

In the Matter of

CERTAIN MINIATURE HACKSAWS

Investigation No. 337-TA-237



USITC PUBLICATION 1948

JANUARY 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

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United States International Trade Commission
Washington, DC 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of)
)
) Investigation No. 337-TA-237
CERTAIN MINIATURE HACKSAWS)
)

NOTICE OF COMMISSION FINAL DETERMINATION AND ISSUANCE OF
GENERAL EXCLUSION ORDER AND FIVE CEASE AND DESIST ORDERS

AGENCY: U.S. International Trade Commission.

ACTION: Determination of violation of section 337, issuance of general exclusion order and five cease and desist orders.

SUMMARY: Having reviewed in part the initial determination (ID) in the above-captioned investigation, the Commission has determined that there is a violation of section 337 of the Tariff Act of 1930. In addition, the Commission has determined that a general exclusion order and cease and desist orders directed to respondents Alltrade, Inc.; M&S Krasnow, Inc.; the Disston Company, Inc.; Menard, Inc.; and Borsumij Wehry (U.S.A.), Inc., pursuant to sections 337(d) and (f) of the Tariff Act of 1930 (19 U.S.C. SS 1337(d) and (f)) are the appropriate remedies for the section 337 violation found to exist; that the public interest considerations enumerated in sections 337(d) and (f) do not preclude such relief; and that the amount of the bond during the Presidential review period under section 337(g) shall be 215 percent of the entered value of the imported articles.

FOR FURTHER INFORMATION CONTACT: Charles H. Nalls, Esq., Office of the General Counsel, U.S. International Trade Commission, telephone 202-523-1626.

SUPPLEMENTAL INFORMATION: This investigation was instituted on January 8, 1986, 51 Fed. Reg. 1860 (1986). On October 15, 1986, the presiding administrative law judge (ALJ) issued an ID that there is a violation of section 337 in the importation and sale of certain miniature hacksaws. Respondents Alltrade, Inc.; Menard, Inc.; Borsumij Wehry (U.S.A.), Inc.; and M&S Krasnow, Inc. (petitioning respondents), petitioned for review of certain parts of the initial determination pursuant to section 210.54 of the Commission's rules. Complainant, The Stanley Works, and the Commission investigative attorney filed responses. The Commission received no comments from other Government agencies.

After examining the petition for review and the responses thereto, the Commission concluded that the following issues warranted review:

1. Whether U.S. Letters Patent 3,756,298 is invalid as obvious pursuant to 35 U.S.C. S 103; and
2. Whether U.S. Letters Patent Des. 228,236 is invalid as obvious pursuant to 35 U.S.C. S 103.

51 Fed. Reg. 44535 (1986).

The Commission requested written submissions by the parties to the investigation and interested Government agencies on the legal issues under review as well as on remedy, the public interest, and bonding.

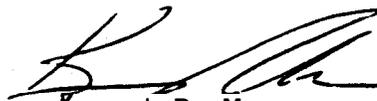
The Commission received briefs from complainant, the petitioning respondents, and the Commission investigative attorney (IA) on the issues under review and from complainant and the IA on remedy, the public interest, and bonding. The Commission received no comments from other Government agencies.

Upon consideration of the written submissions and the entire record in this investigation, the Commission determined to affirm the ID with respect to the questions under review, as modified by the Commission's opinion. In addition, the Commission rendered determinations on the questions of remedy, bonding, and the public interest.

The authority for the Commission's disposition of this matter is contained in section 337 of the Tariff Act of 1930 (19 U.S.C. S 1337) and in sections 210.53-.56 of the Commission's Rules of Practice and Procedure (19 C.F.R. SS 210.53-.56).

Copies of the Commission's Action and Order and all other nonconfidential documents filed in connection with this investigation are 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, 701 13 Street NW., Washington, D.C. 20436, telephone 202-523-0161. The Commission Opinion in support of its determination will issue shortly. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

By order of the Commission.


Kenneth R. Mason
Secretary

Issued: January 15, 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

_____)	
In the Matter of)	
CERTAIN MINIATURE HACKSAWS)	Investigation No. 337-TA-237
_____)	

COMMISSION ACTION AND ORDER

BACKGROUND

On December 9, 1985, a complaint was filed with the Commission under section 337 of the Tariff Act of 1930 on behalf of complainant The Stanley Works (Stanley) of New Britain, Connecticut. The complaint, as amended, alleged that certain miniature hacksaws imported and sold by respondents infringed claims 1 through 9 of U.S. Letters Patent 3,756,298 (the '298 patent) and the single claim of U.S. Letters Patent Des. 228,225 (the '225 design patent), both of which patents are owned by complainant Stanley. The complaint requested that the Commission institute an investigation and, after a full investigation, issue a permanent exclusion order and cease and desist orders.

On January 8, 1986, the Commission issued notice of an investigation to determine whether there is a violation of section 337 in the unlawful importation and sale of certain miniature hacksaws, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States. The notice named 14 firms as respondents. The notice was served on the parties on January 8, 1986, and published in the Federal Register on January 15, 1986. 51 Fed. Reg. 1860.

Complainant Stanley moved to terminate the investigation as to respondent TDK on the grounds that TDK was improperly named. That motion was granted by the administrative law judge (ALJ) on March 17, 1986. On March 28, 1986, the Commission issued notice of its decision not to review the initial determination (ID) terminating the investigation as to TDK. On March 5, 1986, Stanley moved to add ten additional respondents. The ALJ issued an ID granting the motion on April 7, 1986. On May 9, 1986, the Commission issued notice of its decision to review that ID. 51 Fed. Reg. 17681. On July 14, 1986, the Commission issued notice of its decision to affirm in part and reverse in part the ID adding the ten respondents. The only one of the ten firms added as a respondent was Borsumij Wehry (USA), Inc., successor in interest of an earlier named respondent (Miller).

Respondents Scotty's and U.S. General were terminated on the basis of consent orders on March 7, 1986. Respondents Yuo Noun, ENI, and Kyuwn were terminated on the basis of consent orders on July 11, 1986. Respondents Alltrade, Krasnow, Oxwall, Menard, and Borsumij entered appearances and participated in the investigation through counsel, though Oxwall was later terminated on the basis of a consent order on August 6, 1986. The ALJ found respondent Disston in default on July 18, 1986, and respondents Lion and Maxwell in default on August 8, 1986, because those three respondents failed to respond to the complaint and notice of the investigation and failed to appear at the evidentiary hearing.

The evidentiary hearing before the ALJ was held from July 14 to 18, 1986. Respondents Alltrade, Krasnow, Menard, and Borsumij, as well as complainant Stanley, and the Commission investigative attorney (IA) participated. On October 15, 1986, the ALJ issued her ID finding a violation of section 337 in the importation and sale of respondents' miniature hacksaws.

Specifically, the ALJ found that both the '298 patent and the '225 design patent are valid and enforceable. In addition, the ALJ determined that certain miniature hacksaws manufactured abroad and imported into the United States by respondents and other entities infringe complainant's utility and design patents. The ALJ concluded that the importation and sale of these infringing miniature hacksaws has the effect and tendency to substantially injure an efficiently and economically operated domestic industry.

On October 24, 1986, respondents Alltrade, Menard, Borsumij, and Krasnow petitioned for review of the ID on the questions of patent validity and effect and tendency to substantially injure. Complainant and the IA filed responses in opposition to the petition for review. The Commission received no comments from other Government agencies.

Based upon these submissions and the record in this investigation, the Commission determined to review two issues presented by the ID relating to the validity of the '298 utility patent and the '225 design patent. These issues were:

1. Whether U.S. Letters Patent 3,756,298 is invalid as obvious pursuant to 35 U.S.C. S 103; and
2. Whether U.S. Letters Patent Des. 228,236 is invalid as obvious pursuant to 35 U.S.C. S 103.

The Commission has received written submissions on the validity issues from complainant, respondents, and the IA, and on remedy, the public interest, and bonding from complainant and the IA.

ACTION

Having determined that these issues are properly before the Commission, and having reviewed the written submissions on the issues under review, as

well as on remedy, the public interest and bonding and those portions of the record relating to those issues, the Commission has determined to affirm the ID as modified by the Commission's opinion herein, on the validity questions under review. In addition, the Commission has determined to issue a general exclusion order prohibiting entry into the United States of miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,2989, and/or the claim of U.S. Patent Des. 228,225, except where such importation is licensed by the patent owner.

The Commission has also determined to issue cease and desist orders prohibiting respondents Alltrade, Menard, Krasnow, Disston, and Borsumij from selling and/or offering for sale certain imported miniature hacksaws in violation of section 337 of the Tariff Act of 1930.

The Commission has also determined that the public interest factors enumerated in subsections 337(d) and (f) (19 U.S.C. S 1337(d) and (f)) do not preclude issuance of the aforementioned exclusion order, and cease and desist orders, and that the bond during the Presidential review period should be 215 percent of the entered value of the articles Concerned.

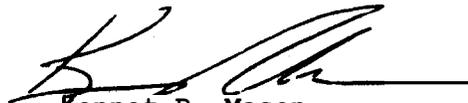
ORDER

Accordingly, it is ORDERED that:

1. Miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298, and/or the claim of U.S. Patent Des. 228,225 are excluded from entry into the United States for the remaining term of the patents, except where such importation is licensed by the patent owner.

2. The articles ordered to be excluded from entry into the United States shall be entitled to entry under bond in the amount of 215 percent of the entered value of the imported articles from the day after this order is received by the President pursuant to subsection (g) of section 337 of the Tariff Act of 1930 (19 U.S.C. S 1337(g)) until such time as the President notifies the Commission that he approves or disapproves this Action, but, in any event, not later than 60 days after receipt thereof.
3. The Secretary shall serve copies of this Commission Action and Order and the Commission Opinion in support thereof 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.
4. The Secretary shall publish notice of this action and order in the Federal Register; and
5. The Commission may amend this Order in accordance with the procedure described in section 211.57 of the Commission's Rules of Practice and Procedure (19 C.F.R. S 211.57).

By Order of the Commission.


Kenneth R. Mason
Secretary

Issued: January 15, 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of
CERTAIN MINIATURE HACKSAWS

Investigation No. 337-TA-237

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Alltrade Inc., 2140 Davie Avenue, Los Angeles, California 90040 cease and desist from selling and offering for sale certain imported miniature hacksaws in violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337).

I

(Definitions)

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(B) "Complainant" shall mean The Stanley Works, 1000 Stanley Drive, New Britain, Connecticut 06050.

(C) "Respondent" shall mean Alltrade Inc., 2140 Davie Avenue, Los Angeles, California 90040.

(D) "Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or business entity other than the above respondent or its majority owned and/or controlled subsidiaries, their successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia and Puerto Rico.

(F) "Imported miniature hacksaws" shall mean miniature hacksaws that are manufactured in any country other than the United States for shipment or export to the United States for resale in the United States.

(G) "Infringing imported miniature hacksaws" shall mean imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298 and/or the claim of U.S. Patent Des. 228,225.

II

(Applicability)

The provisions of this Cease and Desist Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, controlled (whether by stock ownership or otherwise) and/or majority owned business entities, successors and assigns, and all those persons acting in concert with them who received actual notice of this Order in accordance with section VI hereof.

III

(Conduct Prohibited)

The following conduct of respondent in the United States is prohibited by this Order:

1. Respondent shall not, for the remaining term of U.S Letters Patent 3,756,298, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298.

2. Respondent shall not, for the remaining term of U.S. Letters Patent Des. 228,225, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe the claim of U.S. Patent Des. 228,225.

IV

(Conduct Permitted)

Notwithstanding any other provisions of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, such specific conduct is licensed or authorized by complainant.

V

(Compliance and Inspection)

(A) For the purposes of securing compliance with this Order, Respondent shall retain any and all records relating to the importation, sale, or distribution of infringing imported miniature hacksaws made and received in the usual and ordinary course of its business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by Federal courts of the United States, duly authorized representatives of the Commission shall, upon reasonable written notice by the Commission or its staff, be permitted access and the right to inspect and copy in Respondent's principal office during the office hours of Respondent, and, in the presence of counsel or other representative if Respondent so chooses, all books,

ledgers, accounts, correspondence, memoranda, and other records and documents, as are required by Section V(A) hereof to be retained.

VI

(Service of Cease and Desist Order)

Respondent is ordered and directed to:

(A) Serve, within thirty (30) days after the effective date of this Order, a conformed copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the marketing distribution or sale of imported miniature hacksaws in the United States or for shipment or export to the United States of such miniature hacksaws for resale in the United States.

(B) Serve, within thirty (30) days after the succession of any of the persons referred to in Section II (A) above, a conformed copy of this Order upon each successor; and

(C) Maintain such records as will show the name, title and address of each person as described in Section VI (A) and (8) above, together with the date on which service was made.

The obligations set forth in Section VI (B) and (C) above shall remain in effect until December 31, 1990.

VII

(Enforcement)

Violation of this Order shall result in any of the actions specified in 19 C.F.R. S 211.56 including an action for civil penalties in accordance with the provisions of Section 337(f) of the Tariff Act of 1930 (19 U.S.C. S 1337(f)); and such other action as the Commission may deem appropriate.

In determining whether respondent is in violation of this Order, the Commission may infer facts adverse to respondent if respondent fails to provide adequate or timely information.

VIII

(Modification)

This Order may be modified by the Commission in accordance with the procedure described in Section 211.57 of the Commission's Rules of Practice and procedure. 19 C.F.R. § 211 57.

Uy order of the Commission.



Kenneth R. Mason
Secretary

Issued: January 15, 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

_____)
In the Matter of _____)
CERTAIN MINIATURE HACKSAWS _____)
_____)

Investigation No 337-TA-237

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT M&S Krasnow, 8749 Shirley, Northridge, California, 91324 cease and desist from selling and offering for sale certain imported miniature hacksaws in violation of section 337 of the Tariff Act of 1930 (19 U.S.C. S 1337).

I

(Definitions)

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(B) "Complainant" shall mean The Stanley Works, 1000 Stanley Drive, New Britain, Connecticut 06050.

(C) "Respondent" shall mean M&S Krasnow, Inc., 8749 Shirley, Northridge, California, 91324.

(D) "Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or business other than the above respondent or its majority owned and/or controlled subsidiaries, their successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia and Puerto Rico.

(F) "Imported miniature hacksaws" shall mean miniature hacksaws that are manufactured in any country other than the United States for shipment or export to the United States for resale in the United States.

(G) "Infringing imported miniature hacksaws" shall mean imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298 and/or the claim of U.S. Patent Des. 228,225.

II

(Applicability)

The provisions of this Cease and Desist Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, controlled (whether by stock ownership or otherwise) and/or majority owned business entities, successors and assigns; and all those persons acting in concert with them who received actual notice of this Order in accordance with section VI hereof.

III

(Conduct Prohibited)

The following conduct of respondent in the United States is prohibited by this Order:

1. Respondent shall not, for the remaining term of U.S Letters Patent 3,756,298, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298.

2. Respondent shall not, for the remaining term of U.S. Letters Patent Des. 228,225, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe the claim of U.S. Patent Des. 228,225.

IV

(Conduct Permitted)

Notwithstanding any other provisions of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, such specific conduct is licensed or authorized by complainant.

