

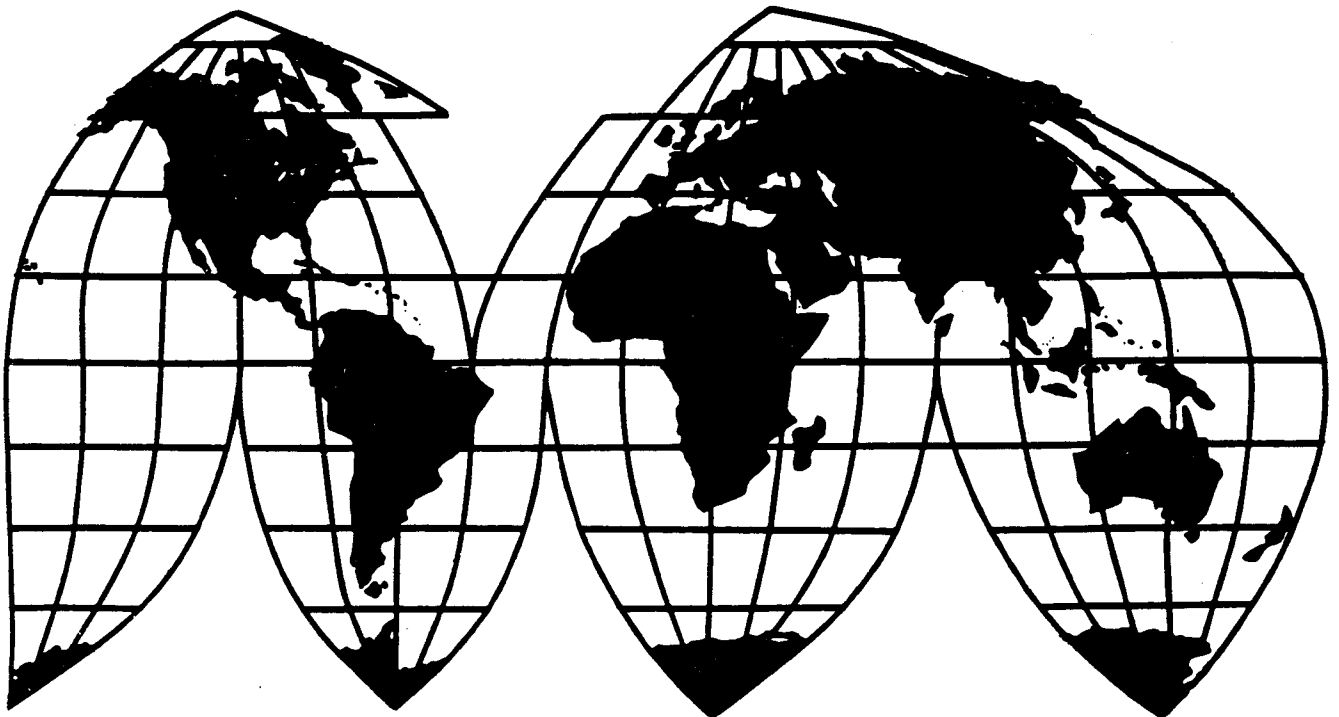
In the Matter of
Certain Tape Dispensers

Investigation No. 337-TA-354

Publication 2786

June 1994

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Washington, DC 20436**

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In the Matter of **Certain Tape Dispensers**



Publication 2786

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of

CERTAIN TAPE DISPENSERS

Investigation No. 397-TA-354

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NOTICE OF ISSUANCE OF GENERAL EXCLUSION ORDER

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has issued a general exclusion order in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: James M. Lyons, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3094.

SUPPLEMENTARY INFORMATION: The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in section 210.58 of the Commission's Interim Rules of Practice and Procedure (19 C.F.R. § 210.58).

Minnesota Mining and Manufacturing Corporation ("3M") filed an amended complaint on June 30, 1993, under section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) alleging that three respondents: (1) Acurite Industries Corp.; (2) Fancy International (HK) Ltd.; and (3) Charles Leonard, Inc., had violated section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain tape dispensers. The tape dispensers are alleged to infringe a design patent, U.S. Letters Patent Des. 289,180 (the '180 patent). The Commission instituted this investigation by notice published in the Federal Register on July 21, 1993, at 58 Fed. Reg. 39036. The Commission terminated Fancy International as a respondent and added Hoi Fung Industrial Company, Safina Office Products, and Shiang Shin Trading Company as respondents by notice published on November 10, 1993, at 58 Fed. Reg. 59735. The notice of investigation was further amended on January 12, 1994, after a request by 3M to terminate respondent Shiang Shin Trading Company and to change the name of respondent Safina Office Products to Shiang Shin International Inc. d/b/a Safina Office Products. 59 Fed. Reg. 1762-1763.

