

Leveraging exclusion orders to block patent-infringing products from entering the US

Many countries allow patent owners to sue infringers in private litigation. But in the United States, they also may leverage law enforcement to block infringing products at the border

Problems with private enforcement of patents

Jurisdictions worldwide allow patent owners to sue in private litigation to enforce patent rights. While courts oversee such disputes, the burden of enforcing remedies in effect rests squarely on patent owners. Even after a victory in court, a patent holder must undertake the ongoing burden of monitoring the marketplace to ensure that its opponent does not flaunt the judgment by resuming infringing acts, and that new entities do not start selling their own infringing products. This is time-consuming, costly work, and if new instances of infringement occur, the patent holder must resume or initiate litigation. These problems get exacerbated in the global market: patent infringement by products sold domestically often are manufactured abroad and enter the country through private distribution channels, with products changing hands several times before they wind up on store shelves or for sale online.



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Nipping infringement in the bud

In the United States, there is an alternative to court litigation: ask the US International Trade Commission (ITC) to investigate whether a US patent is infringed by imported products. If the investigation uncovers such infringement, the ITC may issue an exclusion order directing US Customs and Border Protection (CBP), a federal law enforcement agency of the US Department of Homeland Security, to block infringing imports at the US border. An exclusion order is a unique and powerful remedy; not only does it affirmatively charge US law enforcement with the task of stopping infringement, but it precludes



The Port of Los Angeles/Long Beach, the busiest port in the United States (photo courtesy CBP)

infringing products from entering the US marketplace. Notably, an exclusion order covers any infringing product, not just the particular products at issue in an ITC investigation. Therefore, exclusion orders cover not only current but future products, including those intended (but failing) to design around the patent.

There are two types of exclusion orders. Limited exclusion orders (LEOs) are directed only to products of specific entities named in ITC investigations. LEOs thus are effective when there are a few known channels of infringing imports, but are less useful at stopping pervasive infringement from sources known and unknown. To stop that, the ITC may issue general exclusion orders (GEOs), which block the importation of any infringing products regardless of source. GEOs are intended to cut off all foreign sources of patent infringement.

CBP takes its mission of enforcing exclusion orders seriously, and doesn't flinch despite millions of containers moving annually through US ports, like the Port of Los Angeles/Long Beach shown above. CBP officers are trained to identify shipments containing potentially excludable products and determine

whether their contents indeed violate exclusion orders. According to current statistics, CBP excluded 126 shipments in 2015, and in instances where repeated attempts to import were made, seized 26 such shipments valued at nearly \$9 million. CBP encourages patent owners to offer information helpful to enforcement of exclusion orders, such as how best to identify relevant shipments and determine infringement, and even to provide training sessions directly to CBP officers.

It's not just for American companies

Exclusion orders are not just for US companies. Foreign companies that conduct certain types of business in the United States and own US patents also may take advantage of exclusion orders. Indeed, an exclusion order may issue as long as a patent owner maintains a "domestic industry" in the US, which is a requirement defined by US law. In short, a foreign company with significant investment in US manufacturing facilities or substantial investment in the US in exploiting the relevant patents may knock on the ITC's door and request an investigation into infringing imports and issuance of an exclusion order.