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The Aftermath of Louis Vuitton: Why Bringing a Trademark Infringement Case in the ITC is a Viable Option

Jake Webb

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**The Aftermath of Louis Vuitton:
Why Bringing a Trademark Infringement Case in the
ITC is a Viable Option**

Jake Webb



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By Jake Webb*

ABSTRACT

In 2012, the International Trade Commission (“ITC”) issued a general exclusion order in favor of Louis Vuitton, prohibiting the importation of any good infringing upon Louis Vuitton’s famous trademarks. This exclusion order applies to any entity importing infringing goods, regardless of their status as a party in the ITC investigation. This type of equitable relief is extremely powerful, and would be preferable over monetary relief to trademark owners in many scenarios. This was one of the first large-scale trademark investigations heard by the ITC, and should lead to a drastic increase in the number of trademark owners who consider the ITC as a viable option for dispute resolution.

The ITC has many potential advantages over District Courts, and this Article discusses what potential advantages it may offer a trademark owner looking to protect their mark against infringement. Given its quick resolution, at an average of 15 months, the ITC is nearly always a much quicker avenue to resolution than District Court. Further, The ITC’s power to issue equitable relief rather than monetary relief gives trademark owners a choice about which type of remedy would be preferable in their situation. Given the differences in how disputes will be handled by District Courts and the ITC, trademark owners should consider their unique situations and determine whether the ITC may be their preferred alternative to bringing a suit in a District Court.

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INTRODUCTION

¶1 The United States Tariff Act of 1930 (hereinafter “the Act”), 19 U.S.C. § 1337, prohibits unfair acts and unfair methods of competition involving the importation or sale of infringing goods in the United States.¹ The Act specifically prohibits the import of patent infringing or trademark infringing products and allows the rights holder to bring investigations under the International Trade Commission (“ITC”), an independent judicial Federal agency.² The majority of ITC investigations to date have involved alleged patent infringement, and there are limited examples of the ITC hearing and ruling on the import of trademark infringing products.³ However, in a landmark case in 2012 involving Louis Vuitton, the ITC granted a general exclusion order against counterfeit Louis Vuitton products.⁴ This case was one of the first ITC trademark cases dealing with such a large company.

¶2 This comment will discuss why the ITC is a better alternative than U.S. district courts for parties looking to quickly resolve disputes and hoping for injunctive relief more powerful than that available from district courts.

¶3 This comment will first explain in Part 2 the basis for the ITC’s authority and the process of initiating an ITC investigation. Next, it will explain the process of initiating an ITC investigation. Included in this section will be recent changes to the statute regarding the initiation of an investigation, what practical changes this will entail, and why those changes should not dissuade potential parties from filing in the ITC. Then, in Part 3, this comment will discuss trademark infringement cases in the ITC, with particular emphasis on the Louis Vuitton case and the standards that have been applied in trademark infringement cases, as well as the deviations within the proceedings regarding the applied standards and tests. This comment will attempt to discern what issues parties need to be aware of when thinking of filing within the ITC and how they prepare their cases going forward. It will then discuss in Part 4 the differences between ITC investigations and district courts cases, the differences in procedure and scope, as well as the differences in forms of relief offered. While discussing this, it will address the benefits and disadvantages of each option, and in which scenarios filing in the ITC will be the better option. Finally, in Part 5, this paper will discuss certain issues the ITC will face going forward, particularly with respect to trademark infringement cases.

I. THE INTERNATIONAL TRADE COMMISSION AND HOW TO INITIATE INVESTIGATIONS

¶4 The ITC is an “independent, quasi-judicial Federal agency with broad investigative responsibilities on matters of trade.”⁵ Section 335 of the Act (19 U.S.C. § 1335) specifically

¹ 19 U.S.C. § 1337 (2013).

² *Id.*; *About the USITC*. USITC.COM, http://www.usitc.gov/press_room/about_usitc.htm (last visited Sept. 8, 2015).

³ *Advantages of a Section 337 Investigation at the US International Trade Commission*, IP LITIGATOR, May/June 2006, at 32, 33, <http://www.adduci.com/sites/default/files/Sec337Advantages.pdf>.

⁴ *Trademarks: Louis Vuitton Case Could Lead to Rush at the ITC*. MANAGINGIP.COM, <http://www.managingip.com/Article/3038415/Trade-marks-Louis-Vuitton-case-could-lead-to-rush-at-the-ITC.html> (last visited Sept. 8, 2015).

⁵ *About the USITC*. USITC.COM, http://www.usitc.gov/press_room/about_usitc.htm (last visited Sept. 8, 2015).

authorizes the ITC to adopt such reasonable procedures and rules and regulations to carry out its functions and duties.⁶ One of the powers granted to the ITC is to adjudicate cases dealing with allegations of intellectual property rights infringement.⁷ Specifically, the ITC states in its mission that one of its duties is to “administer U.S. trade remedy laws within its mandate in a fair and objective manner.”⁸ In furthering this mission, the ITC has the power to deal with the import of allegedly infringing trademarks or patents.⁹

An ITC investigation begins when a party files a detailed and fact-based complaint at the ITC.¹⁰ The complaint is then directed to staff attorneys at the Office of Unfair Import Investigations, who check the complaint to make sure it follows procedural rules.¹¹ The Commission votes whether to institute an investigation within 30 days of the complaint filing, but if the complaint follows procedural rules, the Commission generally grants an investigation.¹² If an investigation is granted, it is then assigned to an Administrative Law Judge who will preside over the investigation.¹³ Additionally, the ITC is different from district courts in that a Staff Attorney is assigned to the case from the Office of Unfair Import Investigations of the Commission.¹⁴ The Staff Attorney represents the public interest in the investigation, fully participates in the proceedings, and ensures that all issues are explored and the factual and legal record is fully complete.¹⁵ The Staff Attorney can initiate discovery, file briefs, respond to motions, examine witnesses, and participate in the hearing.¹⁶ Although the Staff Attorney remains neutral for the majority of the hearing, he or she must declare his or her position to the Administrative Law Judge shortly before a hearing on the merits begins.¹⁷

Changes relevant to initiating an ITC investigation went into effect on May 20, 2013.¹⁸ While these changes do slightly alter the requirements for a complaint, they should not practically affect the requirements for initiating a proceeding under the ITC. Therefore, they should not dissuade any parties considering filing. The first relevant change is

⁶ 19 U.S.C. § 1335 (2013).