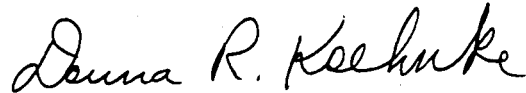
On December 23, 1993, the presiding administrative law judge (ALJ) issued a final initial determination ("ID") finding that there was a violation of section 337. The ALJ found that U.S. Letters Patent Des. 289,180 is infringed and that a domestic industry exists with respect to the patent claim in issue. On January 21, 1994, the Commission determined not to review the ID, which thereby became the determination of the Commission. The Commission also requested written submissions concerning the issues of remedy, the public interest, and bonding. 59 Fed. Reg. 3868-3869 (January 27, 1994).

On April 5, 1994, the Commission made its determinations on the issues of remedy, the public interest, and bonding. The Commission determined that the appropriate form of relief is a general exclusion order prohibiting the importation of infringing tape dispensers. Finally, the Commission

✓determined that the public interest factors enumerated in 19 U.S.C. § 1337(d), (f), and (g) do not✓
preclude the issuance of the aforementioned relief, and that the bond during the Presidential review
period shall be in the amount of 220 percent of the entered value of the infringing tape dispensers.

Copies of the Commission order, the Commission opinion in support thereof, and all other
nonconfidential documents filed in connection with this investigation are or will be available for
inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary,
U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-
205-2000. Hearing-impaired persons are advised that information on the matter can be obtained by
contacting the Commission's TDD terminal on 202-205-1810.

By order of the Commission.



Donna R. Koehnke
Secretary

Issued: **May 3, 1994**

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of)
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CERTAIN TAPE DISPENSERS)
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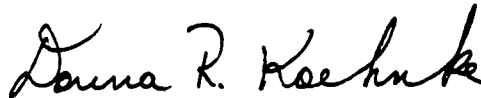
Investigation No. 337-TA-354

ORDER

The Commission, having determined that there is a violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) in the unlawful importation and sale of certain tape dispensers, which infringe U.S. Letters Patent Des. 289,180, and having considered the issues of remedy, public interest, and bonding, hereby ORDERS that--

1. Tape dispensers covered by U.S. Letters Des. Patent 289,180, are excluded from entry into the United States for the remaining term of the patent, except under license of the patent owner or as provided by law.
2. Notwithstanding paragraph 1 of this Order, the aforesaid tape dispensers are entitled to entry into the United States under bond in the amount of 220 percent of the entered value of such article, from the day after this Order is received by the President, pursuant to subsection (j) of section 337 of the Tariff Act of 1930, as amended, until such time as the President notifies the Commission that he approves or disapproves this action, but no later than 60 days after the date of receipt of this Order by the President.
3. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to tape dispensers imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.
4. The Commission may amend this Order in accordance with the procedure described in section 211.57 of the Commission's Interim Rules of Practice and Procedure (19 C.F.R. § 211.57).
5. The Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and the U.S. Customs Service.
6. Notice of this Order shall be published in the Federal Register.

By order of the Commission.



Donna R. Koehnke
Secretary

Issued: May 3, 1994

not to review the administrative law judge's initial determination ("ID") amending the notice of investigation.³ On November 29, 1993, 3M filed a second motion to amend the investigation, this time to terminate respondent Shiang Shin Trading Company and to change the name of respondent Safina Office Products to Shiang Shin International Inc. d/b/a Safina Office Products. On December 13, 1993, the ALJ issued an ID granting complainant's motion. The Commission decided not to review that ID on January 5, 1994.⁴

3M filed a motion for summary determination of violation of section 337 on November 29, 1993. The motion was not opposed by any respondent and was concurred in by the Commission investigative attorney ("IA"). On December 23, 1993, the ALJ issued a final ID finding that there is a violation of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain tape dispensers.