V

(Compliance and Inspection)

(A) For the purposes of securing compliance with this Order, Respondent shall retain any and all records relating to the importation, sale, or distribution of infringing imported miniature hacksaws made and received in the usual and ordinary course of its business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by Federal courts of the United States, duly authorized representatives of the Commission **shall**, upon reasonable written notice by the Commission or its staff, **be permitted** access and the right to inspect and copy in Respondent's principal office during the office hours of Respondent, and, in the presence of counsel or other representative if Respondent so chooses, all books,

ledgers, accounts, correspondence, memoranda, and other records and documents, as are required by Section V(A) hereof to be retained.

VI

(Service of Cease and Desist Order)

Respondent is ordered and directed to:

(A) Serve, within thirty (30) days after the effective date of this Order, a conformed copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility **for the** marketing distribution or sale of imported miniature hacksaws in the United States or for shipment or export to the United States of such miniature hacksaws for resale in the United States.

(B) Serve, within thirty (30) days after the succession of any of the persons referred to in Section **II (A) above, a conformed copy of this Order upon each successor; and**

(C) Maintain such records as **will** show the name, title and address of each person as described in Section VI (A) and **(B) above, together** with the **date on which service was made.**

The obligations forth in Section VI (B) and (C) above shall remain in effect until December 31, 1990.

VII

(Enforcement)

Violation of this Order shall result in any of the actions specified in 19 C.F.R. § 211.56 including an action for civil penalties in accordance with the provisions of Section 337(f) of the Tariff Act of 1930 (19 U.S.C.

1337(f)); and such other action as the Commission may deem appropriate.

In determining whether respondent is in violation of this Order, the Commission may infer facts adverse to respondent if respondent fails to provide adequate or timely information.

VIII

(Modification)

This Order may be modified by the Commission in accordance with the procedure described in Section 211.57 of the Commission's Rules of Practice and procedure. 19 C.F.R. § 211.57.

By order of the Commission.



Kenneth R. Mason
Secretary

Issued: January 15, 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of
CERTAIN MINIATURE HACKSAWS ,)

Investigation No. 337-TA-237

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Menard, Inc. ("Menard"), 4777 Menard Drive, Eau Claire, Wisconsin 53703 cease and desist from selling and offering for sale certain imported miniature hacksaws in violation of section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337).

I

(Definitions)

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(B) "Complainant" shall mean The Stanley Works, 1000 Stanley Drive, New Britain, Connecticut 06050.

(C) **"Respondent" shall mean Menard, Inc. ("Menard"), 4777 Menard Drive, Eau Claire, Wisconsin 53703.**

(D) **"Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or** business entity other than the above respondent or its majority owned and/or controlled subsidiaries, their successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia and Puerto Rico.

(F) "Imported miniature hacksaws" shall mean miniature hacksaws that are manufactured in any country other than the United States for shipment or export to the United States for resale in the United States.

(G) "Infringing imported miniature hacksaws" shall mean imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298 and/or the claim of U.S. Patent Des. 228,225.

II

(Applicability)

The provisions of this Cease and Desist Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, controlled (whether by stock ownership or otherwise) and/or majority owned business entities, successors and assigns, and all those persons acting in concert with them who received actual notice of this Order in accordance with section VI hereof.

III

(Conduct Prohibited)

The following conduct of respondent in the United States is prohibited by this Order:

1. Respondent shall not, for the remaining term of U.S Letters Patent 3,756,298, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe claims 1-9 of U.S. letters Patent 3,756,298.

2. Respondent shall not, for the remaining term of U.S. Letters Patent Des. 228,225, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe the claim of U.S. Patent Des. 228,225.

IV

(Conduct Permitted)

Notwithstanding any other provisions of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, such specific conduct is licensed or authorized by complainant.

V

(Compliance and Inspection)

(A) For the purposes of securing compliance with this Order, Respondent shall retain any and all records relating to the importation, sale, or distribution of infringing imported miniature hacksaws made and received in the usual and ordinary course of its business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by Federal courts of the United States, duly authorized representatives of the Commission shall, upon reasonable written notice by the Commission or its staff, be permitted access and the right to inspect and copy in Respondent's principal office during the office hours of Respondent, and, in the presence of counsel or other representative if Respondent so chooses, all books,

ledgers, accounts, correspondence, memoranda, and other records and documents, as are required by Section V(A) hereof to be retained.

VI

(Service of Cease and Desist Order)

Respondent is ordered and directed to:

(A) Serve, within thirty (30) days after the effective date of this Order, a conformed copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the marketing distribution or sale of imported miniature hacksaws in the United States or for shipment or export to the United States of such miniature hacksaws for resale in the United States.

(8) Serve, within thirty (30) days after the succession of any of the persons referred to in Section II (A) above, a conformed copy of this Order upon each successor; and

(C) Maintain such records as will show the name, title and address of each person as described in Section VI (A) and (B) above, together with the date on which service was made.

The obligations set forth in Section VI (B) and (C) above shall remain in effect until December 31, 1990.

VII

(Enforcement)

Violation of this Order shall result in any of the actions specified in 19 C.F.R. § 211.56 including an action for civil penalties in accordance with the provisions of Section 33(f) of the Tariff Act of 1930 (19 U.S.C. § 1337(f)); and such other action as the Commission may deem appropriate.

In determining whether respondent is in violation of this Order, the Commission may infer facts adverse to respondent if respondent fails to provide adequate or timely information.

VIII

(Modification)

this Order may be modified by the Commission in accordance with the procedure described in Section 211.57 of the Commission's Rules of Practice and procedure. 19 C.F.R. § 211.57.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'K. R. Mason', written over a horizontal line.

Kenneth R. Mason
Secretary

Issued: January 15, 1987

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of
CERTAIN MINIATURE HACKSAWS

Investigation No. 337-TA-237

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Borsumij Wehry Company (USA), Inc., 75 Union Avenue, Rutherford, New Jersey 07070 cease and desist from selling and offering for sale certain imported miniature hacksaws in violation of section 337 of the Tariff Act of 1930 (19 U.S.C. S 1337).

I

(Definitions)

As used in this Order:

(A) "Commission" shall mean the United States International Trade Commission.

(B) "Complainant" shall mean The Stanley Works, 1000 Stanley Drive, New Britain, Connecticut 06050.

(C) "Respondent" shall mean Borsumij Wehry Company (USA), Inc., 75 Union Avenue, Rutherford, New Jersey 07070.

(D) "Person" shall mean an individual, or any non-governmental partnership, firm, association, corporation, or other legal or business entity other than the above respondent or its majority owned and/or controlled subsidiaries, their successors, or assigns.

(E) "United States" shall mean the fifty States, the District of Columbia and Puerto Rico.

(F) "Imported miniature hacksaws" shall mean miniature hacksaws that are manufactured in any country other than the United States for shipment or export to the United States for resale in the United States.

(G) "Infringing imported miniature hacksaws" shall mean imported miniature hacksaws that infringe claims 1-9 of U.S. Letters Patent 3,756,298 and/or the claim of U.S. Patent Des. 228,225.

II

(Applicability)

The provisions of this Cease and Desist Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, controlled (whether by stock ownership or otherwise) and/or majority owned business entities, successors and assigns, and all those persons acting in concert with them who received actual notice of this Order in accordance with section VI hereof.

III

(Conduct Prohibited)

The following conduct of respondent in the United States is prohibited by this Order:

1. Respondent shall not, for the remaining term of U.S Letters Patent 3,756,298, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe 1-9 of U.S. Letters Patent 3,756,298 .

2. Respondent shall not, for the remaining term of U.S. Letters Patent Des. 228,225, market, distribute, sell, or offer for sale any imported miniature hacksaws that infringe the claim of U.S. Patent Des. 228,225.

IV

(Conduct Permitted)

Notwithstanding any other provisions of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, such specific conduct is licensed or authorized by complainant.

V

(Compliance and Inspection)

(A) For the purposes of securing compliance with this Order, Respondent shall retain any and all records relating to the importation, sale, or distribution of infringing imported miniature hacksaws made and received in the usual and ordinary course of its business, whether in detail or in summary form, for a period of three (3) years from the close of the fiscal year to which they pertain.

(B) For the purpose of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by Federal courts of the United States, duly authorized representatives of the Commission shall, upon reasonable written notice by the Commission or its staff, be permitted access and the right to inspect and copy in Respondent's principal office during the office hours of Respondent, and, in the presence of counsel or other representative if Respondent so chooses, all books,

ledgers, accounts, correspondence, memoranda, and other records and documents, as are required by Section V(A) hereof to be retained.

VI

(Service of Cease and Desist Order)

Respondent is ordered and directed to:

(A) Serve, within thirty (30) days after the effective date of this Order, a conformed copy of this Order upon each of its respective officers, directors, managing agents, agents, and employees who have any responsibility for the marketing distribution or sale of imported miniature hacksaws in the United States or for shipment or export to the United States of such miniature hacksaws for resale in the United States.

(B) Serve, within thirty (30) days after the succession of any of the persons referred to in Section II (A) above, a conformed copy of this Order upon each successor; and

(C) Maintain such records as will show the name, title and address of each person as described in Section VI (A) and (B) above, together with the date on which service was made.

The obligations set forth in Section VI (B) and (C) above shall remain in effect until December 31, 1990.

VII

(Enforcement)

Violation of this Order shall result in any of the actions specified in 19 C.F.R. § 211.56 including an action for civil penalties in accordance with the provisions of Section 337(f) of the Tariff Act of 1930 (19 U.S.C. § 1337(f)); and such other action as the Commission may deem appropriate.

In determining whether respondent is in violation of this Order, the **Commission** may infer facts adverse to respondent if respondent fails to provide adequate or timely information.

VIII

(Modification)

This Order may be modified by the Commission in accordance with the procedure described in Section 211.57 of the Commission's Rules of Practice and procedure. 19 C.F.R. 211.57.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'K. R. Mason', is written over a horizontal line.

Kenneth R. Mason
Secretary

Issued: January 15, 1987

VIEWS OF THE COMMISSION

On October 15, 1986, the Commission's administrative law judge (ALJ)^{1/} determined that there is a violation of section 337 of the Tariff Act of 1930 in the importation and sale of certain miniature hacksaws. Specifically, the ALJ found unfair acts in that the accused devices manufactured, imported and sold by respondents infringe U.S. Letters Patent 3,756,298 (the '298 patent) and U.S. Patent Des. 228,225 (the '225 patent), which were held to be valid and enforceable. The ALJ further found that the effect or tendency of respondents' unfair acts is to destroy or to substantially injure an efficiently and economically operated domestic industry.

On December 2, 1986, the Commission determined to review certain issues presented by the initial determination (ID).^{1/} The Commission requested written submissions by the parties to the investigation and interested Government agencies on the legal issues under review as well as on remedy, the public interest, and bonding. Based on its review of those submissions and of the entire record in this investigation, the Commission determined on January 15, 1987 that there is a violation of section 337 in the importation and sale of the accused devices in the United States and issued a general exclusion

1/ 19 U.S.C. § 1337.

2/ 51 Fed. Reg. 44535 (1986). The Commission reviewed the ID pursuant to rule 210.54(a). 19 C.F.R. § 210.54(a).

order, as well as five cease and desist orders:. This opinion discusses the reasons for the Commission's determination modifying the ID and for the remedy issued in this investigation. 3/

PROCEDURAL HISTORY

On December 9, 1985, a complaint was filed with the Commission under section 337 on behalf of complainant The Stanley Works (Stanley) of New Britain, Connecticut. 4/ The complaint, as amended, alleged that certain miniature hacksaws imported and sold by respondents infringed claims 1 through 9 of U.S. Letters Patent 3,756,298 (the '298 patent) and the single claim of U.S. Letters Patent Des. 228,225 (the '225 design patent). Both patents are owned by complainant Stanley. The complaint requested that the Commission institute an investigation and, after a full investigation, issue a permanent exclusion order and cease and desist orders.

On January 8, 1986, the Commission issued notice of an investigation to determine whether there is a violation of section 337 in the unlawful importation and sale of certain miniature hacksaws, the effect or tendency of which is to destroy or substantially injure an efficiently and economically operated industry in the United States. The notice named 14 firms as

3/ The Commission specifically adopts those of the ALPs findings of fact which are not inconsistent with this opinion.

4/ Complainant Stanley is incorporated in the state of Connecticut and has its principal place of business in New Britain, Connecticut. Stanley has 17 divisions in the United States which are divided into three operational groups. One of these groups is called Consumer Products and includes the Hand Tools Division. The Hand Tools Division manufactures the miniature hacksaw covered by the patents at issue in this investigation, which patents are owned by Stanley.

respondents. 5/ The notice was served on the parties on January 8, 1986, and published in the Federal Register on January 15, 1986. 5

Complainant Stanley moved to terminate the investigation as to respondent TDK on the grounds that TDK was improperly named. That motion was granted by the ALJ on March 17, 1986. On March 28, 1986, the Commission issued notice of its decision not to review the ID terminating the investigation as to TDK. Stanley moved to add ten additional respondents on March 5, 1986, and the ALJ issued an ID granting the motion on April 7, 1986. On May 9, 1986, the Commission issued notice of its decision to review that ID. (51 Fed. Reg. 17681). On July 14, 1986, the Commission issued notice of its decision to affirm in part and reverse in part the ID adding the ten respondents. The only one of the ten firms added as a respondent was Borsumij Wehry (USA), Inc., successor in interest of an earlier-named respondent (Miller).

Respondents Scotty's and U.S. General were terminated on the basis of consent orders on March 7, 1986. Respondents Yuo Noun, ENI, and Kyuwn were

5/ The 14 respondents named in the notice of investigation were:

- En I Machinery Co., Ltd. (ENI)
- Maxwell Co., Ltd. (Maxwell)
- Yuo Noun Enterprise Co., Ltd. (Yuo Noun)
- Kyuwn Industrial Co., Ltd. (Kyuwn)
- The Lion Plastic & Metal Works Ltd. (Lion)
- TDK Saws Manufacturing Co., Ltd. (TDK)
- Oxwall Tool Co., Inc. (Oxwall)
- Miller International. Inc., (Miller)
- Alltrade Inc. (Alltrade)
- M & S Krasnow, Inc. (Krasnow)
- The Disston Company, Inc. (Disston)
- Menard, Inc. (Menard)
- Scotty's Inc. (Scotty's)
- U.S. General Supply Corp. (U.S. General)

6/ 51 Fr.. Pc.,.3. 1860.

terminated on the basis of consent orders on July 11, 1986. Respondents Alltrade, Krasnow, Oxwall, Menard, and Borsumij entered appearances and participated in the investigation through counsel, though Oxwall was later terminated on the basis of a consent order on August 6, 1986. The ALJ found respondent Disston in default on July 18, 1986, and respondents Lion and Maxwell in default on August 8, 1986, because those three respondents failed to respond to the complaint and notice of the investigation and failed to appear at the evidentiary hearing.

On October 15, 1986, the ALJ issued the ID finding a violation of section 337 in the importation and sale of respondents' miniature hacksaws. Specifically, the ALJ found that both the '298 patent and the '225 design patent are valid and enforceable.^{1/} In addition, the ALJ determined that certain miniature hacksaws manufactured abroad and imported into the United States by respondents and other entities infringe complainant's utility and design patents.^{8/} The ALJ concluded that the importation and sale of these infringing miniature hacksaws has the effect and tendency to substantially injure an efficiently and economically operated domestic industry.^{9/}

On October 24, 1986, respondents Alltrade, Menard, Borsumij, and Krasnow petitioned for review of the ID on the questions of patent validity and effect

7/ The evidentiary hearing before the ALJ was held from July 14 to 18, 1986. Respondents Alltrade, Krasnow, Menard, and Borsumij, as well as complainant Stanley, and the IA participated.

