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Discovery Without Limits? Obligation To Provide Discovery For Products Under Development At The International Trade Commission

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COMMENTS

DISCOVERY WITHOUT LIMITS? OBLIGATION TO PROVIDE DISCOVERY FOR PRODUCTS UNDER DEVELOPMENT AT THE INTERNATIONAL TRADE COMMISSION

JULIA V. SVINTSOVA*

The United States International Trade Commission (the “ITC” or “Commission”), a quasi-judicial agency that has gradually become an increasingly popular forum for adjudicating intellectual property disputes involving foreign goods imported into the United States, allows for a very broad scope of discovery in its investigations. In particular, the ITC discovery scope may encompass products that are still under development. Anxious to avoid the potential obligation to turn highly confidential information on still unreleased products over to their competitors, companies frequently find themselves engaged in heated discovery battles focused on still undeveloped products. To further escalate the problem, there are currently at least five discovery standards governing the production of information on products under development before the ITC. Because it is nearly impossible to predict which standard an administrative law judge (an “ALJ”) will choose in a particular investigation, concerns over the abuse of production of information on products under development are growing at a rapid pace. This Comment analyzes the strengths and weaknesses of each standard by demonstrating how largely different and sometimes inconsistent outcomes result from an application of each standard to a hypothetical set of facts. This Comment also recommends that, in the interest of judicial economy and efficiency and to alleviate the burden placed on parties, the Commission endorse a standard that finds

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products under development discoverable if they are likely to enter the United States stream of commerce before an investigation ends.

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INTRODUCTION

Discovery proceedings before the United States International Trade Commission, which adjudicates investigations brought under Section 337 of the Tariff Act of 1930 (“Section 337 investigations”), move forward at an extremely fast pace and allow for a very broad discovery scope.¹ Most information produced during discovery is highly confidential.² While the ITC has a number of mechanisms in place that safeguard the confidentiality of the information produced,³ parties may still be wary of turning their proprietary data over to competitors.⁴ Concerns over security of confidential information only increase when the scope of discovery includes products that are still under development.⁵ To further complicate the production of information on products under development, there are several standards that the administrative law judges who preside over the ITC investigations apply when faced with this discovery issue.⁶

1. 19 U.S.C. § 1337 (2012); see A LAWYER’S GUIDE TO SECTION 337 INVESTIGATIONS BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION 111 (Tom M. Schaumburg ed., 2d ed. 2012) [hereinafter A LAWYER’S GUIDE TO SECTION 337 INVESTIGATIONS] (explaining that the entire discovery process before the ITC normally takes from five to seven months); Taras M. Czebiniak, Comment, *When Congress Gives Two Hats, Which Do You Wear? Choosing Between Domestic Industry Protection and IP Enforcement in § 337 Investigations*, 26 BERKELEY TECH. L.J. 93, 107 (2011) (noting that there are fewer limits on discovery in the ITC proceedings than before district courts).

2. See Asim Bhansali, *ABC Guide to ITC*, INTELL. PROP. MAG., Oct. 2012, at 49 (pointing out that concerns about the confidential nature of information rarely justify withholding ITC production).

3. See, e.g., Eileen Hintz Rumfelt, *Off to the Races: Litigating in the Fast-Paced International Trade Commission*, DRI TODAY (May 1, 2012), <http://dritoday.org/feature.aspx?id=336> (observing that ITC parties have to abide by the terms of a protective order, which an ALJ issues in each investigation).

4. See *Certain Shirts with Pucker-Free Seams*, Inv. No. 337-TA-517, Order No. 7, at 4 (Dec. 9, 2004) (arguing against being forced to share an unredacted version of respondents’ United States market construction protocol with their biggest competitor).

5. See *Certain Auto. Multimedia Display & Navigation Sys., Components Thereof, & Prods. Containing Same* [hereinafter *Auto. Multimedia Display & Navigation Sys.*], Inv. No. 337-TA-657, Order No. 22, at 1–2 (May 11, 2009) (resisting complainant’s requests for information on products neither released commercially nor imported into the United States).

6. See, e.g., *Certain Video Game Sys. & Wireless Controllers & Components Thereof* [hereinafter *Video Game Sys.*], Inv. No. 337-TA-770, Order No. 20, at 4–5

The lack of a single standard leads to a number of problems. First, it facilitates harassing practices where the party that brings an action before the ITC tries to define products that allegedly incorporate functionalities practicing that party's patents (the so-called products at issue or accused products) as broadly as possible, hoping for an application of a favorable standard.⁷ Second, the unpredictability associated with the choice of a standard leads to uncertainty as to parties' discovery obligations.⁸ Finally, the issue of discovery of products under development has been gaining widespread attention because third parties may also be ordered to produce this sensitive information.⁹

This Comment argues that the ITC should endorse one discovery standard, under which the information on products under development would have to be produced, and clearly define what proof is sufficient to satisfy that standard. Part I of this Comment describes the discovery process before the ITC and the five standards that currently govern the production of information on products under development. Part II demonstrates how various discovery obligations arise depending solely on a standard chosen. Part III recommends that the ITC adopt a standard that deems products under development discoverable if they are likely to enter the United States stream of commerce before an investigation concludes. This Comment concludes by emphasizing the need for a consistently applied standard, which would ensure a fair resolution of the discovery issue regarding products under development.

(Aug. 26, 2011) (ordering discovery of a prototype because the respondent imported the prototype into the United States); *Certain Polyethylene Terephthalate Yarn & Prods. Containing Same* [hereinafter *Polyethylene Terephthalate Yarn*], Inv. No. 337-TA-457, Order No. 43, at 3 (Dec. 19, 2001) (holding that no production was necessary because the complainant did not establish the likelihood of imminent importation).

7. See *Certain Semiconductor Integrated Circuits & Prods. Containing Same* [hereinafter *Semiconductor Integrated Circuits*], Inv. No. 337-TA-665, Order No. 8, at 2 (Mar. 5, 2009) (arguing that a complainant's definition of accused products lacked precision).

8. See, e.g., *Certain Flash Memory Chips & Prods. Containing the Same* [hereinafter *Flash Memory Chips*], Inv. No. 337-TA-664, Order No. 48, at 3-4 (Mar. 23, 2010) (maintaining that the Commission had only permitted discovery of developing products in certain circumstances, none of which were present in the investigation).

9. See *Non-Party Sprint Nextel's Motion to Quash Subpoena Duces Tecum and Ad Testificandum* at 6, *Certain Baseband Processor Chips & Chipsets, Transmitter & Receiver (Radio) Chips, Power Control Chips, & Prods. Containing Same, Including Cellular Tel. Handsets*, Inv. No. 337-TA-543 (Nov. 30, 2005) ("Sprint Nextel has been dragged into somebody else's dispute and forced to comply with a virtually unlimited [s]ubpoena[.]").

I. OVERVIEW OF THE ITC PROCEEDINGS: THE BROAD SCOPE OF DISCOVERY BEFORE THE ITC

The ITC is an independent, quasi-judicial federal agency with exclusive authority to conduct Section 337 investigations.¹⁰ These investigations involve allegations of intellectual property rights infringement that companies with domestic presence bring against imported goods.¹¹ The ITC investigations generally involve the same participants: the Commission, the Office of the General Counsel, ALJs, and attorneys from the Office of Unfair Import Investigations (the “OUII”).¹² Additionally, each investigation involves a complainant,¹³ a number of respondents,¹⁴ and third parties.¹⁵

In recent years, the popularity of the ITC has increased because of a number of aspects that make the ITC uniquely attractive to IP rights holders.¹⁶ First, because the ITC conducts *in rem* proceedings, ITC complainants do not have to establish personal jurisdiction over proposed respondents.¹⁷ Second, the ALJs and commissioners are well versed in

10. See 19 U.S.C. § 1337(a)(1)(A) (2012) (setting forth that Section 337 can be invoked to address “[u]nfair methods of competition and unfair acts” in the importation of articles).

11. See C. Austin Ginnings, Article, *New Concerns About “Articles Concerned”*: *Revisiting the Scope of ITC Exclusion Orders After Yingbin and Kyocera*, 20 FED. CIR. B.J. 503, 504 (2011) (noting that in Section 337 investigations United States intellectual property rights holders allege infringement based on importation, sale for importation, or sale in the United States after importation of foreign goods).

12. See Czebiniak, *supra* note 1, at 97 (explaining the roles that the six commissioners, the Office of General Counsel, and the OUII play during an investigation).

13. See, e.g., Christopher A. Cotropia, *Strength of the ITC as a Patent Venue*, 20 TEX. INTELL. PROP. L.J. 1, 5 (2011) (“A patent holder files a complaint with the ITC, requesting that the ITC investigate the alleged infringement of a U.S. Patent, which harms a domestic industry.”).

14. See A LAWYER’S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 51 (providing a chart denoting what percentage of respondents came from various countries).

15. See generally Yuezhong Feng, Ph.D., Article, *Non-Party Discovery Involving a U.S. Entity and Its Foreign Affiliate: A Comparison of the Commission’s Approach to Subpoenas and the Hague Evidence Convention*, XXIV 337 REP. 75, 75–82 (6th Ann. Summer Associate ed. 2008) (exploring certain issues associated with third-party discovery).