On January 21, 1994, the Commission determined not to review that ID and to request written comments on the issues of remedy, the public interest, and bonding.⁵ The Commission received comments from complainant 3M and the IA, but no comments were received from any of the respondents.

This opinion explains the basis for the following Commission determinations:

- (1) We have issued a general exclusion order directed to products that infringe the '180 design patent.
- (2) We have concluded that the public interest considerations articulated in section 337(d) do not preclude the issuance of such relief in this investigation.
- (3) We have determined that the bond under the exclusion order during the Presidential review period shall be in the amount of 220 percent of entered value of imported articles covered by the '180 patent.

³ The notice was published on November 10, 1993, at 58 Fed. Reg. 59735.

⁴ The notice was published on January 12, 1994, at 59 Fed. Reg. 1762-1763.

⁵ The notice was published on January 27, 1994, at 59 Fed. Reg. 3868-3869.

II. REMEDY

The Commission has broad discretion in selecting the form, scope, and extent of the remedy in a section 337 proceeding.⁶ In addition, the Commission has the power to make factual determinations in the remedy phase of a section 337 investigation, to the extent necessary, in order to reach its determination. These factual determinations may be made on the basis of the evidence of record in the violation phase of the investigation, or on the basis of information submitted by the parties in the remedy phase of its investigation.

Complainant 3M requested issuance of a general exclusion order based on its assertion that only a general exclusion order will prevent foreign producers from continuing to violate section 337. The IA agrees that the proper relief is a general exclusion order directed to all tape dispensers infringing the design patent.

In considering whether to issue a general exclusion order, we have traditionally balanced complainant's interest in obtaining complete relief against the public interest in avoiding disruption of legitimate trade that such relief may cause.⁷ In many instances, a limited exclusion order that applies only to goods produced by specific foreign manufacturers is sufficient to protect a complainant's rights. Under certain circumstances, however, effective relief requires an order that is general in scope. We determined in Certain Airless Paint Spray Pumps⁸ that a complainant seeking a general exclusion order must prove "both a widespread pattern of unauthorized use of its patented invention and certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing

⁶ Viscofan, S.A. v. United States International Trade Commission, 787 F.2d 544, 548 (Fed. Cir. 1986)(affirming Commission remedy determination in Certain Processes for the Manufacture of Skinless Sausage Casings and Resulting Products, Inv. Nos. 337-TA-148/169, USITC Pub. 1624 (December 1984); Hyundai Electronics Industries Col. Ltd. v. United States International Trade Commission, 899 F.2d 1204 (Fed. Cir. 1990) (affirming Commission remedy determination in Certain Erasable Programmable Read-Only Memories, Components Thereof, Products Containing Such Memories, and Processes for Making Such Memories, Inv. No. 337-TA-276, USITC Pub. 2196 (May 1989).

⁷ See, e.g., Certain Dynamic Random Access Memories, Inv. No. 337-TA-242, USITC Pub. 2034 at 84 (November 1987).

⁸ Inv. No. 337-TA-90, USITC Pub. 1199 at 18 (May 1981).

articles."⁹ Factors relevant to demonstrating whether there is a "widespread pattern of unauthorized use" include:

- (a) a Commission determination of unauthorized importation into the United States of infringing articles by numerous foreign manufacturers;
- (b) the pendency of foreign infringement suits based upon foreign patents which correspond to the domestic patent at issue;
- (c) other evidence which demonstrates a history of unauthorized foreign use of the patented invention.¹⁰

Factors relevant to showing whether "certain business conditions" exist include:

- (a) an established market for the patented product in the U.S. market and conditions of the world market;
- (b) the availability of marketing and distribution networks in the United States for potential foreign manufacturers;
- (c) the cost to foreign entrepreneurs of building a facility capable of producing the patented article;
- (d) the number of foreign manufacturers whose facilities could be retooled to produce the patented article; or
- (e) the cost to foreign manufacturers of retooling their facility to produce the patented article.¹¹

We find that the requirements for issuance of a general exclusion order are present in this investigation. With respect to the first criterion, i.e. a widespread pattern of unauthorized use, 3M provided evidence of unlicensed foreign production of potentially infringing tape dispensers by several non-respondent companies. For example, 3M identified four Taiwanese companies (Abel Industries Int'l, Caimon Enterprises Inc., Dignity Ltd., and Kendu) that it believes to be producing infringing dispensers in addition to the named respondents. In the case of Kendu, 3M reported that exports to the United States may already have commenced. 3M suspects that Fancy International, one of the originally named respondents,¹² is continuing to infringe the patent and has merely

⁹ See also Certain Battery Powered Ride-On Toy Vehicles and Components Thereof, Inv. No. 337-TA-314, Commission Opinion On Issue Under Review And On Remedy, The Public Interest, And Bonding at 5-6 (April 9, 1991) ("Ride-On Toy Vehicles").