8/ ID at 59.

9/

and tendency to substantially injure. Complainant and the IA filed responses' in opposition to the petition for review. The Commission received no comments from other government agencies.

Based upon these submissions and the record in this investigation, the Commission determined to review the following issues:

1. Whether U.S. Letters Patent 3,756,298 is invalid as -
obvious pursuant to 35 U.S.C. § 103; and
2. Whether the U.S. Letters Patent Des. 228,225 is
invalid as obvious pursuant to 35 U.S.C. § 103. 10/

The Commission received written submissions on the validity issues from complainant, respondents, and the IA, and on remedy, the public interest, and bonding from complainant and the IA.

THE PRODUCT AT ISSUE

The product at issue is a miniature hacksaw, a low-cost handsaw designed for the home market. ^{11/} These handsaws are aimed at the growing trend in home-use applications to simplified and more economical construction of handsaws, ^{12/}

Various types of handsaws have been devised and are employed for cutting applications. ^{13/} These saws employ different constructions depending on the intended application and the cutting blade to be used in that

10/ 51 Fed Reg. 44535 (1986).

11/ Complainant's Exhibit (CX) 1, col. 1.

12/ Id.

13/ Id.

application.^{14/} For example, cross--cut and "rip" handsaws usually rely upon a tapered blade of relatively great width to provide desired strength and resistance to excessive bending, but only secure that blade at the handle.^{15/} On the other hand, a hacksaw customarily employs a frame to support a thin, flexible blade, which is attached at the handle and to the frame at a point forward of the handle.^{16/}

There have been many efforts to devise simple; low-cost handTaws that would facilitate the interchangeability of blades and provide means for simple engagement of such blades while permitting the use of the saw for various applications.^{17/} However, these designs have experienced problems in gripping or handling characteristics and durability.^{18/} Because the sawing action requires a good grip on the tool, it is extremely important that the problems relating to a comfortable and secure grip, as well as to durability' and blade support (which decrease as the number of saw components is reduced) be solved.

A. The '298 Utility Patent ^{19/}

The subject matter of the '298 utility patent is a handsaw which uses a thin, flexible elongated hacksaw blade of uniform thickness. A molded

14/ Id.

15/ Id.

16/ Id.

17/ Id. See also ID at 23, Finding of Fact (FF) 22-24.

18/ CX 1, col. 1.

19/ A copy of the '298 utility patent may be found in the Appendix to this opinion.

synthetic resin holder for the blade is integrally formed with a hand grip portion and a support portion forming an upside down, U-shaped configuration that extends forwardly from the front end of the hand grip, portion. The hand grip portion is elongated and has a passage extending through it in which one end of the saw blade is slidably inserted. The passage includes a portion of reduced cross-sectional area which limits the blade's movement in any direction other than in the sliding direction through the handle.

The support portion of the holder provides an elongated center section which is spaced above the saw blade to provide clearance above the blade. The support portion's outer end has two elements which clamp the saw blade in a fixed position. The hand grip portion of the holder has a contoured external surface which provides longitudinally extending ribs along its upper and bottom side edges and recessed surface portions therebetween. This external configuration is designed to enable fairly firm and comfortable gripping of the holder.

The '298 patent entitled "Handsaw" was issued on September 4, 1973, and a certificate of correction was issued on November 5, 1974. On April 22, 1971, Robert F. West, the inventor of the hacksaw and a Stanley employee, assigned the application for the patent to Stanley. This assignment was recorded in the U.S. Patent Office on April 11, 1973. The patent expires on September 4, 1990. Claims 1-9 of the '298 patent are at issue in this investigation.

B. The '225 Design Patent

Concurrently with the development of the '298 patent, inventor Robert West worked with an industrial engineer, Laird Covey, to develop a design or

"ornamental appearance" for what was to be complainant's handsaw.^{20/} -- The '225 patent, entitled "Handsaw," was issued on August 28, 1973. The '225 design claims "the ornamental design for a handsaw, as shown and described. West and Covey assigned the application to complainant on April 22, 1971, and the PTO recorded this assignment on April 11, 1973.^{21/} The '225 patent will expire on August 28, 1987.

C. The Accused Devices

The ALJ found that the products manufactured And/or imported by seven respondents and six nonparties infringe various claims of the '298 patent.^{23/} In addition, the ALJ found that imported devices of respondents Disston, Alltrade, Miller and Borsumij, and non-party Lindsley infringe the '225 design patent.^{24/} All of these accused imported devices are miniature hacksaws. Concerning the miniature hacksaws of the four respondents that petitioned for review, the ALJ found that those imported by respondents Alltrade, Krasnow, and Borsumij include all elements of claims 1-9 of the '298 patent, while those imported by Menard, while including all elements of claims 1-3 and 6-9, employ a three-piece rather than the two-piece clamping system covered by claims 4 and 5.^{25/}

20/ ID at 14 (FF 15).

21/ The single claim of the '225 design patent is reproduced in the ID at 16 (FF 20) and in the Appendix to this opinion.

22/ See ID at 167 (FE 20).

23/ Id. at 30.

24/ Id. at 36.

25/ Id. at 28 (FFs 27-28). The Commission did not review the ID with respect to the infringement issues, thereby adopting those findings of fact and conclusions of law. 19 C.F.R. § 210.53(h).

PATENT VALIDITY 26/

A. Introduction

As has been noted, we reviewed whether the '298 utility patent and the '225 design patent are invalid as obvious within the meaning of 35 U.S.C. 103. In connection with this review, we note that both patents are entitled to a statutory presumption of validity.^{27/} Accordingly, the burden of proving invalidity by clear and convincing evidence falls on respondents.

We agree with the ALJ's conclusion that respondents failed to carry their burden of establishing that either the '298 utility patent or the '223 design patent is invalid as obvious. However, we are of the opinion that the ALJ's ID does not contain the full obviousness analysis required by Graham v. John Deere Co., 383 U.S. 91 (1966). Accordingly, we have reviewed the facts of record in light of the various Graham factors, and here set them forth.

B. Validity of the '298 Patent under 35 U.S.C. S 103.

The ALJ rejected respondents' arguments that all of the claims of the

26/ Chairman Liebler and Vice Chairman Brunsdale have summarized the Commission's analysis of the validity of the two patents at issue in this case in their Additional Views, *infra*.

27/ 35 U.S.C. § 282 (utility patents); 35 U.S.C. S 171 (design patents).

28/ See, *Lannom Mfg. Co., Inc. v. United States International Trade Commission*, 799 F.2d 1572 (Fed. Cir. 1986); *Pacific Furniture Mfg. Co, v. Preview Furniture*, 800 F.2d 1111 (Fed Cir. 1986).

'298 patent are invalid as obvious under 35 U.S.C. § 103 .^{2/} Respondents have argued that several prior art patents, including two not before the patent examiner during the prosecution of the application for the '298 patent, render that patent invalid as obvious.^{10/} Specifically, respondents maintained that the teachings of U.S. Letters Patent 3,338,278 (Reuterfors) and Japanese Patent No. 40-15515 (Shiraki), taken in combination with U.S. Letters Patent 2,331,638 (Taylor) and U.S. Letters Patent 3,447,580 (Keymer), render claims 1-9 obvious to the person of ordinary skill in the art.^{21/}

In considering the obviousness of the '298 patent, the ALJ first noted that a patent is presumed valid under 35 U.S.C. S 282 and that the burden of establishing invalidity of a patent rests on the party asserting it.^{12/} In addition, the ALJ pointed out that the burden of persuasion remains

29/ 35 U.S.C. § 103 provides:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

30/ The patents not before the Patent examiner include:
 Japanese Patent No. 40-15515 (Shiraki).
 U.S. Letters Patent 3,338,278 (Reuterfors).
 ID at 23 (FF24).

31/ Before the ALJ, respondents raised several other prior art references in aid of their obviousness argument. However, respondents have not asserted those references clearly in their review submissions and we do not, therefore, address them here.

32/ ID at 10.

on the party asserting invalidity, even though the burden may be easier to carry when the party asserting invalidity cites prior art more relevant than that relied on by the patent examiner. ^{33/} The AUj also recognized that the presumption of validity must be overcome by clear and convincing evidence, and set forth the criteria described in *Graham v. John Deere* which must be considered in evaluating respondents' attack on the validity of the patents. ^{34/}

The ALJ made the following findings of fact regarding the prior art and the '298 patent:

22. The following prior art patents were considered by the Patent and Trademark Office [PTO] during the examination of the application for the '298 patent (all are U.S. Patents except as noted):

2,331,638, Taylor (Respondents' Ex. 21)
 2,920,668, Leist (Respondents' Ex. 19)
 2,139,147, Blum (Respondents' Ex. 24)
 2,655,963, Dell (Respondents' Ex. 25)
 3,447,580, Keymer (Respondents' Ex. 20)
 British Patent No. 935,876 (Respondents' Ex. 26)

Stanley Ex. 1

23. The following reference (along with several others not addressed by the parties herein) was brought to the attention of the PTO but was not cited by the examiner:

U.S. Patent No. 3,480,055 to LaPointe (Respondents' Exs. 22, 3).

24. The following references constitute prior art not considered by the PTO:

^{33/} ID at 10, citing *Hughes Aircraft Co. v. United States*, 171 F.2d 1351, 219 U.S.P.Q. 473, 478 (Fed Cir. 1981).

^{34/} ID at 10, citing *Dennison Manufacturing Co. v. Panduit Corp.*, ___ U.S. ___, 106 S. Ct. 1578, 229 U.S.P.Q. 478 (1986).

Japanese Patent No. 40-15515 to Shi•aki (Respondents' Ex. 46)
 U.S. Patent No. 3,338,278 to Reuterfors (Respondents' Ex. 23)
 U.S. Patent No. 1,726,241 to Schubert (Respondents'
 Ex. 27).

- The ALJ further found that none of these references, either inherently or by express description, individually contains each element of any claim of the '298 patent.

Based on a consideration of these references as well as the '298 patent, /
 the ALJ found that the pertinent prior art is the manufacture of saws.
 However, the ALJ provided no discussion of the factual basis for this
 conclusion or the legal framework on which it was based, merely concluding
 that "[n]o prior art reference not seen by the PTO is more pertinent than
 those considered by the PTO." 37/

Next, the ALJ established the definition of the person of ordinary skill
 in the art at the time of the alleged invention. In defining the person or
 ordinary skill in the art, the ALJ found that-

Such a person would have known about hacksaws, cross-cut
 saws and rip saws. He would have known about
 interchangeable saw blades, and the need for good hand
 grips and durability. One with ordinary skill in the art
 of manufacturing saws would have no minimum level of
 education, but would be expected to have experience in the
 manufacture of low-cost, durable tools for the home
 market, and some knowledge about the special uses for saws
 in the home market. .12/

35/ ID at 23.

36/ Id. at 24.

37/ Id.

38/ Id.

The ALJ also stated that the deposition testimony of Mr. Hillinger (a witness for respondents), to the effect that he believed himself to be one of ordinary skill in the art and that the invention of the 298 patent would have been obvious to him, was "not admissible as factual evidence." 39[/]

Finally, the ALJ took into account certain "secondary considerations" in analyzing whether the '298 patent was invalid as obvious. 40[/] The ALJ found that sales of complainant's patented hacksaw substantially exceeded sales by complainant of the Malco hacksaw, the miniature hacksaw that complainant marketed before developing of its patented hacksaw. 41[/] The ALJ found that the increased level of miniature hacksaw sales following introduction of the patented hacksaw is indicative of commercial success, further supporting a finding of nonobviousness. 42[/] Thus, the ALJ concluded that there are no facts of record that constitute sufficiently clear and convincing evidence to overcome the statutory presumption of validity.

In their arguments, on review, respondents first address the question of the scope and content of the prior art. 43[/] Noting the ALJ's definition of the pertinent art as the manufacturing of saws, respondents maintain that this

39/ Id.

40/ Such secondary considerations as the commercial success of an invention, long felt need in the industry, and the failure of others to achieve similar results are relevant to the question of whether an invention is obvious. See *Graham v. John Deere Co.*, 383 U.S. at 17-18.

41/ ID at 23-24.

42/ Id.

43/ Respondents' Brief on the Issues Under Review at 6-10.

definition is "clearly erroneous."^{44/} In addition, respondents assert that the ALJ failed to define the scope and analyze the content of the prior art under established legal standards.^{45/}

Respondents next argue that the relevant prior art must be defined in terms of what "one of skill in the art of designing hand tools and miniature handsaws would have been familiar with at the time of the filing of the patent in controversy."^{46/} In addition, respondents point out that pertinent prior art must relate to the nature of the problem facing the inventor at the time, i.e., the creation of an improved miniature hacksaw having a unitary construction with contours for comfort and additional clearance.^{42/}

Applying the standards they have described, respondents urge that the prior art includes art relating to the design of hand tool's and saws, in particular miniature hacksaws, as well as art relating to plastic molding, materials integrity relating to construction of hand tools, and handle and saw blade • holders.^{48/}

Respondents then turn to the question of the differences between the '298 patent and the prior art. They maintain that the ALJ neglected to properly analyze and interpret the scope of the claims of the '298 patent, and failed

44/ Id. at 7.

45/ Id.

46/ Respondents' Brief on the Issues Under Review at 7.

47/ Id. at 8-9.

48/ id. at 7, 9.

to compare the asserted prior art references to those claims in order to ascertain any differences. In respondents' view, had the ALJ undertaken this analysis, she would have found that any differences between the '298 patent and the prior art references were de minimis. 49/

Turning to a discussion of the prosecution history of the '298 patent, respondents urge that complainant successively narrowed the scope of claims of the '298 patent in a series of amendments to overcome the patent examiner's prior art rejections. With respect to claim 1, respondents maintain that complainant acknowledged that all of that claim's elements existed in the prior art with the exception of the function of the internal passage in the handle to restrict certain blade movement. ^{50/} According to respondents,

this interpretation also applies to claims 2--8, which are dependent upon claim

1. In addition, respondents urge that independent claim 9, which covers

an integrally-formed one-piece saw holder not limited to a particular

material, retains the limitations which govern claim 1. ^{52/} Ultimately,

respondents conclude that the only patentable features of claims 1-9 relate to

"a hacksaw having a particular U-shape of arm for supporting the forward end

of a hacksaw blade and a means of supporting the blade internally in the

49/ **Id.** at 10.

50/ id. at 18.

51/ Id.

52/ **Id.** at 18-19.

hacksaw handle." 53/

Respondents then offer a series of references to show that the distinctions claimed in the '298 patent existed in the prior art. In particular, respondents urge that the Shiraki and Reuterfors patents include the primary elements not found in the prior art before the examiner. /

With regard to Shiraki, respondents point out that that reference shows a one-piece handle with an arm forward of the handle having a U-shaped configuration which exhibits an extensive amount of clearance over an extended portion of the saw blade. While the arm is slightly offset so that it is not directly above the blade, this does not negate the presence of clearance which provides for long strokes of the blade portion within the support means. Respondents urge that this configuration satisfies the requirements set forth regarding handle shape in the '298 patent.

The patent to Reuterfors shows a handsaw with an elongated tubular-shaped external configuration, a blade inserted in the handle, and an internal

53/ Id. at 19. In connection with respondent's proposed "interpretation" of the claims of the '298 patent, we note that the patent relates to handsaws generally and not solely to hacksaws as respondents apparently contend. In addition, we believe that respondents somewhat contradictory effort at claim interpretation represents an attempt to reach the "heart of the invention," an approach specifically proscribed by the CAFC. See *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1567 (Fed. Cir: 1983). To the contrary, it is the claim language which serves as the formal definition of the invention. *W. L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1548 (Fed. Cir. 1983). A further discussion of the interpretation of the claims of the '298 patent is included at 31-41, infra.

