7020-02

INTERNATIONAL TRADE COMMISSION

19 CFR Part 210

Rules of Adjudication and Enforcement

AGENCY: International Trade Commission.

ACTION: Final rule.

SUMMARY: The United States International Trade Commission ("Commission") amends its Rules of Practice and Procedure concerning adjudication and enforcement. The amendments address concerns that have arisen about the scope of discovery in Commission proceedings under section 337 of the Tariff Act of 1930. The intended effect of the amendments is to reduce expensive, inefficient, unjustified, or unnecessary discovery practices in agency proceedings while preserving the opportunity for fair and efficient discovery for all parties.

DATES: Effective Date: [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Applicability Date: This regulation is applicable to investigations instituted after [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Cathy Chen, telephone 202-205-2392, or Clark S. Cheney, telephone 202–205–2661, Office of the General Counsel, United States International Trade Commission. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal at 202–205–1810.

General information concerning the Commission may also be obtained by accessing its Internet server at http://www.usitc.gov.

SUPPLEMENTARY INFORMATION:

Background

Section 335 of the Tariff Act of 1930 (19 U.S.C. 1335) authorizes the Commission to adopt such reasonable procedures, rules, and regulations as it deems necessary to carry out its functions and duties. This rulemaking was undertaken to address concerns that have arisen about the scope of discovery in Commission proceedings under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) ("section 337"). The Commission is amending its rules governing investigations under section 337 in order to increase the efficiency of its section 337 investigations.

For some time, the Commission has been considering proposals to improve procedures relating to discovery in proceedings under section 337 generally and to improve procedures relating to the discovery of electronically stored information ("e-discovery") specifically. On July 19, 2011, The George Washington University Law School hosted a forum on e-discovery in section 337 investigations. Presenters at the forum stated that parties to section 337 investigations often search and produce large volumes of information stored in electronic format to satisfy discovery obligations in section 337 proceedings but that only a small fraction of that information is admitted into the investigation record. Presenters questioned whether the potential benefit of discovered materials outweighs the costs associated with current discovery obligations. Presenters also compared e-discovery procedures in various district courts with discovery procedures at the Commission and made various proposals for improving the Commission's procedures.

The Commission has considered, *inter alia*, e-discovery proposals from the International Trade Commission Trial Lawyers Association; a draft proposal on e-discovery from the International Trade Commission Committee of the American Bar Association Intellectual Property section; a model e-discovery order prepared by the Federal Circuit Advisory Council; e-discovery provisions in a pilot program underway in the U.S. District Court for the Southern District of New York; e-discovery standards promulgated by the U.S. District Court for the District of Delaware; a model order regarding e-discovery in patent cases issued by the U.S. District Court for the Eastern District of Texas; ground rules promulgated by administrative law judges at the Commission; and analogous portions of the Federal Rules of Civil Procedure that concern limitations on discovery and that concern e-discovery.

Some of the materials considered by the Commission describe a risk of inadvertent disclosure of privileged information or attorney work product during the production of electronically stored information. Accordingly, the Commission has also considered provisions in the Federal Rules of Civil Procedure and the Federal Rules of Evidence concerning the discovery of privileged or protected information.

After reviewing the foregoing materials and other information, the Commission published a notice of proposed rulemaking (NOPR) in the Federal Register at 77 FR 60952 (Oct. 5, 2012), proposing to amend the Commission's Rules of Practice and Procedure to adopt certain rules relating to discovery generally, to e-discovery specifically, and to the discovery of privileged information and attorney work product.

Although the Commission considered the proposed rules to be procedural rules which are excepted from notice-and-comment under 5 U.S.C. 553(b), the Commission invited the public to

comment on all of the proposed rules. The NOPR requested public comment on the proposed rules within 60 days of publication of the NOPR. The Commission received a total of eight (8) sets of comments, one each from the American Bar Association, Section of Intellectual Property Law ("ABA"); the American Intellectual Property Law Association ("AIPLA"); Aderant; the law firm of Adduci, Mastriani & Schaumberg LLP ("AMS"); the law firm of Weil, Gotshal & Manges LLP on behalf of Cisco Systems, Inc., Dell Inc., Ford Motor Company, Hewlett-Packard Company, Intel Corporation, Micron Technology, Inc., and Toyota Motor Corporation and its U.S. subsidiary Toyota Motor Sales, U.S.A., Inc. (collectively, "the Submitting Companies"); the Association of Corporate Counsel ("ACC"); Ms. Rosa Concepcion; and the ITC Trial Lawyers Association ("ITC TLA").

