

International Savoir Faire

Knowing the ropes at the ITC has boosted the practice of boutique Adduci, Mastriani & Schaumberg. Other firms also prosper.

by Ann Sherman

One attorney describes an International Trade Commission exclusion order, which bars imported products that infringe U.S. patents from entering this country, as a “knife at the throat” of infringers. This helps explain why last year marked the fifth year in a row of jumps in the number of unfair import investigations opened by the ITC. Known as “337 claims”—after the section of the federal statute that authorized them—the investigations are almost always based on allegations of IP infringement. In 2006 the commission opened cases on 32 claims, one trademark and the rest U.S. patent violations—a rise of four cases from 2005, and more than double the number in 2002. The five-year upswing is explained by the increasing flight of manufacturing overseas, with the finished goods getting shipped back to the United States.

The ITC is valued as a forum not only for the possibility of winning an exclusion order—the only remedy available—but also for the speed with which the investigations are adjudicated, usually within 14 to 19 months. Many 337 practitioners expect the upward swing in cases not only to continue but to increase, due to the U.S. Supreme Court’s May 2006 decision in *eBay v MercExchange*, which made it more difficult for a successful patent infringement plaintiff to get an injunction in federal district court. Indeed, by the end of April, the number of claims filed in 2007 had hit nearly one per week.

So who represents all of these claimants and respondents? In the three years since we started this annual survey, there have been a rotating slew of firms representing litigants in one, two, or three investigations. Only about five or six firms pop up as counsel in four or more investigations, and the identity of those firms has varied from year to year. At the top of the list in 2006 is 23-attorney **Adduci Mastriani & Schaumberg**, with a hand in 12 cases, more than double the five it tackled during 2005.

The only independent boutique that specializes in trade litigation, **Adduci** is literally in a class by itself—all of its rivals were absorbed by larger general practice firms by 2001. Sometimes **Adduci** is the only firm representing a client, as it was for respondents in two investigations in 2006. But most of the time, the firm joins forces with large general practices or midsize IP specialists. The larger firm handles the issues related to IP infringement, and **Adduci** handles the issues of patent defenses (such as whether a patent is invalid or unenforceable), whether there is a domestic industry (a requirement that the claimant must meet in order to present a legitimate case), and what kind of exclusion order to seek. **Adduci** also acts as a liaison with the commission, the ITC staff attorneys, and the administrative law judges who oversee the proceedings.

The importance of **Adduci**’s role should not be underestimated, according to Damian Porcari, the director of enforcement and licensing for Ford Global Technologies, the subsidiary of Ford Motor Company that holds the automaker’s patents. In December 2005 Ford Global brought a claim against a slate of importers that it claims were illegally infringing several auto parts patents. Porcari hired IP boutique Brooks Kushman to handle the patent end, and Brooks brought in **Adduci** as ITC counsel. What Porcari learned from his 337 experience: “You will lose in a hundred different ways at the commission if you don’t have a good ITC lawyer.”

Porcari says that partner James Adduci and his team reviewed all docu-

ments, putting anything submitted to the court in a format that was most receptive to the ITC. Explaining **Adduci**’s value, Porcari says: “His review made things more digestible to the judge and staff attorneys because it always focused back to the ITC’s unique requirements and rules.”

Adduci and his partners, Louis Mastriani and Tom Schaumberg, attribute their increasing success to the growing popularity of the ITC, the firm’s cost efficiency—it doesn’t have to reinvent the wheel for each litigation—and its good track record of wins. Since 2000, the firm has been involved in 38 investigations, and most of those were settled—favorably, say the partners. Of the 11 trials the firm fully litigated—six for complainants and five for respondents—it lost only three.

Two firms that were new to the top five last year were McDermott Will & Emery and Kirkland & Ellis. McDermott was involved in seven cases, compared to two in 2005; and Kirkland represented clients in four investigations, three more than in 2005. Both firms attribute the rise in business

partly to the increase in the number of 337 filings and partly to timing—what’s the right forum for your client, given the issues that it is facing at that time.

Three firms in the top group in 2005 were repeats in 2006: Finnegan Henderson and Howrey were each involved in five investigations last year, and Bingham McCutchen took on four. Hogan & Hartson, one of the top five firms in 2005, dropped off the list in 2006, representing no clients at the ITC. The firm did not respond when asked to comment on the dramatic change.

The one thing that could threaten the prosperity of ITC practitioners and the popularity of the forum is a shortage of judges. The number of judges hearing claims—until recently

four—hasn’t changed, even as volume has soared. The fear is that as the caseload for each judge grows, the average length of investigations will expand, and the ITC will lose its edge as the fastest patent infringement forum. Any unforeseen emergencies would only compound increases in the length of an investigation.

This is exactly what happened this year in March, when Judge Charles Bullock checked into the hospital for a kidney transplant. Bullock came back to work on the last day of April. But five of his eight investigations had their target dates extended because of his illness.

The ITC hired a new judge, Carl Charneski, in mid-April, who will replace retiring judge Sidney Harris. But then, in early May, another judge, Robert Barton, resigned. The commission says that it is currently looking to fill that spot and as well as one for a fifth judge, but the process isn’t easy. Candidates must be current administrative law judges (or have passed the administrative law judge test). Few of those individuals have experience with technology or IP law, so the commission looks for quick learners.

WHICH LAW FIRMS WERE ACTIVE AT THE ITC IN 2006?