54/ Respondents' Brief on Review at 21.

passageway for the saw blade which has a complex internal configuration. ^{55/} In respondents' view, "Reuterfors has a number of features which are very similar to the passageway in the '298 patent." ^{56/} In addition, respondents note Reuterfors specifically teaches that "if the blade became cocked during use, the lower edge 16 [of the blade] will be engaged by shoulder 42 to limit such movement." ^{57/} Thus, according to respondents, Reuterfors teaches that not only does this part of the passageway limit rotational movement of the blade, but also the clamping faces 48 and 38 of jaws 28 and 26 in Reuterfors extend generally the full length of the jaws, and thus grip the blade along a considerable length of the blade. ^{58/} Accordingly, respondents believe that Reuterfors teaches limiting all three motions of a hacksaw blade (horizontal, vertical, and rotational).

Respondents then look to the combination of the one-piece handle of Shiraki with a clearance over the saw blade with Taylor, which shows the use of a U-shaped arm and blade penetrating through a handle with support at its forward end. To this combination respondents add Reuterfors, which shows control of the horizontal, vertical, and rotational movement of the blade in the handle. Respondents maintain that this combination, or the combination of Shiraki, Taylor, and Reuterfors with Kaymer, would provide all of the key

55/ RX-23.

56/ Repondents' Brief on Review at 22. As an example of these similarities, respondents point out that grooves 39 and 39' described in Column 2, lines 22-28 Reuterfors are the same shape as channels 48 in the '298 patent; shoulders 41 and 42 are located adjacent to grooves 39 and 39' and are equivalent to shoulders in the '298 patent.

57/ Id. at 23.

58/ Id.

elements of the claimed invention not found by the examiner in the prior art he reviewed. Respondents submit that it is entirely appropriate and correct to combine these references for the purpose of this analysis on obviousness. However, respondents have not pointed to any evidence that the person of ordinary skill in the art would have reached this combination.

Instead, respondents challenge the ALJ's definition of the person of ordinary skill in the art. First, respondents maintain that the ALJ erred in finding that the person of ordinary skill in the art would have no minimum level of skill. Respondents assert that one of ordinary skill would have a college degree in mechanical engineering with some post-graduate education, would have worked in positions involving mechanical engineering and design, and would have had extensive experience in designing, constructing, and using hand tools and hand saws.^{52/}

Second, respondents contend that the ALJ improperly excluded factual testimony by George Hillinger, a former officer of respondent Alltrade, concerning the level of skill in the art.^{60/} While respondents admit that Mr. Hillinger was "not a disinterested party," they maintain that he had "sufficient education and experience to qualify as an expert, and to compare the factual aspects of the prior art with the patents in issue."^{61/} In respondents' view, Mr. Hillinger's testimony would demonstrate that the '298

59/ Id. at 29-30.

60/ Id. at 30-31.

61/ Id.

patent would have been obvious in light of the prior art references asserted by respondents. 62/

Finally, respondents argue that the ALJ misinterpreted evidence that sales of complainant's patented saws constitute proof of the secondary consideration of commercial success. Respondents contend that the sales figures for the patented saw did not show an increase over complainant's earlier product, the Malco hacksaw, when it replaced that product. 63/ Further, respondents urge that any success enjoyed by the saws covered by the '298 patent resulted from marketing and advertising techniques, rather than the innovative aspects of the '298 patent. Consequently, respondents maintain that there are no secondary considerations showing nonobviousness:

Complainant maintains that respondents have failed to overcome the statutory presumption of validity with respect to the '298 patent. 64/ First, complainant addresses the prior art considered by the examiner during the prosecution of the application for the '298 patent. Complainant notes that it successfully distinguished over references that related to miniature hacksaws (Keymer); single-piece miniature hacksaw handles (Taylor); and hacksaw blades that extend through a longitudinal passage in the handle of

62/ Id. at 31.

63/ Id. at 34.

64/ Complainant notes that respondents failed to introduce any testimony at the evidentiary hearing with respect to the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the pertinent art. Complainant's Memorandum on the Issues of Obviousness at 2.

such a miniature hacksaw (Keymer, Taylor, and Leist).^{65/} Further, complainant acknowledges that it was known how to capture a blade in a saw handle to prevent its motion (Keymer, Leist, Taylor, and La Pointe), that it was known how to provide a clamping element at the outer end of the support structure extending above the blade (Keymer, Taylor, Leist), and that it was known how to provide a 0-shaped support structure providing substantial clearance above a hacksaw blade (Leist).^{66/} However, complainant argues that none of these references showed or suggested the structure disclosed in the '298 patent.^{67/}

Concerning the Shiraki and Reuterfors references advanced by respondents, complainant admits that these patents are prior art to the '298 patent.^{68/} Complainant also admits that these references were not before the examiner during the prosecution of the application for the '298 patent.^{69/} However, neither Shiraki nor Reuterfors are, in complainant's view, more pertinent than the references before the examiner.

Complainant acknowledges that Shiraki, like the '298 patent, has "what might be considered to be a one-piece holder in which is mounted a pivotable clamping subassembly."^{70/} However, complainant maintains that, unlike the

65/ Complainant's Memorandum on the Issues of Obviousness at 8.

66/ Id.

67/ Id.

68/ Id. at 9, 12.

69/ Id.

70/ Id. at 10.

invention claimed in the '298 patent, Shiraki lacks a handle with a longitudinal passage extending therethrough and securely seating the blade; a blade disposed below the arcuate portion of the handle extending forwardly thereof; and an elongated center arm with spaced apart legs.^{71/}

Complainant also contends that Shiraki lacks a handle with a complex configuration.^{72/}

Complainant further asserts that Shiraki requires a special blade having fitting rods which extend through two openings, one in the end of the holder and the other in the clamping subassembly at the opposite end of the arcuate portion and which is clamped therein to space the blade to one side of the holder.^{71/} In complainant's view, the essence of the Shiraki invention is such a blade mounted to one side of the holder. Unlike the '298 patent, Shiraki has no clamping means on an outer leg of a U-shaped support, only a simple hole to receive the fitting rod at the outer end.^{at/} Finally, complainant urges that all three figures on the first sheet of drawings to the Shiraki patent establish that there is no clearance above the plane of the upper edge of the blade and the lower surface of the "arched" portion.^{1.} Moreover, even to the extent that Shiraki shows a "one-piece" holder with a forwardly extending arm, complainant argues that it is certainly no more pertinent than the prior art considered by the examiner and, in fact, is far less pertinent.

71/ Id.

72/ Id.

73/ Id. at 11.

74/ Id.

Complainant asserts that Taylor shows a one-piece (integrally formed) saw blade holder having a handle and having a U--shaped portion extending forwardly therefrom over the blade and with the outer portion of that U-shaped portion clamping the outer end of the saw blade therebetween. In addition, Taylor has a passageway extending through its handle with the saw blade seated therein. Thus, in complainant's view, Shiraki is not only different from the disclosure of the '298 patent, but is less pertinent than the art before the examiner.

Complainant then notes that the second reference cited by respondents, Reuterfors, does not have a molded one-piece holder but instead has a tubular sheath with a clamping ring 22 at its forward end, a resilient grip or cover 25, and a pair of jaws 26 and 28 that extend into the sheath, and have a portion projecting outwardly therefrom. ^{1--5/} The "passageway" between the mating surfaces of the Reuterfors jaws is of the same configuration throughout its length. As described by Reuterfors, the jaws 26 and 28 are preferably complementary, with jaw 26 having a flat clamping face 38 and jaw 28 having a complementary clamping face 48. ^{76/}

Based on these features of Reuterfors, complainant maintains that the reference differs from the '298 patent by virtue of its lack of an integrally formed holder. Moreover, complainant points out that Reuterfors does not have a passageway extending through the handle but a recess in which the jaws are seated to define a passage therebetween which is of uniform cross section.

75/ Id. at 12.

76/ Id.

Complainant argues that additional differences include the lack of a U-shaped support portion providing a pair of legs and an elongated center section spaced above the blade; a handle without a complex external configuration

- providing ribs and recessed side surfaces; and the absence of a passageway which enables facile insertion and sliding movement of the blade. ^{77/}

Accordingly, complainant contends that the concept and operation of Reuterfors, as well as structure, are totally distinct from that of the '298 patent.

In any event, complainant urges that Reuterfors is certainly no more pertinent than the prior art considered by the examiner. For example, the Leist patent has a passageway extending through the entire handle, and the blade clamps between a back plate which has a groove and the plate in the same fashion as does Reuterfors. In Figure 3 of Leist, complainant points to a U-shaped support portion spaced well above the blade and clamping the blade at its outer leg. Further, complainant asserts that Keymer has a passageway extending through the entire handle; and, unlike Reuterfors,,Keymer teaches an arcuate portion extending forwardly of the handle and clamping means at the outer end of that support portion. Keymer clamps the blade within the handle between a pair of metal elements defining clamping faces therebetween.

Finally, complainant cites Taylor as teaching a one-piece holder construction with a handle having a passageway therethrough and a restricted opening in its forward wall through which the blade extends. Keymer describes a clamping assembly at the outer end of the support portion. Consequently, based upon Keymer, Leist, and Taylor, complainant asserts that Reuterfors is

^{77/} Id. at 13.

certainly not more pertinent than the prior art considered and applied by the examiner in rejecting the claims of the Stanley application during prosecution.

Concerning the combination of references suggested by respondents, complainant asserts that there is nothing to suggest either the modification of Keymer by Shiraki and Reuterfors, or the combination of Shiraki, Reuterfors, and Taylor. In fact, complainant maintains the combination of Shiraki and Reuterfors with Keymer would actually teach away from the '298 patent and render Keymer less useful, more complicated, and more expensive. Similarly, complainant asserts that combining Shiraki, Reuterfors, and Taylor involves "gross reconstruction" that would destroy the contribution made by each **or** the individual inventions.

As to the level of ordinary skill in the art, complainant argues that the ALJ properly found that the person of ordinary skill would not require any minimal level of education, but that he or she would only be expected to have experience in the manufacture of low cost, durable tools for the home market, and some knowledge of the special uses for saws in the home market. Complainant points out that the only testimony adduced by respondents on this point was on cross-examination of Mr. Hillinger by respondents' counsel. Mr. Hillinger, who described himself as a man with a doctoral degree in engineering who had been a professor at a European university, was in fact an expert witness. Complainant contends that Mr. Hillinger's testimony that he had not studied the prior art of record in the PTO or the prosecution history **of** the '298 patent, along with his testimony that he was in no position to testify with respect to either obviousness or the level of skill in the art, properly caused the ALJ to find his testimony on the issues incredible.

Regarding secondary considerations, complainant relies on the figures comparing the sales of its earlier Malco hacksaw with those of the patented hacksaw. Unit sales **of** the Malco saw during the entire year of 1970 were only 95,643 pieces and unit sales during the full year of 1981 were only 102,461 pieces. By contrast, complainant notes that initial sales for the patented hacksaw in the fraction of the year in which it was introduced amounted to over 140,000 units and that sales in the first full year of sales amounted to over 305,000 units. In addition, complainant asserts that the competitive hacksaws comprising the prior art remained on the market and that the patented hacksaw achieved its commercial success and recognition despite the competition from those saws.

Like complainant, the IA contends that respondents failed to carry their burden of overcoming the statutory presumption of validity with respect to the '298 patent. The IA notes that respondents offered only prior art references that the examiner had not cited and the telephone deposition testimony **of** a principal of respondent Alltrade to support their obviousness defense. The IA maintains that, although the AU did not detail the basis for her findings concerning the pertinence of the references cited by respondents,

78/ Brief of the Commission Investigative Staff on the Issues Under Review at 5. Concerning the scope of the prior art, the IA maintains that, in light of the respondents' failure to present probative testimony on the issue, the scope of the pertinent art in this investigation must be discerned from examination of the '298 patent itself and references cited therein. In the IA's view, review of the patent and these references reveals that the pertinent art should be defined as handsaws. As a consequence, the IA asserts that the ALJ correctly concluded that the six references cited by the examiner, the LaPointe patent (also before, but not cited by, the examiner), and the Shiraki, Reuterfors, and Schubert patents are pertinent prior art.

the evidence of record shows them to be less pertinent than the prior art before the examiner.

The IA turns first to the Shiraki Japanese patent, one of the two references relied on by respondents. The IA contends that the only independent claims of the '298 patent, claims 1 and 9, disclose several features of the invention that demonstrate the Shiraki patent has little relevance as prior art. In the IA's view, the Shiraki patent does not at all relate to a saw that uses a blade that is slidably inserted into a handle, a feature that is a critical aspect of the '298 patent.^{79/} Moreover, the IA points out that the '298 patent permits the use of any standard hacksaw blade, while Shiraki appears to require blades that are specially fitted and designed with "fitting rods" for attachment to the handle. **BY**

The IA further points out that the support portion of the handle described in the '298 patent sits directly above the blade, while Shiraki calls for the blade to rest a distance to one side of the handle, depending on the length of the "fitting rods."^{81/} This aspect of Shiraki indicates that it does not teach, as does the '298 patent, an elongated center arm spaced above the hacksaw blade to provide an elongated clearance area above the blade.^{82/} According to the IA, this feature of Shiraki indicates that it

79/ Brief of the Commission Staff on Issues Under Review at 8. The '298 patent discloses a handsaw with a "one piece holder for [a hacksaw blade] comprising a handle portion having a longitudinal passageway in which a portion of said blade is slidably seated" CX 1, claim 1, lines 51-55, and claim 9, lines 3-5.

80/ Brief of the Commission Staff on Issues Under Review at 8.

81/ Id.

82/ Id.

is intended for use as an "edge tool," rather than as an all purpose miniature handsaw.

The IA urges that these differences demonstrate that Shiraki has little relevance to the disclosure in the '298 patent, and is far less material than the prior art the examiner considered in granting the '298 patent. In support of this contention, the IA notes that Keymer, Leist, and Taylor all disclose handsaws with blades slidably inserted into their respective saw handles.^{83/} In addition, the IA asserts that Taylor and Keymer both disclose handles having a support portion, situated directly above the blade, which holds the blade in place by means of a single fastener at the front of the support, as does the '298 patent.^{84/} However, Shiraki does not disclose this feature, thereby rendering it less pertinent than the prior art before the examiner.

Similarly, the IA maintains that Reuterfors is far less relevant than **the** references cited by the examiner. For example, Taylor, which was cited by the examiner, teaches one piece construction and a support portion forward from the handle portion, both of which are disclosed in claim 1 of the '298 patent.^{85/} The IA notes that, by contrast, the Reuterfors reference lacks both of these features. In addition, the IA asserts that Reuterfors does not disclose an elongated center arm spaced above the saw blade to provide an elongated clearance area above the blade.^{86/}

83/ Id. at 9.

84/ Id.

85/ Id.

86/ Id. at 9-10.

The IA also contends that, like Taylor and Keymer, Reuterfors fails to disclose handles having, a support portion that holds the blade in place by means of a single fastener at the front of the support portion. In the IA's view, Reuterfors teaches away from this element of the '298 patent, because it appears to disclose a means for holding the blade in place that is contained within the handle itself. Consequently, the IA maintains that respondents failed to adduce prior art more pertinent than the art before the patent examiner during prosecution of the '298 patent, thereby strengthening the statutory presumption of validity in this case.