¹⁰ Id. at 18-19.

¹¹ Id. at 19.

¹² Fancy International was terminated as a respondent because 3M was unable to gather additional information about the company subsequent to institution of the investigation.

changed its corporate identity. 3M also provided information with respect to a Canadian company which it believes may be producing and exporting infringing tape dispensers.

3M also has provided information indicating that business conditions in the U.S. market are such that it is reasonable to expect that additional foreign manufacturers will seek to ship infringing products into the United States. 3M asserted, without contradiction, that an efficient U.S. distribution network exists for office products, and that this network greatly facilitates the ability of foreign manufacturers to penetrate the U.S. market.¹³ 3M also has shown that there is significant demand in the United States for tape dispensers based on its own sales experience and that the entry costs associated with commencing manufacture are low. Furthermore, the prevailing price levels allow a foreign producer to sell into the United States on a very profitable basis.¹⁴

Collectively, these factors strongly suggest that the patented tape dispenser is a tempting target for foreign manufacturers wishing to copy a low cost product. Therefore, it is reasonable under Spray Pumps to infer that additional foreign manufacturers may attempt to enter the United States with infringing tape dispensers. In such circumstances, complainant rightly argues that failure to issue a general exclusion order would allow non-respondent companies to infringe 3M's patent claims with impunity unless 3M were to initiate successive section 337 investigations to redress the likely infringement by new manufacturers.

While it would be possible to craft a more limited exclusion order, which could for example exclude tape dispensers from only certain countries where infringing manufacturers are known to operate, the Commission in the past has eschewed such an approach. In the circumstances of this investigation where the cost of commencing manufacturing is low, limiting the order to products from specific countries would not represent an adequate remedy given the ease with which the order could be circumvented. Unless a general order is issued, it may become necessary to institute repeated section 337 investigations each time imports of a new infringing tape dispenser are

¹³ 3M Remedy Submission at 2-6.

¹⁴ 3M Remedy Submission at 8. 3M reports that certain infringing tape dispensers were being sold at prices that were one-third of the retail price of the 3M product. Therefore, there appears to be considerable room for the foreign producers to increase their prices and profit margin while still undercutting the 3M price.

discovered.¹⁵ In our view, the interest in granting an effective remedy requires the issuance of a general exclusion order in this investigation.

III. THE PUBLIC INTEREST

Section 337 instructs the Commission to consider the effect of any remedy "upon the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers."¹⁶ The legislative history of this provision, added to section 337 by the Trade Act of 1974, indicates that the Commission should decline to issue relief when the adverse effect on the public interest would be greater than the interest in protecting the patent holder.¹⁷

We do not believe that these concerns are implicated in the instant investigation. The record indicates that an adequate supply of such tape dispensers will exist even upon the issuance of a general exclusion order.¹⁸ In any event, an adequate supply of tape dispensers is not necessary to

¹⁵ In Spray Pumps, *supra*, the Commission stated its policy on such matters:

[A] domestic patentee should not be compelled to file a series of separate complaints against several individual foreign manufacturers as it becomes aware of their products in the U.S. market. Such a practice would not only waste the resources of the complainant, it would also burden the Commission with redundant investigations.

Id. at 18.

¹⁶ 19 U.S.C. § 1337(d), (f).

¹⁷ See S. Rep. 1298, 93rd Cong., 2d Sess. 197 (1974). The Commission has declined to grant relief on public interest grounds in only three cases. In Certain Automatic Crankpin Grinders, Inv. No. 337-TA-60, U.S.P.Q. 71 (ITC 1979), the Commission denied relief because of an overriding national policy in maintaining and increasing the supply of fuel efficient automobiles, coupled with the domestic industry's inability to supply domestic demand. In Certain Inclined Field Acceleration Tubes, Inv. No. 337-TA-67, USITC Pub. 1119 (1980), the Commission denied relief because there was an overriding public interest in continuing basic atomic research using the imported acceleration tubes, which were of a higher quality than the domestic product. Finally, in Certain Fluidized Supporting Apparatus, Inv. No. 337-TA-182/188, USITC Pub. No. 1667 (1984), the Commission denied relief because the domestic producer could not supply demand for hospital beds for burn patients within a commercially reasonable time, and no therapeutically comparable substitute for care of burn patients was available.