16. See Czebiniak, *supra* note 1, at 103 (quoting Peter S. Menell, *The International Trade Commission’s Section 337 Authority*, 2010 PATENTLY-O PAT. L.J. 79, 79 (2010)) (asserting that the ITC adjudicates more patent cases each year than any district court in the United States).

17. See 19 U.S.C. § 1337(a)(1)(B) (2012) (stating that the ITC obtains jurisdiction over goods based on importation, sale for importation, or sale in the United States after importation).

intellectual property law and are accustomed to handling highly complex technological issues in the context of international trade.¹⁸

Third, because the ITC has one of the fastest dockets in the country, prevailing complainants can avail themselves of remedies quickly.¹⁹ While the ITC cannot award monetary damages,²⁰ it can exclude products implementing the infringing technology from entering the country²¹ and from being sold in the country.²² Specifically, the ITC has the authority to issue several types of orders: general exclusion orders (“GEOs”),²³ limited exclusion orders (“LEOs”),²⁴ and cease and desist orders.²⁵

There are several ways to enforce a final exclusion order. U.S. Customs and Border Protection (“Customs”) is primarily responsible for enforcing ITC orders and preventing articles that fall under the definition of “articles that infringe” from entering the United States.²⁶ Additionally, any person can request that the ITC initiate proceedings to determine whether an ITC exclusion order or a cease and desist order is violated.²⁷

18. See A LAWYER’S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 223 (acknowledging that the Court of Appeals for the Federal Circuit defers to the Commission as to its interpretation of the statute).

19. See 19 U.S.C. § 1337(b)(1) (requiring that the ITC complete an investigation at the earliest possible time); see also Cotropia, *supra* note 13, at 5 (observing that patentees have always preferred fast track adjudication venues).

20. See 19 U.S.C. § 1337(d), (f) (setting forth the ITC’s authority to issue injunctive relief only); Ginnings, *supra* note 11, at 505 (discussing types of relief available at the ITC).

21. See 19 U.S.C. § 1337(d) (granting the ITC authority to issue general and limited exclusion orders).

22. See *id.* § 1337(f) (setting forth the ITC authority to issue cease and desist orders).

23. See *id.* § 1337(d)(2) (listing conditions under which the Commission may issue a GEO).

24. See *id.* § 1337(d)(1) (directing the Commission to exclude the infringing articles of the parties named in the investigation from entering the country unless it is contrary to the public interest).

25. *Id.* § 1337(f); see A LAWYER’S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 191 (noting that the Commission may issue a cease and desist order if the Commission finds that there exist commercially significant inventories of infringing products in the United States).

26. See Merritt R. Blakeslee, *Post-litigation Enforcement of Remedial Orders Issued by the U.S. International Trade Commission in Section 337 Investigations*, 8 J. MARSHALL REV. INTELL. PROP. L. 248, 252–61 (2009) (describing Customs’ treatment of the ITC exclusion orders).

27. 19 C.F.R. § 210.79(a) (2013); see also Blakeslee, *supra* note 26, at 263–67 (providing an overview of the Commission’s enforcement of its orders through initiating either informal or formal enforcement proceedings, or penalty actions).

A. The Broad Scope of the ITC Discovery Allows for Discovery of Products Under Development

The scope of ITC discovery, which the Commission defines in a public notice in the Federal Register,²⁸ is very broad.²⁹ In particular, complainants routinely define allegedly infringing products as including products under development that may incorporate the allegedly infringing technology.³⁰ Usually complainants, in attempts to obtain the broadest discovery possible, do not offer any limitations on the definition of products under development.³¹ If respondents are confident that their products under development do not infringe the complainants' technology, the respondents may also try to produce information on those products during discovery.³² Moreover, complainants and respondents may issue discovery requests to obtain information regarding products under development from third parties.³³

A party requesting discovery of products under development must at a minimum establish two things. First, the products with respect to which the information is sought must be within the scope of the investigation.³⁴ Second, the information sought has to likely lead to admissible evidence.³⁵

28. 19 C.F.R. § 210.10(b).

29. See *id.* § 210.27(b) (providing that a party can obtain discovery about any non-privileged matter which is reasonably calculated to lead to the discovery of relevant information).

30. See, e.g., *Semiconductor Integrated Circuits*, Inv. No. 337-TA-665, Order No. 8, at 2 (Mar. 5, 2009) (specifying that accused products include products under development).

31. But see *Certain Consumer Elecs. & Display Devices & Prods. Containing Same*, Inv. No. 337-TA-836, Order No. 10, Ex. B, at 4 (Aug. 10, 2012) (limiting "new products" to those products that are likely to enter the United States before the close of discovery).

32. See Raquel C. Rodriguez, Article, *Strategic Considerations for Complainants and Respondents Considering to Include Products in Development in Section 337 Investigations*, XXVI 337 REP. 87, 92 (7th Ann. Summer Associate ed. 2009) (pointing out that some of the advantages of including non-infringing products under development into an investigation include increasing the chances of settlement between the parties and being able to obtain a non-infringement determination with respect to products under development in the proceeding that the complainant already started before the ITC, as opposed to having to start a new suit in a different forum).

33. See Patricia Larios, *The U.S. International Trade Commission's Growing Role in the Global Economy*, 8 J. MARSHALL REV. INTELL. PROP. L. 290, 305 (2009) (noting that although the Commission cannot compel a foreign company to produce discovery, the Commission can impose evidentiary sanctions if the foreign party refuses to cooperate).

34. See 19 C.F.R. § 210.10(b) (clarifying that a Federal Register notice, which the Commission issues, defines the scope of an investigation); *id.* § 210.27(b) (emphasizing that a party may obtain discovery of any non-privileged matter relevant, *inter alia*, to any claim or defense asserted in an investigation); see also *Certain Integrated Repeaters, Switches, Transceivers, & Prods. Containing Same* [hereinafter

The issue of discovery of products under development is usually very contentious and leads to heated motion practice, which consumes parties' and judicial resources.³⁶ Respondents and third parties strongly object to the production of this information because it is highly confidential.³⁷ Furthermore, allowing such discovery to proceed may enable complainants to go on a fishing expedition to acquire access to yet unreleased products.³⁸ This is a particular source of anxiety for those entities that may distrust the ITC's capabilities of safeguarding the confidentiality of the information.³⁹ Additionally, the obligation to produce information on products under development imposes increased production burdens on parties or non-parties, including rising production costs.⁴⁰ The production of information on products under development may also be entirely unnecessary because the products, in their final form, may not even implement the allegedly infringing technology.⁴¹ This information may further be irrelevant

Integrated Repeaters], Inv. No. 337-TA-435, Order No. 7, at 11–16 (Dec. 21, 2000) (denying, in part, complainants' motion to compel with respect to products in development where the complainants failed to establish that those products were integrated repeaters).

35. See 19 C.F.R. § 210.27(b) ("It is not grounds for objection that the information sought will be inadmissible at the hearing if the information sought appears to be reasonably calculated to lead to the discovery of admissible evidence.").

36. See, e.g., *Semiconductor Integrated Circuits*, Inv. No. 337-TA-665, Order No. 23, at 1–2 (Apr. 28, 2009) (discussing a number of filings submitted relating to a nonparty's efforts to quash or limit a complainant's subpoenas).

37. See Non-Party Sprint Nextel's Motion to Quash Subpoena Duces Tecum and Ad Testificandum, *supra* note 9, at 5 (vehemently opposing a "singularly inappropriate" request for production of information on products under development).

38. See, e.g., *Semiconductor Integrated Circuits*, Inv. No. 337-TA-665, Order No. 23, at 2 ("[The complainant] has no idea whether any chips manufactured by . . . [a third party] have any relevance to th[e] investigation.").

39. See Non-Party Sprint Nextel's Motion to Quash Subpoena Duces Tecum and Ad Testificandum, *supra* note 9, at 5 ("[W]ith all due respect, Sprint Nextel does not believe that the Commission has the requisite power to punish or control the disposition of this most competitive and secretive of business information.").

40. See *Certain Integrated Circuits, Processes for Making Same, & Prods. Containing Same*, Inv. No. 337-TA-450, Order No. 6, at 1–3 (July 18, 2001) (ordering production of information relating to products under development despite the respondents' arguments that those requests were unduly burdensome because a physical inspection of a device would be less expensive than production of documents); see also *Certain Memory Devices with Increased Capacitance & Prods. Containing Same* [hereinafter *Memory Devices with Increased Capacitance*], Inv. No. 337-TA-371, Order No. 36, at 2–3 (May 31, 1995) (limiting a third-party subpoena duces tecum because, while requests seemed relevant, the scope of production requested appeared unduly burdensome considering the third party's size and broad scope of the requests).