With regard to the definition of the person of ordinary skill in the art, the IA argues that respondents failed to present credible testimony on the question.⁸⁷¹ The IA believes that the sole testimony offered by respondents on the question, that of Mr. Hillinger, was properly accorded no weight in light of the witness' self interest. Absent proof on this issue, the IA asserts that no determination could be made that the invention disclosed in the '298 patent would have been obvious to one of ordinary skill in the art.

Finally, with regard to secondary considerations, the IA argues that the evidence of record respecting the early and continued commercial success of complainant's patented hacksaw supports the validity of the '298 patent.

1. The claims of the '298 patent

As a preliminary matter, in considering the question of obviousness, the Commission must consider the appropriate construction of the claims of the

87/ Id. at 12.

'298 utility patent. Repeating the language of the claims, the ALL found that the '298 patent discloses

1. A handsaw comprising a relatively thin and flexible elongated saw blade of substantially uniform thickness along its entire length; a molded one piece holder for said blade integrally formed from a synthetic resinous material and comprising a handle portion having a longitudinal passageway in which a portion of said blade is slidably seated and a rigid support portion of generally inverted U-shaped configuration extending from one end of said handle portion and providing a pair of depending legs and an elongated center arm with the leg at its free end providing support for said blade at a point spaced from said handle portion, said elongated center arm being spaced above said saw blade to provide an elongated clearance area above said blade; and means on said leg at said free end of said support portion disengageably clamping said blade in a fixed position within said holder, said handle portion being elongated with a complex external configuration providing longitudinally extending ribs along the upper and lower side margins and recessed side surface portions therebetween, said external configuration facilitating secure and comfortable gripping of said handsaw, said passageway through said handle portion being dimensioned and configured to enable facile insertion and sliding movement of said blade therethrough and said passageway having an elongated portion of reduced cross sectional area snugly seating said blade to restrict horizontal vertical and rotational movement of said blade in said passageway.

2, The handsaw of claim 1 wherein said elongated center arm is spaced above the plane of the upper surface of said handle portion.

3. The handsaw of claim 2 wherein said leg of said support portion providing said free end has a stepped surface on one side thereof adjacent said free end providing a shoulder extending in the direction of the longitudinal axis of said holder and of a depth substantially equivalent to the thickness of said blade, said leg having an aperture extending therethrough; and wherein said clamping means includes a fastener extending through said aperture in said leg and a clamping plate seated on the surface of said leg and of said blade, said fastener drawing said clamping plate tightly against said blade and said blade thereby against the surface of said leg to clamp said blade tightly therebetween.

4. The handsaw of claim 9 where-in the stepped surface of said leg providing said free end and has a double-stepped configuration providing a second shoulder spaced inwardly from said first shoulder, said clamping plate being seated on the step providing said second shoulder, said second shoulder being of a depth substantially equal to the thickness of said clamping plate to provide a substantially flush side surface.
5. The handsaw of claim 9 wherein said clamping plate is internally threaded and cooperates with an externally threaded bolt to provide said fastener.
6. The handsaw of claim 9 wherein said aperture is adjacent said first mentioned shoulder and said fastener extends below said shoulder, said blade bearing against shank of said fastener.
7. The handsaw of claim 1 wherein said reduced portion of said passageway extends inwardly from said one end of said handle portion, and wherein said passageway has a portion of greater cross-sectional area extending inwardly from the opposite end of said handle portion, said passageway being configured and dimensioned to provide a transectional portion blending said reduced and greater cross-sectional area portions thereof and providing guide surfaces to facilitate insertion of said blade into said passageway from said opposite end of said handle portion.
8. The handsaw of claim 7 wherein said reduced cross-sectional area portion of said passageway includes generally U-shaped channels snugly seating the upper and lower edges of said blade, and wherein said greater cross-sectional area portion thereof is of generally octagonal configuration.
9. A handsaw comprising a relatively thin and flexible elongated saw blade of substantially uniform thickness along its entire length; and integrally formed one piece holder for said blade comprising a handle portion having a longitudinal passageway in which a portion of said blade is slidably seated and a rigid support portion of generally inverted U-shaped configuration extending from one end of said handle portion and providing a pair of depending legs and an elongated center arm with the leg at its free end providing support for said blade at a point spaced from said handle portion, said elongated center arm being spaced above said saw blade to provide an elongated clearance area above said blade; and means on said leg at said free end of said support portion disengageably clamping said blade in a fixed position within said holder, said handle portion being elongated with an

external configuration facilitating secure and comfortable gripping of said handsaw, said passageway through said handle portion being dimensioned and configured to enable facile insertion and sliding movement of said blade therethrough and seating said blade to restrict sidewise and rotational movement of said blade in said passageway, said elongated center arm being spaced above the plane of the upper portion of said handle portion, said leg of said support portion providing said free end having a step surface on one side thereof adjacent said free end providing a shoulder extending in the direction of the longitudinal axis of said holder and of a depth substantially equivalent to the thickness of said blade, said leg having an aperture extending therethrough, said clamping means including a fastener extending through said aperture in said leg and a clamping plate seated on the surface of said leg of said blade, said fastener drawing said clamping plate tightly against said blade and said blade thereby against the surface of said leg to clamp said blade tightly therebetween.

The ALJ further noted, in the portion of the ID relating to infringement, that the claims of the patent are the measure of the invention.^{88/} The ALJ recognized that claim language may be construed in light of the specification and other relevant documents such as the file wrapper.^{132/} However, the ALJ entered no findings relating to the proper construction of claims 1-9 of the '298 patent. This is of particular concern to us in light of respondents' argument that the claims were significantly narrowed in the course of the prosecution of the application for the '298 patent.^{92/} Accordingly, we first turn to the question of claim construction.

87/ ID at 17-29 (FF 21).

88/ Id. at 24-26.

89/ Id. at 27-28.

90/ See supra at 20-21.

The claims of a patent provide the concise, formal definition of the invention.^{91/} However, a patentee's verbal license may cause some difficulty in understanding the language used in the claims.^{92/} Thus, the words of the claims must be construed in connection with other parts of the patent instrument, i.e., the specification which serves as a concordance to the claims.^{93/} In addition to the specification, significant evidence of the scope of a claim may be gleaned from other claims as well as from other patent documents such as the prosecution history and patent drawings.^{94/}

We note that there are several important caveats to interpretation or construction of claim language. First, the fact that claims are interpreted in light of the specification does not mean that everything expressed in the specification is to be read into the claims, nor must the specification embrace all possible forms in which the claimed invention is to be reduced to practice.^{95/} Similarly, where some claims are broad and others are narrow, the limitations of the narrow claims may not be read into the broad claims, either to avoid invalidity or to escape infringement.^{96/} Essentially, one

91/ W. L. Gore & Associates, Inc. v. Garlock, Inc., 721 F.2d 1540, 1548 (Fed. Cir. 1983); Environmental Designs v. Union Oil Co. of Cal., 713 F.2d 693, 699 (Fed. Cir. 1983).

92/ Autogiro Co. of America v. United States, 384 F.2d 391, 297 (Ct. Cl. 1967); see also Fromson v. Advance Offset Plate, Inc., 720 F.2d 1564, 1569 (Fed. Cir. 1983).

93/ Autogiro, 384 F.2d at 397-98.

94/ Autogiro, 384 F.2d at 397-99; Fromson, 720 F.2d at 1570.

95/ Smith v. Snow, 294, U.S. 1, 11 (1934); Raytheon Co. v. Roper Corp., 724 F.2d 951, 957 (Fed. Cir. 1983).

96/ Kalman v. Kimberly--Clark Corp., 713 F.2d 760, 770 (Fed. Cir. 1983) cited in Fromson, 720 F.2d at 1570.

cannot broaden or narrow the claims to give the patentee something different from what he has set forth. ^{97/} --- Rather, claim interpretation in light of the specification and relevant patent documents is a process whereby the meaning of claim terminology may be ascertained and the boundaries of the claims' meaning established. ^{28/}

Respondents have urged the Commission to determine that the '298 patent covers only "a hacksaw having a particular U-shape of arm for supporting the forward end of a hacksaw blade and a means of supporting the blade internally in the hacksaw handle." ^{99/} --- The apparent predicate for this argument is respondents' interpretation of the prosecution history set forth in the file wrapper to the '298 patent.

Our review of the relevant patent documents in light of the standards outlined above leads us to conclude that such a reading of the claim language is unwarranted. We note that claims 1-9 were rejected by the examiner on May 3, 1971, in light of Taylor and Leist. The examiner stated that the material of which the saw handle was made was purely a matter of choice, and the detailed external construction of the handle was patentably immaterial and obvious. ^{100/} --- In addition, the examiner pointed out that the support portion extending from the handle in a U-shaped configuration would be obvious in light of Taylor and Leist. Finally, the examiner rejected as obvious the

97/ Autogiro, 384 F.2d at 396.

98/ Autogiro, 384 F.2d at 399.

99/ See note 52 supra and accompanying text.

100/ File Wrapper, -U.S. Letters Patent 3,756,298 at 20-21.

particular clamp construction and internal handle construction recited in original claims 3-9. ^{101/}

On October 27, 1972, complainant's ipatent counsel filed an amendment to overcome the examiner's rejection. Counsel argued that the complex configuration claimed provides a rigid support portion of generally U-shaped configuration which extends forwardly and upwardly of the handle portion. ^{102/} This U-shaped configuration was further defined by amendment to comprise a pair of depending legs and an elongated center arm which is spaced above the blade to provide an elongated clearance area above the blade. ^{103/} Such a configuration would enable a person to cut through with the center portion of the blade articles which are of substantially greater thickness than the blade itself.

Complainant's patent counsel then turned to the cited prior art references, noting that the Taylor handle is based upon a metal tube with a slotted. front end wall through which the hacksaw blade may be inserted and the tube apparently is cut so as to provide an extension which is slotted for receiving the saw blade therebetween. ^{104/} Counsel argued that Taylor does not have a generally U-shaped configuration providing an elongated clearance area above the blade, and accordingly the tool could not cut through thicknesses substantially greater than the depth of the blade. Counsel

101/ Id.

102/ Id. at 26-30.

103/

104/ Id.

Further pointed out that Taylor's handle hardly suggests applicant's handle with its complex external configuration and complex internal configuration. ^{105/} The blade in Taylor is supported only in the slot at the forward end of the handle portion and the clearance necessary in such a slot would minimize the amount of lateral support (or, in fact, vertical support) provided for the blade, ^{106/} Thus, counsel successfully argued that the handle configuration of Taylor does not suggest that of the '298 patent.

Complainant's patent counsel then argued that Leist does not have a rigid support portion that is molded integrally with the handle portion, but rather has a slide arrangement. Counsel pointed out that Leist's blade does not project beyond this support portion, nor does the handle configuration conform to that defined in the claims of the '298 patent.

On November 27, 1972, the examiner took the following action:

Claims 1 and 2 are rejected under 35 U.S.C. 103 as being unpatentable over Keymer in view of Taylor. Taylor teaches the use of a handsaw having U-shaped support extending from one end of the handle and formed integrally therewith. In view of the teaching of Taylor, it would be obvious to one skilled in the art to form the support portion integrally with the handle of Keymer. The material from which the handle is formed and the external shape of the handle are seen to involve merely matters of choice which are well within the purview of one of ordinary skill in the art. Further, the use of plastic is taught by Keymer. In Keymer, the portions of the arms 6, 8 within the handle are seen to provide an elongated portion of the passageway of reduced cross sectional area which snugly seats the blade to restrict sidewise and rotational movement of the blade.

105/ Id.

106/ Id.

Claims 3 to 9 are objected to but would be allowable if written in independent form. 1E/

On January 30, 1973, complainant's patent counsel amended the claims and argued that the proposed combination of Keymer and Taylor by the examiner was not proper because it would require a destructive reconstruction of the inventive teachings of Keymer, which would not add anything to Taylor. ^{10/} More particularly, counsel for complainant argues that Keymer discloses a multicomponent tool holder comprising an elongated tubular member fabricated from metal and which is provided with a large opening at its forward end and a slot at its rearward end. Into the large opening at the forward end are inserted two separately formed clamping arms and these clamping arms in turn secure the blade therebetween both as it passes between their opposed surfaces within the tube and as it passes between their free end portions spaced from the tube. ^{9/} Keymer also provides a 'separate plastic sheath on the exterior of the tube.

Complainant's patent counsel maintained that Taylor provides an integrally Formed tool holder of generally tubular construction and having clamping arm portions which project forwardly of the tubular body portion. The rear of the tubular body portion is completely open and the forward end has a vertically extending slot which provides a limited area of contact and engagement with the saw blade as it extends therethrough. ^{110/}

101/ Id. at 34 (Emphasis supplied.)

108/ Id. at 37-38.

109/ Id.

110/ Id.

Finally, counsel argued reconstruction of Keymer in view of Taylor would both eliminate the claimed invention of Keymer and fall short of applicant's invention. Moreover, counsel contended that Keymer clearly emphasizes either the combination of a rigid tube and a resilient covering sheath or a blade clamping assembly provided by the separately formed blade retention arms, one of which is permanently secured to the handle and the other of which is removable therefrom. Thus, counsel noted that Keymer could not be reconstructed in the manner proposed by the examiner, either as a result of the teachings of Taylor or as a result of some other prior art which might suggest a unitary construction. Further, Keymer does not provide a restricted passageway snugly seating the blade so as to limit its movement horizontally, vertically, and rotationally. Even if the clamping arms in Keymer were to be made unitary with the sidewalls of the tube, such a result would not be obtained.

After the foregoing amendment and arguments by counsel, the claims of the patent were allowed with exception of claim 9 which was added without amendment. This prosecution history reveals that, contrary to respondents' assertions, the invention of the '298 patent is something more than a hacksaw having a U-shaped arm for supporting the blade and a means of supporting the blade internally in the hacksaw handle. Indeed, the two amendments show that the application successfully distinguished not only the shape of the arm and internal support means from the prior art, but also the shape of the clearance area above the blade and the use of a support portion molded integrally with the handle portion. In addition, the applicant successfully distinguished its handle configuration over those in the prior art (i.e., Taylor).

In making these distinctions, the applicant does not appear to have done anything other than the usual narrowing of the patent claims to avoid prior art. We find that the effect of the prosecution history is to reiterate the precise wording of the patent claims as they presently appear, particularly with regard to the limiting of horizontal, vertical, and rotational movements of the blade by the internal clamping means in the saw handle. ^{111/}---

Accordingly, we adopt a literal construction of the '298 patent in assessing its validity.

2. Obviousness standards

In Graham v. John Deere Co., 383 U.S. 1 (1966), the Supreme Court set forth the analytical framework for determining obviousness or nonobviousness under 35 U.S.C. § 103, stating that:

[T]he scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy ^{111/}

The CAFC has held that the determination as to obviousness is a legal conclusion based on factual evidence, ^{113/}----- and that the factual

111/ See, ea., CX-1, col. 6, lines 10-14.

112/ 383 U.S. at 17-18.

