

Court: ITC Can Grant Injunctive Relief in Patent Disputes Without Using *eBay* Factors

by Adam R. Hess and Catherine S. Branch

On December 21, 2010, the Court of Appeals for the Federal Circuit issued its decision in Spansion Inc. v. ITC, No. 09-1460, affirming the decision of the United States International Trade Commission (“ITC”) in Investigation No. 337-TA-605.

The Decision

Spansion appealed, *inter alia*, the ITC’s issuance of a limited exclusion order. Spansion argued that even if it had infringed the Tessera patents,¹ the ITC could not issue injunctive relief (*i.e.*, the limited exclusion order) excluding Spansion’s products from entering the United States because the ITC did not properly consider the public interest inquiry in determining whether injunctive relief should be granted. Spansion argued that the ITC’s public interest inquiry should be similar to the traditional 4-factor test that district courts are obligated to apply under *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) when granting injunctive relief after a finding of patent infringement. In this case of first impression at the Federal Circuit, the court rejected Spansion’s arguments and held that because the justifications for injunctive relief are different in the ITC than in district court, the ITC is not required to apply the *eBay* factors.

In *eBay*, the Supreme Court held that monetary damages under 35 USC § 284 should be the normal remedy for patent infringement in district court, and that a permanent injunction should not automatically issue in patent infringement cases. Instead, the decision to grant injunctive relief is an equitable decision, and under *eBay*, a plaintiff may only obtain injunctive relief if it can show:

1. that it has suffered an irreparable injury; the production of like or directly competitive articles in the United States; and
2. that remedies available at law are inadequate to compensate for that injury;
3. that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and



¹ The Federal Circuit affirmed the ITC’s Final Determination that Spansion did infringe the Tessera patents.

4. that the public interest would not be disserved by a permanent injunction.

In *Spansion*, the Federal Circuit rejected Spansion's argument that the *eBay* factors should be applied in Sections 337 Investigations at the ITC. In contrast to the equitable considerations undertaken by district courts, the ITC is required by statute to issue an exclusion order if it finds a Section 337 violation, unless, after considering the effect of the exclusion order on the following public interest concerns, it determines that the exclusion order should not issue.

1. the public interest and welfare;
2. competitive conditions in the United States economy;
3. the production of like or directly competitive articles in the United States; and
4. United States consumers.

Notably, the legislative history of the amendments to Section 337 indicates that Congress intended injunctive relief to be the normal remedy for Section 337 violations and that a showing of irreparable harm is not required for the ITC to grant injunctive relief.

Thus, the Federal Circuit determined that because the justification for injunctive relief at the ITC is different than the justification for injunctive relief in district court, the ITC is not required to apply the equitable factors set forth in *eBay* to determine whether injunctive relief should be granted.

What this Means for You

For a patent owner considering different venues for filing patent infringement claims, the ITC can provide a favorable venue for obtaining fast and powerful relief. This decision confirms that the ITC may grant injunctive relief to prevent the importation or further distribution of infringing articles without the need to establish irreparable harm or satisfy the equitable factors set forth in *eBay*.

For a Respondent in a Section 337 Investigation, this decision confirms that the ITC's power to issue injunctive relief is not limited by the Supreme Court decision in *eBay*. Respondents must be aware that their ability of avoid injunctive relief is limited and that it is critical to plan for contingencies, in the event of an adverse decision.

For further information, please contact the Pillsbury attorney with whom you usually work, or any of the authors listed below:

Adam R. Hess [\(bio\)](#)
Washington, DC
+1.202.663.8889
adam.hess@pillsburylaw.com

Catherine S. Branch [\(bio\)](#)
Washington, DC
+1.202.663.9348
catherine.branch@pillsburylaw.com

This publication is issued periodically to keep Pillsbury Winthrop Shaw Pittman LLP clients and other interested parties informed of current legal developments that may affect or otherwise be of interest to them. The comments contained herein do not constitute legal opinion and should not be regarded as a substitute for legal advice.

© 2011 Pillsbury Winthrop Shaw Pittman LLP. All Rights Reserved.