41. See *Certain Mobile Commc'ns & Computer Devices & Components Thereof* [hereinafter *Mobile Commc'ns & Computer Devices*], Inv. No. 337-TA-704, Order No. 48, at 1 (Oct. 5, 2010) (mentioning the OUI attorney's position that products under development that the respondents imported may not implement allegedly infringing

because respondents or third parties may decide not to import the products into the United States or sell them for importation.⁴²

B. There Are at Least Five Different Standards That Govern Production of Information on Products Under Development

Because there is no concisely articulated discovery standard to govern the production of information on products under development, the ALJs employ at least five inconsistent and sometimes outright contradictory discovery standards.⁴³ Doing so leads to unpredictable results and creates uncertainty for private and third parties as to the scope of their discovery obligations.⁴⁴

1. The First Standard—the Scope of an Investigation and the Likelihood of the Discovery of Admissible Information

The first standard mandates that products under development are discoverable if a complainant establishes that the information sought is within the scope of an investigation and is likely to lead to the discovery of admissible information.⁴⁵ Notably, while the Commission has never outright endorsed any standards, it impliedly approved the first standard by pointing out in *Certain Flash Memory Circuits and Products Containing*

functionalities).

42. See *Certain Hardware Logic Emulation Sys. & Components Thereof* [hereinafter *Hardware Logic Emulation Sys.*], Inv. No. 337-TA-383, Order No. 48, at 7 (Oct. 1, 1996) (emphasizing that if the respondents decided to offer products under development on the United States market, they would move manufacturing to the United States).

43. Compare *id.* at 6, 9–11 (ordering discovery based upon a conclusion that even if products under development were never imported into the United States, the information sought was still within the scope of discovery and relevant), with *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 18, at 2 (Apr. 20, 1995) (imposing no obligation to produce discovery on products that the respondents had not sold unless the respondents intended to import them into the United States during the investigation).

44. See *Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 2–3 (Mar. 23, 2010) (resisting complainants' efforts to obtain information on products under development by arguing that precedent required discovery of information under development only under certain circumstances, none of which were present in the investigation).

45. See *id.* at 2–4 (allowing discovery of the respondents' chips that were still in development based on the conclusion that the chips were sufficiently advanced so that information about the chips was reasonably calculated to lead to the discovery of admissible information and disregarding the respondents' arguments that the respondents neither imported prototypes or samples of their chips under development into the United States, nor showed them to customers, nor there was any reason to believe that they would make or import into the United States their chips under development before the evidentiary record closed).

the Same that because jurisdictional and factual issues regarding importation meshed, it was appropriate for the ALJ to assume jurisdiction to make an infringement determination even in the absence of any evidence of importation.⁴⁶

In *Hardware Logic Emulation Systems*, the ALJ found that components of logic emulations systems that the respondents manufactured were within the scope of the investigation notice.⁴⁷ The ALJ further determined that the respondents' use in the developing logic emulation system of any components of those systems that the complainant identified as allegedly infringing would lead to the discovery of admissible evidence.⁴⁸ The ALJ then relied on the complainant's assertion that "it [was] possible" for the respondents to ship the components into the United States to assemble them into complete hardware emulation systems at the respondents' United States plant.⁴⁹ In *Certain Optical Disc Controller Chips and Chipsets and Products Containing Same, Including DVD Players and PC Optical Storage Devices (Optical Disk Controller Chips)*, the ALJ granted complainants' motion to compel a respondent to produce documents or, alternatively, to provide a full update relating to the respondent's chip under development by explicitly relying on the Commission's decision stating the jurisdictional assumption may be appropriate to make the infringement determination with respect to new designs.⁵⁰

46. See *Certain Flash Memory Circuits & Prods. Containing Same* [hereinafter *Flash Memory Circuits*], Inv. No. 337-TA-382, USITC Pub. 3046, Comm'n Op., at 12-13 & n.30, 16 (July 1997) (citing *Amgen, Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1536 (Fed. Cir. 1990)) (criticizing the ALJ for failing to determine whether products under development infringed complainants' patents despite the fact that there appeared to be no documentary evidence of importation of new designs, which, according to the Commission, would more appropriately lead to the determination of no violation by the new designs, rather than leading to the decision to not make any determination at all on the new designs).

47. See *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 9-11 (granting the complainant's motion to compel).

48. See *id.* at 10 (emphasizing that the discovery scope included not only complete products, but their components as well).

49. See *id.* at 7-11 (rejecting the respondents' arguments that the design of the new hardware emulation system was still unfinished and that if the respondents did ultimately offer the product on the United States market, the product would not be imported because the manufacturing activities would take place in the United States); see also *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 57, at 9 (Dec. 9, 1996) (denying the respondents' motion for reconsideration by stating that even assuming that the respondents would never import their developing hardware logic emulations systems into the United States, the information sought was still relevant to the investigation).

50. *Certain Optical Disc Controller Chips & Chipsets & Prods. Containing Same, Including DVD Players & PC Optical Storage Devices* [hereinafter *Optical Disk Controller Chips*], 337-TA-506, Order No. 32, at 1, 3-4 (Dec. 22, 2004) (citing *Flash Memory Circuits*, Inv. No. 337-TA-382, USITC Pub. 3046, Comm'n Op., at 19, 22-

2. *The Second Standard—Importation*

Under the second standard, if a prototype of products under development has entered the United States, the products under development are discoverable.⁵¹ This standard was the basis for the ALJ's decision to grant the complainant's motion to compel the respondent to produce discovery of chips under development in *Certain GPS Chips, Associated Software and Systems, and Products Containing Same*.⁵² The ALJ decided that the importation of a limited number of the respondent's chips, together with the fact that the respondent hoped to start distributing samples of the chips to customers within the next several months, was enough to allow discovery to proceed.⁵³ In *Automotive Multimedia Display and Navigation Systems*, the ALJ performed a similar analysis when he allowed a complainant to obtain discovery of respondents' products under development.⁵⁴ In that investigation, the complainant argued that the respondents' products were in the final stages of development leading to the products' commercial launch.⁵⁵ The respondents did not deny the fact of importation emphasizing, instead, that they did not have immediate plans to import the products under development for sale in the United States.⁵⁶ Similarly, in *Video Game Systems*, the ALJ rejected an argument that complainants were not entitled to discovery of the Wii U system still in

25).

51. See, e.g., *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4–5 (Aug. 26, 2011) (ordering discovery of the respondents' Wii U system, a prototype of which the respondents brought to a United States exhibition).

52. See *Certain GPS Chips, Associated Software & Sys., & Prods. Containing Same* [hereinafter *GPS Chips*], Inv. No. 337-TA-596, Order No. 16, at 2–4 (July 10, 2007) (rejecting the respondent's arguments that it would make changes to the products before the products were in their final form and ready for market placement, that the respondent was still working on software for the products, and that the respondent had not showed those products to any customers where the respondent conceded that it had shipped a small number of the chips to the United States for testing and evaluation).

53. See *id.* at 3–4 (recognizing that the respondent did not appear to be selling or marketing its chips in the United States, but emphasizing that the respondent anticipated that commercial production would start before the end of the investigation).

54. See *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 2–4 (May 11, 2009) (concluding that products under development were discoverable and relevant because they were within the investigation scope since the respondents imported samples of prototypes of those products into the United States).

55. See *id.* at 4 (arguing that the respondents had imported and/or were importing products under development for testing preceding commercial release from the place outside of the United States where the products were manufactured to the respondents' United States facilities).

56. See *id.* (stressing that the respondents were not going to commercially release the product under development until sometime in the future).

development because the importation of the system would not take place before the close of discovery.⁵⁷

3. *The Third Standard—the Likelihood of Imminent Importation*

Under the third standard, products under development are discoverable if their importation into the United States is likely to happen before the close of the evidentiary record or while an investigation is still pending.⁵⁸ Imminent importation generally can be established either when a respondent admits its plans to start importing its products under development soon⁵⁹ or if a complainant shows that a respondent held presentations relating to its products under development during which it demonstrated those products to customers or customers bought samples of the products.⁶⁰ In *Certain Memory Devices with Increased Capacitance and Products Containing Same*, the ALJ clarified one of his previous orders, reiterating that respondents did not have to produce any information on their dynamic random-access memories (“DRAMs”) under development that were not sold anywhere unless the respondents planned to send samples of those DRAMs to the United States while the investigation was still pending.⁶¹ In *Polyethylene Terephthalate Yarn*, the ALJ found one

57. See *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4–5 (Aug. 26, 2011) (granting the complainants’ motion to compel discovery because the respondents imported a working prototype of the Wii U system, demonstrated the prototype at an exposition in the United States, and let the exposition visitors play with the prototype).

58. See, e.g., *Certain Elec. Devices for Capturing & Transmitting Images, & Components Thereof* [hereinafter *Elec. Devices for Capturing & Transmitting Images*], Inv. No. 337-TA-831, Order No. 33, at 10 (Oct. 12, 2012) (ordering discovery of products under development likely to enter the United States before the close of the evidentiary record).

59. See *id.* (ordering the respondents to start immediate production of information relating to those products under development that the respondents reasonably anticipated to import while discovery was still ongoing); see also *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 18, at 3 (Apr. 20, 1995) (specifying that the respondent did not have to produce discovery unless the respondent planned to send samples to the United States while the investigation was still pending).

60. See *Certain Optical Disk Controller Chips & Chipsets & Prods. Containing Same, Including DVD Players & PC Optical Storage Devices II* [hereinafter *Optical Disk Controller Chips II*], Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (ordering discovery of two chips under development that the respondents showed to their customers despite the fact that one of those chips the respondents showed to foreign customers only).