The Commission carefully considered all comments that it received. The Commission's response is provided below in a section-by-section analysis. The Commission appreciates the time and effort the commentators devoted to providing comments on the NOPR.

Regulatory Analysis of the Amendments to the Commission's Rules

The Commission has determined that the final rules do not meet the criteria described in section 3(f) of Executive Order 12866 (58 FR 51735, Oct. 4, 1993) and thus do not constitute a significant regulatory action for purposes of the Executive Order.

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) is inapplicable to this rulemaking because it is not one for which a notice of final rulemaking is required under 5 U.S.C. 553(b) or any other statute. Although the Commission chose to publish a notice of proposed rulemaking, these rules are "agency rules of procedure and practice," and thus are exempt from the notice-and-comment requirement imposed by 5 U.S.C. 553(b).

These final rules do not contain federalism implications warranting the preparation of a federalism summary impact statement pursuant to Executive Order 13132 (64 FR 43255, Aug. 4, 1999).

No actions are necessary under the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1501 et seq.) because the final rules will not result in expenditure in the aggregate by State, local, and tribal governments, or by the private sector, of $100,000,000 or more in any one year, and will not significantly or uniquely affect small governments, as defined in 5 U.S.C. 601(5).

The final rules are not major rules as defined by section 804 of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 et seq.). Moreover, they are exempt from the reporting requirements of the Contract With America Advancement Act of 1996 (Pub. L. 104–121) because they concern rules of agency organization, procedure, or practice that do not substantially affect the rights or obligations of non-agency parties.

The amendments are not subject to section 3507(d) of the Paperwork Reduction Act (44 U.S.C. 3507(d)) because no new collection of information is being conducted.

Overview of the Amendments to the Commission's Rules

Many of the final rules set forth in this notice are identical to the correspondingly numbered proposed rules published in the NOPR on October 5, 2012. For many of the proposed rules, only positive comments were received or no comment was received. The Commission found no reason to change those proposed rules on its own (except for certain technical, non-substantive changes) before adopting them as final rules. Thus, the preamble to those unchanged proposed rules is as set forth in the section-by-section analysis of the proposed rules found in the Federal Register at 77 FR 60952 (Oct. 5, 2012).

The final rules contain eight changes from those proposed in the NOPR. These changes are summarized here.

First, with regard to § 210.27(d)(3), relating to general limitations on discovery, the Commission has determined to replace the phrase "the responding person . . . has stipulated to the facts pertaining to the issue" with "the responding person . . . has stipulated to the particular facts pertaining to a disputed issue."

Second, with regard to § 210.27(d)(4), relating to general limitations on discovery, the Commission has determined to replace the phrase "the public interest" with "matters of public concern."

Third, the Commission has determined to limit § 210.27(e)(2), relating to claiming privilege or work product protection, to "document[s] produced in discovery." Accordingly, the word "information" has been replaced with "document" where appropriate.

Fourth, also with regard to § 210.27(e)(2), relating to claiming privilege or work product protection, the Commission has determined to replace the phrase "[w]ithin five 5 days after the conference" with the phrase "[w]ithin 5 days after the conference," and replace all other phrases "within 5 days " and "[w]ithin five 5 days after the notice" with the phrase "[w]ithin 7 days of service of the notice."

Fifth, with regard to § 210.27(e)(2)(i), relating to claiming privilege or work product protection, the Commission has determined to replace the phrase "[t]he notice shall identify the information subject to the claim using a privilege log" with "[t]he notice shall identify the information in the document subject to the claim, preferably using a privilege log."

Sixth, with regard to § 210.27(e)(2)(ii), relating to claiming privilege or work product protection, the Commission has determined to add the sentence: "In connection with the motion to compel, the party may submit the document *in camera* for consideration by the administrative law judge."

Seventh, with regard to § 210.27(e)(3), relating to claiming privilege or work product protection, the Commission has determined to replace the phrase "[t]he administrative law judge may deny any motion to compel information claimed to be subject to the agreement" with "[t]he administrative law judge may decline to entertain any motion based on information claimed to be subject to the agreement."

Eighth, with regard to § 210.27(e)(4), relating to claiming privilege or work product protection, the Commission has determined to explicitly clarify that: "Parties may enter into a written agreement to set a different period of time for compliance with any requirement of this section without approval by the administrative law judge unless the administrative law judge has ordered a different period of time for compliance, in which case the parties' agreement must be approved by the administrative law judge."

A comprehensive explanation of the differences between the final rules and the proposed rules is provided in the section-by-section analysis below. The section-by-section analysis includes a discussion of all modifications suggested by the commenters. The commentary in the NOPR published on October 5, 2012, is considered part of the preamble to these final rules, to the extent that such commentary is not inconsistent with the discussion below. This notice concludes with amendatory language to effect the amendments to the Commission rules. The amendatory

language includes certain technical, non-substantive changes required for formal purposes by the Office of the Federal Register.

