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Grasping the Intangible: How to Interpret “Articles” Under the Tariff Act and *ClearCorrect Operating, LLC v. Int’l Trade Comm’n*

Christopher P. Mazza*

The exponential rate of advancement of technology in recent years has made it difficult to apply antiquated statutes to situations and devices that could not possibly have been contemplated at the time the statutes were written. This predicament has forced the modern judiciary and other agencies capable of statutory interpretation to stretch the meaning of words within statutes and expand the traditional understanding of those statutes. This comment addresses one such issue: the interpretation of, and thus the jurisdiction over, “articles” as read in Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. §1337 (“Section 337”).

Section 337 deals with unfair practices in import trade and gives the International Trade Commission (“ITC”) the ability to enact equitable remedies and issue remedial orders against products that infringe valid intellectual property in the United States.¹ Most significant to the goal of this comment, Section 337 allows the ITC to cast a wide jurisdictional net over “articles that infringe” valid intellectual property.² Viewed in light of the recent Federal Circuit decision in *ClearCorrect Operating, LLC. V. Int’l Trade Comm’n*,³ this comment will first introduce the reader to the overarching issue of electronic vs. physical importation of goods, review the general powers and procedures of the International Trade Commission, examine the *ClearCorrect* decision, and argue that the Federal Circuit, sitting en banc or, in the alternative, the Supreme

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¹ 19 U.S.C. §1337 (2012).

² *Id.*

³ *ClearCorrect Operating LLC v. Int’l Trade Comm’n*, No. 2014-1527 (Fed. Cir. Nov. 10, 2015).

Court, should affirm the Federal Circuit panel’s decision and determine that electronic transmissions are not included under the umbrella of “articles,” and that the term “articles” is meant only to apply to tangible goods. It will be shown that when Congress wrote Section 337, its unambiguous desire was for the International Trade Commission to have jurisdiction solely over tangible goods. If Congress now wishes to grant the International Trade Commission vast powers that include jurisdiction over intangible goods and electronic data transmissions, it should amend Section 337 or create new legislation explicitly granting an agency, or multiple agencies acting in concert, the power to stop the importation of any good, whether tangible or intangible. To that end, the author has attempted to address some of the common concerns that may present themselves when attempting to control the importation of intangible, electronic transmissions.

I. Introduction

The roots of intellectual property protection in the United States date back to origins of the nation. The founding fathers recognized that technology would best progress and new inventions would be encouraged if inventors were given the sole ability to exploit their inventions for a limited time. Therefore, “in order to promote the progress of science and the useful arts,”⁴ Congress granted inventors limited-time monopolies over the invention of a process, machine, article of manufacture, or composition of matter that was new, non-obvious, and useful.⁵ These limited monopolies became known as patents, and they give the patent holder the right to

⁴ U.S. Const., Art. I, §8.

⁵ 35 U.S.C. §101 (2012).

exclude others from copying his or her invention in exchange for a full disclosure that would allow a person of ordinary skill in the art to reconstruct the invention in question.

When a patent holder seeks to exercise their monopolistic right in the patent's subject matter against a perceived infringer they generally have two options. The first is to bring an action against the accused infringer in federal district court, which has jurisdiction over all intellectual property disputes.⁶ However, this course of action has its limitations, notably because district courts must be concerned with the standing of the litigants and have the power to exercise personal jurisdiction over them. The second option is used when an infringing product is partly or wholly made overseas and imported into the United States. A patent holder can file a complaint with the ITC, whose remedies are much narrower than federal courts, and mainly include the ability to stop the importation of infringing goods before they enter the country through the use of remedial orders.⁷ The ITC also has the power to issue cease and desist orders to stop domestic parties from engaging in ongoing activities in the country; violation of these orders can carry with them substantial monetary penalties that can be recovered in District Court.⁸ Recently, many intellectual property rights holders have pursued actions before the ITC instead of the traditional route of going through the district courts because the ITC's average length of litigation is much shorter than the time it takes a district court to resolve an issue: usually 12 to 16 months versus at least 2 to 3 years, respectively.⁹

⁶ 28 U.S.C. §1338 (2012).

⁷ 19 U.S.C. §1337 (2012).

⁸ §1337(f).

⁹ Mark A. Kressel, *Protecting Intellectual Property Rights with the ITC*, 34 L.A. LAW. at 10 (Dec. 2011).

With the advent of the World Wide Web and the proliferation of Internet commerce, interpretation of the statute that enables the ITC has become critical. The enabling statute, the Tariff Act, gives the ITC the power to exclude the importation, sale for importation, or sale within the U.S. after importation of *articles* that either infringe a valid and enforceable U.S. patent or copyright; or are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable U.S. patent.¹⁰ It is the term “articles,” that modifies the rest of the statute, which this comment is concerned with. Traditionally, “articles” has been understood to encompass tangible goods, but the ITC has recently sought to extend the interpretation of this term to include intangible things, such as electronic transmissions of digital data sets.¹¹

A case recently decided by the Court of Appeals for the Federal Circuit¹² may have far-reaching consequences on how the term “articles” is interpreted. The case was a judicial review stemming from the ITC’s previous decision to interpret “articles” as including electronic data imported into the United States, thus giving the ITC jurisdiction over said electronic data.¹³ Furthermore, another recently decided case entitled *Suprema, Inc. v. Int’l Trade Comm’n*, also a judicial review of a prior decision of the ITC, held that it was permissible to exclude importation of tangible goods that were not infringing at the time of importation and were considered staple

¹⁰ §1337(a)(1)(B)(i)-(ii).

¹¹ ClearCorrect Operating LLC v. Int’l Trade Comm’n, No. 2014-1527 at 11 (Fed. Cir. Nov. 10, 2015).

¹² *Id.*

¹³ *In the Matter of Certain Digital Models, Digital Data, and Treatment Plans for Use, in Making Incremental Dental Positioning Adjustment Appliances Made Therefrom, and Methods of Making the Same*, Inv. No. 337-TA-833 (Apr. 10, 2014).

goods, but became infringing products downstream when the staple good was combined with software that transformed it into an infringing product.¹⁴

The Federal Circuit, sitting en banc, was sharply divided in its decision in *Suprema*.¹⁵ The 6-4 decision showed the multitude of differing opinions on whether the ITC had the ability to stop the importation of tangible staple goods that would later be used in an infringing product,¹⁶ specifically by the addition of electronic software to the tangible staple good. In contrast, a split three-judge panel of the Federal Circuit in *ClearCorrect* decided that the ITC did not have the authority to stop the importation of electronically transmitted data that was later used in the United States to create an infringing product.¹⁷ When viewed together, these two decisions create an interesting uncertainty when it comes to determining whether the ITC can exclude an item that will be used downstream in a post-importation marriage of hardware and software, which has become an increasingly significant form of commerce.¹⁸ The sharp split in both cases also makes *ClearCorrect* ripe for granting a petition for en banc rehearing¹⁹ or, in the alternative, the chance for the Supreme Court to step in and settle the differing opinions of the Federal Circuit in both *Suprema* and *ClearCorrect*.²⁰

¹⁴ *Suprema, Inc. v. Int'l Trade Comm'n.*, No. 2012-1170 (Fed. Cir. Aug. 10, 2015).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Darryl M. Woo, Wendy Wang, and Janice Ta, "Articles That Infringe?" *International Implications of Suprema v. ITC and ClearCorrect v. ITC on Importation to the U.S.*, INSIDE COUNSEL (Jan. 14, 2016), <http://www.insidecounsel.com/2016/01/14/articles-that-infringe-international-implications#>.

¹⁸ *Id.*

¹⁹ See Petition of Appellee International Trade Commission for Rehearing En Banc, *ClearCorrect Operating LLC v. Int'l Trade Comm'n.*, No. 2014-1527 (Fed. Cir. Jan. 27, 2016).

²⁰ *Suprema* was not subject to Supreme Court review because no writ of certiorari was filed; however, if a writ of certiorari is filed and granted in *ClearCorrect*, it is anticipated that any decision from the Supreme Court will have consequences that clearly affect the *Suprema* case and the jurisdictional reach of the ITC.