FIRM	TOTAL INVESTIGATIONS	CLAIMANT	RESPONDENT
Adduci, Mastriani & Schaumberg	12	4	8
McDermott Will	7	4	3
Finnegan, Henderson	5	2	3
Howrey	5	5	--
Kirkland & Ellis	4	2	2
Bingham McCutchen	4	2	2
Fish & Richardson	3	2	1
Jones Day	3	1	2
Miller & Chevalier	3	1	2
Morgan Finnegan	3	1	2
Weil, Gotshal	3	2	1
Wilson Sonsini	3	2	1

Adduci, Mastriani & Schaumberg
tops ITC Survey
two years in a row

FREQUENT FILERS AT THE ITC

Firms with most mentions in the survey.

JUNE 2007 ITC SURVEY			
FIRM	TOTAL INVESTIGATIONS	CLAIMANT	RESPONDENT
Adduci, Mastriani & Schaumberg	12	4	8
McDermott Will	7	4	3
Finnegan, Henderson	5	2	3
Howrey	5	5	--
Kirkland & Ellis	4	2	2
Bingham McCutchen	4	2	2
Fish & Richardson	3	2	1
Jones Day	3	1	2
Miller & Chevalier	3	1	2
Morgan Finnegan	3	1	2
Weil, Gotshal	3	2	1
Wilson Sonsini	3	2	1

JUNE 2006 ITC SURVEY	
FIRM	CASES
Adduci, Mastriani & Schaumberg	5
Hogan & Hartson	5
Bingham McCutchen	4
Finnegan, Henderson	4
Howrey	4
Akin Gump	3
Brooks Kushman	3
DLA Piper	3
Fish & Richardson	3
Heller Ehrman	3
Miller & Chevalier	3
Stephoe & Johnson	3
Townsend and Townsend	3

JUNE 2003 OPENING STATEMENTS	
TOP FIRMS 2002	PATENT
Adduci, Mastriani & Schaumberg	4
Fish & Richardson	4
Howrey Simon	3
Miller & Chevalier	3
Townsend and Townsend	2

TOP FIRMS 2000-2002	
Adduci, Mastriani & Schaumberg	18
Miller & Chevalier	17
Fish & Richardson	14
Howrey Simon	11
Finnegan, Henderson	9
McDermott, Will	8
Townsend and Townsend	7
Foley & Lardner	4
Morgan, Lewis	4
Morrison & Foerster	4
Pillsbury Winthrop	4

HOW TO STAND OUT FROM THE CROWD

AUGUST/SEPTEMBER 2006 SMALL FIRM BUSINESS

Find a Niche

If you are looking for a niche, focusing on claims under Section 337 of the Tariff Act of 1930 definitely qualifies. Washington, D.C.-based Adduci, Mastriani & Schaumberg, has been handling these statutory patent infringement disputes over imported goods before the U.S. International Trade Commission (ITC) for more than two decades. In fact, as much as 70 percent of the 20-lawyer firm's practice involves this work. "We have probably been involved in at least 25 percent of the 583 Section 337 cases ever filed before the ITC," says partner Tom Schaumberg.

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IP at the ITC

SPRING 2006 IP MAGAZINE

Still, ITC specialists such as Louis Mastriani, a partner in Washington's Adduci, Mastriani & Schaumberg, are not likely to find themselves out of work. If anything, Mastriani says, the interest among general practice firms has been good for business. "Before, patent attorneys tended not to recommend the ITC to clients. But now, more law firms are starting to recognize the importance of the ITC as the fastest and most predictable patent forum in the country." he says.

The 20-lawyer firm is handling six active ITC cases, which, given the amount of work involved, is equivalent to about a dozen patent litigation matters. "Not very many attorneys can handle the speed and complexity of many ITC cases," adds Mastriani. "It still requires specialized skills to be in this practice."

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ITC SURVEY: THE FAST AND THE FURIOUS

SEPTEMBER 2005 IP LAW & BUSINESS

The International Trade Commission is a critical front in patent wars. And in 2004, the battlefield was crowded.

"The ITC's speed is particularly good for high-tech companies, where the rate of technological innovation can outpace the speed of legal jurisprudence. Between 1995 and 2004, 46 percent of ITC complaints addressed electronic, chip-based, or computer-related high-tech products. That's a 30 percent increase over the last decade, according to a study done by V. James Adduci II, name partner at Adduci, Mastriani & Schaumberg, a boutique firm based in Washington, D.C."

Reprinted and excerpted with permission from the September 2005 edition of IP LAW & BUSINESS. —LISA LERER

SURVIVOR STORY

JUNE 2003 IP LAW & BUSINESS

This ITC firm is lonely at the top.

Adduci says that much of his firm's work comes from firms outside of Washington, D.C., that need specialized help at the ITC. "I wouldn't call us 'local counsel,'" he says. "More like ITC counsel."

The ITC has increasingly become the port of choice for companies looking to ban the importation of infringing goods. Successful plaintiffs at the ITC can get an exclusion order directing the U.S. Bureau of Customs and Border Protection to bar entry of particular products into the United States. The ITC has a reputation as a speedy forum, faster even than the rocket dockets at the Western District of Texas, and at the Eastern District of Virginia. And the ITC's decisions are ordinarily upheld. About half of its decisions are appealed to the U.S. Court of Appeals for the Federal Circuit, and about 80 percent of ITC decisions survive.

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