¹⁸ The complainant appears to produce a sufficient number of dispensers to satisfy domestic demand, and 3M has stated that there are manufacturers of non-infringing tape dispensers that could also supply dispensers for the domestic market.

ensure public health, safety, or welfare in the United States. Consequently, we conclude that the public interest does not preclude issuance of a general exclusion order.

IV. BONDING

Section 337(j)(3) provides for the entry of infringing articles upon the payment of a bond during the 60-day Presidential review period.¹⁹ The bond is to be set at a level sufficient to "offset any competitive advantage resulting from the unfair method of competition or unfair act enjoyed by persons benefitting from the importation."²⁰

Both 3M and the IA have requested that the respondents' bond for the Presidential review period be computed on the basis of the difference between respondents' and complainant's list prices. We agree that use of this computation method, which we have utilized in numerous previous proceedings,²¹ is appropriate. Because list prices for tape dispensers vary in relation to the volume of dispensers purchased, we selected a price comparison made at an intermediate volume level.²² Using this methodology, we have established a bonding rate equal to 220 percent of the entered value of infringing tape dispensers.

¹⁹ 19 U.S.C. § 1337(j)(3).

²⁰ S. Rep. No. 1298, 93rd Cong., 2d Sess. 198 (1974).

²¹ See, e.g., Certain Crystalline Cefadroxil Monohydrate, 15 U.S.P.Q.2d 1263, 1281-82 (ITC 1990); Certain High Intensity Retroreflective Sheeting, Inv. No. 337-TA-268, USITC Pub. 2121 at 12 (September 1988); Certain Foam Earplugs, Inv. No. 337-TA-1884, USITC Pub. 1671 at 4 (March 1985).

²² 3M Remedy Submission at 12-13; IA Brief at 8-9.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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In the Matter of)

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CERTAIN TAPE DISPENSERS)
_____)

Investigation No. 337-TA-354

NOTICE OF COMMISSION DETERMINATION NOT TO
REVIEW AN INITIAL DETERMINATION FINDING A VIOLATION OF SECTION 337
AND SCHEDULE FOR THE FILING OF WRITTEN SUBMISSIONS ON REMEDY,
THE PUBLIC INTEREST, AND BONDING

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (ALJ) final initial determination (ID) in the above-captioned investigation finding a violation of section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain tape dispensers.

FOR FURTHER INFORMATION CONTACT: James M. Lyons, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3094.

SUPPLEMENTARY INFORMATION: Minnesota Mining and Manufacturing Company ("3M") filed an amended complaint on June 30, 1993, pursuant to section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) alleging that three respondents: (1) Acurite Industries Corp.; (2) Fancy International (HK) Ltd.; and (3) Charles Leonard, Inc. had violated section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain tape dispensers. The tape dispensers were alleged to infringe the claim of U.S. Letters Patent Des. 289,180 (the '180 patent). On July 21, 1993, the Commission instituted this investigation by notice published in the Federal Register at 58 Fed. Reg. 39036.

The Commission terminated respondent Fancy International and amended the notice of investigation to add as respondents Hoi Fung Industrial Company, Shiang Shin Trading Co., and Safina Office Products by notice published on November 10, 1993, at 58 Fed. Reg. 59735. The Commission terminated respondent Shiang Shin Trading Co. and changed the name of respondent Safina Office Products to Shiang Shin International, Inc. d/b/a Safina Office Products by notice published on January 12, 1994 at 59 Fed. Reg. 1762.

On November 29, 1993, complainant 3M filed a motion for summary determination of violation of section 337 which was unopposed. On December 23, 1993, the presiding ALJ issued her final ID finding that there was a

violation of section 337. The ALJ found that the '180 patent was valid and infringed. The ALJ also found that a domestic industry exists with respect to the patent claim in issue. No petitions for review or government agency comments were received by the Commission. Having examined the record in this investigation, including the ID, the Commission determined not to review the ID, thereby finding a violation of section 337.