61. See *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 18, at 2 (“[A]s long as [the respondent] has not sent and does not intend to send samples to anyone else for testing or evaluation while this case is pending, the [respondent’s products] under development do not appear to be relevant to this case.”); see also *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 33, at 10 (compelling respondents to start immediately producing discovery with respect to those products under development that the respondents reasonably

type of yarn in fabric form discoverable because the respondent provided samples of that yarn to two Japanese customers who paid for the samples.⁶² In contrast, the ALJ found that showing the second type of incomplete yarn to a company in Slovakia was insufficient to establish that the respondent was likely to import that type of yarn into the United States before the close of the evidentiary record.⁶³ Finally, the ALJ denied discovery with respect to the third type of yarn because the respondent's witness testified that the respondent did not expect to make samples of that yarn for about another year and because the respondent had only made a general presentation of that yarn to the respondent's customers without specifying prices and availability and without giving away any samples.⁶⁴ In *Optical Disk Controller Chips II*, the ALJ found that two chips, the samples of which respondents manufactured and showed to customers, were properly discoverable, despite the fact that the sample of one chip was shown to foreign customers only, because those chips were likely to be imported into the United States soon.⁶⁵

4. *The Fourth Standard—the Likelihood of the Imminently Entering of the United States' Stream of Commerce*

The fourth standard holds that products under development are discoverable if they are likely to enter the United States stream of commerce during the investigation.⁶⁶ Products under development are likely to enter the United States stream of commerce if respondents are marketing them in the United States⁶⁷ or if the products are in the advanced

anticipated to start importing into the United States before the close of the evidentiary record).

62. See *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2–3 (Dec. 19, 2001) (ordering discovery of products under development that were within the scope of the investigation and that were likely to be made or brought to the United States before the evidentiary record closed).

63. See *id.* at 3 (pointing out that the respondent did not receive a payment for its sample).

64. See *id.* (finding that the complainant failed to establish that the products would enter the United States before the end of the evidentiary period).

65. See *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (declining to impose discovery obligations on the respondents with regard to the third chip that still appeared to be in the early stages of its development and that the respondents did not show to customers).

66. See, e.g., *Certain Audio Processing Integrated Circuits, & Prods. Containing Same* [hereinafter *Audio Processing Integrated Circuits*], Inv. No. 337-TA-538, Order No. 7, at 1–3 (July 18, 2005) (granting a complainant's motion to compel).

67. See *Certain Abrasive Prods. Made Using a Process for Making Powder Preforms, & Prods. Containing Same* [hereinafter *Abrasive Prods.*], Inv. No. 337-TA-449, Order No. 37, at 1–3 (Oct. 10, 2001) (denying a respondent's motion to limit the scope of the investigation to fully commercialized products that would satisfy the

testing stage and the respondents have established avenues of importation of similar products into the United States.⁶⁸ In *Abrasive Products*, the ALJ determined that because the respondent was marketing its products under development in the United States, the products could enter the United States stream of commerce while the investigation was still pending.⁶⁹ In *Audio Processing Integrated Circuits*, the ALJ ordered discovery of the product under development, which had already entered the advanced testing stage, because the respondent produced the product's data sheet and appeared to have a large variety of other technical documents available.⁷⁰

5. *The Fifth Standard—Commercial Availability*

Finally, under the fifth standard, the ALJs may deny discovery if products under development are not commercially available.⁷¹ In *Memory Devices*, the ALJ expressly stated that a third party did not have to produce its DRAMs with textured polysilicon memory cells that were still in development and that the third party had not yet sold.⁷²

C. *The Application of Each Standard to the Same Set of Facts Leads to Different Outcomes*

A party's obligations to produce information regarding products under development will differ vastly depending on which standard an ALJ decides to apply.⁷³ The application of each standard to the following

importation requirement).

68. See *Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (stating that it seemed more than possible that a developing product of the type accused of infringement would enter the United States stream of commerce while the investigation was ongoing).

69. See *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (determining that the complainants could present evidence on the respondent's DiaGrid prototype products because the products were within the scope of the investigation).

70. See *Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (noting that the product under development allegedly was to be used in downstream products that the respondent brought into the United States through the same importation avenues that other respondent's accused products purportedly used).

71. *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 2 (May 31, 1995).

72. See *id.* at 3 (also noting that the complainants would have to purchase every sample of the third party's DRAMs that the complainants wished to retain).

73. Compare *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 57, at 9 (Dec. 9, 1996) (declining to reconsider the order compelling production by noting that even if products under development would not enter the United States, that information would still be relevant), with *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (declining to impose discovery obligations regarding one chip that the respondents were not likely to import into the United States soon).

hypothetical set of facts helps to illustrate this point. In this hypothetical, a respondent in an investigation that involves laptops is developing several new laptops. Laptop A is still in the early development stages. The respondent will not manufacture a prototype of laptop A until after the end of the investigation, and the respondent does not plan on importing laptop A into the United States. The respondent, on the other hand, has produced and imported into the United States for testing two preliminary prototypes of laptop B. The respondent, however, has not shown them to anybody outside the company and does not anticipate that laptop B will be finalized by the time discovery ends. Laptops C and D will be sufficiently finalized while the investigation is still pending. The respondent showed laptop C in its current, incomplete version to some of the respondent's customers in China. The respondent also gave several presentations relating to laptop C to some of the respondent's United States customers without showing prototypes of laptop C and without specifying when exactly laptop C will be available. Laptop C will not enter the United States stream of commerce—if at all—until after the investigation concludes. Laptop D has already entered the advanced testing stage. The respondent also had meetings with several of its United States customers during which the respondent indicated that laptop D would be available for sale soon. A limited number of units of laptop E are currently commercially available in the United States.

II. DIFFERENCES BETWEEN THE FIVE STANDARDS LEAD TO INCONSISTENT RESULTS AND CREATE UNCERTAINTY AS TO THE SCOPE OF DISCOVERY OBLIGATIONS

There is no way to predict with certainty which standard an ALJ will decide to use in any given investigation.⁷⁴ Often, a party requesting information relating to products under development is thoroughly convinced that it is entitled to this discovery based on some of the available precedent.⁷⁵ A party resisting the production can also identify quite a few investigations that seem to suggest that discovery may not be necessary.⁷⁶

74. *Compare Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3–4 (Mar. 23, 2010) (evaluating whether information was reasonably calculated to lead to the discovery of admissible information), *with Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 6–7 (focusing on whether imminent importation was likely to happen).

75. *See, e.g., Integrated Repeaters*, Inv. No. 337-TA-435, Order No. 7, at 11–12 (Dec. 21, 2000) (arguing that the respondent was withholding relevant responsive information).

76. *See, e.g., Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3 (emphasizing that none of the circumstances under which the Commission had previously found discovery of products under development warranted were present in

Thus, the lack of a consistently applied standard often forces parties to file multiple motions, which, in turn, takes up a lot of valuable time and increases litigation costs.⁷⁷

A. Under the First Standard, the Respondent Will Likely Have to Produce Information on All Laptops Under Development

If the ALJ decides to apply the first standard to the hypothetical described above, the ALJ will most likely order the respondent to produce information on all laptops under development because that information is likely to lead to the discovery of relevant evidence and all laptops appear to be within the discovery scope.⁷⁸ In this case, the respondent will have to produce the information on laptops B, C, D, and E, all of which, while incomplete (save for laptop E), appear to be sufficiently finalized so that their production yields relevant information.⁷⁹ Provided that the complainant establishes that the information on laptop A is likely to lead to the discovery of admissible evidence, the respondent will further have to produce information on laptop A despite the fact that the respondent has no current plans of importing laptop A into the United States after its commercial manufacture starts because, as a laptop, laptop A also is within the discovery scope.⁸⁰

The first standard, undoubtedly, is the broadest standard out of the five and leads to the highest volume of information produced.⁸¹ The breadth of the standard simplifies its application because the ALJ does not have to

the investigation).

77. See, e.g., *Integrated Repeaters*, Inv. No. 337-TA-435, Order No. 7, at 1 (listing multiple filings that were submitted regarding products under development at issue).

78. See *Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3-4 (ordering production because information sought was reasonably calculated to lead to the discovery of admissible information); *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 7, 9-11 (Oct. 1, 1996) (finding developing hardware logic emulations systems not yet imported into the United States discoverable because they were within the scope of the investigation and their discovery was reasonably calculated to lead to the discovery of admissible evidence).

79. See *Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 2-4 (ordering production based on the conclusion that chips in development were advanced enough to lead to the discovery of admissible evidence).

80. See *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 7-11 (ordering production despite the fact that the respondents had not fully designed the emulation system and had no plans to import the emulation system into the United States).