⁷ *About the USITC*. USITC.COM, http://www.usitc.gov/press_room/about_usitc.htm (last visited Sept. 8, 2015).

⁸ *Id.*

⁹ 19 U.S.C. § 1337 (2013). The statute first states “that the following are unlawful, and when found by the Commission to exist shall be dealt with.” The statute then states as unlawful, “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 infringe a valid and enforceable United States patent.” Continuing, the statute further states as unlawful, “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 infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.”

¹⁰ *Section 337 Frequently Asked Questions*, STEPTOE & JOHNSON, <http://www.steptoec.com/resources-detail-6611.html> (last visited Sept. 8, 2015).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ Robert Fischer and Aleksandra Fayer, *The Differences Between ITC Investigations and U.S. Court Lawsuits: What You Need to Know*, FITZPATRICK, CELLA, HARPER & SCINTO, <http://www.fitzpatrickcella.com/DB6EDC/assets/files/News/fischer%20fayer%20chinese%20article.pdf> (last visited Sept. 8, 2015).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Changes in the Rules for ITC Section 337 Investigations Are Now In Effect*, MBHB.COM, <http://www.mbhb.com/snippets/alert052013/> (last visited Sept. 8, 2015); *See* 19 C.F.R. §§ 210.12 (2014).

requiring the complainant to plead more specifically with facts that a domestic industry either exists or that there is a significant likelihood of an industry's establishment in the future.¹⁹ This domestic industry requirement is a unique aspect to ITC investigations since the only thing necessary to sue in district courts is ownership of a patent or trademark.²⁰ Specifically, the statute now explicitly states that the complaint must "include a detailed description of the relevant domestic industry as defined in 337(a)(3)."²¹ This will affect parties alleging that a future industry will develop, but should not practically affect the complaints of parties whose industry is easily established.²²

¶7 A second recent change has been the addition of a requirement for the complaint to "[c]ontain a clear statement in plain English of the category of products accused."²³ The Commission provided a specific example of an acceptable statement in plain English, stating, "the caption of the investigation might refer to 'certain electronic devices,' but the complaint would provide a further statement to identify the type of products involved in plain English such as mobile devices, tablets, or computers."²⁴ The purpose of this requirement is to clarify the specific accused products. While this will make the products in question much easier to understand, the Commission has specifically stated the statement will not narrow the scope of the Notice of Investigation.²⁵ This is important to note in the complaint stage before discovery, but these new rules should not practically affect the requirements to be heard before the ITC.²⁶

¶8 After the Administrative Law Judge makes a final determination, the parties may appeal the determination by filing a petition for review.²⁷ The Commission will review this petition, and may then grant or deny this petition, either in whole or in part, or may choose to review the initial determination independently.²⁸ If the Commission finds a violation of Section 337, it forwards this determination to the ITC president.²⁹ The president then has 60 days to deny the determination if it is against policy grounds.³⁰ If the president decides

¹⁹ *Id.*

²⁰ *Changes in the Rules for ITC Section 337 Investigations Are Now In Effect*, MBHB.COM, <http://www.mbhb.com/snippets/alert052013/> (last visited Sept. 8, 2015).

²¹ 19 C.F.R. §§ 210.12 (2014).

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Changes in the Rules for ITC Section 337 Investigations Are Now In Effect*, MBHB.COM, <http://www.mbhb.com/snippets/alert052013/> (last visited Sept. 8, 2015), citing 78 Fed. Reg. 23474, 23476 (April 19, 2013).

²⁶ *Id.*

²⁷ *Section 337 Frequently Asked Questions*, STEPTOE & JOHNSON, <http://www.stepto.com/resources-detail-6611.html> (last visited Sept. 8, 2015).

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*; This has only happened three times. *Spanson Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1360 (Fed. Cir. 2010) (citing *Certain Fluidized Supporting Apparatus and Components*, Inv. No. 337-TA-182/188, Comm'n Op. (October 1984) (denying exclusion order because domestic producer could not meet the demand for hospital burn beds within a reasonable time and there were no alternative sources of supply); *Inclined Field Acceleration Tubes and Components*, Inv. No. 337-TA-67, Comm'n Op. (December 1980) (overriding public interest in basic atomic research justified denying relief against imported acceleration tubes where domestic products were of lower quality than the imports); *Certain Automatic Crankpin Grinders*, Inv. No. 337-TA- 60, Comm'n Op. (December 1979) (exclusion order denied on public interest grounds because of overriding national policy in maintaining and increasing supply of fuel-efficient automobiles where the domestic industry alone was unable to meet that demand).

not to deny the initial determination, it will become final and go into effect.³¹ Parties may still appeal this final determination within 60 days of the final determination, at which point the matter will go to the US Court of Appeals of the Federal Circuit.³²

II. TRADEMARK INFRINGEMENT IN ITC

¶9 While the ITC and Section 337 specifically address trademark protection, the majority of cases brought in front of the ITC alleging Section 337 violation deal with patent infringement.³³ Of the ITC's intellectual property cases dealing with Section 337 violations, ninety percent involve patent infringement disputes, most of which involve complex technology.³⁴ Due to this much more limited history of trademark infringement disputes, it is not always easy to predict the outcome of trademark disputes in the ITC. This can make it very difficult to predict how future cases will unfold. Later, this comment will discuss one important example of this issue where the ITC has applied different presumption standards for laches, acquiescence, and equitable estoppel.³⁵