In connection with final disposition of this investigation, the Commission may issue (1) an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) cease and desist orders that could result in respondents being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered.

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the President has 60 days to approve or disapprove the Commission's action. During this period, the subject articles would be entitled to enter the United States under a bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed, if remedial orders are issued.

WRITTEN SUBMISSIONS: The parties to the investigation, interested government agencies, and any other interested persons are encouraged to file written submissions on the issues of remedy, the public interest, and bonding.

Complainant and the Commission investigative attorney are also requested to submit proposed remedial orders for the Commission's consideration. The written submissions and proposed remedial orders must be filed no later than the close of business on February 9, 1994. Reply submissions must be filed no later than the close of business on February 16, 1994. No further submissions will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file with the Office of the Secretary the original document and 14 true copies thereof on or before the deadlines stated above. Any person desiring to submit a document (or portion thereof) to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 C.F.R. § 201.6. Documents for which

confidential treatment is granted by the Commission will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and section 210.53(h) of the Commission's Interim Rules of Practice and Procedure (19 C.F.R. § 210.53(h)).

Copies of the ID and all other nonconfidential documents filed in connection with this investigation are/or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. Hearing-impaired persons are advised that information on the matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

By order of the Commission.



Donna R. Koehnke
Secretary

Issued: January 21, 1994

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Conf.	12-23-93
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ID svd	12-27-93 (C) (P)
Petition due	UNITED STATES
Resp to pet. due	Washington, D.C. 20436
Gov't comments due	
Public comments due	
Comm. decision due	1-26-93
IN THE MATTER OF	

PUBLIC VERSION

CERTAIN TAPE DISPENSERS)
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Investigation No. 337-TA-354

'93 DEC 23 11 48

INITIAL DETERMINATION ON MOTION FOR SUMMARY DETERMINATION
ORDER NO. 5

On November 29, 1993, complainant Minnesota Mining and Manufacturing Company ("3M") filed a motion for summary determination (Motion No. 354-3). The Commission investigative staff supports the motion. No respondent filed a response to the motion.

Complainant 3M's motion seeks a summary determination in its favor on all issues to be determined in the investigation, and requests the issuance of a general exclusion order. The latter request is premature and should be made to the Commission if a violation of Section 337 is found.

Procedural History

This investigation was instituted on July 21, 1993, on 3M's complaint naming three respondents: Acurite Industries Corp., Fancy International (HK) Ltd., and Charles Leonard, Inc. ("CLI"). In Order No. 2, issued October 6, 1993, the investigation was terminated as to Fancy International, and three additional respondents were added to the investigation: Safina Office Products, Hoi Fung Industrial Company, and Shiang Shin Trading Co. In Order No. 4, the investigation was terminated as to Shiang Shin Trading Co., and the name of respondent Safina Office Products was changed to Shiang Shin

International, Inc., d/b/a Safina Office Products ("Safina"). There are now four respondents: Acurite, CLI, Safina, and Hoi Fung.

Respondents CLI, Safina, and Hoi Fung responded to the complaint by sending me letters generally denying a violation of Section 337. These respondents have participated to some degree in discovery. No motions to compel discovery have been filed. There has been no finding of default as to any respondent. None of the respondents has complied with Order No. 3, which required each party to indicate whether it would participate in the hearing.

Legal Standard for Summary Determination

The Commission's current rule for summary determination motions is attached hereto as Appendix A. Under the rule, 3M is entitled to summary determination if the pleadings, depositions, admissions, and affidavits show that there is no genuine issue of material fact and that 3M is entitled to a summary determination as a matter of law on the following issues:

1. That CLI, Safina, Hoi Fung and Acurite have exported to, or imported into the United States, or sold within the United States, certain tape dispensers, and
2. That these respondents have thereby infringed the claim of U.S. Design Patent 289,180, which is valid, and
3. That there is a domestic industry.

None of the affidavits, depositions or admissions submitted by 3M is controverted.

1. Exportation, importation and sale

3M has submitted deposition excerpts, affidavits and admissions establishing that Hoi Fung has exported to the United States the models 83801, 83802, and 83803 tape dispensers, and that Safina and CLI have imported or sold these models in the United States. Motion Ex. 1 at 61-63; Ex. 2 at ¶ 8; Ex. 3.