111/ Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1535, 218 U.S.P.Q. 871, 876 (Fed. Cir. 1983); Stevenson v. Int'l Trade Comm'n, 612 F.2d 546, 549, 204 U.S.P.Q. 276, 279 (C.C.P.A.: 1979).

considerations on which the legal conclusion is based are those broadly defined in Graham. ^{114/}

The CAFC has defined relevant prior art to be that "reasonably pertinent to the particular problem with which the inventor was involved." ^{1 7} More precisely, relevant prior art is defined in terms of the problem confronting the inventor. ^{1.16/} The test is similarity between the elements, problems, and purposes of that problem and the asserted prior art references. 117/

With respect to inquiries into the level of ordinary skill in the art, the CAFC has observed that:

The important consideration lies in the need to adhere to the statute, i.e., to hold that an invention would or would not have been obvious, as a whole, when it was made, to a person of 'ordinary skill in the art'--not to the judge, or to a laymen, or to those skilled in remote arts, or to geniuses in the art at hand. liqi

the CAFC has listed six factors which are relevant to a determination of the level of ordinary skill in the art:

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- 114/ *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 905 (Fed. Cir. 1986); *Environmental Designs, L.L.C. v. Union Oil Co. of Cal.*, 713 F.2d 693, 695, 218 U.S.P.Q. 865 (Fed. Cir. 1983); *Orthopedic Equipment Co. v. All Orthopedic Appliances*, 707 F.2d 1376, 1379, 217 U.S.P.Q. 1281, 1283 (Fed. Cir. 1983).
- 115/ *Stratoflex, Inc. v. Aeroquip Corp.* 713 F.2d 1530, 1535, 218 U.S.P.Q. 871, 876 (Fed. Cir. 1983).
- 116/ *Orthopedic Equipment Co., Inc. v. United States*, 702 F.2d 1005, 1009 (Fed. Cir. 1983), citing *Weather Engineering Corp. of America v. United States*, 614 F.2d 281, 287 (Ct. Cl. 1980).
- 117/ *Weather Engineering Corp. of America*, 614 F.2d at 287.
- 118/ *Environmental Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 697, 216 U.S.P.Q. 865, 868-69 (Fed. Cir. 1983).

- (1) the educational level of the inventor;
- (2) the type of problems encountered in the art;
- (3) the prior art solutions to those problems;
- (4) the rapidity with which innovations are made;
- (5) the sophistication of the technology; and
- (6) the educational level of active workers in the field. ^{119/}

In addition, the person of ordinary skill, a hypothetical construct, is charged with knowledge of all that the prior art disclosed at the time of the invention. ^{120/}

Having established the scope and content of the prior art and the definition of the person of ordinary skill in that art, the inquiry then turns on whether the person of ordinary skill in the art, having all of the asserted references before him, would have been led to produce the structure defined by the claim. ^{121/} The asserted references need not be actually combinable in order to render the invention under review obvious. ^{122/} However, it is necessary that the party asserting a section 103 defense demonstrate that the person of ordinary skill would have picked and chosen among the asserted elements to arrive at the claimed invention. ^{123/}

^{119/} Id. at 696, 218 U.S.P.Q. at 868. See also *Orthopedic Equipment Co. v. United States*, 702 F.2d at 1019, 217 U.S.P.Q. at 193 (Fed. Cir. 1983).

^{120/} *In re Grout*, 153 U.S.P.Q. 742, 744 (C.C.P.A. 1967).

^{121/} *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556, 1571 (Fed. Cir., 1986); *Orthopedic Equipment Co., Inc. v. United States*, 702 F.2d at 1013.

^{122/} *In Sneed*, 710 F.2d 1544, 1550 (Fed. Cir. 1983).

^{123/} *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d at 1571.

3. Relevant prior art and person of ordinary skill.

Concerning the scope of the prior art, the '298 patent provides insight into the problems with which the inventor was faced at the time of the claimed invention. The inventor had to address several general problems which all relate to the design of handsaws for the home market. These include attaining low-cost construction of handsaws without loss of durability, providing a comfortable and secure grip for the user, and providing a means for the simple engagement and interchangeability of blades.^{124/} More particularly, the inventor was required to design a simple but durable one-piece holder in which the support portion of the holder was configured to provide a relatively large clearance area over the portion of the blade extending out from the holder while at the same time providing firm support for the blade.^{125/} Finally, the inventor faced the problem of providing a simple blade holder 'into which a blade could be easily inserted, but which would limit undesirable motion of the blade during use.^{126/} Thus, we find that the relevant prior art is that directed to the design of handsaws and which addresses the problems we have noted.

The prior art references before the examiner during the prosecution of the application for the '298 patent and which were cited by the ALJ clearly

124/ CX-1, col. 1.

125/ Id.

126/

fall within the scope of the relevant prior art. ^{127/} For example, Taylor relates to mechanics tools, in particular the provision of an improved one-piece hacksaw blade holder comprising a tubular handle with a pair of projecting arms extending above the forwardly projecting portion of the blade. A screw is provided to clamp the two arm elements together to clamp the blade and prevent its motion during cutting. ¹²⁸ ---/ The front wall of the handle has a slot which is dimensioned and configured to seat the saw blade which prevent its rotations and restricts other motion thereof. ^{129/} The handle has a passageway extending longitudinally through it and the blade extends through the entire handle. ^{130/}

Similarly, Leist is directed to a hacksaw in which the blade is longitudinally slidable in a passageway extending through the handle, so that the projecting length can be varied. ^{131/In} Figure 3, Leist shows a supporting arm which is spaced substantially above the top edge of the blade and which provides a U-shaped support structure extending over the projecting portion of the hacksaw blade. At its outer end, the support member has means for clamping the blade thereto. The blade is clamped between a pair of plates

127/. ID at 23. These references include: U.S. Letters Patent 2,331,638 ("Taylor"); U.S. Letters Patent 2,290,668 ("Leist"); U.S. Letters Patent 2,139,147 ("Blum"); U.S. Letters Patent 2,655,293 ("Dell"); U.S. Letters Patent 3,447,580 ("Keymer"); and British Patent No. 935,786. The ALJ found that the LaPointe patent was also brought to the attention of, but riot cited by, the examiner. (ID at 23).

128/ RX-21, cols. 1 and 2.

129/ Id.

130/ Id.

131/ RX-19, col. 2, lines 70-72; col. 3, lines 1-11.

and in the handle so that it is precluded from relative motion within the handle unless released., Thus, Leist is directed to the problem of firmly holding an adjustable saw blade during cutting and also is specifically

- directed to the design of hacksaws. ^{132/}

Keymer is directed to the miniature hacksaw that complainant marketed for somewhat more than one year prior to introduction of the miniature hacksaw covered by the '298 patent. Keymer is directed to a miniature hacksaw, has a support portion extending forwardly of the handle above the blade with clamping means at its outer end, possesses a handle with a passage extending therethrough, and has a relatively confined or constricted portion in the passageway at the front and rear ends thereof. ^{111/}

The saw blade in Keymer extends through the passageway in the handle and is prevented from rotation by the constriction in the handle passage and by the clamping elements between which it is disposed. The forwardly projecting support portions of the clamping elements arc upwardly and then downwardly to provide a limited zone of clearance above the blade, and there is a threaded screw at the outer end of the clamping element to clamp the forwardly projecting portion of the blade. In addition to a metallic tube, the handle has a plastic sheath which extends around the tube. ^{134/}

From the foregoing, it is apparent to us that the prior art references before the examiner were aimed at solving the problems faced by the inventor

132/ RX-19, col. 1, lines 1-40.

133/ RX-20, Figs. 4-6.

134/ See RX--20, cols. 4-6, claims 1-5.

of the '298 patent. In addition to the prior art before the examiner, the Shiraki and Reuterfors, patents also fall, by complainant's admission, within the scope of the prior art.^{115/} As complainant notes, Shiraki provided "clearance" to the side of the saw blade holder, and utilized special saw blades with mounting elements thereon seated in a special structure and providing no clearance between the plane at the top of the blade and the plane of the support^{136/} The prior art also included hacksaws having relatively complicated clamping elements of the type shown in Reuterfors.^{137/}

Concerning the person of ordinary skill in the art, we believe the ALJ properly found that such a person would have known about hacksaws, cross-cut saws, and rip saws, He would have known about interchangeable saw blades, and the need for good hand grips and durability. One with ordinary skill in the art of manufacturing saws would have no minimum level of education, but would be expected to have experience in the manufacture of low-cost, durable tools for the home market, and some knowledge about the special uses for saws in the home market.^{138/}

The only evidence to the contrary was the telephone deposition testimony of Mr. Hillinger, a witness for respondents.^{112/} The ALJ held this

135/ Complainants Memorandum on the Issues of Obviousness at 22-23.

136/ Id.

137/ Id. at 23.

138/ ID at 24.

139/ RX-83, p. 19, line 20. Mr. Hillinger also testified that in his opinion, the '298 patent was obvious. Id. at 22, lines 19-21.

testimony not admissible as factual evidence." ^{140/} While we believe that this deposition testimony was admissible, we have considered it and find that it lacked significant probative value in light of its self-interested and self-serving nature. Thus, the ALJ's definition of the person of ordinary skill in the relevant art properly took into account the evidence of record relating to the types of problems encountered in the art, prior art solutions to those problems, the rapidity of innovation in the field, and the sophistication of the technology. ^{141/}

4. Differences between the prior art and the claims at issue

Before reaching the final consideration on the question of obviousness, i.e., whether the person of ordinary skill would have combined the references in the fashion asserted by respondents, it is necessary to ascertain the differences between the prior art references and the patent claims. In this regard, our inquiry focuses on the Shiraki and Reuterfors patents, which were not before the examiner during the prosecution of the application for the '298 patent. In our view, not only are there a number of differences between these references and the subject patent, but these references were less material than the prior art considered by the examiner in allowing the patent claims.

Turning first to Shiraki, the patent describes a structure which, like the '298 patent, has what might be considered a one-piece holder in which is

140/ ID at 24.

141/ *Environmental Designs, Ltd. v. Union Oil Co. of Col.*, 713 F.2d at 697. We also note that respondents have failed to point out why a different definition of the person of ordinary skill would compel a result different from that reached in the ID.

mounted a pivotable clamping subassembly. ^{142/} However, unlike the invention claimed in the '298 patent, Shiraki lacks a handle with a longitudinal passage extending therethrough and securely seating the blade; a blade disposed below the arcuate portion of the handle extending forwardly thereof; and an elongated center arm with spaced apart legs. ^{143/}

While the support portion of the handle described in the '298 patent sits directly above the blade, Shiraki calls for the blade to rest a distance to one side of the handle, depending on the length of the "fitting rods." ^{144/} This aspect of Shiraki indicates that it does not teach, as does the '298 patent, an elongated center arm spaced above the hacksaw blade to provide an elongated clearance area above the blade.

The Shiraki patent does not relate to a saw that uses a blade that is slidably inserted into a handle, a feature which is a critical feature of the '298 patent. ^{145/} Rather, Shiraki requires a special blade (as opposed to a standard blade) with two of the aforementioned fitting rods, one in the end of the holder and the other in the clamping subassembly at the opposite end of the arcuate portion; and the second rod is clamped in the assembly to space the blade to one side of the holder. ^{146/} Further, unlike the '298 patent,

142/ RX -46.

143/ RX-46.

141/ RX•6, at 3; see also Fig. 1.

145/ See CX-1.

146/ RX-46.

Shiraki has no clamping means on an outer leg of a U-shaped support, only a simple hole to receive the fitting rod at the outer end.^{147/}

In contrast to Shiraki, the Keymer, Leist, and Taylor patents all disclose handsaws with blades slidably inserted into their respective saw handles,^{148/} in addition, both Taylor and Keymer disclose handles having a support portion, situated directly above the blade, which holds the blade in place by means of a single fastener at the front of the support, as does the '298 patent.^{149/} However, Shiraki does not disclose these features thereby rendering it less pertinent than the prior art before the examiner. Taylor also shows a one-piece, integrally formed saw blade holder having a handle and having a U-shaped portion extending forwardly therefrom over the blade and with the outer portion of that U-shaped portion clamping the outer end of the saw blade therebetween. In addition, Taylor has a passageway extending through its handle in which the saw blade is seated.

Reuterfors differs from the '298 patent by virtue of its lack of an integrally formed, one-piece holder. Moreover, Reuterfors lacks a passageway extending through the handle, but has only a recess in which the jaws are seated to define a passage therebetween which is of uniform cross section. Additional differences include the lack of a U-shaped support portion providing a part of legs and an elongated center section spaced above the

147/ Id.

148/ Id.

149/ Id.

blade and the absence of a handle without a complex external configuration providing ribs and recessed side surfaces. Finally, Reuterfors does not have a passageway which enables easy insertion and sliding movement of the saw

- blade.^{50/} 1

In contrast to Reuterfors, the Leist patent has a passageway extending through the entire handle. In Figure 3 of Leist, there is also a U-shaped support portion spaced well above the blade and clamping the blade at its outer leg. Keymer also teaches a passageway extending through the entire handle; and, unlike Reuterfors, Keymer shows an arcuate portion extending forwardly of the handle and clamping means at the outer end of that support portion. Moreover, Keymer clamps the blade within the handle between a pair of metal elements defining clamping faces therebetween. Finally, Taylor teaches a one-piece holder construction with a handle having a passageway therethrough and a restricted opening in its forward wall through which the blade extends. Consequently, based upon Keymer, Leist, and Taylor, Reuterfors is not more pertinent than the prior art considered and applied by the examiner in rejecting the claims of the '298 patent application during its prosecution.

From the foregoing analysis, we find that there are significant differences between the Shiraki and Reuterfors references and the '298 patent. In addition, we determine that both of these references are less relevant than the prior art over which complainant successfully distinguished

150/ id. at 13.

its patent. Respondents' failure to offer prior art more relevant than that before the examiner has the effect of adding to respondents' statutory burden of proof the burden of overcoming the deference we must afford the PTO in allowing the '298 patent. ^{151/} Respondents have made neither showing.

5. Conclusions as to obviousness of the '298 patent

Having established the scope and content of the prior art, the definition of the person of ordinary skill in the art, and the differences between the prior art and the subject patent, we turn to whether the person of ordinary skill in the art, having all of the asserted references before him, would have been led to produce the structure defined by the claim. ^{152/}As we have noted above, the asserted references need not be physically combinable to render obvious the invention under review. ^{151/} However, it is necessary that the party asserting an obviousness defense show, by clear and convincing evidence, that the person of ordinary skill would have picked and chosen among the asserted elements to arrive at the claimed invention. ^{154/} Respondents simply have not met this burden.

In essence, respondents have presented the Commission with a parts list from which it is doubtful one could construct the '298 patent. Respondents

151/ American Hoist and Derrick Co. v. Sowa & Sons, 725 F.2d at 1359-60.

152/ Polaroid Corporation v. Eastman Kodak Co., 789 F.2d 1556, 1571 (Fed. Cir. 1986); Orthopedic Equipment Co., Inc. v. United States, 702 F.2d at 1013.

153/ In Sneed, 710 F.2d 1544, 1550 (Fed Cir. 1983).

154/ Polaroid Corp. v. Eastman Kodak Co., 789 F.2d at 1571.

have provided no evidence, such as suggestions within the asserted prior art references, to support a Keymer/Shiraki/Reuterfors or' a Taylor/Shiraki/Reuterfors combination. Similarly, respondents offered no witnesses at the evidentiary hearing before the ALJ to support their claim of obviousness. In fact, the only testimony presented by respondents consisted of deposition statements by Mr. Hillinger, a self-interested witness, who merely asserted that the '298 patent was invalid.^{155/} This effort by respondents does not satisfy the clear and convincing standard of 35 U.S.C. § 282.^{156/}

C. Validity of the '225 Design Patent under 35 U.S.C. § 103

With respect to the validity of the '225 design patent under 35 U.S.C. 103, the ALJ first noted that one must consider the same criteria that *Graham v John Deere* mandates with regard to the utility patents.^{157/} The ALJ also recognized that the following principles apply to design patents:

- (1) a design patent is presumed valid;
- (2) the burden of establishing invalidity of a patent rests on the party asserting it;
- (3) the presumption may be strengthened or weakened depending on whether the examiner had before him the most pertinent prior art; and

155/ RX-83, pp. 21-13. We also wish to point out that Mr. Hillinger's legal conclusion of obviousness is of questionable admissibility. See Fed. R. Evid. 704; see also McCormick on Evidence, 3d ed., § 12.