81. Compare *id.* (compelling production of information on the still unfinished emulation system which the respondents did not even intend to import into the United States), with *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3 (May 31, 1995) (concluding that the third party did not have to discover its developing DRAMs which it had not yet sold).

perform a complicated analysis.⁸² Instead, the ALJ will simply have to determine whether the discovery of information relating to each of the respondent's products under development is relevant and within the scope of the investigation.⁸³ If the Commission endorsed the first standard as its formal approach to handling discovery of products under development, motion practice associated with that issue would probably significantly decrease or even completely disappear.⁸⁴ The respondent would simply have to assume that it will be under obligation to produce information on all of its products under development which fall within the broad scope of the investigation and could lead to the discovery of relevant information.⁸⁵ Finally, the standard is extremely complainant-friendly. Not only would the complainant's burden of justifying the discovery of products under development substantially lessen,⁸⁶ but the complainant would also get a fairly complete production without having to litigate this issue in a piecemeal fashion.⁸⁷ As such, if the respondent sped up the production schedule for some of its products which it initially did not intend to offer on the United States market and decided to import those products, the complainant would not have to file new motions to compel based on the changed circumstances.⁸⁸

The drawbacks of the first standard, however, are quite numerous. As an initial matter, because the threshold to satisfy the first standard is relatively

82. See *Optical Disk Controller Chips*, Inv. No. 337-TA-506, Order No. 32, at 3–4 (Dec. 22, 2004) (simply emphasizing the breadth of Section 337 discovery).

83. See *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 9–10 (noting that the investigation scope included not only the respondents' hardware emulation systems but also components of such systems).

84. See *Certain Removable Elec. Cards & Elec. Card Reader Devices & Prods. Containing the Same* [hereinafter *Removable Elec. Cards*], Inv. No. 337-TA-396, Order No. 12, at 6 (Aug. 27, 1997) (emphasizing preference for the broad discovery scope).

85. See *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 9–10 (ordering production of information because the scope of the investigation included hardware logic emulations systems).

86. See *id.* at 7–11 (granting the complainant's motion to compel despite no actual or impeding importation showing).

87. Compare *Optical Disk Controller Chips*, 337-TA-506, Order No. 32, at 3–4 (compelling the respondent to produce all information relating to its chip under development), with *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 38, at 1–5 (Nov. 6, 2012) (granting the complainant's motion for reconsideration of its motion seeking judicial enforcement of a subpoena against a third party, Microsoft, where the initial motion was denied, in part, based on Microsoft's representation that it did not intend to imminently launch its Windows Phone 8).

88. Cf. *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 38, at 1–5 (ruling on a motion for reconsideration, which the complainant had to file after the third party released its product, even though the third party had initially claimed it would not have released the product so soon).

low, the complainant can make the respondent expend resources on producing an exorbitant amount of information, which, in the end, may prove to be entirely unnecessary.⁸⁹ For example, the respondent may not even intend to sell its products under development in the United States, or the Commission may not have jurisdiction over the products.⁹⁰ Also, products in early development stages ultimately may not even incorporate the allegedly infringing functionalities.⁹¹

B. Under the Second Standard, the Respondent Will Only Have to Produce Information on Two Laptops, the Samples of Which Entered the United States

If the ALJ opts for the second standard, the respondent most likely will only have to produce information about laptops B and E because only these laptops already entered the United States.⁹² Specifically, the shipment of two prototypes of laptop B will most likely be enough to satisfy the importation requirement under the second standard, even though the respondent did not show those two prototypes to anybody outside the company.⁹³ Information regarding laptop E will also be subject to discovery because a limited number of those laptops are already commercially available in the United States.⁹⁴

The ALJ would probably deny a motion to compel with respect to laptop A because the respondent never shipped any samples of laptop A to the

89. See, e.g., *Semiconductor Integrated Circuits*, Inv. No. 337-TA-665, Order No. 23, at 1–2 (Apr. 28, 2009) (seeking to quash and/or limit subpoenas by arguing that the complainant just went on a “fishing expedition” without knowing for sure whether the chips that the third party manufactured were relevant to the investigation).

90. See *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 7 (arguing that in case the respondents decided to sell their products under development in the United States, they would start manufacturing the products domestically).

91. See, e.g., *Mobile Commc'ns & Computer Devices*, Inv. No. 337-TA-704, Order No. 48, at 1 (Oct. 5, 2010) (noting the OUII attorney's observation that the current prototype could be non-representative of the allegedly infringing functionalities of the final product).

92. See, e.g., *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4–5 (Aug. 26, 2011) (ordering discovery of prototypes that the respondents brought to the United States exhibition).

93. See *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (May 11, 2009) (ordering production, although prototypes only entered the United States for testing purposes); *GPS Chips*, 337-TA-596, Order No. 16, at 2–4 (July 10, 2007) (compelling the respondent to produce information on its products under development shipped to the United States despite the respondent's objections that only a small number of prototypes were imported).

94. See *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (emphasizing that importation of itself is basis for exercising jurisdiction, even if it is not importation for sale).

United States.⁹⁵ The respondent will most likely not have to produce information on either laptop C or D because, while the respondent undertook certain marketing efforts in the United States with respect to those laptops, including conducting presentations during which the respondent discussed laptop C and D, no number of laptops C and D entered the United States.⁹⁶

Some of the advantages that the second standard offers are similar to those available under the first standard. For example, the second standard is easy to apply because, by focusing on the act of importation, the standard evaluates whether something happened, as opposed to whether it is likely to happen.⁹⁷ The application of the second standard will further lead to fairly consistent outcomes because, contrary to the arguments that the parties often make trying to avoid discovery, the purpose of the importation under the second standard is not outcome-determinative.⁹⁸ Specifically, the complainant will be entitled to information on products under development regardless of whether the respondent brought the prototypes into the United States for commercial sale or for internal testing.⁹⁹ Consequently, if parties work with each other in good faith, there may be no need to argue the issue of production of information relating to products under development before the ALJ, which will save the parties time and costs.¹⁰⁰

Furthermore, the second standard, in comparison to the first standard, tries to achieve a better balance between the interests of the complainant in obtaining complete discovery and the interests of the respondent in avoiding the burdens associated with voluminous and invasive production. For example, because prototypes that enter the United States are normally in more advanced development stages, the complainant will be in a better

95. *But cf. id.* (finding discovery appropriate because the respondents brought several products into the United States).

96. *But see Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4 (emphasizing that the respondents showed the prototype of their new video game system with a wireless controller at the United States exhibition); *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (pointing out that the prototypes entered the United States for testing prior to commercial release).

97. *See Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4 (deeming that importation was established because the respondents showed their prototype at the exhibition in the United States).

98. *See GPS Chips*, 337-TA-596, Order No. 16, at 2–4 (ordering production despite the respondents' explanation that the incomplete imported chips were not of commercial quality and were not even samples).

99. *See Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (ordering discovery although the respondents only brought the prototypes to their United States testing facilities).

100. *See A LAWYER'S GUIDE TO SECTION 337 INVESTIGATIONS*, *supra* note 1, at 147 (noting that the ALJs normally have requirements with which parties have to comply prior to filing motions to compel).

position to determine whether these products incorporate infringing functionalities.¹⁰¹ A more limited production, of course, also benefits the respondent by decreasing the respondent's production costs.¹⁰² Additionally, a narrower discovery scope should, at least in theory, somewhat alleviate the respondent's apprehension over producing information on products which are in such early stages of development that the respondent has not even extensively tested them, let alone put them on the market.¹⁰³ Because of its fairly narrow scope, the second standard limits the complainant's ability to gain insight into the respondents' development plans.¹⁰⁴

The second standard, on the other hand, also has a number of shortcomings. First, the second standard may be more restrictive than necessary because it may exclude from the scope of production even products in advanced development stages if those products did not enter the United States.¹⁰⁵ That is problematic because if the respondent's actions indicate its intent to start selling such products under development in the United States in the near future, the complainant would benefit from receiving information on those products to perform the infringement analysis.¹⁰⁶

101. See *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 2 (arguing that the respondents even allowed the exhibition goers to play with the prototype).

102. Compare *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (ordering discovery only of those products that the respondents imported into the United States), with *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 9-11 (Oct. 1, 1996) (ordering broad discovery based on the fact that certain components were within the discovery scope and their discovery could lead to admissible information).

103. See *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (admitting that prototypes entered the United States for testing prior to commercial release).

104. Cf. Non-Party Sprint Nextel's Motion to Quash Subpoena Duces Tecum and Ad Testificandum, *supra* note 9, at 5 (expressing concern that requests for production were inappropriately asking for the third party's highly confidential business plans).

105. Compare *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2-3 (Dec. 19, 2001) (ordering production of samples of one type of developing yarn, which, although appearing not have been imported, was likely to enter the United States before the close of the evidentiary record), with *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4 (focusing on the fact that the respondents imported a functioning prototype).

106. Cf. *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 38, at 1-5 (Nov. 6, 2012) (granting the complainant's motion for reconsideration of the ALJ's initial order denying judicial enforcement of a subpoena against the third party, Microsoft, where Microsoft launched its Windows Phone 8, which Microsoft had previously asserted it would not have launched for some time, within several days from the day on which the initial order issued).

Furthermore, excluding such products from the production scope may not be in the best interest of judicial economy because if the respondent starts importing these products while the investigation is pending, the complainant will have to move to re-open discovery.¹⁰⁷ Additionally, if the importation occurs after the complainant obtains an exclusion order, the complainant may have to work with Customs to explain why any such exclusion order covers those products.¹⁰⁸ Finally, if the respondent decides to initiate post-investigation proceedings to establish that those products are non-infringing, the complainant may have to expend its time and resources to perform the same analysis that the complainant could have performed during the investigation.¹⁰⁹

C. Under the Third Standard, the Respondent Will Have to Produce Information on Four Laptops Because They Either Entered the United States or Are Likely to Enter the United States Soon

Under the third standard, the respondent will probably have to produce information on all of its laptops, save for laptop A, because the respondent's activities indicate that those laptops are likely to enter the United States during the discovery period or while the investigation is still pending.¹¹⁰ Specifically, the respondent will have to produce discovery on laptop B because the respondent already imported two prototypes of laptop B into the United States.¹¹¹ The fact that these are preliminary prototypes does not have much—if any—significance under the third standard.¹¹²

107. See Rodriguez, *supra* note 32, at 88 (explaining that the ALJs prefer to determine whether developing products are infringing in a single proceeding rather than in a piecemeal fashion because of considerations of fairness and judicial economy).