A. Louis Vuitton Case (*"In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof"*)

¶10 In December of 2010, Louis Vuitton, a French retailer of handbags, luggage, and accessories, filed a complaint in the ITC alleging the import of trademark-infringing products in the United States.³⁶ Louis Vuitton named numerous respondents in the original complaint.³⁷ During an initial determination, the administrative law judge found that the requirements for the complaint, including the domestic industry requirement, had been met.³⁸ With this initial determination and completion of discovery, Louis Vuitton moved for summary judgment and a general exclusion order, a type of remedy issued by the ITC that prohibits all importation of infringing objects.³⁹

¶11 In the ruling, the administrative law judge reviewed the requirements for trademark infringement in the ITC.⁴⁰ Citing an earlier Louis Vuitton case from a district court opinion, the administrative law judge stated that trademark infringement will be reviewed under a two prong test: whether the "mark merits protection, and whether [the Respondents'] use of a similar mark is likely to cause customer confusion."⁴¹ In this case, the ITC looked at

³¹ *Section 337 Frequently Asked Questions*, STEPTOE & JOHNSON, <http://www.stepto.com/resources-detail-6611.html> (last visited Sept. 8, 2015).

³² *Id.*

³³ *Litigation – ITC Section 337 Patent Litigation*, FINNEGAN.COM, <http://www.finnegan.com/ITCSection337PatentLitigationPractice/> (last visited Sept. 8, 2015).

³⁴ *Id.*

³⁵ *Infra* 3.C.

³⁶ *In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof*, Inv. No. 337-TA-754 at *1, (U.S. Int'l Trade Comm'n March 5, 2012) (initial determination granting complainants' motion for summary determination of violation and recommended determination on remedy and bonding).

³⁷ *Id.*

³⁸ *Id.* at *2.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.* at *3 (citing *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d. Cir. 2006)).

the Lanham Act to determine evidence of validity.⁴² Under the Lanham Act, if the party owns a federally registered trademark, it “becomes conclusive evidence of validity, ownership, and exclusive right to use if (1) a registered mark is used continuously for five years after registration; (2) there has been no final decision adverse to the registrant's claim of ownership; and (3) an affidavit of incontestability is submitted to the Patent and Trademark Office.”⁴³ Since Louis Vuitton had seven federally registered trademarks and each had been on the Principal Register for more than five years, validity was assumed.⁴⁴

¶12 Having determined the validity of the trademark, the administrative law judge then looked at likelihood of confusion. First, the judge said that analysis of the likelihood of confusion between authentic and counterfeit marks is unnecessary.⁴⁵ Having determined that one of the respondents was selling counterfeit items, the judge concluded that the respondent had committed trademark infringement.⁴⁶

¶13 Likelihood of confusion for products that are not counterfeit requires a different test. The test for trademark infringement in this case was whether the accused mark is “likely to cause confusion or to cause mistake or to deceive.”⁴⁷ The administrative law judge then stated that in determining whether a reasonable consumer is likely to be confused, the Commission applies a four-factor analysis:

(1) the degree and similarity between the designation and the trademark or trade name in: appearance, pronunciation of words used, verbal translation of the pictures or designs involved, and suggestion; (2) the intent of the actor in adopting the designation; (3) the relation in use and manner of marketing between the goods and services marketed by the actor and those by the other; and (4) degree of care likely to be exercised by purchasers.⁴⁸

¶14 However, the Commission noted that this analysis is nonexhaustive, and that no factor is probative.⁴⁹ Furthermore, other ITC cases have applied different likelihood of confusion tests.⁵⁰ While district courts apply different factors for likelihood of confusion,

⁴² *Id.* at *4.

⁴³ *Id.*; *see also* 15 U.S.C. §§ 1065; *see also* 15 U.S.C. § 1115(b).

⁴⁴ In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof, *supra* note 34, at *4.

⁴⁵ *Id.*; *see also* Chanel, Inc. v. Gardner, 2011 WL 204911, at *4 (S.D.N.Y. Jan. 21, 2011); *see also* Gucci Am., Inc. v. Duty Free Apparel, Ltd., 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003) “Indeed, confusing the customer is the whole purpose of creating counterfeit goods”.

⁴⁶ In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof, *supra* note 34, at *4.

⁴⁷ *Id.*; *see also* 15 U.S.C. § 1114(1); *see also* In the Matter of Certain Digital Multimeters and Prods, with Multimeter Functionality, Inv. No. 337-TA-588 at *5, (U.S. Int’l Trade Comm’n Jan. 14, 2008) (initial determination granting fluke corporation’s motion for summary determination of violation and terminating the investigation).

⁴⁸ In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof, *supra* note 34, at *5; *see also* Restatement of Torts § 729 (1938); *see also* In the Matter of Certain Digital Multimeters and Prods, with Multimeter Functionality, *supra* note 43, at *6.

⁴⁹ In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof, *supra* note 34, at *5.

⁵⁰ In the Matter of Certain Purple Protective Gloves, Inv. No. 337-TA-500 at *7, (U.S. Int’l Trade Comm’n September 23, 3004) (initial determination granting motion of complainants Kimberly-Clark Corp. and Safeskin Corp. for summary determination with respect to domestic industry and violation of section 337 and recommended determination on remedy and bonding).

they are generally highly overlapping.⁵¹ While the same can be said for the difference in ITC factors, it does make it difficult for parties to prepare a case or defend a case when they are unsure of the test that will be applied.

