Addressing a US International Trade Commission (ITC) decision refusing to reassess its imposition of a civil penalty for a violation of a consent order, the US Court of Appeals for the Federal Circuit held that its earlier decision affirming the civil penalty did not bar reconsideration of that penalty in view of a later invalidity finding. *DBN Holding, Inc. v. ITC*, Case No. 17-2128 (Fed. Cir. Nov. 27, 2018) (Reyna, J).

In 2012, the ITC instituted a § 337 investigation based on DBN’s alleged infringement of a patent directed to satellite communications devices. During the investigation, DBN executed a consent order, and the ITC terminated the investigation. Soon after, the patent owner instigated an enforcement proceeding alleging that DBN had violated the consent order, which eventually resulted in a $6 million civil penalty against DBN.

Meanwhile, DBN filed a declaratory judgment action in district court that ultimately resulted in a finding that all of the asserted claims underlying the consent order were invalid. The patent owner appealed the invalidity determination, and DBN appealed the civil penalty assessment. In the appeal of the civil penalty, the Federal Circuit asked the ITC how it would treat an affirmance of the invalidity decision, and the ITC indicated that its rules allowed for further proceedings to reconsider the
civil penalty. The Federal Circuit affirmed both the invalidity finding and the civil penalty.

On remand, DBN pursued the further proceedings and asked that the civil penalty be set aside. The ITC denied DBN’s request, explaining it was barred from doing so under *res judicata* principles stemming from the Federal Circuit’s affirmanence of the civil penalty. DBN appealed.

The Federal Circuit reversed, finding that the reference to *res judicata* was a misnomer because that term refers to claim or issue preclusion, both of which require a decision in a separate case. The Court instead analyzed the question under the “law of the case” doctrine applicable to earlier decisions made within the same case. The Court found that there had been no earlier decision refusing to reassess the civil penalty in view of the affirmanence of the invalidity decision. The Court noted that the ITC may have been confused in holding that the civil penalty could not be vacated in view of the invalidity decision based on the Court’s language in its earlier decision stating that “the penalty or sanction cannot be vacated by subsequent events such as invalidation.” The Court explained that it meant that rescission of civil penalty is not necessarily *required* by later invalidation, but that it could still be reconsidered. The Court remanded the case to the ITC with instructions so reconsider.

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