This comment will review the powers granted to the International Trade Commission and will argue that the Federal Circuit, sitting en banc, or the Supreme Court, should affirm the panel's decision not just on the battle of dictionary definitions enunciated in the majority opinion, but for a variety of other reasons. One such reason is that the ITC has traditionally not been able to exert its reach in such a sweeping fashion. Moreover, the legislators that wrote Section 337, using their understanding of technology at the time, did not intend for the statute to reach electronic transmissions. Accordingly, Congress knowingly expressed their unambiguous intent that the statute not reach electronic transmissions when they wrote Section 337.²¹ The ITC has also traditionally not been able to exert its reach in such a sweeping fashion.

Furthermore, allowing an interpretation of the ITC's enabling statute that considers "articles that ... infringe" to include intangible things would give the ITC the ability to improperly use existing patent and intellectual property law to police digital transmissions over the Internet and effectively expand the scope of exclusive rights granted to intellectual property rights holders. It will also be suggested that even if the statute is interpreted to include electronic data, it is not feasible to enforce remedial orders issued by the ITC that cover electronic imports because of the limitations of Customs and Border Protection.²² If Congress wishes the ITC to be able to exclude the importation of electronic transmissions, Congress should make that clear through an amendment or revision to the existing Section 337 and providing a definition of the term "articles" that includes the transmission of digital data. Finally, if Congress were to grant

²¹ ClearCorrect Operating LLC v. Int'l Trade Comm'n, No. 14-1527 at 3 (Fed. Cir. Nov. 15, 2015).

²² Andrew Haberman, *Policing the Information Super Highway: Custom's Role in Digital Piracy*, 2 AM. U. INTELL. PROP. BRIEF, 17, 21 (2011) (stating Customs should partner with ISPs to monitor Internet activity, but limitations include end-user's privacy concerns and that new pirating methods rendering enforcement methods useless; nevertheless, Customs' monitoring would be unable to detect infringing products being advertised as legitimate, particularly through online auction sites).

the ITC this power, it needs to provide the ITC with the means to enforce such orders through inter-agency cooperation and a pooling of resources throughout the government.

II. Traditional Powers of the International Trade Commission

The ITC is an independent, quasi-judicial federal agency that has broad investigative responsibilities in matters of international trade. Originally, the ITC was established as the U.S. Tariff Commission in 1916 but assumed its current name along with its current scope of powers through the Trade Act of 1974.²³ Like other administrative agencies, the ITC is a creature of statute; all of the powers of the agency must originate in a statutory grant of power to the agency.²⁴ The main power of the ITC is, upon complaint, to adjudicate cases involving the importation of articles that allegedly infringe valid intellectual property rights in the United States, thus facilitating a rules-based international trading system.²⁵

The main enabling statute for the ITC as well as the statute being examined in this comment is 19 U.S.C. §1337 (“Section 337”). The statute deals with unfair practices in import trade and gives the ITC the power to issue equitable remedies.²⁶ Section 337 grants the ITC broad powers over the importation of all types of intellectual property including trademarks, mask works, designs, copyrights, and patents,²⁷ but this comment is concerned specifically with only two subsections. 19 U.S.C. §1337(a)(1)(B)(i) and (ii) deal with:

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 –

²³ See *About the USITC*, U.S. INT’L TRADE COMM’N, http://www.usitc.gov/press_room/about_usitc.htm (last visited Sept. 19, 2015); 19 U.S.C. §2231 (2012).

²⁴ *Kyocera Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1355 (Fed. Cir. 2008).

²⁵ See *About the USITC*, *supra* note 23.

²⁶ 19 U.S.C. §1337 (2012).

²⁷ *Id.*

- (i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17; or
- (ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent.²⁸

Accordingly, without the importation of an “article,” there can be neither an unfair act nor anything for the ITC to remedy.

The ITC also acts in a specific, statutorily-determined way when adjudicating issues before it.²⁹ Upon complaint from a domestic party claiming that infringing materials are being imported into the United States, the commissioners of the ITC will determine whether to open an investigation.³⁰ If an investigation is opened, notification must be published in the Federal Register and, within 45 days of the initiation of the investigation, the ITC must provide a target date for issuing its final determination.³¹ The investigation will include formal evidentiary hearings in accordance with the Administrative Procedure Act and provide the parties with adequate notice, the right to cross-examination, objections, and other rights required to have a fair hearing.³² Once the investigation is complete, the administrative law judge directing the investigation will rule on the merits of the case and whether he or she believes there to be a violation of Section 337, called an “initial determination.”³³ The administrative law judge can only make recommendations to the ITC and not order the issuance of one of the equitable remedies at the ITC’s disposal.³⁴

²⁸ §1337(a)(1)(B)(i)-(ii).

²⁹ §1337(b)-(c).

³⁰ Kressel, *supra* note 9, at 1.

³¹ §1337(b)(1).

³² THE U.S. INTERNATIONAL TRADE COMMISSION, PUBLICATION NO. 4105, SECTION 337 INVESTIGATIONS: ANSWERS TO FREQUENTLY ASKED QUESTIONS (March 2009) at 2.

³³ Kressel, *supra* note 9, at 1.

³⁴ *Id.*

The ITC then decides whether to review the initial determination of the administrative law judge. If the commission declines to review the initial determination, it becomes the final determination of the ITC.³⁵ The ITC can also review and adopt, modify, or reverse the initial determination.³⁶ If it is determined that Section 337 has been violated, the ITC can order remedial relief targeting the articles in question.³⁷ Any person adversely affected by the final determination of the ITC in Section 337 investigations can, within 60 days after the determination becomes final, request judicial review before the Court of Appeals for the Federal Circuit.³⁸

Various federal agencies are involved once the ITC begins an investigation or issues a final determination.³⁹ Immigrations and Customs Enforcement (“ICE”) through its Office of Investigations, the Federal Bureau of Investigation (“FBI”) through its Cyber Crime Division, and the Food and Drug Administration (“FDA”) through its Office of Criminal Investigations are all responsible for investigations designed to assist law enforcement actions against those who commit violations of U.S. intellectual property laws.⁴⁰ They are, however, mainly concerned with pharmaceuticals and items that could potentially cause a public health issue.⁴¹ The Department of Justice is responsible for prosecuting alleged violations.⁴² The agency most important to the substance of this comment is Customs and Border Protection (“CBP”). CBP acts as the ITC’s enforcement mechanism and has the power to inspect, deny entry to, and seize articles that have

³⁵ THE U.S. INTERNATIONAL TRADE COMMISSION, *supra* note 32, at 3.

³⁶ *Id.*

³⁷ *Id.*; 19 U.S.C. §1337(b)-(g) (2012).

³⁸ §1337(c).

³⁹ UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE, REPORT TO THE RANKING MEMBER, SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS, U.S. SENATE, INTELLECTUAL PROPERTY – FEDERAL ENFORCEMENT HAS GENERALLY INCREASED, BUT ASSESSING PERFORMANCE COULD STRENGTHEN LAW ENFORCEMENT EFFORTS (March 2009).

⁴⁰ *Id.* at 2.

⁴¹ *Id.*

⁴² *Id.*

been identified in exclusion orders issued by the ITC.⁴³

While district courts have jurisdiction over all intellectual property litigation, some key differences exist when attempting to secure a final determination from the ITC. Most significant are the remedial relief measures available to the ITC including general and limited exclusion orders as well as cease and desist orders.⁴⁴ Whereas a district court can directly award monetary damages as a civil remedy, the ITC does not have the power to do so, although violation of a cease and desist order can carry heavy fines.⁴⁵

A limited exclusion order applies only to the parties named in the investigation while a general exclusion order bars the importation of infringing products by anyone, regardless of whether they were a party in the ITC's investigation.⁴⁶ Because a general exclusion order potentially affects a greater number of people, one may only be issued if two conditions are met.⁴⁷ The general exclusion order must be 1) necessary to prevent circumvention of a limited exclusion order; and 2) necessary to prevent a pattern of violation where it is difficult to identify the source of the infringing products.⁴⁸

There are further differences between exclusion orders and cease and desist orders. Whereas exclusion orders are generally considered *in rem* remedies,⁴⁹ meaning that they are directed toward the infringing articles themselves, cease and desist orders are purely *in*

⁴³ Gary M. Hnath, *General Exclusion Orders Under Section 337*, 25 NW. J. INT'L. L. & BUS. 349, 350 (2005).