156/ ID at 33. See also *Lannom Mfg. Co., Inc.*, 799 F.2d at 1578-79

151/ ID at 32. The ALJ correctly recognized that the person of 'ordinary skill in a design patent case is the designer of ordinary capability who designs articles of the type presented in the application. Id.

(4) the presumption of patent validity must be overcome by clear and convincing evidence. ^{158/}

The ALJ then entered the following findings of fact regarding the prior

- art relevant to the '225 design patent:

40. The following prior art patents were considered by the PTO during the examination of the application for the '225 design patent:

U.S. Pat. No. 2,331,638 to Taylor [see Respondents' Ex. 21]

U.S. Design Pat. No. 207, 247 to Reuterfors [see Respondents' Ex. 30]

U.S. Design Pat. No. 162,794 to Deere [see Respondents' Ex. 30]

Stanley Ex. 2.

41. An advertisement for a "Estwing Mini-Saw published in Hardware Age, May, 1968, also was cited in the '225 patent as prior art. Stanley Ex. 2. 152./

The ALJ concluded that no reference not before the examiner was more pertinent than those references considered by the examiner during the prosecution of the application for the '225 design patent. ^{60/} 1

In essence, the ALJ's validity determination hinged on the lack of proof on the various obviousness issues. First, the ALJ determined that, other than

158/ ID at 33.

159/ As to secondary considerations, the initial sales for the patented hacksaw during the fraction of the year, when it was first marketed amount to over 140,000 units, and sales of over 305,000 units in the first full year of sales. This success was achieved while the competitive prior art Malco hacksaws remained on the market. Despite the competition from those saws, the patented hacksaw achieved its commercial success and recognition. Thus, the commercial success of the patented saws is a further indication of nonobviousness.

1 0/ Id. at 33.

the description of the designer of the '225 design, there is no evidence in the record describing the fictitious designer of ordinary capability who designs articles of the type presented in the application. ^{161/} In light of the failure of respondents to offer proof on this threshold issue, the ALJ concluded that respondents had not established that the claimed design would have been obvious to such a designer of ordinary capability. ¹⁶²¹

The ALJ then went on to find that the pertinent art for the '225 design patent is designing saws. The ALJ also found that, in the absence of evidence on the subject of ordinary skill in the art of designing saws, the level of ordinary skill in designing saws is that of any industrial designer similar to the one who designed the saw in issue. In the ALJ's view, such a designer would know the type of design that would be acceptable to the do-it-yourself homeowner or handyman and would have some familiarity with tools and those who use them. However, this individual would need no minimum level of education or skill, 163/

The ALJ then noted that, although there are functional aspects to the design (as **admitted** by-complainant), there is no proof that this particular design, including aesthetically pleasing curves, transitional surfaces **and tapers**, is required For functional reasons. Finally, the ALJ determined that respondents had failed to establish that this design was obvious by clear and

161/ Id. at 34.

162/ Id.

.163/ Id.

convincing evidence. ^{164/}

Respondents first address the question of the prior art. They maintain that the evidence shows that the prior art contains a variety of hand saws, blade holders and miniature hacksaws, some of which are substantially similar in overall appearance to the purported inventive design of the '225 patent. ^{165/} Further, respondents contend that the general design of the Malco saw is both a pertinent prior art and clearly reflected in the design depicted in the '225 patent. ^{166/} Moreover, respondents assert that the configuration and shape of the Shiraki blade holder are also substantially similar to Stanley's '225 patent design. ^{167/} They maintain that none of these references were cited to the PTO by the inventors despite express knowledge of the Malco device and Keymer patent by the inventor West. ^{168/}

Respondents argue that all that was accomplished in the '225 design patent was the Malco/Keymer and Shiraki devices functional contours to comfortably accommodate gripping fingers. ^{169/} Respondents urge that the side surface of the handle parts of the Malco and Shiraki devices were also made concave to reduce the volume of plastic and to create a recess to

164/ Id.

165/ Respondents' Brief on the Issues Under Review at 38.

166/ Id.

167/ Id.

168/ Id.

169/ Id. at 39.

accommodate gripping fingers. ^{170/} Respondents further contend that, despite the fact that the use of molded plastic in hand tools is old in the art, the use of a unitary construction of molded plastic was a significant advance over the Keymer, Shiraki and other designs, the former of which was manufactured in three pieces of metal, sheathed in plastic. ^{171/} In respondents view, it is clear from the evidence that the inventor of the '225 design patent simply combined these three pieces of metal sheathed in plastic into single molded piece of plastic. Thus, respondents contend that the '225 patent is invalid in light of the prior art references and complainants failure to show that "no prior design is like the one in suit. ^{172/}

Concerning the person of ordinary skill in the art, respondents maintain that the ALJ mistakenly found that there is no evidence in the record describing the designer of ordinary capability who designs articles of the type presented in the application. Respondents submit that the same evidence supporting their arguments on skill in the art with respect to the utility patent is germane to the issue of obviousness of the design patent. Respondents also point to the deposition of George Hillinger, who testified on his experience in designing hand tools and hand saws. ^{173/}

Finally, respondents also note that secondary considerations such as commercial success are absent from the record in this invention. Respondents

170/ Id.

171/ Id. at 40.

172/ Id. at 41.

173/ Id. at 42.

maintain that complainant failed to carry its burden of proof on this issue. Further, respondents assert that complainant made no attempt to demonstrate that any purported commercial success is attributable to the patented design and not to other factors such as functional improvement.^{74/} 1

Complainant first contends that all of the most relevant prior art was before the examiner during the prosecution of the application for the '225 patent. Complainant notes that the art before the examiner consisted of the Reuterfors Design Patent No. Des. 297,247; the Durr Patent No. Des. 162, 794; the Taylor Utility Patent No. 2,331,638; and a copy of an advertisement appearing in "Hardware Age" of May 1, 1968, at page 25, captioned "Estwing Minisaw."^{175/} Complainant asserts that Estwing Minisaw advertisement shows that it is either an actual Keymer saw, or a simulation thereof. Complainant then contends there is no comparison in the record of these designs with that of the '225 patent, or any indication what they purport to teach with respect to the ornamental design of the '225 patent. Complainant proffers that a simple visual comparison of the designs set forth in the several citations establishes that there is no resemblance to the design of the '225 patent.^{176/} In particular, Complainant asserts that, of the references before the examiner, the most pertinent is Keymer, which is disclosed in the Estwing advertisement specifically cited by the United States Patent Office Examiner, but not applied to reject the application.

174/ Id. at 43.

175/ Complainant's Brief on the Obviousness Issues at 19.

176/ Id. at 20.

Thus, there is nothing in the record to indicate that the Shiraki patent or any of the additional patents that respondent have offered bear any relationship to the design or the '225 patent or to establish that they are as pertinent as the prior art, particularly Keymer, considered by the examiner prosecuting the '225 application. ^{177/}

Finally, complainant raises two points concerning the person of ordinary skill and secondary considerations. First, complainant maintains that there is simply no evidence of record that the person of ordinary skill, however that person may be defined, would have combined the prior art in the fashion set forth in the ornamental design of the '225 patent. ^{178/} Second, complainant maintains that the substantial commercial success of the '225 design patent, as well as the precise nature of the copying of that design by respondents, is sufficient indication of secondary considerations showing nonobviousness: ^{179/}

The IA first notes that the '225 design patent claims an ornamental design for a handsaw. ^{180/} According to the IA, the ornamental elements of complainant's miniature hacksaw largely lie in the contoured lines and external configuration of Stanley's design that enhance its appearance, ^{181/} In addition, the IA notes that the '225 patent discloses

177/ Id. at 21.

178/ Complainant's Memorandum in Response at 19.

179/ Id.

180/ Brief of the Commission Staff on the Issues Under Review at 14.

181/ Id.

contoured indentations and markings of arbitrary design on the hacksaw handle. ^{182/} The IA maintains that no prior art, including the references cited by the PTO, resembles the appearance of these ornamental features.

The IA maintains that several references of record, including Keymer, Taylor, and Leist, disclose a handsaw handle having a blade slidably inserted and a support, portion that sits above the blade. However, the IA contends that none of these references discloses a handle molded with the non-functional feature of the '225 patent. ^{183/} For example, the IA argues the handle portion of the saw disclosed in Keymer consists merely of a metal tube sheathed in plastic without any non-functional design embellishments; similarly, Taylor discloses a handsaw that employs a purely tubular handle portion. ^{184/} Likewise, the IA asserts that Shiraki reference employs none of the lines, contours, recesses or markings of the '225 design patent. ^{185/} The IA argues that respondents failed to present testimony in support of their contentions of obviousness with respect to these references and failed to rebut the statutory presumption of validity.

With respect to the '225 design patent, the IA contends that the relevant art is that of the ornamental design of handsaws, and the four references

182/ Id.

183/ Id.

184/ Id.

185/ Id.

cited by the examiner are within the scope of the pertinent prior art. Additionally, the IA maintains that the various references that constitute prior art to the '298 utility patent are prior art to the '225 design patent as well, because the applications for both patents were filed on the same day. Concerning the designer of ordinary capability, the IA maintains that there was no evidence in the record describing the fictitious designer, and, given this lack of evidence, there can be no determination that the invention of the '225 design patent would have been obvious to one of ordinary skill in the art at the time of its invention.

With regard to differences between the prior art and the invention of the '225 design patent, the IA points out that respondents called no witnesses to testify about such differences. ^{186/} Moreover, the IA asserts that respondents failed to establish that prior art not before the examiner was more pertinent than the art considered during prosecution of the '225 design patent. ^{187/} In the IA's view, a review of the various prior art references reveals that no-prior art even remotely resembles the ornamental design disclosed in the '225 design patent.

Finally, concerning secondary considerations, the IA believes that there is ample evidence of record on the commercial success of Stanley's patented miniature hacksaws.

As the ALJ correctly recognized, the inquiries relating to obviousness set forth in Graham v. John Deere apply with equal force to design

186/ Id. at 17.

187/ Id.

patents. ^{188/} These involve establishing the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the art at the tune of the invention. ^{189/}

- Secondary considerations such as commercial success are also relevant. ^{90/} ---

However, in the obviousness analysis relating to design patents, the person of ordinary skill is defined somewhat differently than in the context of utility patents. In a design patent case, the fictitious section 103 person of ordinary skill is "the designer of ordinary capability who designs articles of the type presented in the application." ^{191/}

The CAFC has further directed that, in analyzing the obviousness of a design patent, one should not just separate out individual elements from the prior art to form a composite design. ^{192/} Obviousness may not be based on such a piecemeal showing that all of the elements exist: somewhere in the prior art. ^{193/} Moreover, the fact that similarities exist between the claimed design and the prior art is not dispositive. ^{194/} The party asserting the defense of obviousness must demonstrate by clear and convincing evidence that

^{188/} Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 423, 1441 (Fed. Cir. 1984).

^{189/} Graham v. John Deere Co., 383 U.S. at 17.

^{190/} Litton Systems, Inc. v. Whirlpool Co.p., 728 F.2d at 1441.

^{191/} In re Nalbandian, 661 F.2d 1214, 1216 (C.C.P.A. 1981).

^{192/} Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d at 1423.

^{193/} Id.

^{194/} Id.

the designer of ordinary capability would have found the design, as a whole, obvious. ^{195/}

The '225 design patent claims an ornamental design for a handsaw, as shown and described in the patent. ^{196/} The ornamental elements of the '225 patent involve the contoured lines and external configuration of the design that enhance its appearance. In particular, the '225 patent discloses contoured indentations and markings of arbitrary design on the handsaw handle, as well as the external configurations of the ends of the passageway through the handle. ^{197/}

The problem which the inventor of the '225 patent faced, involved the design of a handsaw. Accordingly, the relevant art with respect to the '225 design patent is that of the ornamental design of handsaws. The four references cited by the examiner--Reuterfors, Derr, Taylor, and the Estwing Mini-saw--are clearly within the scope of the prior art. ^{198/} Of these references, Derr and Reuterfors relate specifically to the ornamental design of handsaws. Taylor is a utility patent for a toolholder, and the Estwing Mini-saw is a representation of the saw disclosed in the Keymer utility patent. ^{199/} In addition, the other references discussed in

195/ Id.

196/ RX-2,

197/ RX-2.

198/ See RX-21 (Taylor); RX-29 (Reuterfors); RX-30 (Derr); Exhibit A to Complainants' Memorandum on Obviousness (Estwing Mini-saw).

199/ RX-20 with Exhibit A to complainant's Memorandum on Obviousness.

connection with the utility patent fall within the scope of relevant prior art inasmuch as they relate to the design of handsaws. ^{200/}₋₋₋

As to the level of ordinary skill in the art of designing handsaws, we concur with the ALJ's finding that there is a notable absence of evidence concerning the level of ordinary skill in the art. ^{201/}₋₋₋ The only testimony of record on this point is the conclusory statement of respondent Alltrade's principal to the effect that he considered himself to be a person of ordinary skill in the art of the "design of handtools." ^{202/}₋₋₋ Apart from the fact that the witness' area of skill is broader than the designer of handsaws, we reiterate that this brief testimony is of dubious credibility in light of Mr. Hillinger's personal interest 'in the investigation ^{203/} Accordingly, absent clear and convincing proof by respondents on this issue, a legal definition of person of ordinary skill as they **have** urged would be impossible. ^{204/}₋₋₋

The ALJ found the person of ordinary skill to be any industrial designer similar to the one who designed the saw in issue for Stanley. Such a designer would know the type of design that would be acceptable' to the do-it-yourself

200/ See supra at 46-48.

201/ ID at 34.

202/ RX-83 at 21.

203/ It is also unclear whether the witness' legal conclusions relate to the '298 utility patent, the '225 design patent or both.

204/ We find that the ALJ's definition of person of ordinary skill properly took into account the only credible record evidence and is not clearly erroneous. ID at 34.

homeowner or handyman. No minimum level of education or skill would be needed, but some familiarity with tools and those who use them would be necessary.

Assuming arguendo that we were to modify the ALJ's definition of the person of ordinary skill in the art as respondents urge, their effort to prove obviousness would still fail. Respondents failed to call any witnesses to testify at the evidentiary hearing with regard to differences between the prior art and the invention of the '225 design patent. Moreover, respondents failed to establish that the prior art not before the examiner was more pertinent than the four references considered by the examiner during the prosecution of the application for ^{205/} the '225 design patent.

A direct comparison of the prior art references, including those not before the examiner, demonstrates that they do not resemble the ornamental features claimed in the '225 design patent. While several references of record, which include Taylor, and Leist, disclose a handsaw handle having a blade slidably inserted and a support portion that sits above the blade, no reference discloses a handle molded with the non-functional features of the '225 patent. ^{206/} For example, the handle portion of the saw disclosed in Keymer shows only a metal tube sheathed in plastic without any non-functional design embellishments. ^{207/} Similarly, Taylor discloses a handsaw that

205/ In fact, the only testimony adduced at the hearing on this point came from Mr. West, the inventor of the '225 patent, who stated that the **new design was** considerably different from prior designs. TR at 368-370.

