

Domestic Industry May Include Old Investments With Sufficient Nexus To Continuing Expenditures

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Addressing orders entered by the International Trade Commission (ITC) against imported ATMs, the US Court of Appeals for the Federal Circuit held that expenditures up to 10 years before the complaint may be used to establish a domestic industry if they are sufficiently tied to continuing domestic expenditures. [Hyosung TNS Inc. v. ITC](#), Case No. 17-2563 (Fed. Cir., June 17, 2019) (Dyk, J).

In late 2015, Diebold filed complaints against Hyosung at the ITC and in district court asserting infringement of six patents related to ATMs. The district court action was stayed in view of the ITC investigation, which ultimately concluded with the ITC entering exclusion and cease-and-desist orders against Hyosung based on two of the patents. Hyosung appealed.

On appeal, Hyosung and the ITC agreed that the dispute was moot for one of the two patents because of its expiration. Diebold disagreed, however, and sought to invoke collateral estoppel in favor of its winning positions in the companion district court

case. The Federal Circuit reiterated that ITC determinations of infringement and validity do not have preclusive effect, even if affirmed on appeal. Because there were no pending enforcement proceedings arising from imports prior to patent expiration, the Federal Circuit dismissed the appeal for the first patent as moot.

Regarding the second patent, Hyosung argued that the ITC improperly allowed Diebold to establish a domestic industry based on R&D investments incurred between five to 10 years prior to the date of the complaint. However, the Federal Circuit disagreed that there was any bright line for rejecting expenditures and found that prior expenditures can be included as long as the ITC determines that they have a sufficient nexus to ongoing expenditures. The Court found substantial evidence to support the ITC's determination in this instance and thus affirmed the ITC's orders for the second patent.

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