⁴⁴ Kressel, *supra* note 9, at 2; 19 U.S.C. §1337(d) (2012).

⁴⁵ §1337(f).

⁴⁶ *Fuji Photo Film Co. v. Int'l Trade Comm'n*, 474 F.3d 1281, 1286 (Fed. Cir. 2007); §1337(d).

⁴⁷ §1337(d).

⁴⁸ *Id.*

⁴⁹ *See Kyocera*, *supra* note 24, at 1357 (stating that although the parties argue exclusion orders have been considered strictly *in rem* in nature, a limited exclusion order that applies to "persons determined by the Commission to be violating this section" does in fact incorporate an *in personam* element); §1337(d)(2). *See also* Michael J. Lyons et al., *Exclusion of Downstream Products After Kyocera: A Revised Framework for General Exclusion Orders*, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 821, 831-32 (2009).

personam in nature, meaning that they are directed to a specific party or person.⁵⁰ A cease and desist order can bar someone from importing a certain article as well as curtail or hinder other activities such as sales and distribution of imported articles that infringe according to the ITC's determination.⁵¹ While the ITC cannot order monetary damages like a district court, violation of a cease and desist order carries heavy monetary penalties.⁵² For each day that importation of articles, or their sale, in violation of the cease and desist order occurs, the party in violation can be penalized the greater of up to \$100,000 or twice the domestic value of the articles entered or sold on such day in violation of the order.⁵³ The accrued penalties are payable to the United States, and the ITC can recover them through a civil action in federal court in the district where the violation of the order occurred.⁵⁴

A. Limitations of Customs and Border Protection

As mentioned *supra*, CBP is the agency that the ITC relies on to enforce its remedial orders.⁵⁵ Traditionally, CBP has been able to accomplish this through air, land, and sea patrols at the nation's borders. This is how an exclusion order issued by the ITC is enforced: CBP agents are granted the power to inspect and, if necessary, seize or deny entry to any goods within the scope of the exclusion order.⁵⁶ This method of regulating the importation of physical goods to the

⁵⁰ See *Fuji Photo Film*, *supra* note 46, at 1286; 19 U.S.C. §1337(f)(1) (2012).

⁵¹ §1337(f)(1).

⁵² §1337(f)(2).

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ See *supra* text accompanying Section II.

⁵⁶ Hnath, *supra* note 43, at 350.

United States has proven to be effective, with CBP seizing over 23,000 items valued at approximately \$1.25 billion in fiscal year 2014.⁵⁷

However, despite being the nation's largest law enforcement agency,⁵⁸ CBP has limitations on its ability to police America's "cyber borders" for potentially infringing content that is being electronically transmitted into the country.⁵⁹ CBP operates most effectively at any of the 328 ports of entry⁶⁰ to the United States where it has the ability to physically inspect all cargo and agriculture products entering the United States, as well as screen anyone immigrating to the United States, whether permanently or temporarily.⁶¹ Exclusion orders issued by the ITC against electronic transmissions pose a serious problem for CBP. These transmissions are not fixed on any tangible computer-readable medium,⁶² and they do not come through any ports of entry patrolled by CBP, and thus they cannot be the subject of "importation" as described by the statute⁶³ nor can they be forfeited or seized by CBP agents. A holding that includes electronic transmissions as "articles" under Section 337 would lead to competing definitions of the term "articles" as it is used in the statute. As propounded by the late Justice Antonin Scalia, a statute should be read in such a way so that it is consistent throughout and makes sense when viewed

⁵⁷ DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, OFFICE OF INTERNATIONAL TRADE, CBP PUBLICATION NO. 1134-0915, INTELLECTUAL PROPERTY RIGHTS FISCAL YEAR 2014 SEIZURE STATISTICS (2015).

⁵⁸ *CBP Mission Overview*, U.S. CUSTOMS AND BORDER PROTECTION (March 3, 2016), <https://www.cbp.gov/newsroom/video-gallery/2016/01/cbp-mission-overview>.

⁵⁹ Haberman, *supra* note 22, at 21-22.

⁶⁰ *At Ports of Entry*, U.S. CUSTOMS AND BORDER PROTECTION (March 4, 2016), <http://www.cbp.gov/border-security/ports-entry>.

⁶¹ *Operations*, U.S. CUSTOMS AND BORDER PROTECTION (March 4, 2016), <http://www.cbp.gov/border-security/ports-entry/operations>.

⁶² See *infra* text accompanying Section V (discussing how software placed on tangible, computer-readable mediums has been a valid target of ITC exclusion orders and how this differs from the electronic transmission of digital data sets).

⁶³ Appellants' Corrected Response to Petitions for Rehearing En Banc at 2, *ClearCorrect Operating LLC v. Int'l Trade Comm'n*, No. 2014-1527 (Feb. 18, 2016).

as a whole under the canon of “harmonious reading” of statutes.⁶⁴ In short, a single word used many times in a statute should have a single definition; in this case, it should not mean tangible and capable of being seized upon entry or forfeited to the United States in one part of the statute while also concurrently covering intangible data transmissions that are not subject to Congress’s express desire to have CBP be able to police the “articles” in question.

Furthermore, CBP does not have access to the limited number of “control points” that would allow an organization like CBP to monitor what information is being placed and transferred on the Internet.⁶⁵ Even with the help and cooperation of a number of federal agencies, it appears, and multiple authors have suggested, a task such as excluding certain transmissions from entry into a country can only be accomplished with the help of Internet Service Providers.⁶⁶ Such a level of actively monitoring transmissions and cooperation with private organizations is well outside the grant of power Congress gave to CBP in Section 337.⁶⁷ A collaborative effort between federal agencies, mainly CBP, but also ICE and the FBI, and Internet Service Providers, to regulate traffic on the Internet in such a way also poses a variety of privacy concerns for the end-user, including the potential restriction of free speech and violation of end-user’s Fourth Amendment rights to be free from unlawful search and seizure.⁶⁸ While certain “packet-sniffing” programs

⁶⁴ ANTONIN SCALIA & BRYAN A. GARNER, *READING LAW: THE INTERPRETATION OF LEGAL TEXTS* 180 (2012); *See also* Brief of the Internet Association as Amicus Curiae in Support of Appellants and Urging Reversal at 26, *ClearCorrect Operating LLC v. Int’l Trade Comm’n*, No. 2014-1527 (Oct. 17, 2014).

⁶⁵ Haberman, *supra* note 22, at 18 (citing Dan L. Burk, *The Market for Digital Piracy*, *BORDERS IN CYBERSPACE: INFORMATION POLICY AND THE GLOBAL INFORMATION INFRASTRUCTURE*, 205-34 at 206-07 (Brian Kahin & Charles Nesson eds., MIT Press 1999) (describing how users communicate through digital data packet switching on the Internet and control their inputs)).

⁶⁶ *See* Daniel T. Kane, *Printing a War in Three Dimensions: Expending “Article” to Include Electronic Transmissions Before the ITC*, 23 *COMMLAW CONSPPECTUS* 427, 463-64 (2015). *See also* Haberman, *supra* note 22, at 21-25.

⁶⁷ *See generally* 19 U.S.C. §1337 (2012).

⁶⁸ Kane, *supra* note 66, at 463-464; for more information regarding the potential relationship between ISPs and the government as well as jurisdictional issues, *see* Haberman, *supra* note 22, at 22-25.

such as the FBI’s “Carnivore” program and Narus’s NarusInsight 8 are able to monitor Internet activity and have been allowed, albeit not without controversy,⁶⁹ it would be difficult to extend the arguments that they protect national security and thwart terrorist attempts to an argument to protect intellectual property rights.

III. *ClearCorrect* Case Origins and Current Status

The case currently subject to a petition for en banc rehearing before the Court of Appeals for the Federal Circuit that concerns the main subject of this comment is an innocuous one that does not raise any red flags at first glance: it deals with the alleged infringement of patents related to orthodontic aligners.⁷⁰ However, the underlying issues to be decided have far-reaching consequences. To fully understand the issues involved, we will first look at the procedural history of the pending case.

