

ITC Clarifies Scope of the Economic Prong of the Domestic Industry Requirement, Allowing Investments That Predate the Asserted Patent Issue Date

MAY 20, 2025

In an unusual order recently issued by the U.S. International Trade Commission (ITC), the ITC vacated an ALJ's Final Initial Determination (ID) on sub-prongs (A) and (B) of the economic prong of the domestic industry requirement, finding error in his decision to exclude investments made prior to issuance of the asserted patents. In *Certain Oil Vaporizing Devices, Components Thereof, and Products Containing the Same*, the ALJ had found infringement, validity, and satisfaction of the technical prong, but he recommended no exclusion order solely because certain of the complainant's investments under sub-prongs (A) and (B) were incurred prior to the issue date of the asserted patents. See Inv. No. 337-TA-1392, Comm'n Order at 2 (May 16, 2025). That decision broke from over a decade of precedent, the ITC's order explained.

In the Final ID, the ALJ had asserted that "no Commission opinion has squarely addressed whether" pre-issuance investments "can be considered" under sub-prongs (A) and (B). See Final ID at 110 n.30. The ITC, however, routinely permits the parties to move to amend complaints to add newly issued patents to investigations, a practice that could not result in finding the economic prong satisfied if only post-issuance investments could be considered. See, e.g., *Certain Single-Molecule Nucleic Acid Sequencing Systems and Reagents, Consumables, and Software for Use with Same*, Inv. No. 337-TA-1032, Comm'n Notice (Mar. 22, 2017) (not reviewing ID granting motion to amend complaint to assert a patent that issued months after the complaint was filed). Indeed, in its order vacating the ALJ's finding, the ITC observed that "the Commission has credited pre-patent issuance investments towards a showing of domestic industry in several previous investigations under subparagraphs (A), (B), and (C)." See Comm'n Notice at 3 (listing seven examples dating back to 2011). The ITC then directed the ALJ to reevaluate the economic prong investments, "not limited by whether those investments were made post-patent issuance." *Id.* at 4.

Although the Commission more typically issues a notice of its decision with an accompanying opinion explaining its reasoning, in this case the Commission opted for a simple order vacating the ALJ's decision and remanding the case for further consideration.

The ITC's order clarifies for parties in current and future investigations that the complainant may indeed rely upon investments incurred prior to the asserted patent issuing. A complainant may, for example, incur investments in plant, equipment, labor, and capital for developing a product while pursuing patent protection simultaneously. The fact of a patent issuing after those investments were incurred will not prevent the complainant from asserting the earlier investments in an ITC complaint.

The Commission's order comes on the heels of the Federal Circuit's recent *Lashify* opinion, which paved the way for domestic industries based on marketing and distribution activities. *Lashify*, in combination with *Oil Vaporizing Devices*, no doubt expands both the types of cognizable investments and the window of time in which those investments will be considered.

2 Min Read

Authors

Robert T. Vlasits III

Brian E. Ferguson

Related Topics

ITC

Domestic Industry Requirement

Related Capabilities

ITC – Section 337

Patent Litigation

Related Professionals



Robert T. Vlasits III



Brian E. Ferguson