108. See A LAWYER'S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 185–86 (noting that a LEO scope may be contentious).

109. See Merritt R. Blakeslee & Christopher V. Meservy, *Seeking Adjudication of Design-Around in Section 337 Patent Infringement Investigations: Procedural Context and Strategic Considerations*, 35:4 AIPLA Q.J. 385, 408–13 (2007) (examining options available to respondents interested in resolving the products under development issue after the investigation is over).

110. See *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (ordering discovery of two chips under development which the respondents showed to their customers but declining to impose discovery obligations with respect to the third chip which was in earlier stages of development).

111. Cf. *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 3 (Dec. 19, 2001) (explaining that showing an incomplete yarn sample to a company in Slovakia was insufficient to establish that the product would likely enter the United States within the close of the evidentiary record).

112. See *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 33, at 10 (Oct. 12, 2012) (compelling the respondents to produce discovery despite the assertions that the respondents were still writing source code).

Similarly, the complainant will be entitled to discovery with respect to the respondent's laptop E because a number of these laptops are already available in the United States for commercial purposes.¹¹³

The ALJ will probably compel the respondent to discover information with respect to laptop C because, while the respondent showed the laptop C prototype only to foreign customers and only gave general presentations about laptop C in the United States, laptop C is fairly advanced in its development schedule.¹¹⁴ The respondent's discovery obligations with respect to laptop C are less clear under the third standard than its discovery obligations—or lack thereof—in connection with other laptops.¹¹⁵ There were no commercial transactions that involved the prototype of laptop C and nothing suggests that the respondent intends to import the prototype into the United States while the investigation is underway.¹¹⁶ While the respondent showed the incomplete prototype of laptop C to its customers in China, the Chinese customers did not acquire the prototype.¹¹⁷ The respondent's United States activities, on the other hand, only include delivering several presentations during which the respondent did not demonstrate the prototype and did not divulge any specifics about the prototype's production schedule or anticipated pricing.¹¹⁸ Generally, ALJs

113. See *id.* at 10–11 (holding that products under development which the respondents reasonably anticipated to import into the United States while the discovery period was still ongoing were discoverable).

114. But see *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 3–4 (denying production on one type of yarn because the manufacturing of that yarn was not to take place for at least another nine months).

115. Compare *id.* (finding that showing one incomplete product to a foreign customer outside of the United States and giving general presentations to United States and foreign customers about another product under development was insufficient to determine that the respondents would bring those two products to the United States before the discovery cut-off), with *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (ordering production of information on two products under development despite the fact that the respondents had never showed one of those products to United States customers).

116. See *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 18, at 2 (Apr. 20, 1995) (declining to order discovery of products that the respondents had not sold unless the respondents intended to import them during the investigation).

117. See *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2–4 (finding that discovery of one type of yarn which the respondent sold to two Japanese customers was reasonably calculated to lead to the discovery of admissible evidence but declining to compel discovery with respect to another type of yarn which the respondent simply demonstrated to its customers).

118. See *id.* at 3–4 (declining to compel discovery of a product because while the respondent had meetings with United States and foreign customers at which the respondent described the qualities of that product, the respondent did not show a prototype, discuss prices, or specify the product's availability).

found similar activities to be insufficient to establish that a respondent was likely to import a prototype into the United States while an investigation was still pending.¹¹⁹ Here, however, the respondent's laptop C appears to be in an advanced stage of development and its prototype is ready.¹²⁰ Moreover, some ALJs held that showing a prototype to foreign customers was sufficient to indicate that importation to the United States was likely.¹²¹

Under the third standard, the respondent will most likely have to produce information on laptop D because the respondent's promotional campaign in the United States indicates that the respondent is highly likely to import laptop D into the United States while the investigation is still pending.¹²² While the respondent did not indicate any specific dates as to when laptop D will be available, the respondent's message to its customers that laptop D is coming soon indicates that not only laptop D will be available for sale within a short period of time, but also that its importation—which necessarily precedes the sales—will happen even sooner.¹²³ The respondent, however, will not have to produce any information on laptop A under the third standard because the early development stage of laptop A, along with the respondent's lack of concrete plans to import laptop A to the United States, makes it unlikely that the respondent will import prototypes of laptop A into the United States while discovery is still ongoing or during the course of the investigation.¹²⁴

The third standard is narrower than the first standard but broader than the second. In comparison to the first standard, which only requires a showing that the information is within the investigation scope and likely to lead to

119. *See id.* (no discovery necessary).

120. *Cf. id.* at 3–4 (noting that while the respondent discussed one of its developing products with the respondent's United States and foreign customers, the respondent was not going to manufacture a sample of the product for at least another nine months).

121. *See Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (ordering production of information regarding a chip under development which the respondents had shown only to foreign customers).

122. *Cf. Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 3–4 (denying production because the respondent only had general meetings with its customers and would not be manufacturing samples of its yarn for at least nine months).

123. *Cf. Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 6–7 (ordering no production where the chip was in early stages of development and had not been shown to customers).

124. *See id.* at 7 (concluding that a chip under development did not have to be discovered because it was unlikely to be imported soon); *cf. Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 33, at 10–11 (Oct. 12, 2012) (ordering immediate discovery of products under development which the respondents reasonably anticipated to import before the close of the evidentiary record).

the discovery of relevant information, the third standard has an additional step of establishing the likelihood of impending importation.¹²⁵ By narrowing down the scope of information that the complainant obtains, this additional requirement ensures that the complainant will not be able to go on a fishing expedition and helps to decrease the respondent's production costs.¹²⁶ Additionally, because the "likelihood of importation" is inherently broader than the fact of "importation," which the complainant has to prove under the second standard, the third standard provides a more balanced approach that helps to make certain that the complainant is not going to be deprived of relevant information because the respondent simply reschedules its importation date.¹²⁷ Additionally, a broader scope of discovery also ensures efficient distribution of judicial resources by reducing the need for post-investigation proceedings.¹²⁸

The third standard, while avoiding some of the pitfalls of the first and second standards, is not without its own drawbacks. First, the flexibility of its application necessarily takes away some of the certainty that the previous two standards provide. Under the first two standards, parties may be able to fairly accurately predict an outcome of a motion to compel beforehand.¹²⁹ The third standard, however, is more vague so parties may feel compelled to engage in motion practice, thus increasing their respective litigation costs.¹³⁰ Additionally, as the case law indicates, some ALJs have contradictory requirements as to what kind of evidence shows

125. *Compare Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 3–4 (denying the motion to compel with respect to those yarns for which the complainant failed to establish that importation was likely to happen before the close of the evidentiary record), *with Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 57, at 9–10 (Dec. 9, 1996) (stating that discovery could be ordered even if products under development would never be brought to the United States).

126. *See, e.g., Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 5–7 (declining to impose discovery with respect to one chip which was still in its early development stage).

127. *Compare Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2–4 (evaluating the likelihood of imminent importation), *with Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (May 11, 2009) (ordering discovery because the respondents brought several products into the United States).

128. *See Certain Safety Eyewear & Components Thereof* [hereinafter *Safety Eyewear*], Inv. No. 337-TA-433, Order No. 15, at 1–3 (Aug. 11, 2000) (granting a motion to compel complainants' infringement positions on developing eyeglasses at least in part because it would be fair to all parties and would save resources).

129. *See Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3 (Mar. 23, 2010) (focusing on the likelihood of discovery of admissible information); *GPS Chips*, 337-TA-596, Order No. 16, at 2–4 (July 10, 2007) (ordering discovery because a small number of chips under development entered the United States).

130. *See Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2–4 (evaluating the likelihood of importation).

that the importation of products under development is likely to happen.¹³¹ Moreover, the decision of some ALJs to condition the finding of a likelihood of importation solely on representations by respondents is sure to make at least some complainants feel uncomfortable.¹³² Finally, some ALJs deem that the complainant has to establish that the importation will occur while discovery is still ongoing, while others extend the timeframe in which the products may enter the country until the end of the investigation.¹³³ Considering that this extension provides at least an extra nine months, it may make a significant difference in the outcome of the issue.¹³⁴

D. Under the Fourth Standard, the Respondent Will Have to Produce Information on Three Laptops Because These Laptops Are Likely to Be Ready for Commercialization in the United States Soon

The application of the fourth standard will probably lead to the production of information on only three laptops because those laptops are likely to enter the United States stream of commerce while the investigation is still pending.¹³⁵ Information on laptops B, D, and E will be discoverable because: the respondent already brought samples of laptop B to the United States; laptop D already entered the advanced testing stage, and the respondent has been actively marketing laptop D in the United States; and laptop E is already commercially available in the United States.¹³⁶

131. Compare *id.* at 3–4 (concluding that no likelihood of importation was shown where the respondent demonstrated the product to its foreign customer outside the United States), with *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (finding the likelihood of importation established although the respondents showed the product to customers outside the United States only).

