happen.” See *Certain Infotainment Systems, Components Thereof, and Automobiles Containing Same*, Inv. No. 337-TA-1119, Commission Opinion at 26 (May 28, 2020). The Commission found that “this lack of evidence is fatal to Broadcom’s infringement theory for claims 25 and 26” and that Broadcom had therefore “failed to carry its burden to show infringement of this limitation.” *Id.* The Commission similarly rejected Broadcom’s argument that the system claims were satisfied through testing, based on the lack of specific testing evidence. See Comm’n Op at 21–22 (“Broadcom also failed to offer any detailed evidence regarding its alleged use and testing of the SoCs, such as what the testing entails or when it occurs in the development process.”)

## Provide Evidence of Infringement Under Alternative Claim Constructions

Complainants, in supporting the technical prong, must also take care to adduce evidence for direct evidence of infringement *under alternative claim constructions*. In the recent *Certain Mobile Devices with Certain Multifunction Emulators* investigation the complainant was unable to satisfy the technical prong because it

did not offer direct evidence of infringement for the claim construction ultimately adopted by the ALJ. Inv. 337-TA-1170, Initial Determination (March 16, 2021). The ALJ in the Initial Determination reluctantly noted that “In contrast to infringement, where the record was clear and undisputed, for domestic industry technical prong Dynamics offers only evidence consistent with its erroneous claim construction proposal. [record citations omitted] It points to no evidence in its post-hearing briefs regarding the shape of any alleged waveforms.” *Id.* at 61–62. The ALJ observed that although there was circumstantial evidence “that domestic industry technical prong could have been proven, had Dynamics simply presented its case differently,” the record unfortunately lacked the direct evidence needed to support such a finding. *Id.*

While the gap in proofs from these highlighted decisions may appear to be minor, they resulted in failures to show infringement of the domestic industry protected article. These gaps can be deadly for the patent owner’s case. The best solution is to include in your pre-filing checklist and your proofs of domestic industry a robust review of the potential evidence matched up with care against each element of the relevant claims. Including your technical expert in such validation is also a best practice. A focused deliberate approach will minimize the risk of such a critical failure on fundamental domestic industry proofs.

## Technical Prong Pre-Filing Checklist

Key items for your technical prong pre-filing checklist:

**The definition of the “domestic industry article.”** The definition should be broad enough to ensure that the article practices a claim of the asserted patent. This could mean, for example, that the “article” should comprise a complete system, not simply discrete components.

**Identify the actual, physical domestic industry product.** While this does not necessarily have to be an article that is currently for sale, there is no way around the requirement for an actual, physical protected article. Identify it early and often and make sure the respondents have access to it in fact discovery.

**Third party discovery.** If the domestic industry infringement proof will require information from third parties—such as chipset suppliers—advance preparation of subpoenas and a third-party enforcement strategy is critical. When third parties do not cooperate with ITC subpoenas, district courts—and even foreign courts—must be enlisted to enforce this discovery. This takes time and diligence.

**Testing and documentation.** The Commission will demand direct evidence of “infringement” by the domestic industry products. Expert testimony and inference alone will almost certainly be insufficient. Proving technical prong “infringement” can require third party product testing, source code and other extrinsic evidence. It is critical to work with your expert early to identify and generate precisely the evidence you will need.

**Revisit the evidence after claim construction.** Make sure

you have direct evidence to prove your technical prong case even if the ALJ adopts the respondents' constructions. This can be a moving target. But it is too late to fix a hole in your technical prong evidence once fact discovery has closed.

## Conclusion

In sum, the key predicate for a Complainant to prove up technical DI at the Commission, in short, is to (1) show infringement *by a specific domestic industry article* (2) supported by *direct evidence* such as source code, testing data and other detailed evidence. The Commission requires direct evidence of infringement: the agency's factual determinations are reviewed by the Court

of Appeals for the Federal Circuit based on the "substantial evidence" standard. Expert testimony as to how source code operates, or how a domestic industry device operates, cannot overcome a lack of direct evidence of actual infringement with respect to an actual domestic industry device. It is essential for Complainants to begin their case with a laser-focus on their technical prong proofs and to maintain that focus till the end.

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