The origin of the case begins with a complaint filed with the ITC on behalf of Align Technology, Inc., manufacturers of the popular INVISALIGN® brand of orthodontic aligners, in March of 2012.⁷¹ The complaint alleged infringement of seven (7) U.S. Patents and violations of Section 337 of the Tariff Act of 1930 by respondents ClearCorrect Operating LLC (“CCUS”) and ClearCorrect Pakistan (Private), Ltd. (“CCPK”).⁷² CCUS and CCPK were founded by former directors and a former CEO of Align Technology, Inc.⁷³ CCUS claims that it was necessary to found a new company that creates similar clear orthodontic aligners to Align’s products to protect the

⁶⁹ See generally Aaron Y. Strauss, *A Constitutional Crisis in the Digital Age: Why the FBI’s “Carnivore” Does Not Defy the Fourth Amendment*, 20 CARDOZO ARTS & ENT. L.J. 231 (2002); Joseph Goodman, Angela Murphy, Morgan Streetman, & Mark Sweet, *Carnivore: Will it Devour Your Privacy?*, 2001 DUKE L. & TECH. REV. 28 (2001).

⁷⁰ ClearCorrect Operating LLC v. Int’l Trade Comm’n, No. 2014-1527 (Fed. Cir. Nov. 10, 2015) at 4-5.

⁷¹ 77 Fed. Reg. 20648-49 (April 5, 2012).

⁷² *Digital Models*, Comm’n Op. at 2 (Apr. 9, 2015).

⁷³ *Id.* at 6.

smaller, independent retailers of these devices and prevent the allegedly predatory practices of the much larger Align Technology, Inc.⁷⁴

The patents in question are directed toward systems and methods for repositioning teeth by a plurality of dental aligners configured to be placed successively on a patient's teeth with the end result of incrementally repositioning the patient's teeth from an initial tooth arrangement to a final tooth arrangement.⁷⁵ The claims at issue in the patents include both method and system claims. To prove infringement of a method claim, the party bringing suit must show that the defendant actually performed every claimed step of the method and not just had the mere capability to do so.⁷⁶ Accordingly, it is helpful to understand the basic claimed method that produces the patented apparatus.

The dental appliances claimant alleges are being infringed are Align Technology's INVISALIGN® products meant to incrementally move and position a patient's teeth.⁷⁷ The appliance is created by utilizing the protected method of first scanning a patient's teeth to determine their starting position.⁷⁸ The digital data collected in the scan is then used to create a three-dimensional model of the patient's teeth.⁷⁹ From this initial model, the 3D image is manipulated to reposition individual teeth, thus producing a series of successive data sets representing a series of successive tooth arrangements.⁸⁰ The plurality of digital data sets are

⁷⁴ *Align Sues ClearCorrect for Making Clear Aligners Too Affordable*, MARKET WIRED (Mar. 2, 2011), <http://www.marketwired.com/press-release/align-sues-clearcorrect-for-making-clear-aligners-too-affordable-1404372.htm>.

⁷⁵ *Digital Models*, Comm'n Op. at 7; U.S. Patent No. 6,471,511 at 1.

⁷⁶ *ePlus, Inc. v. Lawson Software, Inc.*, Case Nos. 11-1396; -1456; -1554 (Fed. Cir. Nov. 21, 2012).

⁷⁷ *How Invisalign Works*, <http://www.invisalign.com/how-invisalign-works> (last accessed Sep. 22, 2015).

⁷⁸ U.S. Patent No. 6,217,325 at 15; U.S. Patent No. 6,722,880 at 22.

⁷⁹ U.S. Patent No. 6,217,325 at 15; U.S. Patent No. 6,722,880 at 22.

⁸⁰ U.S. Patent No. 6,217,325 at 15; U.S. Patent No. 6,722,880 at 22.

used to produce a series of positive models of the series of tooth arrangements that are in turn used to produce the actual dental appliances as a negative of the positive models that were created.⁸¹ A patient will use the successive series of dental appliances to incrementally move his or her teeth into the ultimately-desired position.

CCUS creates the initial digital data set by taking physical impressions of a patient's teeth and scanning the stone models into FreeForm Modeling software, a 3D modeling program.⁸² These data sets are sent to Pakistan where they are manipulated by CCPK to create the successive series of data sets that represent the incremental changes in the position of the patient's teeth.⁸³ The plurality of digital data sets created by CCPK are then uploaded to CCUS's server for use in the United States.⁸⁴ The digital models are then used to print 3D physical models of a patient's teeth which form the negative that is used to create the dental positioning adjustment appliances by applying thermoplastic molding over the negative.⁸⁵

An administrative law judge initially determined that the ITC had jurisdiction to prohibit the importation of the allegedly infringing digital data sets because, he reasoned, they are articles under Section 337.⁸⁶ Respondents CCUS and CCPK petitioned for review of the initial determination and argued that the digital data sets were not articles within the meaning of Section 337(a)(1)(B), nor was the upload from Pakistan to a server in the United States an importation anticipated by Section 337(a)(1)(B).⁸⁷ The ITC, however, affirmed the initial

⁸¹ U.S. Patent No. 6,722,880 at 22.

⁸² *Digital Models*, Initial Determination at 472-73 (May 6, 2013).

⁸³ *Digital Models*, Comm'n Op. at 17-20 (Apr. 9, 2015).

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Digital Models*, Initial Determination at 20.

⁸⁷ *Digital Models*, Comm'n Op. at 21.

determination of the administrative law judge that electronic transmissions were “articles” under Section 337 and the ITC had jurisdiction to regulate their importation.⁸⁸ CCUS and CCPK then filed for judicial review before the Court of Appeals for the Federal Circuit of the ITC’s decision.

The main point of contention between the parties is whether digital transmissions can be considered “articles” under Section 337 and be within the jurisdiction of the ITC. On November 10, 2015, a divided 2-1 panel of the Federal Circuit held that the ITC’s decision ran “counter to the unambiguously expressed intent of Congress.”⁸⁹ The panel determined that the ITC’s construction of “articles” to include intangible things was not entitled to *Chevron* deference because Congress’s intent was made clear through the text of the statute.⁹⁰ The *Chevron* test determines whether an agency’s interpretation of its enabling statute is entitled to deference from the judiciary and comprises two questions. First, whether Congress has directly spoken to the precise question at issue; if the answer is yes, the judiciary must give effect to Congress’s unambiguously expressed intent.⁹¹ If the answer is no, the reviewing court must move to the second question: whether “the agency’s answer to the precise question at issue is based on a permissible construction of the statute.”⁹²

The Federal Circuit mainly relied upon definitions of the term “article” from dictionaries contemporaneous with the authoring of Section 337.⁹³ Even though the Federal Circuit’s opinion held *Chevron* step two was unnecessary, it stated that even if step two were to be reached, the

⁸⁸ *Id.*

⁸⁹ *ClearCorrect Operating LLC v. Int’l Trade Comm’n*, No. 14-1527 (Fed. Cir. Nov. 10, 2015) at 3.

⁹⁰ *Id.* at 13 (citing *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984)).

⁹¹ *Id.* at 12 (citing *City of Arlington, Tex. V. FCC*, 133 S. CT. 1863, 1868 (2013)).

⁹² *Id.*

⁹³ *Id.* at 13-20.

ITC's interpretation of "articles" would be considered unreasonable and thus not entitled to any deference by a reviewing court.⁹⁴

The ITC as well as Align Technology both filed petitions for an en banc rehearing of the case by the full Federal Circuit bench on January 27, 2016.⁹⁵ The parties claimed that the *Chevron* test was misapplied, the definition of "articles" was wrongly constructed, and a reversal of the panel's decision was appropriate. Appellants ClearCorrect filed its response on February 18, 2016 and, among other arguments presented in favor of affirming the panel's decision, claimed that appellees did not present a *Chevron* argument until after oral arguments.⁹⁶

IV. Historical Statutory Interpretation of "Articles" and Whether Data Transmissions Should be Within the ITC's Jurisdiction

Traditionally, "articles" that infringe a valid and enforceable intellectual property right or arise from a patented process have been construed narrowly to include solely tangible items.⁹⁷ This included things like copyrighted books, trademarked products like designer clothes or shoes, or reproductions of patented goods, but did not extend to digital communications. The language of Section 337 has never been interpreted to include transmissions of data, and the existing ways of transmitting information and data at the time of the ITC's creation were not placed under their jurisdiction. A look into the history of the statutory interpretation of the terms in Section 337 or its predecessors better allows an observer to determine what the intent of Congress was when the statute was written.