Section-by-Section Analysis of the Amendments to the Commission's Rules

Part 210

Subpart E—Discovery and Compulsory Process

Section 210.27

The current section 210.27(b) is similar to Federal Rule of Civil Procedure 26(b)(1) and provides that the scope of discovery in section 337 investigations includes any matter, not privileged, that is relevant to a claim or defense of any party. The current rule also provides that a person may not object to a discovery request as seeking inadmissible evidence if the request appears reasonably calculated to lead to the discovery of admissible evidence. Unlike Federal Rule of Civil Procedure 26(b), however, the current rule contains no limitations on e-discovery and provides little guidance on when it would be appropriate for an administrative law judge to limit discovery generally. Therefore, the NOPR proposed to amend section 210.27(b) to state that the scope of discovery in a Commission investigation may be limited in certain ways, as discussed further in the amendments. Only positive comments were received regarding this amendment and, therefore, the final rule is unchanged from the proposed rule.

The NOPR proposed to add to section 210.27 new paragraphs (c), (d), and (e), which address certain concerns associated with discovery generally, with e-discovery specifically, and with the discovery of privileged information and attorney work product. The NOPR, therefore, proposed to renumber current paragraphs (c) and (d) as paragraphs (f) and (g).

Paragraph (c) provides specific limitations on electronically stored information. As discussed in the Committee Notes on the 2006 Amendments to Federal Rule of Civil Procedure 26(b)(2), electronic storage systems often make it easier to locate and retrieve information. These advantages are properly taken into account in determining the reasonable scope of discovery in a particular case. But some sources of electronically stored information can be accessed only with substantial burden and cost. In a particular case, these burdens and costs may make the information on such sources not reasonably accessible.

Similar to Federal Rule of Civil Procedure 26(b)(2)(B), paragraph (c) states that a "person need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost." Nevertheless, if electronically stored information is withheld from discovery because it is not reasonably accessible, the party seeking the information may file a motion to compel discovery of the electronically stored information. Paragraph (c) provides that a person from whom discovery is sought must show, in response to a motion to compel discovery or in a motion for a protective order, that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the proposal would allow the administrative law judge to order discovery from such sources if the party seeking the discovery shows good cause, considering certain limitations found in paragraph (d). Paragraph (c) also allows the administrative law judge to specify conditions for e-discovery.

The AIPLA, the ITC TLA, and the ABA generally support the adoption of proposed paragraph (c). Ms. Rosa Concepcion is concerned that the new rule will delay the discovery process and increase the inefficiency of section 337 investigations if parties are forced to file motions to compel under proposed paragraph (c). As with Federal Rule of Civil Procedure

26(b)(2)(B), the "good cause" requirement in paragraph (c) will encourage the parties to focus their discovery requests on information that is available from accessible sources and that is relevant to the issues in Rule 210.27(b)(1)-(4). The "good cause" requirement will also encourage the parties to evaluate potential benefits against any burdens and costs before burdensome e-discovery is requested. Therefore, the final rule is unchanged from the proposed rule (except that the word "paragraph" has been substituted for the word "section" and vice versa).

The Submitting Companies support the Commission's adoption of the "not reasonably accessible" standard for objecting to discovery requests, but argue that more explicit limitations are also necessary to ensure that e-discovery is appropriately focused. Specifically, the Submitting Companies suggest that the proposed rule should be modified to limit the number of document custodians to five per party with narrowly-tailored search term limitations, absent good cause shown. The Commission declines to adopt the suggested change. Paragraph (d) requires the administrative law judge to limit the frequency or extent of discovery if, for example, the discovery sought is duplicative, the discovery can be obtained from a less burdensome source, or the burden of the proposed discovery outweighs its likely benefit. When the circumstances of paragraph (d) are met, the mandatory limitations under that paragraph may take a variety of forms, including, as the Submitting Companies suggest, a limit on the number of document custodians whose electronic files will be searched and a limit on the search terms used in such a search. Furthermore, under paragraph (c), the administrative law judge may, by order, impose conditions for and limits on discovery as required by the specific circumstances of a given investigation. Thus, paragraphs (c) and (d) provide the administrative law judge with

appropriate flexibility in setting conditions for and limits on discovery without tying those conditions to a specific number that may be inappropriate in some circumstances.