132. See *Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 33, at 10–11 (Oct. 12, 2012) (compelling the respondents to produce information relating to those products under development which the respondents reasonably anticipated to import while discovery was still ongoing while also noting that the respondents were not particularly forthcoming about sharing the information).

133. Compare *id.* at 10 (discovery cut-off), with *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 18, at 3 (Apr. 20, 1995) (end of the investigation cut-off).

134. See A LAWYER'S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 4 (providing a chart indicating that discovery usually takes approximately seven months while an investigation, including the presidential review period, takes sixteen to eighteen months); see also *id.* at 111 (discussing the length of discovery as typically ranging from five to seven months).

135. See *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (Oct. 10, 2001) (concluding that the respondent's prototypes were within the investigation scope because they would likely enter the United States market during the investigation).

136. See *Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (July 18, 2005) (recognizing that advanced testing stage of the product under

The respondent will not have to produce information on laptop A because laptop A is still in such early stages of development that it will most likely not enter the United States stream of commerce before the end of the investigation.¹³⁷ Similarly, because laptop C is not undergoing advanced testing and the respondent does not intend to start selling laptop C in the United States until after the investigation concludes, the respondent will probably not have to produce information regarding laptop C.¹³⁸

Although it is difficult to predict the exact outcome with respect to the production of information on laptop B under the fourth standard, the ALJ will be likely to compel the respondent to produce that information because the importation of prototypes of laptop B into the United States may be enough to suggest that laptop B is sufficiently advanced so that its placement in the United States stream of commerce before the investigation concludes is likely.¹³⁹ Notably, the ALJs who applied the fourth standard focused on the likelihood that a product under development would enter the United States stream of commerce before the end of the investigation as opposed to the end of discovery.¹⁴⁰ Similarly, Laptop D is likely to have to be produced because its advanced testing stage and respondent's promotional meetings suggest that it will probably enter the United States market before the investigation concludes.¹⁴¹ Because laptop E is already available for sale in the United States, it will also be discoverable regardless of its current limited availability.¹⁴²

development indicated it was near commercialization); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (noting that marketing efforts showed that the products were getting ready to enter the United States market during the investigation).

137. *Cf. Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 1–3 (ordering discovery of an audio processing integrated circuit because it reached an advanced testing stage and thus was likely to enter the marketplace while the investigation was still pending).

138. *Cf. id.* at 3 (concluding that it was more than plausible for the developing circuit to enter the marketplace while the investigation was pending).

139. *See id.* at 2–3 (emphasizing the likelihood of the product reaching the market while the investigation was still pending based, in part, on the product's advanced testing stage).

140. *See id.* at 3 (“It appears more than plausible that the [product under development] will enter the marketplace during the pendency of this investigation.”); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (“Under these circumstances, the scope of this investigation includes [the respondent’s] prototype products because they may enter the stream of commerce in the United States during the course of this investigation.”).

141. *See Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2 (compelling the respondent to answer interrogatories and produce documents relating to its developing audio processing integrated circuit).

142. *See id.* at 2–3 (focusing on whether the product may enter the stream of United States commerce during the investigation).

In comparison to the first three standards, the fourth standard is arguably the most limiting. Unlike the first standard, the fourth standard imposes burdens on the complainant, in addition to establishing that the discovery sought is within the scope of the investigation and is likely to lead to the discovery of relevant information.¹⁴³ Moreover, the fourth standard appears to seek the discovery of more finalized products.¹⁴⁴ Criteria commonly used to determine whether a product under development is about to enter the United States stream of commerce indicate that the design of any such product should be unlikely to change.¹⁴⁵ Because of that, the likelihood that the respondent will have to expend resources on producing any products that are far from completion and that in the end may not even implement accused functionalities greatly decreases.¹⁴⁶ Because of the reduced production volume, the complainant's analysis of information is also more efficient and focused.¹⁴⁷

Another benefit of the fourth standard is that its consistent application with respect to the time frame allows for more predictability as to the standard administration.¹⁴⁸ Additionally, explicitly expanding the time frame to the end of the investigation ensures that the parties will produce all necessary information—including information on products the commercialization of which is likely to happen after discovery closes but before the end of the investigation—during the discovery period.¹⁴⁹ That

143. *Compare id.* (looking at whether the respondent's product was likely to get commercialized soon), *with Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3–4 (Mar. 23, 2010) (ordering production because it was likely to lead to admissible evidence).

144. *See Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (noting that the respondent's products were already marketed in the United States).

145. *See Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2 (concentrating on the product's advanced testing and available channels of importation); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (mentioning the respondent's marketing efforts in the United States).

146. *Compare Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2 (emphasizing that the product entered the advanced testing stage), *with Elec. Devices for Capturing & Transmitting Images*, Inv. No. 337-TA-831, Order No. 33, at 10–11 (Oct. 12, 2012) (ordering discovery despite the respondents' argument that they were still writing source code).

147. *Cf. Safety Eyewear*, Inv. No. 337-TA-433, Order No. 15, at 1–3 (Aug. 11, 2000) (arguing that the respondent was simply trying to waste the complainants' time and resources on articulating their infringement positions on products under development).

148. *See Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (evaluating the plausibility of the product under development entering the United States marketplace during the pendency of the investigation); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (same).

149. *See Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (quoting *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 57,

allows for a more efficient administration of the discovery process because the parties desiring to obtain information on products under development do not have to petition the ALJ to re-open discovery if those products come out after the discovery period closes.¹⁵⁰

The downside of the fourth standard is that it may lead to extended motion practice by parties trying to determine whether certain facts indicate the likelihood of reasonably close commercialization.¹⁵¹ Moreover, because the fourth standard was applied in a limited number of investigations, there is not enough guidance as to what facts are sufficient to show that products are likely to be put on the United States market before the investigation is over.¹⁵²

E. Under the Fifth Standard, Only One Commercially Available Laptop Is Discoverable

Under the fifth standard, the respondent will not have to produce information on any laptops other than its laptop E because only laptop E is commercially available, albeit in limited quantities.¹⁵³ Other laptops are not within the production scope because the respondent is not selling any of them yet.¹⁵⁴

Because not many products still under development are likely to be subject to sales agreements, the fifth standard is the most restrictive of all five standards and leads to the most limited production.¹⁵⁵ The ease of the

at 2–3 (Dec. 9, 1996)) (emphasizing the importance of fundamental fairness and judicial economy).

150. *Cf.* *Certain Mobile Tels. & Wireless Comm’n Devices Featuring Digital Cameras, & Components Thereof*, Inv. No. 337-TA-703 (Remand), Order No. 35, at 1–7 (Dec. 27, 2011) (denying the respondent’s motion to supplement record by adding new products which allegedly fell into the category found to be non-infringing or to confirm that those products were outside the scope of the investigation).

151. *See, e.g., Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (evaluating the likelihood of a prompt market entry).

152. *See id.* (finding that evidence of advanced testing and established importation channels was sufficient to establish close commercialization); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (noting that United States marketing efforts evidenced close commercialization).

153. *Cf. Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3 (May 31, 1995) (deciding that no discovery of products under development that had not been sold yet was necessary).

154. *See id.* (focusing on sales only without examining other considerations).

155. *Compare, e.g., Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (noting the regularity of producing information on products under development in ITC investigations because of a possibility those products can enter the marketplace while the investigations are still pending), *with Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 2–3 (limiting the “unduly burdensome” scope of certain complainant’s request by deciding that the third party did not have to produce those products under development that it had not sold yet

fifth standard's application is somewhat similar to that of the second standard.¹⁵⁶ Additionally, the fifth standard is partial to the interests of the producing party, which will only have to produce a very limited subset of information.¹⁵⁷

While the benefits of the fifth standard are few, its drawbacks are many. The limited production scope available under the fifth standard severely curtails the complainant's ability to develop a complete theory of the case with respect to products under development.¹⁵⁸ Additionally, the fifth standard is overly restrictive because a sale of products under development, which triggers production obligations under the fifth standard, may take place long after their importation into the United States, which is normally enough to confer the ITC jurisdiction over the products in question.¹⁵⁹ Further, the exclusion from the production scope of "models that are still under development and have not been sold"¹⁶⁰ may be plausibly interpreted as suggesting that the sales of prototypes will not count and the complainant actually has to produce evidence of commercial sales. The geographical scope of the territory where any such sale has to take place is also left undefined.¹⁶¹ Finally, it is unclear whether the fifth standard would apply to any party under obligation to produce information on products under development or just third parties.¹⁶²

without evaluating when such sales were likely to occur).

156. See, e.g., *Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4–5 (Aug. 26, 2011) (ordering discovery because the respondents imported a prototype into the United States).

157. See *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3 (denying discovery on products under development unless the third party sold them).

158. See *id.* at 1–3 (recognizing that the information that the complainants sought could be relevant to certain issues that came up in the investigation, but excluding products under development not available for sale from production).

159. Cf. *Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (May 11, 2009) (emphasizing that importation supporting a violation finding does not have to be importation for sale).

160. *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3.