⁹⁴ *Id.* at 31.

⁹⁵ Petition of Appellee International Trade Commission for Rehearing En Banc, ClearCorrect, No. 2014-1527 (Fed. Cir. Jan. 27, 2016); Intervenor Align Technology, Inc.'s Petition for Rehearing En Banc, ClearCorrect, No. 2014-1527 (Fed. Cir. Jan. 27, 2016).

⁹⁶ Appellants' Petitions for Rehearing En Banc, *supra* note 63, at 3, 5.

⁹⁷ Kane, *supra* note 66, at 438.

First it should be established that, as early as 1887, the Supreme Court differentiated between articles of commerce and data transmissions.⁹⁸ In *Western Union*, the Court contemplated whether it should consider telegrams to be articles of commerce.⁹⁹ Although there are clear technological differences between telegraphs and digital data transmissions of the 21st century, they seem to be analogous in not only their respective technological breakthroughs at the time but also in how people communicated and transferred information across long distances. One could make the argument that telegrams and telegraphs were to the 19th century what the Internet is to the 21st century today. In its opinion determining that telegrams were *not* articles of commerce, the Supreme Court stated:

[T]he telegraph transports nothing visible and tangible; it *carries only ideas, wishes, orders, and intelligence*. Other commerce requires the constant attention and supervision of the carrier for the safety of the persons and property carried. The message of the telegraph passes at once *beyond the control of the sender, and reaches the office to which it is sent instantaneously*. It is plain, *from these essentially different characteristics, that the regulations suitable for one of these kinds of commerce would be entirely inapplicable to the other*.¹⁰⁰

If the quoted passage, written over 120 years ago, were shown to someone today that was told it was written about the Internet and digital transmissions of information, the argument could be made that it would be accepted. The Supreme Court considered a related issue 50 years after its opinion in *Western Union*. In 1945, the Court interpreted the statutory text “articles or subjects of commerce” and determined that telegraph messages were “subjects” of commerce

⁹⁸ *W. Union Tel. Co. v. Pendleton*, 122 U.S. 347 (1887).

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 356 (emphasis added) (Based on this reasoning, the Supreme Court proceeded to hold that state statutes regulating the transmission of telegraphs were unconstitutional).

as opposed to “articles” of commerce.¹⁰¹ Of note in that decision, the Court held that “goods” were “articles or subjects of commerce” and the telegraph message itself became a *subject* of commerce and not an *article*, but the Court declined to decide whether the electronic impulses into which the words of the message are transformed were “goods.”¹⁰²

Furthermore, the schedules included with the Tariff Act of 1930¹⁰³ imposed duties on all manner of goods and articles, but they do not even a single time mention “telegraph messages, radio broadcasts, telephone calls, or other transmissions.”¹⁰⁴ The things that the schedules do impose duties on are the equipment necessary to facilitate things like electronic transmissions; that is, telephone poles, wires, devices, etc. but not the data transmission itself.¹⁰⁵ The grammar and actual words used by Congress at the time can be looked to for guidance as well. Every time the legislature used the term “articles” in the Tariff Act, they were describing tangible things.¹⁰⁶ A basic tenant of statutory construction is that intrinsic evidence is used to determine the meaning of the word, and that a term should generally be read the same way every time it appears in a statute.¹⁰⁷

A final consideration regarding the historical jurisdiction of the ITC is related to another federal agency, the Federal Communication Commission (“FCC”). Just four years after the passing of the Tariff Act of 1930, the Communication Act of 1934 established the FCC which was

¹⁰¹ *W. Union. Tel. Co. v. Lenroot*, 323 U.S. 490, 502 (1945).

¹⁰² *Id.*

¹⁰³ Tariff Act of 1930 is the origin and predecessor of the current day Section 337.

¹⁰⁴ Brief of Amicus Curiae Public Knowledge and the Electronic Frontier Foundation at 7, *ClearCorrect Operating LLC v. Int’l Trade Comm’n*, No. 2014-1527 (Fed. Cir. Oct. 16, 2014) (citing Tariff Act of 1930, Pub. L. No. 71-361, §1, ¶¶1, 742, 46 Stat. 590).

¹⁰⁵ *Id.*

¹⁰⁶ See Brief of Public Knowledge, *supra* note 104, at 8 (noting the example from the statutory text that “articles made wholly or in chief value of tinsel wire, metal threat, lame or lahn”).

¹⁰⁷ *Ratzlaf v. United States*, 510 U.S. 135, 143 (1994).

publicized as a “centralizing authority ... with respect to interstate and foreign commerce in wire and radio communication.”¹⁰⁸ The FCC was created to have “regulatory power over *all forms of electronic communication*.”¹⁰⁹

Admittedly it is difficult to determine where one agency’s jurisdiction ends and another’s begins, but the FCC has exclusive regulatory power over matters involving use of the radio frequency spectrum.¹¹⁰ The FCC’s jurisdiction over electronic transmissions on the Internet can be further evidenced by the fact that recent attempts at regulating conduct on, and active surveillance of, the Internet and its content has gone through the FCC.¹¹¹ Taken as a whole, the Supreme Court’s holding of telegraphs as “subjects” and not “articles” of commerce as well as recent actions by the FCC combined with the temporal proximity of the Tariff Act of 1930 that established Section 337 and the Communications Act of 1934 that established the FCC, can be taken as proof that Congress intended to create a bifurcation between tangible “articles” governed by the ITC and “electronic communications” governed by the FCC.

A. The Journey from Telegraphs to the Internet and the Intent of Congress

It was not the intent of the authors of the statute to include the presently-discussed types of electronic transmissions under the Act’s umbrella. We now clearly understand the technological differences between telegrams and massive Internet transmissions, but the interpreter must put themselves in the shoes of the authors of the statute and determine what

¹⁰⁸ 47 U.S.C. §§151-621 (2012).

¹⁰⁹ S. Rep. No. 73-781, at 1 (1934).

¹¹⁰ *Connecting the Globe: A Regulator’s Guide to Building a Global Information Community*, FEDERAL COMMUNICATION COMMISSION, <https://transition.fcc.gov/connectglobe/sec2.html>.

¹¹¹ Provisions aimed at ensuring providers are in compliance with CALEA are authored and administered by the FCC and not the ITC. In 2005, the FCC ruled that providers of broadband internet and VoIP services are regulable as “telecommunications carriers.”

they would think based on their knowledge of the time. Although the authors of the statute could not have contemplated the breadth and innovations that the Internet would bring as well as the amount of information that could be sent in a single message, the basic underlying theory of the decisions cited above still stands: that tangible instruments sending the signals are articles and the transient electronic information being sent through the articles are subjects of commerce and not articles themselves. Congress at the time also may not have been able to contemplate the Internet per se, but they could easily understand the international transmission of telecommunications data.¹¹² If Congress wished to include intangible data among articles of commerce, Congress would have made that clear when they drafted the Tariff Act of 1930.

The comparison between telegraphs and the Internet continues beyond Congress knowing of telegraphs' existence and that they can carry intangible data. Telegraphy itself is the process of using a form of communication known to both sender and receiver to *transmit data*.¹¹³ Such a definition could be used also to explain what it is the Internet "does." Miriam Webster defines a telegraph as "an apparatus for communication at a distance by *coded signals*; especially: an apparatus, system, or process for communication at a distance by *electric transmission* over wire."¹¹⁴ When reduced to its purest form, the digital data sets at issue in *ClearCorrect* are exactly that – coded signals communicated over a distance by electric transmission. Another telegraphic example would be Morse Code. When considering Morse Code, which employs a series of long and short electric signals to form letters of the alphabet, it

¹¹² See *Marconi Sends First Atlantic Wireless Transmission*, A+E NETWORKS, <http://www.history.com/this-day-in-history/marconi-sends-first-atlantic-wireless-transmission> (last accessed November 2, 2015).