¶15 In applying the factors, the Commission noted the critical question is often the similarity of the marks.⁵² Additionally, it is not individual similarities, but the overall commercial impression of the two marks that should be compared.⁵³ The intent factor is whether alleged infringer attempted to confuse consumers in order to reap benefits from the reputation of the trademark owner.⁵⁴ If there is intent, it is very strong evidence of confusion.⁵⁵ However, a lack of intent is largely irrelevant.⁵⁶ The judge declined to make a finding regarding the third factor offered by the Commission, stating that since the confusion in this case was post-purchase, it differs from the normal application of this factor, and therefore, the use of marketing and relation of the products is inapplicable.⁵⁷ While the Commission found little evidence of actual confusion in this case, it acknowledged that actual confusion is a strong indicator for likelihood of confusion, but it is not required for trademark infringement in the ITC.⁵⁸ Finally the Commission acknowledged the strength of Louis Vuitton's mark and concluded that the company was afforded wider latitude of protection.⁵⁹ Having looked at all of the factors, the Commission determined Louis Vuitton was entitled to summary determination of trademark infringement.⁶⁰

B. Additional Proof Requirements in ITC Cases

¶16 While the factors applied in this case are not necessarily the factors that will be applied in future trademark infringement claims in the ITC, they are indicative of the type of issues that the Commission will contemplate. Similar to district courts, a showing of actual confusion is "undoubtedly the best evidence of likelihood of confusion."⁶¹ Additionally, while different factors have been applied for similarity of marks in different ITC cases, the "overall impression" test is likely to be at the center of each factored analysis. When thinking about pursuing a claim in the ITC, parties should look to see if they can establish actual confusion, or in the alternative, whether the overall impression of the marks is very similar.

¶17 One of the requirements unique to ITC section 337 violations is the requirement that a product be imported. The party claiming a violation must show by "reliable, probative

⁵¹ See generally *Infringement and Likelihood of Confusion*, NATIONAL PARALEGAL COLLEGE, http://nationalparalegal.edu/public_documents/courseware_asp_files/patents/Trademarks2/Infringement.asp (last visited Sept. 8, 2015).

⁵² In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof, *supra* note 36, at *6.

⁵³ *Id.* (citing Restatement Torts § 729 (1938)).

⁵⁴ *Id.* at *7.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.* at *8.

⁶⁰ *Id.* at *9.

⁶¹ *Id.* at *7 (citing *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 284 (6th Cir. 1997)).

and substantial evidence” the respondents imported or sold after importing the accused products.⁶² However, the evidence required seems fairly limited. Evidence of importation of a single accused product will satisfy the importation element.⁶³ Simply providing evidence that the product was manufactured in another country is sufficient to establish importation.⁶⁴ Both photographic evidence and declarations of the manufactured location have been found to be sufficient.⁶⁵ This appears to be an easy requirement for parties to satisfy, especially in cases where the import of the product is known to testifying individuals or easily determinable.

¶18 Finally, section 337 requires that “an industry in the United States, relating to the articles protected by the ... trademark ... concerned, exists or is in the process of being established.”⁶⁶ An industry is considered to exist if “with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned: (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.”⁶⁷ Showing the existence of any of the three prongs satisfies the domestic industry requirement.⁶⁸ Additionally, the domestic industry requirement is measured at the time of the filing of the complaint.⁶⁹ While this is a fact specific inquiry and no specific test or amount is required or probative, these requirements appear to be met fairly easily. Any large company that has invested in its trademark has almost certainly met the necessary threshold for establishing the existence of an industry.⁷⁰ It is also important to recognize that the company itself does not have to be a United States company. A foreign company can receive the same protection as long as they prove the requisite domestic industry within the United States of the product or mark at issue.⁷¹

¶19 By studying different ITC cases, it is clear that it is difficult to predict how the law will be applied. However, similar to district courts applying different tests for trademark infringement, nearly all of the tests are similar enough that arguments can be tailored to fit the specific test applied by the administrative law judge.

C. Affirmative Defenses

¶20 However, some standards have been applied very differently in separate cases, and it is nearly impossible to predict how they will be applied in future cases. One of these issues is affirmative defenses to trademark infringement claims. In a trademark infringement case under the ITC, the Commission recognizes the affirmative defenses of

⁶² *Id.* at *8.

⁶³ 19 U.S.C. § 1337(a)(1)(C); *see also In the Matter of Certain Purple Protective Gloves*, *supra* note 50, at *3.

⁶⁴ *See In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof*, *supra* note 36, at *8; *see also In the Matter of Certain Purple Protective Gloves*, *supra* note 50, at *3.

⁶⁵ *See In the Matter of Certain Handbags, Luggage, Accessories and Packaging Thereof*, *supra* note 36, at *8; *see also In the Matter of Certain Purple Protective Gloves*, *supra* note 50, at *3.

⁶⁶ 19 U.S.C. § 1337(a)(2).

⁶⁷ 19 U.S.C. § 1337(a)(3).

⁶⁸ *In the Matter of Certain Purple Protective Gloves*, *supra* note 50, at *4.

⁶⁹ *Id.*

⁷⁰ *See Id.*

⁷¹ *Section 337 Frequently Asked Questions*, Steptoe & Johnson, *supra* note 10.

laches, equitable estoppel, and acquiescence.⁷² However, whether the presumption of these affirmative defenses applies is very murky.

¶21 There is some conflicting case law on whether the ITC will apply a presumption of laches in trademark cases based on the relevant state statute of limitations. In the most recent case on the issue, the administrative judge explicitly rejected arguments based on the applicable state statute of limitations.⁷³ The judge then held that the unreasonableness of the delay in trademark cases is evaluated based on the particular circumstances of the case and that there is no certain period after which a presumption applies.⁷⁴ There is some case law support, however, applying a presumption in trademark cases based on the applicable state statute of limitations, where the domicile of the respondent determines the relevant state statutes.⁷⁵

1. Laches

¶22 Laches, otherwise known as “estoppel by laches,” is the “neglect or delay in bringing suit to remedy an alleged wrong, which taken together with lapse of time and other circumstances, causes prejudice to the adverse party and operates as an equitable bar.”⁷⁶ The affirmative defense of laches requires the respondent to establish: “(1) that the complainant delayed in bringing suit for an unreasonable and inexcusable length of time from the time it knew or reasonably should have known of the allegedly infringing activity; and (2) that the respondent suffered material prejudice attributable to complainant’s delay in bringing the suit.”⁷⁷ The material prejudice required must be shown in the form of either “a change of economic position or loss of evidence.”⁷⁸

