

CIT Clears Wirtgen Imports Over CBP's Patent Objections

By **Dani Kass**

Law360 (May 19, 2020, 4:24 PM EDT) -- U.S. Customs and Border Protection can't bar Wirtgen from bringing in road-milling machines that were redesigned to avoid an infringement-based import ban, the U.S. Court of International Trade has ruled.

The CIT granted Wirtgen America Inc. a permanent injunction on Monday that will stop CBP from blocking six of its redesigned products from entering the country. Since government attorneys didn't claim the redesigned products infringe the Caterpillar Inc. patent that led to the limited exclusion order, CBP must let the products enter the country, Judge Jennifer Choe-Groves said.

"The court finds that defendant waived any argument of infringement to rebut plaintiff's allegation of non-infringement in support of its motion for summary judgment," the opinion states. "It is undisputed, therefore, that Wirtgen's redesigned RMMs are non-infringing."

The U.S. International Trade Commission had issued a limited exclusion order in June 2019, barring Wirtgen from importing road-milling machines that infringe Caterpillar's patent. The ITC refused to consider whether Wirtgen's redesigned products specifically infringed, saying they were outside of the scope of the agency's investigation, according to the CIT.

Wirtgen has then been on a mission to get the products entered into the country, featuring meetings with CBP and a suit in D.C. federal court that was thrown out over jurisdiction issues. Eventually, CBP decided that many of the redesigned products could enter the country, but that six could not, Judge Choe-Groves said.

When Wirtgen challenged that decision at the CIT, CBP questioned the court's jurisdiction. Namely, the agency said only the ITC can make infringement calls tied to Section 337 of the Tariff Act.

But the CIT said Wirtgen isn't attempting to relitigate the patent case or modify the scope of the order, which would be in the ITC's wheelhouse.

Instead, Wirtgen claims CBP's assessment of whether certain products fell under the order was wrong, which is under the CIT's jurisdiction. When the exclusion order doesn't specify which products are involved, as in this case, CBP has the right to make that assessment, the opinion states.

"It simply does not make sense to condone Customs' failure to follow its own regulations and

directives," Judge Choe-Groves said. "The court concludes that Customs must determine whether goods meet the parameters of the subject patent when enforcing a Section 337 exclusion order."

The ITC is also considering whether to modify the exclusion order, and a result is expected in June, the CIT said.

But even with that pending, the CIT said Wirtgen is facing irreparable injury, including lost revenue and market loss for when it couldn't deliver its products to domestic dealers. The government's only counter-argument was that the intellectual property rights of domestic industries could be harmed, but Judge Choe-Groves said that's already been proven false.

"Defendants undermined their own arguments, however, because Customs permitted ten redesigned RMMs to enter the United States between September and December 2019, and defendants do not contest Wirtgen's assertion of non-infringement," the CIT said. "The public interest in protecting domestic intellectual property rights is not served where undisputedly non-infringing goods are denied entry into the United States."

An attorney for Wirtgen declined to comment Tuesday. Representatives for the U.S. Department of Justice didn't immediately respond to a request for comment Tuesday.

The patent-at-issue is U.S. Patent No. 7,140,693.

Wirtgen is represented by Daniel E. Yonan, Dallin G. Glenn, Michael E. Joffre, Donald R. Banowit and Kristina C. Kelly of Sterne Kessler Goldstein & Fox PLLC and Ryan D. Levy and Seth R. Ogden of Patterson Intellectual Property Law PC.

The U.S. is represented by Guy R. Eddon, Edward F. Kenny, Marcella Powell, Joseph H. Hunt, Jeanne E. Davidson, Patricia M. McCarthy, Justin R. Miller, Jason Kenne and Aimee Lee of the U.S. Department of Justice's Civil Division.

The case is Wirtgen America Inc. v. United States of America et al., case number 1:20-cv-00027, in the U.S. Court of International Trade.

--Editing by Bruce Goldman.