¹¹³ Tanya Wozniaki, *The History of the Telegraph – Communication at its Best!*, NEARFIELD COMMUNICATION NFC, <http://www.nearfieldcommunicationnfc.net/nfc-telegraph-history.html> (last accessed Sep. 22, 2015).

¹¹⁴ MERRIAM-WEBSTER DICTIONARY, <http://www.merriam-webster.com/dictionary/telegraph> (2015).

is not a long stretch of the imagination to envision the long and short dashes and dots being the “ones and twos” of binary code of their day.

Another similar parallel of the digital transmissions in question here to a technology long-existing at the time the statute was written is the operation of computers and a type of optical telegraphy known as the shutter telegraph. When two modern computers exchange a byte, or an eight-bit binary number, they are performing a task that is functionally similar to the actions that an eight-panel shutter telegraph¹¹⁵ would have done 200 years ago, which was also understood and contemplated by Congress when they wrote the Tariff Act in 1930.¹¹⁶ The difference, outside the obvious of electricity and use of relay stations, is that a computer today may use ASCII instead of a codebook to relate each combination of eight-bit sequences into a different word or action.¹¹⁷

Furthermore, the International Telecommunication Union (“ITU”) determines the protocols used by modems currently, but the ITU was originally founded as the International Telegraph Union in 1865 with the goal of regulating international telegraphy.¹¹⁸ Clearly the operators of the ITU, part of the United Nations system, saw the close parallel between telegraphy and the technology that allows us to communicate over the Internet. Accordingly, it

¹¹⁵ The optical or shutter telegraph operated through a series of relay stations. Each station had a series of pivoting shutters that would be arranged in a specific way. The next station could observe the positions the shutters were in, decode them using a codebook, and form messages. This technology was advanced for its day and in 1794 could transmit a message 150 miles in 36 minutes, much faster than a messenger dispatched on horseback. The technology was, at the time, groundbreaking. J-M. Dilhac, *“The Telegraph of Claude Chappe – An Optical Telecommunication Network for the XVIIIth Century,”* ENGINEERING AND TECHNOLOGY HISTORY WIKI (Aug. 14, 2014), <http://www.ieeeeghn.org/wiki/images/1/17/Dilhac.pdf>.

¹¹⁶ Tom Standage, *THE VICTORIAN INTERNET*, (fair use copy available at <http://www2.southeastern.edu/Academics/Faculty/scraig/standage.html>) (1998).

¹¹⁷ *Id.*

¹¹⁸ *Id.*

should not be considered lightly that the Tariff Act intentionally did not include telegraphs, whose modern day equivalent is arguably digital data transmissions over the Internet.

In general, many similarities can be drawn between telegraphs and the Internet. The telegraph served as the infrastructure for dynamic globalization of economic activities in the late 19th and early 20th centuries;¹¹⁹ the two technologies were the defining communications technology of their respective eras; and perhaps most significantly, the legacy for both technologies is the increase in the speed of long-distance communications.¹²⁰ There have even been scholars that have presented arguments that all things being considered, the telegraph had a greater impact on communications than the Internet.¹²¹

Because of all these various analogs between telegraphs and current digital transmission of data, it is not a far stretch of the imagination to believe that when Congress excluded telegraphs and telegrams from their understanding of “articles” in 1930, they also were intending to exclude similar future technologies such as electronic transmissions over the Internet. Accordingly, the electronic transmissions in questions should be excluded from being considered “articles” within the interpretation of Section 337.

V. The ITC’s Past Treatment of Digital Data

An en banc Court of Appeals for the Federal Circuit should affirm the panel’s decision and not accept the ITC’s interpretation that intangible electronic transmissions are “articles” not only

¹¹⁹ Jovan Kurbalija, *Ten Parallels Between the Telegraph and the Internet in International Politics*, DIPLOFOUNDATION, <http://www.diplomacy.edu/blog/ten-parallels-between-telegraph-and-internet-international-politics> (last accessed Sep. 22, 2015) (detailing how global markets were boosted because of the trans-Atlantic telegraph cable being completed in 1866 and linking the New York and London Stock Exchanges).

¹²⁰ Standage at 1.

¹²¹ Norman Jacknis, *Telegraph vs. Internet: Which Had Greater Impact*, CISCO BLOGS – GOVERNMENT, <http://blogs.cisco.com/government/telegraph-vs-internet-which-had-greater-impact> (last accessed Sept. 22, 2015).

because Congress never intended for the ITC to have such far-reaching jurisdiction, but also because the interpretation the ITC seeks would vastly expand the jurisdiction it has asserted up until this point. In the final Commission Opinion, the majority acknowledged the construction of the term “articles” is a difficult one because the term itself is not defined in the statute.¹²² Furthermore, in his dissent to the commission’s opinion, Commissioner Johanson referred to whether the electronic transmission of digital data into the United States constitutes importation of an “article” as an issue of first impression.¹²³ To allow the ITC to determine what they do and do not have jurisdiction over on an ad hoc basis would stop the ITC from being a creature of statute and transform it into a creature of its own making. In the Initial Determination in *ClearCorrect*, the ITC held it had specific jurisdiction over digital data sets because they were “articles” under Section 337 and specifically pointed to three prior cases that it claimed shows electronically transmitted data has always been considered to be an “article” under Section 337.¹²⁴

The first, and most recent, case is one where in 2007 the ITC issued a cease and desist order barring the electronic transmission of infringing antivirus software.¹²⁵ The ITC also issued a limited exclusion order, but that order only excluded the infringing antivirus software in a *tangible* medium.¹²⁶ The ITC reasoned that, although it believed itself to have jurisdiction over electronic data, it did not believe Customs and Border Protection had the resources to enforce

¹²² *Digital Models*, Comm’n Op. at 36.

¹²³ *Digital Models*, Comm’n Op., Dissent of Comm’r Johanson at 1.

¹²⁴ *Digital Models*, Initial Determination at 13-14.

¹²⁵ *Certain Systems for Detecting and Removing Computer Virus or Worms, Components Thereof, and Products Containing Same*, In. No. 337-TA-510, Comm’n Determination at 16 (August 2007).

¹²⁶ *Id.*

an exclusion order against intangible items,¹²⁷ hence why they did not include them in the exclusion order. However, the ITC believed that a cease and desist order that did not include electronic transmissions of the infringing antivirus software would “allow for an obvious method of circumvention such that the cease and desist order would be rendered meaningless.”¹²⁸

The cease and desist order was aimed at antivirus software in the United States because it was shown that the respondent had a commercially significant inventory of infringing products in the country already.¹²⁹ The commission determined there was no difference between the electronic transmissions of the software or software that was transferred to a tangible medium.¹³⁰

Whereas the software in question was a finished product, ready to be installed and run on a computer, the digital data sets at issue in *ClearCorrect* are not software.¹³¹ The digital data sets do not control functions or direct operations like the antivirus software.¹³² Also, in contrast to the above situation where the ITC issued a cease and desist order against electronic transmissions in an effort to stop circumvention of the order to not sell the antivirus software on tangible mediums, *ClearCorrect's* digital data sets are not stored on a disk or any other tangible medium; they are purely electronic. Furthermore, the antivirus software of the respondent in the above case was directly infringing the claimant's patent because it performed every step of the protected method. Here, not every step of the method is infringed; the digital data sets are no less than three steps removed before they could be in an infringing state.

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ Brief of Appellant at 7, *ClearCorrect*, No. 2014-1527 (Oct. 9, 2014).

¹³² *Id.*

In *Certain Set Top Boxes and Components Thereof* (“Set Top Boxes”), the ITC determined there was no Section 337 violation in respondent’s importation of television boxes that downloaded software to display a guide of programs airing on various television networks.¹³³ The ITC stated in dicta that Section 337 is “broad enough to prevent every type and form of unfair practice, including the transmission of *infringing software* by electronic means”.¹³⁴ In its holding, however, the ITC declined to issue any remedial orders directed to the products at issue, specifically rejecting a proposition to issue an exclusion order directed at satellite transmissions of allegedly infringing software and/or program schedule data even if the commission found a violation of Section 337.¹³⁵ However, similar to the antivirus software case above, the ITC noted that should a violation be found, the ITC could issue a cease and desist order prohibiting the electronic transmission of respondents’ software which is found to infringe the asserted claims at issue.¹³⁶

Again, however, the ITC is playing both sides: it claims to be able to regulate electronic transmissions of software, but only would allow itself to do so through a cease and desist order and not an exclusion order because of its deference to the practical capabilities of CBP.¹³⁷ This is another point of contention in the ongoing litigation. Can a cease and desist order be authorized in a situation where an exclusion order is unavailable? Section 337’s language leads to the conclusion that a cease and desist order is designed to accompany an exclusion order, or be a step toward what could ultimately be an exclusion order.¹³⁸ A cease and desist order can be

¹³³ *Certain Set Top Boxes and Component Thereof*, Inv. No. 337-TA-454, Final Initial Determination (Nov. 8, 2002).