The Submitting Companies also suggest that proposed paragraph (c) should be modified to explicitly define sources that are "not reasonably accessible" as including but not limited to the following: disaster recovery media; forensic data (such as slack space, deleted files, or fragments); archival electronic media, or other electronic information created or used by electronic media no longer in use, maintained in redundant electronic storage media, or for which retrieval otherwise involves undue burden of substantial cost; voicemails; instant messages (IMs); and cell phone text messages. The Submitting Companies further suggest that the proposed rule should be modified to prohibit discovery from personal computers, absent good cause shown. The Commission declines to adopt the suggested changes. The Commission does not believe an explicit identification of categories of sources that may be "not reasonably accessible" is necessary. As stated in the NOPR, it is difficult to define comprehensively in a rule the different types of technological features that may affect the burdens and costs of accessing electronically stored information. The Commission notes that even active electronic information typically stored on local hard drives, networked servers, and distributed devices can be unduly burdensome to discover under certain circumstances. The Commission intends that the discovery provisions in paragraph (c) will be utilized by parties and administrative law judges in a variety of circumstances.

AMS suggests adding the requirement that responding persons specifically identify *which* sources of electronically stored information were not searched for responsive information because they are considered "not reasonably accessible." The Commission believes the proposed rule and the associated commentary in the NOPR already address this concern and,

therefore, the Commission declines to adopt this suggested modification. Paragraph (c) requires the person responding to the discovery request to "identif[y] as not reasonably accessible" the sources of electronically stored information. Like the Federal Rule of Civil Procedure 26(b)(2)(B), the rule does not spell out exactly when or how the identification must occur. However, as explained in the Committee Notes on the 2006 Amendments to Federal Rule of Civil Procedure 26(b)(2), the "identification should, to the extent possible, provide enough detail to enable the requesting party to evaluate the burdens and costs of providing the discovery and the likelihood of finding responsive information on the identified sources." Identification of the sources of electronically stored information under paragraph (c) should likewise provide such detail.

In addition, the ABA suggests that the commentary make clear than an administrative law judge has the authority to order cost-shifting. The commentary in the NOPR addresses this issue, explaining that the administrative law judge may, in appropriate circumstances, exercise his discretion to condition discovery upon payment by the requesting party of part or all of the reasonable costs of obtaining information from sources that are not reasonably accessible. Thus, while the ordinary practice is for the producing party to bear any costs associated with responding to a discovery request, there may be circumstances in which the administrative law judge may require the party requesting the discovery to bear the costs associated with responding to the request.

The NOPR states that proposed paragraph (d) requires the administrative law judge to limit discovery otherwise allowed under the Commission's rules in certain circumstances. As with the Federal Rule of Civil Procedure 26(b)(2)(C), paragraph (d) requires limitations on discovery if the administrative law judge determines that the discovery sought is duplicative or can be

obtained from a less burdensome source; the party seeking discovery has had ample opportunity to obtain the information; or the burden of the proposed discovery outweighs its likely benefit. The ITC TLA and AMS state that proposed paragraph (d)(2) should not be adopted because the compressed discovery schedule and speed of section 337 proceedings obviate the need for this new rule. The Commission responds that the prompt timeline of Commission investigations does not excuse wasteful discovery practices. The Commission believes paragraph (d)(2) will promote more efficient discovery practices in section 337 proceedings.

The ITC TLA and AMS also believe the language of proposed paragraph (d)(2) is vague and could lead to unnecessary motions practice. As to these concerns, the Commission contemplates that the case law developed under Federal Rule of Civil Procedure 26(b)(2)(C) may provide guidance for the application of paragraph (d)(2) and aid in curtailing unwarranted motion practice. Since the Commission believes that paragraph (d)(2) will reduce undue costs and burdens of discovery in section 337 investigations, the final paragraph (d)(2) is unchanged from the proposed rule.

The NOPR also states that proposed paragraph (d) differs from Federal Rule of Civil Procedure 26(b)(2)(C) in two respects. First, the NOPR states that proposed paragraph (d) requires the administrative law judge to limit discovery when the person from whom discovery is sought has waived the legal position that justified the discovery or has stipulated to the facts pertaining to the issue to which the discovery is directed. The AIPLA states that the Commission should clarify situations in which stipulations to certain facts would limit the scope or extent of discovery. In particular, the AIPLA suggests modifying the language of proposed paragraph (d) to recite: "the responding person has waived the legal position that justified the discovery or has stipulated to the particular facts to which the discovery is directed." The AIPLA believes that its