¶23 There is some conflicting case law in the ITC about whether there is a presumption of laches based on the analogous state statute of limitations. In some cases, an administrative law judge has explicitly chosen to not apply a presumption of unreasonableness based on state statutes.⁷⁹ In so holding, the Court said the unreasonableness requirement would be evaluated based on the facts and circumstances of the particular case.⁸⁰ While the Commission applies a statutory presumption of unreasonable delay in patent infringement cases, it explicitly distinguishes between trademark and patent cases due to differences in the duration of rights.⁸¹

⁷² See, e.g., *Certain Bearing and Packaging Thereof*, Inv. No. 337-TA-469, at 11, 26, Initial Determination Concerning Violation of Section 337 and Recommended Determination on Issues Concerning Permanent Relief (April 2003), *vacated in part and reversed in part on other grounds by Certain Bearings And Packaging Thereof*, USITC Inv. No. 337-TA-469, Opinion (June 2004).

⁷³ *Certain Agricultural Vehicles and Components Thereof*, Inv. No. 337-TA-487, at 66-67, Final Initial and Recommended Determinations (Jan. 2004), *vacated on other grounds by Bourdeau Bros., Inc. v. Int’l Trade Comm.*, 444 F.3d 1317 (Fed. Cir. 2006).

⁷⁴ *Id.*

⁷⁵ See *Certain Bearing and Packaging Thereof*, *supra* note 72, at 171.

⁷⁶ *Id.* at 24 (citing *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028-29 (Fed. Cir. 1992)).

⁷⁷ *Certain Agricultural Vehicles and Components Thereof*, *supra* note 73, at 66.

⁷⁸ *Id.* at 69 (quoting *Aukerman* 960 F.2d at 1043).

⁷⁹ *Id.* at 67.

⁸⁰ *Id.* (citing *Aukerman* 960 F.2d at 1032 (“The length of time which may be deemed unreasonable has no fixed boundaries but rather depends on the circumstances”)).

⁸¹ *Id.* (citing *Aukerman* 960 F.2d at 1040); See also *Certain Braiding Machines*, Inv. No. 337-TA-130, Unreviewed Initial Determination at 36 (October 1983) (concluding 15 year delay in bringing trademark

¶24 Additionally, even if the delay is found to be unreasonable, the respondent must show the delay has caused them material prejudice, and must demonstrate the requisite “extreme circumstances and egregious delay” required to warrant complete denial of injunctive relief.⁸²

¶25 However, there is some ITC case law implying the presumption will be applied. In *Certain Bearings* the administrative judge recognized that Federal courts often use analogous state statutes of limitations as a baseline for whether a presumption of laches exists.⁸³ When the ITC applies a presumption based on the analogous statute of limitations, it will be based on the laws of the domiciliary state of the respondent.⁸⁴

¶26 Whenever laches is established, it will generally bar recovery to pre-filing damages but not to post-filing damages or injunctive relief.⁸⁵ However, there is an exception when the delay has been so extreme or unreasonable that it was essentially an abandonment of the right.⁸⁶

2. Equitable Estoppel

¶27 The affirmative defense of equitable estoppel requires a respondent to demonstrate: (1) that the trademark owner has engaged in some misconduct that leads the alleged infringer to reasonably believe that the trademark owner will not assert a claim; (2) that the respondent relied on the trademark owner's misconduct; and (3) that the respondent has been materially *prejudiced* based on its reliance.⁸⁷ The misconduct must “lead[] the alleged infringer to reasonably infer that the patentee does not intend to enforce its patent against the alleged infringer.”⁸⁸ Additionally, the misconduct “may include specific statements, action, inaction or silence when there is an obligation to speak,” but if silence or inaction is the basis for an estoppel defense such “inaction must be combined with other facts respecting the relationship or contacts between the parties to give rise to the necessary

infringement suit was not unreasonable where respondent’s imports were sporadic for a decade and complainant only recently detected § 337 injury) (“[T]he Commission has considered the merits of this issue on a case-by-case basis, bearing in mind that section 337 does not require that the unfair acts be discovered by a certain time.”).

⁸² *Certain Agricultural Vehicles and Components Thereof*, *supra* note 73, at 67; *See also Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 825 (7th Cir. 1999) (finding material prejudice when plaintiff did not challenge defendant for ten-to-twenty year period while defendant made investments and developed products); *See also Minnesota Mining and Manufacturing Co. v. Beautone Specialties, Co. Ltd.*, 82 F. Supp. 2d 997, 1005 (D. Minn. 2000) (issuing injunctive relief despite unreasonable 12-year delay and significant economic prejudice due to absence of egregious circumstances and likelihood of consumer confusion between trademarks).

⁸³ *Certain Bearings and Packaging Thereof*, *supra* note 72, at 169. *See also Lyons Partnership, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 796 (4th Cir. 2001) (“While the Lanham Act itself does not provide an express period of limitations for filing a trademark infringement claim, courts generally assume that Congress intended that courts ‘borrow’ a limitations period for a federal action at law from an analogous state law.”).

⁸⁴ *Id.* at 171.

⁸⁵ *Certain Agricultural Vehicles and Components Thereof*, *supra* note 73, at 66 (citing *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 568-69 (6th Cir. 2000)).

⁸⁶ *Id.*, (citing *Hot Wax*, 191 F.3d at 824 at n.3 (holding where delay exceeded twenty year and investments of “significant time and money in product development and advertising” established requisite “extreme circumstances and egregious delay” to bar equitable injunctive relief)).

⁸⁷ *Certain Agricultural Vehicles and Components Thereof*, at 40 (citing *Aukerman*, 960 F.2d at 1040).