3M has submitted an affidavit establishing that Acurite has exported to the United States the ACOSTA brand tape dispenser. Ex. 4 at ¶¶ 2 and 4.

There is no genuine issue of material fact with regard to the exportation, importation, or sale of the accused products by the respondents.

2. Validity and Infringement

A United States patent is presumed valid, and the burden of establishing invalidity rests on the party asserting invalidity. 35 U.S.C. § 282. In this case, no party has made an assertion that the patent is invalid. There is no genuine issue of material fact with regard to the validity of the '180 patent.

The basic test of infringement of a design patent was given by the Supreme Court in Gorham v. White, 81 U.S. 511, 578 (1871):

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

To that test, the Federal Circuit has added a supplementary requirement that "the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art." Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 1423, 1444, 221 USPQ 97 (Fed. Cir. 1984).

A visual comparison of the CLI/Hoi Fung Model 83801 tape dispenser (Complaint Phys. Ex. 2) and the Acurite ACOSTA tape dispenser (Complaint Phys. Ex. 1) with the drawings of the '180 patent shows that the accused tape dispensers are of substantially the same design as that claimed in the patent. Models 83802 and 83803 are of the same design as the 83801; the only difference between them is one of color. Ex. 1 at 33-34. As the investigative staff points out, there are only two minor discernible differences in the designs: the Acurite dispenser has a single pad covering

most of the base of the dispenser, while the claimed design has two smaller pads, one at each end of the base; and both accused dispensers use a substantially square tape spool with rounded corners, rather than the more distinctive, somewhat triangular spool depicted in the patent. These differences are not significant enough to counteract the overall similarity of the designs in the eye of the ordinary observer. Neither the pad nor the spool appear to be prominent design features when viewing the tape dispenser or the patent drawings. The tape spool is not even fully depicted in the drawings, but is only seen from a top view and obstructed perspective and side views.

In addition, the deposition excerpt and affidavits submitted by 3M with the motion contain admissions by CLI, Safina, and Hoi Fung that their tape dispensers use the design of the '180 patent. Ex. 1 at 29-30, 33-34; Ex. 2 at ¶ 2; Ex. 3. 3M also has submitted the affidavit of an officer of Staples, Inc., which indicates that the ACOSTA brand tape dispenser imported by Staples from Acurite is similar in appearance to the C-38 dispensers manufactured by 3M. Ex. 4 at ¶¶ 2, 4.

The Commission investigative staff initially argued that 3M had failed to address the "point of novelty" test referred to in Litton, supra. In Litton, the court found the patentability of a microwave oven design to rest on the combination of three specific features that distinguished the design from the very crowded prior art. Because the accused design incorporated none of these three novel features, the court held that the patent was not infringed, regardless of how similar it may be to the patented design. 221 USPQ at 110.

In Braun Inc. v. Dynamics Corp. of America, 975 F.2d 815, 820, 24 USPQ2d 1121, 1125 n.7 (Fed. Cir. 1992), the Federal Circuit, referring to the Litton

test, indicated that "[t]his prong of the design patent infringement test is irrelevant as [the accused infringer] has not disputed that, assuming the Gorham standard for infringement has been met, its [product] adopts the novel aspects of [the patentee's] design." In the present case the accused infringers have disputed neither prong of the infringement test. It would be difficult to support an argument that the accused designs do not adopt the novel aspects of the patented design. The accused designs in this case are almost carbon copies of the patented one in every detail except for the two minor ones pointed out by the staff. Unless those two details constitute the points of novelty--an assertion that no one has made--then the accused designs must appropriate the points of novelty in the patented design.

In its reply memorandum, complainant submitted the file history and prior art, and argued that there has been no suggestion that anything less than the entire 3M design is patentable. Nothing in the file history or in the pleadings record of this case suggests that there are any critical "points of novelty" on which the patentability of the design rests. There is no basis for a requirement in this case that the infringement issue be analyzed in terms of "points of novelty," but in any event, complainant now has pointed out the novel design elements that are found in the respondents' tape dispensers. The investigative staff filed a letter in lieu of a surreply memorandum stating that they now believe there are no remaining genuine issues of material fact respecting infringement.

There is no genuine issue of material fact with regard to the issue of infringement of the patent in issue by each of the respondents.