proposed change would clarify that a stipulation will obviate the need for discovery of a particular fact (*e.g.*, that an accused product has been imported), but that it will not obviate the need for discovery of other facts pertaining to a disputed issue (*e.g.*, the characteristics of that product at the time of importation). Similarly, the ITC TLA and AMS are concerned that a stipulation or a unilateral waiver of a legal position on a single issue will foreclose discovery that is common or relevant to more than one issue. The ITC TLA and AMS propose to add to proposed paragraph (d)(3) the requirement that "the requesting party has failed to show good cause for pursuing the discovery." Having considered the suggested changes and concerns raised by the AIPLA, the ITC TLA and AMS, the Commission has determined to modify proposed paragraph (d)(3) to clarify that the restriction on discovery would be limited only as to the "particular facts" that are the subject of the stipulation and that pertain to a disputed issue to which the discovery is directed. The Commission notes that discovery as to other facts pertaining to the disputed issue or relevant to a different issue would not be restricted under subparagraph (d)(3) of the final rule.

Second, proposed paragraph (d)(4) required the administrative law judge to limit discovery where the burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the investigation, the importance of the discovery in resolving the issues to be decided by the Commission, and the public interest. The ABA and AMS suggest deleting the clause "considering the needs . . . public interest" because, in their view, it is not clear what this clause adds to the proposed rule considering that the proposed rule already mandates consideration of whether "the burden or expense of the proposed discovery outweighs its likely benefit." In the alternative, the ABA asks the Commission for guidance on interpreting and distinguishing between "needs of the investigation" and the "importance of the discovery in

resolving the issues to be decided by the Commission." The AIPLA, the ABA and AMS also suggest that the Commission clarify the reference to the "public interest" in proposed paragraph (d)(4) because it is unclear whether the proposed paragraph would invoke the public interest factors identified in 19 U.S.C. § 1337(d) and (e).

In response to the comments received, the Commission has determined to modify proposed paragraph (d)(4) to state that the administrative law judge must evaluate, *inter alia*, whether the burden or expense of the proposed discovery outweighs its likely benefit, considering "matters of public concern." This language is adopted to avoid confusion with the statutory public interest factors identified in 19 U.S.C. §§ 1337(d), (e), (f), and (g). Those statutory public interest factors may be relevant to an analysis under paragraph (d)(4), but the "matters of public concern" in the adopted rule are not limited to the factors listed in section 337. Paragraph (d)(4), as proposed and as adopted, is similar to Federal Rule of Civil Procedure 26(b)(2)(C)(iii). The Advisory Committee notes on the 1983 amendments to Federal Rule of Civil Procedure 26(b) state that Rule 26(b) is intended to address the problem of discovery that is disproportionate to the individual investigation as measured by such matters as its nature and complexity, the limitations on a financially weak litigant to withstand extensive opposition to its discovery requests, and the potential relationship between the substantive issues in the investigation and matters of public concern. The Commission anticipates that the 1983 Advisory Committee notes on Federal Rule of Civil Procedure 26(b) and relevant federal case law interpreting that Rule may inform the interpretation of "matters of public concern" in paragraph (d)(4).

In response to other comments on proposed paragraph (d)(4), the Commission responds that the phrases "the needs of the investigation" and the "importance of the discovery in resolving the issues to be decided" are similar to phrases found in Federal Rule of Civil Procedure

26(b)(2)(C)(iii). Federal case law interpreting Rule 26 may therefore inform the interpretation of those phrases in adopted paragraph (d)(4). The Commission also adds that "the needs of the investigation" may include the procedural schedule and the investigation target date. Additionally, when evaluating "the importance of the discovery in resolving the issues to be decided," the administrative law judge may consider whether a request seeks documents or information necessary for the disposition of the claims and defenses asserted in the investigation.

The NOPR states that proposed paragraph (e) would add new provisions concerning privileged information and attorney work product. As explained in the Advisory Committee Notes concerning Federal Rule of Evidence 502, litigation costs necessary to protect against waiver of attorney-client privilege or attorney work product have become prohibitive due to the concern that any disclosure (however innocent or minimal) will operate as a subject matter waiver of all protected communications or information. This concern is especially troubling in cases involving e-discovery. Adding to this uncertainty, no Commission rule requires the production of a privilege log when a person withholds materials from discovery based on an assertion of privilege or work product protection. Privilege log provisions are currently ordered by the administrative law judges in their respective ground rules.

The NOPR also states that proposed paragraph (e) would mitigate these concerns by providing a uniform set of procedures under which persons can make claims of privilege or work product production using a privilege log. Paragraph (e)(1)(i) requires the person withholding information to "expressly make the claim" of privilege or work product protection at the time the person responds to the discovery request. Paragraph (e)(1)(ii) requires a person who has made a claim of privilege or work product protection to produce within 10 days of making the claim a written privilege log. The rule does not specify the format or style of the log, so long as it identifies the

information that has been withheld sufficiently to enable the requester to assess the claim without revealing the information at issue.