⁸⁸ *Id.* at 52 (citing *Aukerman*, 960 F.2d at 1042).

inference that the claim against the defendant is abandoned.”⁸⁹ This is generally shown by notice or the threat of enforcement and then a long delay.⁹⁰

¶28 The Commission has held that the reliance and prejudice elements of estoppel are linked because the prejudice “stems from action taken in purported reliance.”⁹¹ The respondent has the burden to establish by the preponderance of the evidence that petitioner misled them to believe it would not enforce its trademark rights.⁹² Additionally, reliance on this misconduct “requires more than a belief that one will not be sued; it requires ‘taking some action’ in substantial reliance on the [[trademark owner’s] misleading conduct.”⁹³ Respondent may provide proof of investments to its business as evidence of reliance, but Respondent must prove it changed its economic position because of a belief that petitioner approved of its infringing nature.⁹⁴

¶29 However, even when these three elements are established, the court must still “take into consideration any other evidence and facts respecting the equities of the parties in exercising its discretion and deciding whether to allow the defense of equitable estoppel to bar the suit.”⁹⁵

3. Acquiescence

¶30 Acquiescence is an “equitable defense that denotes active consent by a senior user to another’s use of the mark.”⁹⁶ The respondent must demonstrate that: “(1) the trademark owner actively represented that it would not assert a claim; (2) that the owner unreasonably and inexcusably delayed between the active representation and the assertion of the claim; and (3) that the respondent was materially prejudiced as a result of the delay.”⁹⁷ Acquiescence is distinguishable from laches, because “it implies *active* consent [by the owner to an infringing use of his mark], while laches implies merely passive consent.”⁹⁸ Acquiescence requires proof more demanding than a showing of unreasonable delay, which materially prejudiced the alleged infringer, but rather,

⁸⁹ *Id.* at 40 (citing *Aukerman*, 960 F.2d at 1042).

⁹⁰ *See Jensen v. Western Irrigation and Mfg., Inc.*, 650 F.2d 165, 169 (9th Cir. 1980) (“If a patentee threatens an alleged infringer with prompt enforcement of the patent and then does nothing, that action may be sufficiently misleading to induce the alleged infringer to believe that the objection has been abandoned”); *see also Continental Coatings Corp. v. Metco, Inc.*, 464 F.2d 1375, 1380 (7th Cir. 1972) (holding estoppel could be present when an “infringement notice was either withdrawn or followed by such a long period of inactivity as to justify an inference of abandonment.”).

⁹¹ *Certain Agricultural Vehicles and Components Thereof, supra* note 73, at 40 (citing *Certain Sortation Systems, Parts Thereof, And Products Containing Same, Inv. No. 337-TA-460, Comm’n Op.* at 10 (Feb. 3, 2003)).

⁹² *Id.* at 56.

⁹³ *Id.* at 57 (quoting *Sortation Systems, Comm’n Op.* at 18).

⁹⁴ *Id.* at 60 (emphasis in original).

⁹⁵ *Id.* at 40 (citing *Sortation Systems, Comm’n Op.* at 10); *see also A.C. Aukerman Co. v. R.I. Chaides Constr. Co.*, 960 F.2d 1020, 1044 (Fed. Cir. 1992) (reversing summary judgment of equitable estoppel for defendant when plaintiff might have delayed bringing suit because the amount in issue was *de minimis* at the time, rather than abandoning its claim “for all time regardless of quantum.”).

⁹⁶ *Id.*, at 71 (quoting *SunAmerica Corp. v. Sun Life Assurance Co. of Canada*, 77 F.3d 1325, 1334 (11th Cir. 1996)).

⁹⁷ *Id.* (citing *SunAmerica* 77 F.3d at 1334).

⁹⁸ *Id.* (emphasis in original)(citing *Sara Lee Corp. v. Kayer-Roth Corp.*, 81 F.3d 455, 462 (4th Cir. 1996)).

[t]o defeat a suit for injunctive relief, a defendant must also prove elements of estoppel which requires more than a showing of mere silence on the part of a plaintiff; defendant must show that it had been misled by plaintiff through actual misrepresentations, affirmative acts of misconduct, intentional misleading silence, or conduct amounting to virtual abandonment of the trademark.⁹⁹

A finding of laches will prevent complainant from recovering damages for infringement prior to filing of action, but estoppel prevents complainant from obtaining injunctive relief.¹⁰⁰ “Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the right itself.”¹⁰¹ Additionally, public policy considerations dictate that estoppel by acquiescence should not be rigidly applied when the likelihood of confusion is apparent.¹⁰²

¶31 Because of this confusion as to the presumptions of affirmative defenses, parties struggle to predict whether their claim will succeed. If the presumption applies, it may be difficult for a mark holder to overcome that presumption. In some cases, these difficulties in predicting the law’s application undermine the confidence of filing an investigation with the ITC.

III. DIFFERENCES BETWEEN THE ITC AND DISTRICT COURTS

¶32 Arguably the largest difference in ITC cases and District Court cases are the types of relief available to each forum. The ITC provides unique relief that makes it the preferable adjudication forum for many cases. District Courts can award monetary damages in addition to injunctions prohibiting manufacture, use, or sale of infringing products.¹⁰³ Two types of monetary damages the District Court may provide are reasonable royalties or lost profits.¹⁰⁴ Additionally, the court may treble the damages in exceptional cases, usually of willful infringement.

¶33 While District Courts are able to award injunctive relief, it is difficult to receive. In order for a District Court to award injunctive relief it usually requires four factors.¹⁰⁵ For example, in *eBay v. MercExchange*, the Supreme Court held that in order to receive

⁹⁹ *Id.* at 71-72 (quoting *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 569-574 (6th Cir. 2000)).

¹⁰⁰ *Id.* at 72 (citing *SCI Systems, Inc. v. Solidstate Controls, Inc.*, 748 F. Supp. 1257, 1262 (S.D. Ohio 1990)).

¹⁰¹ *Id.* (quoting *Melendez v. Holt*, 128 U.S. 514, 523 (1888)); *see also* *Sara Lee Corp.*, 81 F.3d at 463 (reasoning that trademark owner which had entered into a settlement agree with Defendant to govern future actions in marketing a particular brand did not knowingly and actively consent to defendant’s infringing use of the mark to support acquiescence finding); *see also* *Anheuser-Busch, Inc. v. Du Bois Brewing Co.*, 175 F.2d 370, 374 (3d Cir. 1949) (holding limits to the doctrine that delay bar bars injunctive relief, stating “had there been a lapse of a hundred years of more, we think it highly dubious that any court of equity would grant injunctive relief against even a fraudulent infringer”).