3. Domestic Industry

In order to prove a violation of Section 337 in a patent-based investigation, complainant must prove that a domestic industry relating to the articles protected by the patents concerned exists, or is in the process of being established. A domestic industry is considered to exist if there is in the United States, with respect to the articles protected by the patents--

- (A) significant investment in plant and equipment;
- (B) significant employment of labor or capital; or
- (C) substantial investment in [the patent's] exploitation, including engineering, research and development, or licensing.

19 U.S.C. § 1337(a)(3).

Although the factors that can establish a domestic industry are listed in the disjunctive, and only one need be proved, 3M has submitted facts relating to each of the three factors. 3M manufactures the C-38 tape dispenser at its plant in Hutchinson, Minnesota. Complaint at ¶ 22. The C-38 tape dispensers are assembled by Hands Inc., also in Hutchinson, Minnesota. Id. A visual examination of the 3M C-38 tape dispenser shows that it is covered by the '180 patent. Deposition testimony of respondent CLI's Executive Vice President supports the same conclusion. Ex. 1 at 27-28.

(A) Significant investment. From 1985 to 1992, 3M devoted [C] square feet annually to the molding and assembly operations of its C-38 tape dispensers. Ex. 6; Conf. Ex. C-1. Since 1985, 3M has invested more than [C] in tooling and capital expenditures for the C-38 and C-39 tape dispensers utilizing the design of the '180 patent. Ex. 6; Conf. Ex. C-2. (The C-39 tape dispenser is no longer in production, and the domestic industry currently relates only to the C-38. Complainant has presented adequate data relating solely to the C-38 to establish the existence of a domestic industry

on that basis. Combined data relating to both C-38 and C-39 tape dispensers corroborates the data relating to the C-38 alone.)

(B) Significant employment. From 1987 to 1992, 3M devoted the time of [C] persons, on average, to molding and assembly of the C-38 tape dispensers. Ex. 6; Conf. Ex. C-1. From 1985 to 1992, the Commercial Office Supply Division had an average of [C] sales representative who devoted [C] of their time to the sale of the C-38 and C-39 tape dispensers that utilize the patented design. Exs. 7-8; Conf. Ex. C-4. From 1985 through the first quarter of 1993, this division sold [C] C-38 dispensers at a value of [C]. Exs. 7-8; Conf. Ex. C-7. From 1988 to 1992, the Consumer Stationery Division of 3M had an average of [C] sales representatives who devoted [C] of their time to the sale of C-38 tape dispensers. Exs. 7-8; Conf. Ex. C-4. From 1988 through the first quarter of 1993, this division sold [C] C-38 dispensers at a value of [C].

(C) Substantial investment in exploitation of the patent. From 1985 to 1992, 3M invested [C] in marketing expenses for the C-38 and C-39 tape dispensers. Exs. 7-8; Conf. Ex. C-8. Exhibits 8 and 9 and Confidential Exhibits C-5 and C-9 provide estimates of the "man-hour percentages" for product development and commercialization of the C-38 and C-39 tape dispensers. Exhibit 9 and Confidential Exhibit C-6 contain certain costs relating to product development and product research for the C-38 and C-39 tape dispensers.

There is no genuine issue of material fact with regard to the existence of a domestic industry in connection with the patent in issue.

CONCLUSIONS

Complainant has submitted sufficient information in affidavits, depositions, and admissions, to support findings that each of the respondents has exported, imported or sold in the United States tape dispensers infringing the '180 design patent, and that there exists a domestic industry in connection with that patent. No party has submitted affidavits controverting the facts asserted by complainant. There are no other genuine issues of material fact that need to be decided in this case. There is a violation of Section 337.

Motion 354-3 is granted, except that no determination is made as to the remedy that might be ordered.¹ The hearing scheduled to begin on January 4, 1994, is cancelled.

Janet D. Saxon

Janet D. Saxon
Administrative Law Judge

Issued: December 23, 1993

¹ Pursuant to § 210.53(h) of the Commission's Rules, this initial determination shall become the determination of the Commission unless a party files a petition for review of the initial determination pursuant to § 210.54, or the Commission pursuant to § 210.55 orders on its own motion a review of the initial determination or certain issues therein. For computation of time in which to file a petition for review, refer to §§ 210.54, 201.14, and 201.16(d).