The AIPLA states that the language "within 10 days of making the claim" in proposed paragraph (e)(1)(ii) is potentially unclear and suggests modifying the language to recite "within 10 days of the date on which the document is withheld or provided in redacted form." The ABA and AMS recommend amending paragraph (e)(1)(ii) to recite "within 10 days of withholding the information" produce to the requester a privilege log in order to better comport with the realities of discovery practice. The Commission declines to adopt these changes. The Commission believes discovery will be most efficient when relevant privilege and work product issues are identified as soon as possible. The temporal requirements found in proposed paragraph (e) are unambiguous. The claim of privilege or work product protection under paragraph (e)(1)(i) must be express and must be made at the time that a person responds to a discovery request. When a person responds to a discovery request in writing, such as in a response to written interrogatories or a response to written requests for admission, the claim of privilege or work product protection should be made in the same writing. When a person responds to a discovery request orally, such as in a deposition, the claim of privilege or work product protection should be made orally. Claims of privilege or work product protection should not be made frivolously. A claim of privilege or work product protection under paragraph (e)(1)(i) should be made with an appropriate amount of specificity considering the circumstances at the time of making the claim.

The ITC TLA and AMS suggest amending proposed paragraph (e)(1)(ii) to state "within 10 days of making the claim, or by such other time as the parties may agree, produce to the requester a privilege log . . . ." The commentators' amendment permits the parties to enter into a procedural agreement or stipulation without the need for approval by the administrative law judge to

produce a privilege log later than 10 days after making a claim and/or jointly waive the obligation to produce privileged documents generated or obtained after the filing of the complaint. The Commission declines to adopt this suggested modification. Paragraph (e)(3) allows the parties to enter into an agreement to waive compliance with proposed paragraph (e)(1) for documents, communications, and items created or communicated within a time period specified in the agreement without the need for approval by the administrative law judge. Should parties wish the assistance of the administrative law judge in resolving privilege disputes, however, the Commission believes that parties should be required to promptly present their disputes to each other and to the administrative law judge as required under the rule.

The NOPR states that some proposals considered by the Commission contained a so-called "claw-back" rule that would categorically preclude a finding of a waiver of privilege or work product protection when otherwise protected materials are inadvertently produced in discovery. The "claw-back" proposals considered by the Commission left some question as to whether, in order to avoid a finding of waiver, the holder of the privilege or protection must take reasonable steps to prevent disclosure, as is required by Federal Rule of Evidence 502. Paragraph (e) is not a categorical "claw-back" rule, and would not supplant any applicable waiver doctrine. The Commission expects administrative law judges to apply federal and common law when determining the consequences of any allegedly inadvertent disclosure. That law would include consideration of whether the holder of the privilege or protection took reasonable steps to prevent disclosure of the information and other considerations found in Federal Rule of Evidence 502.

Proposed paragraph (e)(2) outlines procedures for addressing information that is produced in discovery but is later asserted to be privileged or protected work product. As proposed,

paragraph (e)(2) does not distinguish between information produced in documents or information given in answer to a question during an oral deposition. The AIPLA believes that it may not always be practical at the time when the privilege or attorney work product issue is first discovered (*e.g.*, in a deposition) for the person making the claim to provide notice using a privilege log as required by proposed paragraph (e)(2). While the AIPLA agrees that the notice should include at least the same level of detail of information as defined under proposed paragraph (e)(1), the AIPLA suggests modifying proposed paragraph (e)(2) to recite that the notice is "preferably in writing when the circumstances permit" and that use of a privilege log is not required so long as the notice provides "a reasonably detailed description of the information subject to the claim in sufficient detail to allow the person(s) who received the information to understand the basis for the claim and facts surrounding whether waiver occurred."

In response to the comments received, the Commission has determined to limit paragraph (e)(2) to apply only to documents produced in response to a discovery request. As stated in the NOPR, the Commission proposed paragraph (e)(2) in response to concerns from the public that privilege or work product protection may be waived when an otherwise privileged or protected document is allegedly inadvertently produced in response to a request that requires searching and producing a large volume of information. Those concerns are not usually justified when a deponent answers a question at an oral deposition or when counsel prepares written answers to interrogatories or requests for admission. Accordingly, the Commission has determined that the procedures in paragraph (e)(2) will only apply to documents produced in discovery. In addition, paragraph (e)(2) provides that the notice is preferably made using a privilege log as defined under paragraph (e)(1). When circumstances do not permit using a privilege log, the notice

should be made in writing and identify the same level of detail of information as required in a privilege log.