¹³⁴ *Id.* at 304-05 (citing *Hardware Logic*, *infra* note 145, Comm’n Op. at 25-29).

¹³⁵ *Set Top Boxes* at 313-314.

¹³⁶ *Id.* at 314.

¹³⁷ See *supra* text accompanying Section II-A.

¹³⁸ 19 U.S.C. §1337(f)(1) (2012).

issued “[i]n addition to” or “in lieu of” an exclusion order.¹³⁹ Clearly a cease and desist order cannot be “in addition to” an exclusion order in a situation where an exclusion order is unavailable. Proponents of reversing the ITC’s decision in *Digital Models* have said as much, stating that cease and desist orders are meant to be “a supplemental remedy that was never intended to gap-fill situations where an exclusion order would be illogical.”¹⁴⁰

Furthermore, a cease and desist order that is issued “in lieu of” an exclusion order may be “modif[ied] or revoke[d] and, in the case of revocation, [the ITC] may [issue an exclusion order].”¹⁴¹ This language can be interpreted rationally only if a cease and desist order is a limited version of an exclusion order and rightly considered a step on the path to securing an exclusion order, and not an “independent alternative.”¹⁴² To hold that a cease and desist order can function as a stand-alone remedy and ignore the interplay between the two remedial measures would produce an unharmonious interpretation of a statute.¹⁴³ As stated in one of the many briefs submitted to the Federal Circuit, by interpreting the statute to include intangible things as “articles,” the ITC is “[c]reating a statutory liability that inherently cannot be remedied by the only enforcement tools provided” and would be a presumptively unreasonable statutory construction.¹⁴⁴

Finally, reaching the case that provided the impetus for the two previously-cited ITC adjudications, in *Certain Hardware Logic Emulation Systems and Components Thereof* (“*Hardware Logic*”), the ITC issued a permanent limited exclusion order and a permanent cease

¹³⁹ *Id.*

¹⁴⁰ Letter Brief of Appellant at 5-6, ClearCorrect, No. 2014-1527 (Aug. 25, 2015).

¹⁴¹ §1337(f)(1); Brief of The Internet Association, *supra* note 64, at 24-25.

¹⁴² Brief of The Internet Association, *supra* note 64, at 25.

¹⁴³ *Id.* at 26.

¹⁴⁴ *Id.* at 27.

and desist order against respondent Mentor.¹⁴⁵ The orders were directed to the accused “hardware logic emulation systems and component thereof, *including software.*”¹⁴⁶ (emphasis added) The products in question comprised hardware and software that temporarily embodied substantial digital logic networks used to design and test the electronic circuits of semiconductor devices.¹⁴⁷ In a twist from the two adjudications already discussed, the exclusion order and the cease and desist order also covered the software needed to run the devices, which could be electronically transmitted into the United States.¹⁴⁸ The administrative law judge (“ALJ”) reasoned that the software was an integral part of the infringing emulation system and was thus contributorily infringing a valid U.S. intellectual property right.¹⁴⁹ The ALJ stated that the software bore “a direct relationship to the infringing imported emulation systems.”¹⁵⁰

Proponents of an interpretation of Section 337 that would include intangible things as articles point to *Hardware Logic* as ITC precedent that shows it has jurisdiction over electronic transmission of data, but that is a misinterpretation of what *Hardware Logic* says. The imported article at issue in *Hardware Logic* was a tangible emulation system that required software to run it. The software could be included with the hardware at the time of importation or put on a disc or other *tangible* medium and installed at a later time. The ITC determined that no customer would purchase the emulation system if they did not have access to the software.¹⁵¹ It was the software on a tangible, computer-readable medium – a physical article capable of importation –

¹⁴⁵ *In the Matter of Certain Hardware Logic Emulation Systems and Components Thereof*, Inv. No. 337-TA-383, Comm’n Op. at 3 (March 1998).

¹⁴⁶ *Id.*

¹⁴⁷ *Id.* at 1.

¹⁴⁸ *Id.* at 4-5.

¹⁴⁹ *Id.* at 5.

¹⁵⁰ *Id.*

¹⁵¹ *Hardware Logic*, Comm’n Op. at 27.

that the ITC entered an exclusion order against. It was only to avoid a circumvention of its exclusion order that the ITC issued a cease and desist order that targeted the electronic transmission of the software.¹⁵² This line of reasoning was also used in the two previously-cited adjudications to validate the issuance of a cease and desist order directed toward electronic transmissions of software.

Responding to this way of using cease and desist orders, in his dissent in *Digital Models* Commissioner Johanson stated that the “Commission’s remedy may go beyond merely stopping the actual violation that triggered the Commission’s jurisdiction and also include ‘reasonably related’ acts that would result in circumvention of the Commission’s order.”¹⁵³ This cease and desist order targeting electronic transmissions of software would come under the previously-stated unreasonable statutory construction because the electronic transmission of the software is not something that could be stopped by exclusion order. Assuming arguendo that the ITC can issue cease and desist orders against things that cannot be reached by an exclusion order as discussed above, further argument can be made to distinguish the three prior adjudications and *ClearCorrect*.

In *ClearCorrect*, the ITC is asserting original jurisdiction over the electronic transmissions that it would be illogical to issue an exclusion order against whereas in *Hardware Logic* the cease and desist order was directed to something imported as part of an infringing emulation system that the ITC had jurisdiction over.¹⁵⁴ In other words, the cease and desist order in *Hardware Logic* actually was designed to stop respondent from circumventing the exclusion order while the

¹⁵² *Id.* at 28.

¹⁵³ *Digital Models*, Dissent of Comm’n Johanson at 13 (citing *FTC v. Mandel Bros.*, 359 U.S. 385, 392-93 (1958)).

¹⁵⁴ *Hardware Logic*, Comm’n Op. at 27.

recommendations of the ALJ in *Digital Models* were not. Any remedial order that issues in *Digital Models* would ignore the circumvention aspect of the equation and support an understanding that the ITC has original jurisdiction over the digital data sets regardless of the existence of an exclusion order directed to tangible articles that no one contests the ITC has jurisdiction over.

The prior ITC adjudications discussed above are all examples of software that could be used in its current state to infringe another product. The only step that needed to take place was the software being transferred to a tangible medium and it would be excluded through the exclusion order. The argument can be made that there is a limit to the degrees of separation between the data transmissions in question and the ultimately infringing product. The *Hardware Logic* order reached object code as well as source code, arguably “one step removed” from usable binary because source code is not executable by the emulation system until it is compiled into computer-readable object code.¹⁵⁵ The ITC determined that the source code in *Hardware Logic* contributorily infringed the products at use and could be the target of a remedial order because the “substance – the intellectual property – of software is most clearly embodied in the programmer’s source code.”¹⁵⁶

The digital data sets in *ClearCorrect* are not infringing articles because they are multiple steps removed from an infringing product that Section 337 seeks keep out of the country. The “substance” that the ITC spoke about in *Hardware Logic* is too distant to be used against the data sets. The data transmissions at issue in *ClearCorrect* are not virtual representations of the dental appliances worn by patients.¹⁵⁷ The data sets, once received in the United States, have to be first

¹⁵⁵ *Hardware Logic*, Comm’n Op. at 9.

¹⁵⁶ *Id.* at 18, n. 84.