¹⁰² *Sara Lee Corp.*, 81 F.3d at 461 (citing 4 McCarthy § 31.04[1]).

¹⁰³ Fischer and Fayer, *supra* note 14.

¹⁰⁴ *Id.*

¹⁰⁵ Carl C Charneski and Tiffany W Shimada, *Does Louis Vuitton’s Recent Victory at the US International Trade Commission Mark that Tribunal as a Viable Alternative to District Court?*, 40 WORLD TRADEMARK REVIEW, Dec./Jan. 2013, available at, http://www.brinksgilson.com/files/article_wtr_charneskishimada_wtr_40.pdf (last visited Feb. 4, 2014).

injunctive relief, the plaintiff must show: “(1) there is irreparable harm, (2) the remedies available at law (monetary damages) are inadequate, (3) considering the balance of hardship between the plaintiff and defendant, a remedy in equity warranted, and (4) the public interest would not be disserved by a permanent injunction.”¹⁰⁶ While *eBay* is a patent infringement case, there are examples of courts applying the same four factors in determining whether trademark infringement cases warrant injunctive relief.¹⁰⁷

¶34 However, this four-factor test does not apply in the ITC where plaintiff does not need to meet these four factors to receive injunctive relief.¹⁰⁸ In contrast, the ITC can only provide injunctive relief, and therefore that is the default remedy for cases brought in the ITC rather than monetary damages.¹⁰⁹ While the ITC may be more limited in the type of damages it can award in infringement cases, the injunctive relief afforded by the ITC is incredibly powerful.¹¹⁰ Specifically, the ITC may provide three separate types of injunctive relief: a limited exclusion order, a general exclusion order, and cease-and-desist orders.¹¹¹

¶35 A limited exclusion order excludes only the products named in the investigation.¹¹² A general exclusion order, however, may apply even to parties not involved in the investigation.¹¹³ A general exclusion order prohibits the importation of any infringing product, regardless of source.¹¹⁴ In order to receive a general exclusion order the complainant must establish a 337 violation by “substantial, reliable, and probative evidence.”¹¹⁵ A general exclusion order is difficult to receive and usually requires proof of widespread infringement involving third parties, or that a limited exclusion order would not protect the intellectual property owner’s interest.¹¹⁶ However, when granted, this is a very powerful form of protection and is broader than the injunctive relief provided by District Courts.¹¹⁷ One reason is that the ITC has *in rem* jurisdiction in these cases and, therefore, has jurisdiction over the infringing products themselves. This is unlike District Courts which have *in personam* jurisdiction over the particular party named in the case rather than the products.¹¹⁸ In cases of very harmful or particularly widespread infringement of imported products, the opportunity for a general exclusion order might be that the incentive a party needs to file in the ITC. Finally, a cease-and-desist order may bar respondents from the further purchase or sale of infringing products.¹¹⁹

¹⁰⁶ *Id.* (citing *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006)).

¹⁰⁷ *Id.*; see *Highmark, Inc. v UPMC Health Plan, Inc.*, 276 F.3d 160 (3d Cir. 2001); see also *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439 (5th Cir. 2000).

¹⁰⁸ *Id.*; see *Spansion, Inc. v. Int’l Trade Comm’n*, 629 F.3d 1331, (Fed. Cir. 2010).

¹⁰⁹ Fischer and Fayer, *supra* note 14.

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *In re Certain Handbags, Luggage, Accessories and Packaging Thereof*, Inv. No. 337-TA-754, USITC Order No. 16, 2012 (March 5, 2012) (Initial Determination Granting Complainants’ Motion for Summary Determination of Violation and Recommended Determination for Remedy and Bonding); see also *In re Certain Energy Drink Prods.*, Inv. No. 337-TA-678, USITC Order No. 34, 2010 (Mar. 30, 2010) (Initial Determination Finding Violation, Terminating the Investigation and Further Recommending the Entry of a General Exclusion Order and a 100% Bond).

¹¹⁶ Fischer and Fayer, *supra* note 14.

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¶36 Additionally, the ITC is authorized to impose civil penalties on companies who violate these orders, including penalties up to \$100,000 per day or double the value of the infringing goods.¹²⁰ Another attractive aspect of the ITC is that the U.S. Customs Service will enforce exclusion orders.¹²¹ Comparatively, injunctive relief in district courts requires the rights holder to monitor whether the infringers are complying with the injunction themselves.¹²²

¶37 In addition to granting permanent relief in one of these three forms, the ITC may also grant temporary exclusions or cease-and-desist orders.¹²³ However, there is a high standard of proof for this early decision and therefore they are granted very rarely.¹²⁴

¶38 While general exclusion orders are the most powerful, they are also the least frequently given.¹²⁵ For example, in 2008 the ITC issued fourteen cease-and-desist orders, five limited exclusion orders, and only two general exclusion orders.¹²⁶ However, in situations that appear to warrant a general exclusion order, the opportunity for one may justify filing the claim with the ITC.

¶39 In addition to the opportunity for general exclusion order, another advantage of filing in the ITC is its speed. Congress initially intended ITC investigations to finish within one year.¹²⁷ While this is not a strict limit, most cases are usually completed in less than a year and a half.¹²⁸ Additionally, the Commission is required to set target dates for the completion of the case at the outset, which helps parties who need a conclusion quickly.¹²⁹ The majority of the cases take between 12-18 months, and the average case is 15 months.¹³⁰ By contrast, the median time to trial in patent litigation lawsuits in federal district courts in 2009 was 25 months, and there is greater variety in this number than in ITC proceedings.¹³¹ In situations where parties are being harmed by the continual import of infringing goods, the speed to resolution of ITC cases is very appealing. Additionally, because of the target date and interest of the Commission in resolving the case, there are not as many opportunities to delay trial or increase discovery, as often is the case in district court cases.¹³²

¶40 However, there is one difference in the ITC and district courts that actually favors the district courts. Due to the high standard of proof it requires, the ITC rarely awards temporary injunctive relief, or at least not quickly. Therefore, if a trademark owner wishes to seek a temporary injunction or temporary restraining order, it is best to file in a district

¹²⁰ *Id.* at 8.