The AIPLA also states that given the international character of section 337 proceedings, five days is insufficient time to address privilege or attorney work product issues relating to documents that have already been produced. Furthermore, Aderant and AMS comment that clarity is needed with respect to the event triggering the five day deadlines in proposed paragraph (e)(2) (*e.g.*, the date of the notice itself, the date the notice is received, or the date of service of the notice). The Commission has determined to amend proposed paragraph (e)(2) to clarify that "service of the notice" triggers the deadlines by which a party must "return, sequester, or destroy the specified information and any copies," "take reasonable steps to retrieve the information if the person disclosed it to others before being notified," and by which "the claimant and the parties shall meet and confer." In addition, the final rule changes these deadlines from within 5 days to "[w]ithin 7 days of service of the notice."

In connection with proposed paragraph (e)(2), the AIPLA also states that the person who received the information subject to the claim should be permitted to use the content of the information to challenge the claim before the administrative law judge to the extent permitted by applicable rules and the laws of professional responsibility, privilege, and protection for trial preparation material. In the alternative, the AIPLA suggests that the person who received the information subject to the claim be able to submit the information *in camera* for consideration by the administrative law judge in connection with a motion for compel. The Commission has determined to adopt in the final rule the AIPLA's suggestion of allowing the already-produced document subject to the claim to be submitted *in camera* for consideration by the administrative law judge in connection with a motion to compel.

Proposed paragraph (e)(3) would allow parties to enter into a written agreement to waive compliance with paragraph (e)(1), including the requirement of producing a privilege log. The AIPLA believes that the exemption from proposed paragraph (e)(1) provided in proposed paragraph (e)(3) is too narrow, and suggests revising the proposed rule to allow the parties to agree in writing to exempt specified categories of documents. Relatedly, the ITC TLA and AMS are concerned that proposed paragraph (e)(3) would eliminate any claw-back of privilege documents that are not logged on a party's privilege log by agreement among the parties. The Commission has determined to modify the proposed rule in response to the comments received. When appropriate precautions are taken, documents and information protected by privilege or work product protection are generally not discoverable. Established state and federal laws require a claimant to take reasonable steps to prevent disclosure of privileged or protected information. The Commission considers the maintenance and production of a privilege log to be a reasonable requirement for those who (1) wish to maintain privilege or work product protection for withheld materials, and (2) wish the assistance of an administrative law judge in resolving privilege or work product disputes. In view of these underlying principles, the Commission determined that administrative law judges should have the discretion to find a waiver of privilege or work product protection when allegedly privileged or protected information is produced and the parties have agreed to relieve themselves of the duty to maintain a privilege log. The Commission notes that nothing in the final rule prohibits the parties from implementing their own claw-back procedure for privileged documents that are not logged on a party's privilege log as part of the parties' agreement. The final rule clarifies, however, that when parties have agreed among themselves to relieve themselves of the duty of maintaining a privilege log, the

administrative law judge has the discretion to decline to entertain motions based on disputes over information that should otherwise be logged under paragraph (e)(1).

The AIPLA states that the Commission should adopt an additional provision that would allow the parties to enter agreements, and/or the administrative law judge to enter orders, specifying times for compliance with the requirements of paragraph (e) that may differ from the proposed rule. To that end, the Commission has determined to clarify in the final paragraph (e)(4) that parties may enter into a written agreement regarding deadlines for resolving privilege disputes. The parties' written agreement would not need the approval of the administrative law judge unless the judge has ordered a different period of time for compliance. In the absence of an agreement or order, the deadlines specified in the rule control.

Finally, the ACC suggests that further guidance may be necessary as to (1) whether the use of advanced analytical software applications could be characterized as "reasonable steps" to avoid inadvertent disclosure; (2) how inadvertent disclosures should be treated as a matter of waiver doctrine; (3) how the costs of discovery should be imposed on the requestor of the information; and (4) whether the objectives of the Commission's discovery reform are being met by conducting regular, transparent reviews. With respect to the first and second topics, the NOPR states that the Commission expects administrative law judges to look to established federal and common law regarding waiver of privilege when deciding specific waiver disputes. Each dispute should be decided on its own facts. The Commission believes it would be inappropriate to state in a rule that a specific technological practice is reasonable, particularly as information technology changes rapidly. With respect to the third topic, the Commission believes that administrative law judges are in the best position to determine how cost shifting should be implemented, if at all, based on the specific facts of a particular discovery dispute. Accordingly,

the Commission declines to mandate a particular cost-shifting paradigm by rule. With respect to the fourth topic, the Commission has determined that the ACC suggestion is beyond the scope of the proposed rule, which may be a topic for a future rulemaking.