¹⁵⁷ Letter Brief of Appellant, *supra* note 140, at 6.

loaded into a software program to make them machine-readable.¹⁵⁸ Next, the machine-readable data must be sent to an appropriate apparatus that can read the data and make the physical models of the dental appliances, such as a 3D printer.¹⁵⁹ Lastly, plastic must be shaped over the physical model to create a negative model to finally end up with the true dental appliance.¹⁶⁰ The data sets at issue are at a minimum three steps removed from being the physical dental appliance. Rather than being an infringing thing itself, the digital data sets, which by their nature of being electronic should not be considered “articles” under Section 337 at all, are actually a “transmission of information made during a manufacturing process.”¹⁶¹

However, while this reading would have no digital data set ever be an infringing article by its very nature, opponents of this line of reasoning will allege even if the data transmissions are not “articles that infringe,” they still can be properly considered to represent part of a patented process or a step in a method claim of a patent in question and thus the importer may be liable for inducing infringement downstream. At the time the original briefs in *ClearCorrect* were filed, induced infringement downstream without direct infringement at the time of importation was not possible. However, with a recent decision by the Court of Appeals for the Federal Circuit, the interpretation of induced infringement has changed.

VI. The *Suprema* Decision and Induced Infringement

Suprema dealt with the ITC’s interpretation that Section 337 did in fact cover the importation of goods that, after importation, are used by the importer to directly infringe at the

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

inducement of the goods' seller.¹⁶² The facts of the case involve the importation of optical scanning devices and the ITC's issuance of an exclusion order directed to the scanning devices under the theory that the importer was inducing a third party to infringe a valid U.S. patent.¹⁶³ The scanning devices themselves were not "articles that infringe" at the time of import, but they included a software development kit ("SDK") to generate the software that was necessary to operate the devices.¹⁶⁴ An American company used the SDK's to write its own software and then bundled and resold the scanners and software in the U.S.¹⁶⁵

The ITC determined that *Suprema*, the foreign company, willfully blinded itself to the American company's activities and "deliberately shielded itself from the infringing activities it actively encouraged and facilitated [the American company] to make."¹⁶⁶ The parallel in the current case would be CCPK is inducing CCUS to infringe valid intellectual property rights held by Align. A main contention to keep in mind is that the optical scanners of *Suprema* were tangible goods, subject to the original jurisdiction of the ITC and its remedial powers, whereas the data sets in *ClearCorrect* are intangible.

In *Suprema*, the Federal Circuit determined that the ITC's actions were due to an interpretation of their statutory grant of power and conducted a *Chevron* analysis.¹⁶⁷ The court held that Section 337 was ambiguous as to inducement to infringe without direct infringement at the time of importation.¹⁶⁸ The majority determined the main legal question was whether

¹⁶² *Suprema, Inc. v. Int'l Trade Comm'n.*, No. 2012-1170 (Fed. Cir. Aug. 10, 2015), at *1.

¹⁶³ *Id.* at *2-3.

¹⁶⁴ *Id.* at *2.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ See *supra* text accompanying Section III (discussing the *Chevron* test).

¹⁶⁸ *Suprema*, No. 2012-1170 at *1.

there could be an “article that infringes” at the time of importation when the infringement did not happen until well after the importation.¹⁶⁹ In its discussion of the issue, the Federal Circuit focused not on “articles” but on “infringe” and what Congress’s intent was when they wrote “articles that *infringe*.”¹⁷⁰ The court held that the infringement Congress was referring to was not simply direct infringement at the time of importation, but also indirect infringement including induced infringement after importation.¹⁷¹ Thus, the court held that the ITC’s reading of “articles that infringe” in Section 337 to include “goods that were used by an importer to directly infringe post-importation as a result of the seller’s inducement” is reasonable and deserving of *Chevron* deference.¹⁷²

Suprema can be distinguished from *ClearCorrect* by a simple but important difference: the goods at issue in *Suprema* were physical, tangible optical scanners while the alleged “articles” in *ClearCorrect* were intangible data transmissions. The argument was not presented in *Suprema* that the ITC never had jurisdiction over the objects being imported themselves; rather, the argument was whether the ITC had the right to exclude a non-infringing good at the time of import if the seller was inducing downstream infringement.

Furthermore, it was suggested by the dissent that no ambiguity in the statutory language actually exists, and the majority strained to find an ambiguity where there was none in order to rationalize providing the ITC’s interpretation with *Chevron* deference.¹⁷³ According to their reasoning, and the justification provided by the majority, the case was decided on public policy

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at *6-7.

¹⁷¹ *Id.* at *8-9.

¹⁷² *Id.* at *11.

¹⁷³ *Id.* at *14 (O’Malley, J., dissenting).

grounds; however, the judiciary is not the proper place to address public policy concerns – that task is left to Congress.¹⁷⁴ In dissent, four judges of the nine-judge court sitting en banc went on to agree that “[t]he majority fails ... to identify an actual ambiguity in the statute” and that the “word ‘articles’ is not ambiguous – it has a well-defined legal definition.”¹⁷⁵ It appears at least four judges on the Federal Circuit spoke to the direct point that is at issue in this comment as well as a potential en banc rehearing: that “article” connotes a physical, tangible object and is not ambiguous.¹⁷⁶

The majority also interchanges the terms “goods” and “articles” throughout its opinion, further lending credence to the opinion that articles are tangible things. Counsel for ClearCorrect pointed out as much to the panel, arguing that the *Suprema* majority’s treatment of the two terms as synonyms “comports with the [ITC’s] past position that electronic data is different from the traditional concept of ‘articles.’”¹⁷⁷ Using the *Suprema* majority’s public policy argument that Section 337 was designed “to stop the entry of goods at the border,” an argument can be further made in support of the panel’s holding in *ClearCorrect* that the electronic data transmissions are not “goods” by any dictionary or legal definition, and thus are not subject to the ITC’s jurisdiction.¹⁷⁸

The *Suprema* decision, although seemingly closely related to the decision in *ClearCorrect*, is distinguishable on multiple levels and mainly concerns a different area of original jurisdiction

¹⁷⁴ *Suprema*, No. 2012-1170, at *14 (O’Malley, J., dissenting).

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ Letter Brief of Appellants, *supra* note 140, at 4 (citing *Align Tech., Inc. v. Int’l Trade Comm’n*, 771 F.3d 1317 (Fed. Cir. 2014)) (discussing how the ITC stated electronic transmissions of data could not violate a consent order prohibiting the importation of manufactured articles because the consent order did not contain an express prohibition against data transmissions).

¹⁷⁸ *Id.* at 6.

that Congress granted to the ITC. The holding in *Suprema* expressly speaks to the definition of “infringement” at the time of importation, but not to what exactly the “articles” are that the ITC has the ability to exclude from importation. Because the tangible products in *Suprema* were later combined with intangible electronic data to create infringing products that gave rise to the finding of indirect infringement of the seller, many importers and indeed courts may look to the *Suprema* decision for guidance on matters that fall more properly under the *ClearCorrect* umbrella. This presents an uncertain area in the law that the Supreme Court can clarify if it were to hear arguments related to *ClearCorrect* and *Suprema* should the Federal Circuit sitting en banc disagree with the panel’s decision.

VII. Conclusion

The *ClearCorrect* case presents an opportunity for the Court of Appeals for the Federal Circuit, sitting en banc, or the Supreme Court, to clarify an area of the law that has been misinterpreted by the agency tasked with enforcing it. A reviewing court should affirm the present panel decision because it is in accordance with the unambiguously expressed intention of Congress. This has been shown through Congress’s understanding of technology at the time it wrote the statute, and reinforced by the inconsistent, if not impossible, enforcement of remedial orders that would result from a reading of the statute that equated “articles” with intangible, electronic transmissions.

Moreover, it was also shown that the present enforcement mechanisms for the ITC’s remedial orders cannot properly function to stop the transmission of digital data packets in its current form. Any reviewing court, in denying the ITC’s authority to regulate the electronic transmission of data and other intangible things, would also be providing a public service by

sending a message to Congress that if indeed it wishes to imbue the ITC with such power, it must also provide a way for the agency to enforce that power. A partnership with Internet Service Providers, an expansion of the cross-agency cooperation that already exists, or the creation of a new entity to regulate the transmissions in question are potential remedies, but that is a task that must be left to Congress. By the letter of the law that Congress clearly set forth, the ITC does not have the power to exclude digital data transmissions into the United States and thus the panel decision of the Court of Appeals for the Federal Circuit must be affirmed by a reviewing court.