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Section 337 Frequently Asked Questions*, STEPTOE & JOHNSON, <http://www.stepto.com/resources-detail-6611.html> (last visited Sept. 8, 2015).

¹²⁴ *Id.*

¹²⁵ Fischer & Fayer, *supra* note 14, at 8.

¹²⁶ *Id.*

¹²⁷ *Section 337 Frequently Asked Questions*, STEPTOE & JOHNSON, <http://www.stepto.com/resources-detail-6611.html> (last visited Sept. 8, 2015).

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ Fischer & Fayer, *supra* note 14, at 9.

¹³¹ *Id.* at 7.

¹³² H. Mark Lyon, and Sarah R. Piepmeier, *ITC Section 337 Investigations: Patent Infringement Claims*, GIBSON DUNN 2, <http://www.gibsondunn.com/publications/Documents/Lyon-ITCSection337InvestigationsPatentInfringementClaims.pdf> (last visited Sept. 8, 2015).

court.¹³³ Often it will be prudent for parties to file within the district courts for a preliminary motion on a temporary injunction and then file an addition claim in the ITC in order to seek a more broad exclusion.¹³⁴

¶41 It is important to note that complainants may file suit in both the ITC and also a parallel action in a district court.¹³⁵ However, respondents in the ITC investigation who are also defendants in the parallel district court action may choose to stay out of the district court until the outcome of the Section 337 investigation is complete.¹³⁶ At the completion of the investigation, the record of the ITC investigation may be transmitted to the parallel action filed in the district court.¹³⁷ Obviously this is a beneficial option for plaintiffs confident in their case because they will be able to receive an exclusion order as quickly as possible while maintaining the opportunity to pursue damages in the district court after the final determination of the ITC.

¶42 Another difference between the ITC and district courts is that counterclaims are not permitted in the ITC.¹³⁸ While a respondent in an ITC case may raise a defense, such as invalidity, or failing to satisfy specificity requirements, these defenses may not be asserted as counterclaims as they may be in district courts.¹³⁹ If the district court dismisses the infringement claim, these claims may still be heard.¹⁴⁰ Since these counterclaims are not permitted in the ITC, whenever the infringement claim is dismissed, the case concludes. However, there is a unique process where an accused infringer may file a counterclaim in an ITC hearing by transferring the case to a district court.¹⁴¹ After this, the alleged infringer may request, and the district court may grant, a stay of the district court case until the ITC gives its final determination on the 337 hearing.¹⁴² Finally, while the ITC determination is not binding on district courts, it may be used as evidence and is a strong indicator of which way the district court will rule.¹⁴³

IV. CONCLUSION

¶43 While there are differences between the ITC and district courts, the ITC has shown that it has certain advantages that should make parties seeking injunctive relief consider it as their forum of choice over the traditional district court route. Even though the ITC has been primarily known for hearing patent infringement cases, the Louis Vuitton decision demonstrated the Commission's willingness to listen to trademark infringement cases and grant very powerful remedies in the case of very harmful infringement.

¹³³ See Pelletier, Dean A., *Litigating Trademark Cases at ITC vs. District Court*, LAW360 (July 17, 2012, 1:27PM), <http://www.law360.com/articles/359626/litigating-trademark-cases-at-itc-vs-district-court>.

¹³⁴ *Id.*

¹³⁵ *Section 337 FAQ*, INT'L TRADE COMMISSION TRIAL LAW. ASS'N, <http://www.itctla.org/resources/faqs#role> (last visited Sept. 8, 2015).

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ Fischer & Fayer, *supra* note 14, at 7.

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ Jason R. Strobel, *Section 337 Proceedings Before the ITC: Another Weapon Against Patent and Trademark Infringement*, HAHN LOESER & PARKS, <http://www.hahnloeser.com/references/716.pdf> (last visited Sept. 8, 2015).

¹⁴² *Id.*

¹⁴³ *See id.*

¶44 While the ITC has certain limitations that district courts do not—specifically, the inability to grant monetary remedies—it offers a unique forum distinct from district courts that might be a better option in certain scenarios. For example, if a party is having difficulty proving monetary damages then filing a complaint in the ITC and searching for injunctive relief is a more attractive option. The potential expense of filing multiple cases in district courts against each alleged infringer, combined with the infringing parties’ ability to delay the case to the extent they are unable to in ITC proceedings, provides the ITC with unique advantages over district courts. Additionally, if a plaintiff is confident in their case the option to file parallel cases in both forums is an appealing opportunity. While it is problematic if the plaintiff does not receive a final determination in their favor in the ITC, filing parallel claims offers the opportunity to receive an exclusion order as quickly as possible, while maintaining the chance to receive adequate monetary damages at the conclusion of the ITC determination.

¶45 Patent infringement cases heard in the ITC have increased throughout the past decade.¹⁴⁴ Between 1990 and 1999, there were an average of 12.2 infringement cases heard in the ITC annually.¹⁴⁵ Comparatively, between 2010 and 2013 there were an average of 52 infringement cases heard in the ITC annually.¹⁴⁶ Considering that most of these cases are patent infringement cases, it can be expected that these numbers will continue to increase as additional trademark infringement cases are heard.

¹⁴⁴ See *Number of Section 337 Investigations Instituted by Fiscal Year*, USITC.GOV, http://www.usitc.gov/intellectual_property/documents/fy_337_institutions.pdf (last visited Sept. 8, 2015).

¹⁴⁵ See *id.*

¹⁴⁶ See *id.*