List of Subjects in 19 CFR Part 210

Administration practice and procedure, Business and industry, Customs duties and inspection, Imports, Investigations.

For the reasons stated in the preamble, the United States International Trade Commission amends 19 CFR Part 210 as follows:

PART 210—ADJUDICATION AND ENFORCEMENT

1. The authority citation for Part 210 continues to read as follows:

Authority: 19 U.S.C. 1333, 1335, and 1337.

Subpart E—Discovery and Compulsory Process

2. Amend § 210.27 by:

a. Adding one sentence at the end of paragraph (b);

b. Redesignating paragraphs (c) and (d) as paragraphs (f) and (g); and

c. Adding new paragraphs (c), (d), and (e).

The additions and revisions read as follows:

§ 210.27 General provisions governing discovery.

* * * * *

(b) * * * All discovery is subject to the limitations of paragraph (d) of this section.

(c) *Specific Limitations on Electronically Stored Information*. A person need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost. The party seeking the discovery may file a motion to compel discovery pursuant to § 210.33(a). In response to the motion to compel discovery, or in a motion for a protective order filed pursuant to § 210.34, the person from whom discovery is sought must show that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the administrative law judge may order discovery from such sources if the requesting party shows good cause, considering the limitations found in paragraph (d) of this section. The administrative law judge may specify conditions for the discovery.

(d) *General Limitations on Discovery*. In response to a motion made pursuant to §§ 210.33(a) or 210.34 or *sua sponte*, the administrative law judge must limit by order the frequency or extent of discovery otherwise allowed in this subpart if the administrative law judge determines that:

(1) The discovery sought is unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive;

(2) The party seeking discovery has had ample opportunity to obtain the information by discovery in the investigation;

(3) The responding person has waived the legal position that justified the discovery or has stipulated to the particular facts pertaining to a disputed issue to which the discovery is directed; or

(4) The burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the investigation, the importance of the discovery in resolving the issues to be decided by the Commission, and matters of public concern.

(e) *Claiming Privilege or Work Product Protection*. (1) When, in response to a discovery request made under this subpart, a person withholds information otherwise discoverable by claiming that the information is privileged or subject to protection as attorney work product, the person must:

(i) Expressly make the claim when responding to a relevant question or request; and

(ii) Within 10 days of making the claim produce to the requester a privilege log that describes the nature of the information not produced or disclosed, in a manner that will enable the requester to assess the claim without revealing the information at issue. The privilege log must separately identify each withheld document, communication, or item, and to the extent possible must specify the following for each entry:

(A) The date the information was created or communicated;

(B) The author(s) or speaker(s);

(C) All recipients;

(D) The employer and position for each author, speaker, or recipient, including whether that person is an attorney or patent agent;

(E) The general subject matter of the information; and

(F) The type of privilege or protection claimed.

(2) If a document produced in discovery is subject to a claim of privilege or of protection as attorney work product, the person making the claim may notify any person that received the document of the claim and the basis for it.

(i) The notice shall identify the information in the document subject to the claim, preferably using a privilege log as defined under paragraph (e)(1) of this section. After being notified, a person that received the document must do the following:

(A) Within 7 days of service of the notice return, sequester, or destroy the specified document and any copies it has;

(B) Not use or disclose the document until the claim is resolved; and

(C) Within 7 days of service of the notice take reasonable steps to retrieve the document if the person disclosed it to others before being notified.

(ii) Within 7 days of service of the notice, the claimant and the parties shall meet and confer in good faith to resolve the claim of privilege or protection. Within 5 days after the conference, a party may file a motion to compel the

production of the document and may, in the motion to compel, use a description of the document from the notice produced under this paragraph. In connection with the motion to compel, the party may submit the document *in camera* for consideration by the administrative law judge. The person that produced the document must preserve the document until the claim of privilege or protection is resolved.

(3) Parties may enter into a written agreement to waive compliance with paragraph (e)(1) of this section for documents, communications, and items created or communicated within a time period specified in the agreement. The administrative law judge may decline to entertain any motion based on information claimed to be subject to the agreement. If information claimed to be subject to the agreement is produced in discovery then the administrative law judge may determine that the produced information is not entitled to privilege or protection.

(4) For good cause, the administrative law judge may order a different period of time for compliance with any requirement of this section. Parties may enter into a written agreement to set a different period of time for compliance with any requirement of this section without approval by the administrative law judge unless the administrative law judge has ordered a different period of time for compliance, in which case the parties' agreement must be approved by the administrative law judge.

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By Order of the Commission.

Lisa R. Barton

Acting Secretary to the Commission

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