161. See *id.* (failing to specify whether sales have to take place in the United States or anywhere in the world).

162. See *id.* at 1–3 (emphasizing that the volume of discovery appeared to be unduly burdensome for the third party).

III. THE COMMISSION SHOULD ADOPT THE STANDARD UNDER WHICH DEVELOPING PRODUCTS ARE DISCOVERABLE IF THEY ARE EXPECTED TO SOON ENTER THE UNITED STATES MARKET

The Commission should end the practice of multiple standards governing the production of information on products under development by adopting the fourth standard under which products in development are subject to discovery if they are likely to enter the stream of the United States commerce before an investigation is over.¹⁶³ Crafting a single standard certainly is not easy because the Commission has to consider multiple issues. First, the Commission should weigh the competing interests of private parties where a requesting party (most often, the complainant) seeks to obtain the most complete discovery possible, while a producing party (most often, the respondent) often resists discovery to minimize the production costs and—most importantly—to protect the confidentiality of its information.¹⁶⁴ Second, the Commission has to evaluate the ease of the standard administration, expenses associated with the standard application, and whether the standard will provide a ready source of guidance.¹⁶⁵ The current existence of multiple standards governing the discovery of products under development can, at least to a certain degree, be attributed to the ALJs' attempts to accommodate these various interests.¹⁶⁶ While the desire to be flexible is understandable, the lack of consistency associated with a choice of standards makes it necessary to adopt one standard.¹⁶⁷

163. See *Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (July 18, 2005) (emphasizing that developing products are discoverable if they are likely to enter the United States stream of commerce during the investigation).

164. See *Removable Elec. Cards*, Inv. No. 337-TA-396, Order No. 12, at 6 (Aug. 27, 1997) (noting that parties had to be able to see all documents which later were to be used as trial exhibits); see also *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 2 (indicating that the volume of information requested was highly burdensome).

165. See *Rodriguez*, *supra* note 32, at 88 (mentioning that the ALJs often favor including products under development into investigations because of considerations of fairness and judicial economy).

166. *Compare Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 1–3 (Dec. 19, 2001) (ordering discovery only of one type of yarn because it was likely to be imported into the United States before the close of the evidentiary record, while ruling that other two types of yarn which were in earlier development stages did not have to be disclosed), with *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 2 (concluding that, because answering all discovery requests would subject the third party to an overly burdensome production, the third party was under no obligation to produce information on its developing products unless it had sold them before).

167. See *Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 3–4 (Mar. 23, 2010) (ordering discovery despite the respondents' attempt to show that circumstances of that investigation were different from those investigations in which discovery was previously ordered).

Although deciding on a standard certainly is not easy, as all of them have benefits and drawbacks, the standard that appears to most successfully balance the competing considerations is the fourth standard.¹⁶⁸ While investigations in which ALJs applied this standard uniformly mentioned that the standard is met if a party requesting discovery establishes that commercialization is likely to take place before the end of the investigation, the Commission should also explicitly approve of this time frame to avoid arguments that commercialization has to happen before the end of discovery.¹⁶⁹ The fourth standard is the optimal compromise because its application yields almost the same benefits that the application of other standards brings while minimizing the other standards' drawbacks. As an initial matter, just like the fifth standard, the fourth standard focuses on nearly final products.¹⁷⁰ Examination of a nearly final product will likely result in a meaningful determination of whether the product includes infringing functionalities.¹⁷¹ Consequently, the fourth standard protects interests of both parties by allowing the complainant to obtain fairly complete discovery, while ensuring that the discovery will be limited to products that are sufficiently final and that will likely go on sale in the United States.¹⁷²

Moreover, because the fourth standard evaluates the likelihood of imminent United States commercialization, its application, unlike that of the first standard, will not call into question whether the Commission has jurisdiction over the product.¹⁷³ Unlike the fifth standard, the fourth

168. See *Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 1–3 (ordering discovery because the product under development was likely to become ready for commercialization in the United States soon).

169. See *id.* at 3 (focusing on the plausibility of commercialization before the end of the investigation).

170. Compare *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (Oct. 10, 2001) (compelling production of information on products under development which the respondent already started to market in the United States), with *Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3 (ordering discovery of only those products under development which the third party had already sold).

171. Cf. *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 48, at 7–11 (Oct. 1, 1996) (ignoring the respondents' arguments that the design of the new hardware emulation system was still unfinished).

172. Cf. *Flash Memory Chips*, Inv. No. 337-TA-664, Order No. 48, at 2–4 (ordering discovery despite the respondents' arguments that the respondents neither imported their prototypes into the United States, nor showed them to customers, nor would make or import the prototypes into the United States before the evidentiary record closed).

173. See A LAWYER'S GUIDE TO SECTION 337 INVESTIGATIONS, *supra* note 1, at 55 (pointing out that importation is both a substantive and jurisdictional requirement); see also *Hardware Logic Emulation Sys.*, Inv. No. 337-TA-383, Order No. 57, at 9 (Dec. 9, 1996) (noting that discovery was appropriate even if the products would never enter the United States).

standard allows for a broader discovery because it does not require that a sale has already taken place.¹⁷⁴ Moreover, because the fourth standard evaluates the “likelihood” of imminent commercialization, it also incorporates the flexibility of the third standard.¹⁷⁵

Furthermore, there are no easy ways to circumvent the fourth standard, unlike, for example, the second standard, which looks at whether the products under development were imported into the United States.¹⁷⁶ While simply rescheduling importation to avoid discovery of products under development may be enough to get around the production obligations under the second standard, no such easy maneuver is available under the fourth standard.¹⁷⁷

However, to avoid inconsistency in the standard’s application, which proceeds from its flexibility, the Commission should evaluate what evidence is sufficient to establish that a product will most likely be commercialized while an investigation is still pending.¹⁷⁸ Previously, the ALJs looked only at whether developing products underwent advanced testing and the marketing efforts in which the respondents engaged.¹⁷⁹ Simply conducting advanced testing on a particular product, however, does not necessarily mean that the product will be offered for sale in the United States.¹⁸⁰ As such, the proof required should be slightly elevated to also

174. *Compare Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (evaluating the likelihood of commercialization), *with Memory Devices with Increased Capacitance*, Inv. No. 337-TA-371, Order No. 36, at 3 (focusing on actual sales).

175. *Compare Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (ordering discovery because imminent commercialization was likely), *with Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 2–3 (Dec. 19, 2001) (ordering discovery because imminent importation was likely).

176. *See Video Game Sys.*, Inv. No. 337-TA-770, Order No. 20, at 4–5 (Aug. 26, 2011) (ordering discovery because the respondents’ prototype entered the United States).

177. *See Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (discussing whether commercialization was likely).

178. *Cf. Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (May 2, 2005) (concluding that likelihood of importation was established although the respondents only showed the product to customers outside the United States); *Polyethylene Terephthalate Yarn*, Inv. No. 337-TA-457, Order No. 43, at 3–4 (deeming the demonstration of the prototype to a Slovakian customer insufficient to establish the likelihood of importation).

179. *See Audio Processing Integrated Circuits*, Inv. No. 337-TA-538, Order No. 7, at 2–3 (July 18, 2005) (finding the likelihood of imminent commercialization established largely because the product entered the advanced testing stage); *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (noting that the United States marketing campaign indicated the likelihood of imminent commercialization).

180. *See, e.g., Auto. Multimedia Display & Navigation Sys.*, Inv. No. 337-TA-657, Order No. 22, at 4 (May 11, 2009) (arguing that while the products entered the United States for testing, the respondents did not anticipate the products’ imminent

include some actions by the respondent that would indicate its intention to put the products on the United States market.¹⁸¹

CONCLUSION

The multiple inconsistently applied standards governing discovery of information on products under development in Section 337 investigations fail to put the parties on notice as to the exact scope of their production obligations. Because of the parties' general reluctance to produce highly secretive information on still unreleased products, the parties, to determine their discovery obligations, often engage in time-consuming and costly motion battles. This appears to be particularly inefficient and wasteful considering the fast speed at which the ITC investigations proceed. To remedy the situation, the Commission should adopt one standard that, in addition to being easily applied, would balance the complainants' interest in obtaining complete discovery against the respondents' interest in avoiding disclosure of their sensitive business information on products under development to their competitors. Out of the five standards that the ALJ use when evaluating the issue of discovery of products under development, the standard that looks at the likelihood that products under development will be commercially available in the United States before the end of an investigation appears to be best suited for the task.¹⁸² Specifically, this standard ensures that the complainants receive information on nearly final products, which, because of their advanced development stage, are almost certain to include allegedly infringing functionalities. The nearly final form of those products, along with the fact that the complainants will have to prove that the respondents will soon offer them for sale in the United States, further protects the respondents from overly broad production which may include those products that do not incorporate allegedly infringing functionalities or those products that the respondents do not plan to offer on the United States market.

commercial release).

181. See, e.g., *Optical Disk Controller Chips II*, Inv. No. 337-TA-523, Order No. 46, at 7 (ordering discovery of two chips under development which the respondents demonstrated to their United States and foreign customers).

182. See *Abrasive Prods.*, Inv. No. 337-TA-449, Order No. 37, at 2 (concluding that the products were about to be offered on the United States market because of the respondent's United States marketing efforts).