206/ Compare RX-2 with RX-19, 20, 21.

207/ RX-20.

employs a purely tubular handle portion, while Shiraki employs none of the lines, contours, recesses or makings of the '225 design patent. ^{208/}₋₋₋

to prove the invalidity of the '225 patent claim, respondents must overcome the presumed validity of the patent by submitting evidence which establishes by clear and convincing evidence facts that would have permitted the Commission to determine that the designs would have been obvious to one skilled in the art of designing handsaws at the time the invention was made. ^{209/}₋₋₋ They have not done so, and we therefore find the '225 design patent valid. ^{210/}

REMEDY

A. General Exclusion Order

Both complainant and the IA have requested the issuance of a general exclusion order banning the entry into the United States of all unauthorized imports of miniature hacksaws that infringe either the '298 patent or the '225 design patent or both. ^{211/}₋₋₋ Complainant and the IA argue that there is widespread pattern unauthorized importation, and refer to the ALJ's findings

208/ RX-21, 46.-

209/ See Pacific Furniture Mfg. Co. v. Preview Furniture, 800 F.2d 1111, 1113 (Fed. Cir, 1986). Indeed, respondents have confused where the burden of proof lies in this case. See Brief of Respondents on Issues Under Review at 41.

21_0/ Concerning secondary considerations, we believe that there is sufficient evidence of the commercial success of the patented handsaw to buttress a finding of nonobviousness. See ID at 24-25 (FF 26).

211/ Complainant's Memorandum on Remedy, the Public Interest, and Bonding at 3; Brief of the Commission Staff on Public Interest, Remedy, and Bonding at 4.

that each of eight respondents have imported and/or sold in the United States infringing miniature hacksaws and that at least six non-respondents have imported and/or sold infringing miniature hacksaws in the United States. Moreover, complainant and the IA point to evidence of a wide variety of unauthorized distribution channels which would make enforcement of complainant's patents difficult. Finally, complainant and the IA note that it is relatively easy to become an importer of miniature hacksaws, and the cost of manufacturing miniature hacksaws is relatively low while demand is strong.

The facts of this case satisfy the criteria established in Certain Airless Paint Spray Pumps and Components Thereof, ^{212/} for the issuance of a general exclusion order. In Spray Pumps, the Commission noted that it has an obligation to balance complainant's interest in complete protection against the inherent potential of a general exclusion order to disrupt legitimate trade. ^{213/} Therefore, the Commission has since required that a complainant seeking a general exclusion order prove "both a widespread pattern of unauthorized use of its patented invention [viz, unauthorized imports or sales of infringing goods] and certain business conditions from which [the Commission] might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles." ^{214/}

^{212/} Investigation No. 337-TA-90, USITC Pub. 1199 (1981).

^{213/} Id. at 18.

^{214/} Id.

In Spray Pumps, the Commission stated that in order to establish a widespread pattern of unauthorized use, there must be:

- (1) a Commission determination of unauthorized importation into the United States of infringing articles by numerous foreign manufacturers; or
- (2) pending foreign infringement suits based upon foreign patents which correspond to the domestic patents in issue; and
- (3) other evidence which demonstrates a history of unauthorized Foreign use of the patent invention.

We determine that evidence of record amply demonstrates widespread unauthorized sales of infringing imported miniature hacksaws. The ALJ not only determined that each of the eight respondents either had manufactured, imported and/or sold infringing miniature hacksaws, but also that infringing hacksaws are widely available from nonrespondents. 215/

In order to establish the "business conditions" referred to in Spray Pumps as a prerequisite for the issuance of a general exclusion order, the Commission has considered:

- (1) an established demand for the product in the U.S. market and conditions of the world market;
- (2) the availability of marketing and distribution networks in the United States for potential foreign manufacturers;
- (3) the cost to foreign entrepreneurs of building a Facility capable of producing the patented article;

215/ ID at 29-30, 36, 56.

(4) the number of foreign manufacturers whose facilities could be retooled to produce the articles; and

(5) the cost of foreign manufacturers of retooling their facility to produce the articles. ^{217/} 1 /

The record in this investigation reflects significant demand in the United States for complainant's miniature hacksaws as evidenced by the level of sales enjoyed by complainant, as well as the number of sales of infringing hacksaws. ^{217/} Moreover, the evidence of record shows that marketing and distribution networks for foreign producers are available in the United States and that such networks include a number of well-established, Well-known distributors and retailers to whom complainant also sells. 218/As to the question of foreign capacity and cost advantages, the record demonstrates that a number of foreign manufacturing operations exist and that these facilities can rapidly produce quantities of low-cost miniature hacksaws. 219/ Therefore, we have recommended the issuance of a general exclusion order. ^{220/}

216/ See Spray Pumps at 18-19.

217/ See ID at 46 (FF 91); 52 (FFs 121, 124); 53 (FFs -127); 55-56 (FFs 142-145).

218/ See e.g., ID at 49 (FF 107) 51-52 (FF 118); 52 (123); 53 (131)

219/' See, e.g., ID at 30; 56 (146-152).

220/ We also note that the physical structure of the hacksaw is unique, and simple visual inspection should enable Customs to determine whether an imported hacksaw falls within the scope of the order. Complainant states that it is prepared to provide photographs, samples, and any other assistance that Customs may require for effective enforcement of an exclusion order.

B. Cease and Desist Orders 221/ 222/

In addition to a general exclusion order, both complainant and the IA have requested cease and desist orders to be directed to certain domestic respondents who hold inventories of infringing imported miniature hacksaws in the United States. Several of these importers indicated that they would

221/ Commissioner Eckes and Commissioner Lodwick disapprove of the issuance of general exclusion and cease and desist orders which are directed to the same unfair act. They believe that the correct approach is that specified in section 337(f) of the Tariff Act of 1930 as applied by the Commission in *Certain Molded-In-Sandwich Panel Inserts and Methods for Their Installation*, Inv. No. 337-TA-99, USITC Pub. 1246 (1982). See also *Certain Plastic Food Storage Containers*, Inv. No. 337-TA--152, USITC Pub. 1563 (1984); *Certain Cast-Iron Stoves*, Inv. No. 337-TA-69, USITC Pub. 1126 (1981).

Section 337(f) states: "In lieu of taking action under subsection (d) or (e) of this section [which provide for issuing a temporary or permanent exclusion order] the Commission may . . . an order directing such persons to cease and desist from engaging" in the unfair acts. The Commission initially construed this language to mean that an exclusion order and a cease and desist order were mutually exclusive remedies. See *Doxycycline*, Inv. No. 337-TA-3 (1979).

However, in *Sandwich Panel Inserts*, the Commission recognized that exclusion orders and cease and desist orders could issue in a single investigation, but only where the orders were directed to separate and distinct unfair acts. The Commission thus distinguished its earlier approach taken in *Doxycycline* on the grounds that *Doxycycline* involved a request for both forms of relief to remedy a single unfair act.

We decline to go beyond the exception created in the *Sandwich Panel Inserts* investigation. Accordingly, Commissioner Eckes and Commissioner Lodwick disassociate themselves from statements wherever they appear in this opinion which do not comport with the views expressed in this footnote.

222/ Chairman Liebler and Vice Chairman Brunsdale note that an exclusion order can never apply to infringing imports already in the United States, but only to future imports. In order to prevent the harm from the sale of infringing goods imported prior to the issuance of the exclusion order, it is necessary for the Commission to be able to issue a cease and desist order in lieu of an exclusion order. It is consistent with the statute for the Commission to issue both orders because they apply to different goods; the exclusion order to future imports and the cease and desist order to goods already in the United States.

continue 'co sell their inventories of these **saws** unless precluded by order. ^{223/} ~~---~~ Accordingly, the IA and complainant maintain that the failure of the Commission to issue exclusion orders in this instance would effectively deny a remedy for potential injury from sale of the remaining inventories of infringing hacksaws. ^{224/}

Section 337 states: [i]n lieu of taking action under subsection (d) or (e) of this section [which provide for issuing a temporary or permanent exclusion order] the Commission may issue . . . an order directing such person to cease and desist from engaging" in unfair acts. The legislative history also states in the following paragraph: "The power to issue cease and desist orders would add needed flexibility." ^{225/} ~~---~~ ^{226/}

223/ See ID at 53 (FE 125); 54 (FF 134); 56 (FF 154); 57 (FF 158). The respondents against whom cease and desist orders have requested include: Krasnow, Alltrade, Borsumij, Menard, and Disston.

224/ Brief of Commission Staff on Public Interest, Remedy, and Bonding at 7.

225/ S. Rep. 1298, 98th Cong., 1st Sess. 198.

226/ See note 221 supra. Commissioner Lodwick notes that originally, as to remedies, the Commission's choice was Hobson's choice: an exclusion order, or nothing. By amendment, Congress introduced a degree of flexibility: a cease and desist order could be imposed in lieu of an exclusion order. The statutory language provides no other articulation; the majority's handling of the provision as though it were fully gimballed damages the statutory mechanism.

While what-the-statute-says permits no other flexion, what-the-statute- does-not-say did permit the Commission in Modled-In Sandwich Panel Inserts to engage in a permissible exercise of judicial interstitial extrapolation. There is sufficient "play" in the language of the cease-and-desist provision to accommodate the Commission's construction that an exclusion order and a cease and desist order can be issued in an investigation when each is based upon a finding of a separate and distinct unfair act. But the joint is sprung when the leverage of irresistible logic is used to wedge in exemptions for all of the "several distinct and equally important elements of a violation of section 337." At that point the in-lieu-of language ceases to function.

In Certain Compound Action Metal Cutting Snips and Components Thereof (Snips), Inv. No. 337-TA-197 (1986), the Commission determined that an exclusion order and two cease and desist orders were the appropriate remedy for the unfair act of passing off in that investigation. 227/ The Commission found that the general exclusion order alone could not redress the injury being suffered by the domestic industry by virtue of the unfair acts engaged in by respondents ^{228/} It concluded that the large volume of imports in respondent's inventory which had not yet been sold was a potential cause of substantial injury to the domestic industry and that only the issuance of cease and desist orders would prevent the further sale of the infringing imports.

As we noted in Snips, the language in the legislative history regarding the needed flexibility added by the power to issue cease and desist orders "would be rendered a nullity if the Commission were precluded from issuing a' cease and desist order together with a general exclusion order in cases where both types of orders are required in order to provide an effective remedy." ^{22 /} 2 The rationale of earlier Commission decisions cannot logically be limited only to instances where there are separate "unfair

227/ Commissioner Eckes and Commissioner Lodwick dissented from the majority's opinion regarding the appropriate remedy. They disapproved of the issuance of both a general exclusion and cease and desist orders that directed to the same unfair act. They stated that the correct approach was that set forth in Molded-In-Sandwich Panel Inserts.

228/ Inv. No. 337-TA-197 at 5-6.

229/ Id. at 8.

acts." 230/ Nothing in section 337(a) provides a basis for distinguishing the effect of multiple acts from the effects of multiple importation and sale or multiple types of injury. It remains, of course, to the Commission's discretion to determine, where these conditions exist, that it would be proper, 'given the unique facts of the particular investigation, to issue such a remedy.

The facts of this investigation compel the Commission to issue both a general exclusion order and cease and desist orders if effective relief is to be afforded complainant. As we have noted, there have been importations of large numbers of infringing miniature hacksaws, which have yet to be sold. These inventories are a potential cause of substantial **injury** to the domestic industry. This potential is highlighted by the fact that some respondents have indicated their intent to sell these inventories. The failure to prohibit further sale of these inventories would effectively deny remedy for this potential injury. Accordingly, we have issued cease and desist orders covering sale of the infringing articles in addition to excluding such articles from entry into the United States.

THE PUBLIC INTEREST

Section 337 provides that the Commission shall issue a remedy unless,

230/ See *Certain Airtight Cast-Iron Stoves*, Inv. No. 337-TA-69, USITC Pub. 1126 (1981) (Commission issued an exclusion order and six cease and desist orders for four separate unfair acts); *Certain Molded-In-Sandwich Panel Inserts and Methods for Their Installation*, Inv. No. 337-TA-99, USITC Pub. 1246 (1982) (Commission found issuance of both an exclusion order and cease and desist orders did not conflict with the "in lieu of" language since both types of orders were directed at different unfair acts); *Certain Plastic Food Storage Containers*, Inv. No. 337-TA-152, USITC Pub. 1563 (1984) (Commission issued limited exclusion order and cease and desist orders to remedy separate unfair acts).

after considering the effect of such remedy on (1) the public health and (2) competitive conditions in the U.S. economy, (3) the U.S. production of articles that are like or directly competitive with those which are the subject of the investigation, and (4) U.S. consumers, it finds that remedy should not be issued. This provision was added by the Trade Act of 1974. The legislative history indicates that the public interest factors are to be the overriding considerations in the administration of the statute. ^{231/}₋₋₋

The evidence of record indicates that complainants have enough capacity to satisfy domestic demand for miniature hacksaws. The issuance of a general exclusion order will not impair the public interest.

BONDING

The legislative history of the Trade Act of 1974 and Commission rule 210.58(a) (3) provide that the amount of the bond during the presidential review period is to be set at an amount which would offset any competitive advantage resulting from the unfair method of competition enjoyed by the party benefiting from the importation. ^{232/}

The IA recommends that the unauthorized imports subject to the proposed general exclusion order be entitled to entry under bond equal to 215 percent of the entered value of the unauthorized imports. The IA obtained the 215 percent Figure Fly .calculating the difference between complainant' lowest

231/ S. Rep. No. 1298, 93rd Cong., 2d Sess. 193 (1974).

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

effective wholesale price of \$2.05 per hacksaw and the Krasnow's 1986
wholesale price 01.65 cents per hacksaw. ²--

Complainant suggests that a 265 percent bond would be more appropriate.
Complainant bases this 265 percent figure on the difference between the
average distributor's price of the imported miniature hacksaws which
complainant states is 86 cents and the distributor's price of \$2.28 for the
complainant's hacksaw. ^{234/}---

We adopt the IA's reasoning and have issued a 215 percent bond. Such a
bond will most. appropriately offset the price advantage enjoyed by respondents.

233/ Brief of the Commission Staff on Public Interest, Remedy and Bonding at
10.

234/ See Complainant's Memorandum on Remedy, the Public Interest, and Bonding
at Appendix C.

ADDITIONAL VIEWS OF CHAIRMAN SUSAN LIEBELER AND
VICE CHAIRMAN ANNE E. BRUNSDALE

Certain Miniature Hacksaws
Investigation No. 337-TA-237
January 27, 1987

We join in all portions of the Commission opinion. However, to facilitate reader understanding of the discussion of the validity of the two patents at issue in this investigation (pages 14-68 of the Commission opinion), we summarize the Commission's analysis below.

Our consideration of respondents' claim that the two patents are invalid as obvious is governed in the first instance by statute. A patent is invalid as obvious only if

the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter
1
pertains.

¹
35 U.S.C. sec. 103 (1982).

In Graham v. John Deere Co., the Supreme Court identified four factors that must be considered in making an obviousness determination:

- (1) the scope and content of the prior art;
- (2) differences between the prior art and the claims at issue;
- (3) the level of ordinary skill in the pertinent art; and
- (4) secondary considerations such as the commercial success of the patented product.

3

Both patents are presumptively valid and must be upheld unless respondents carry the burden of proving invalidity by clear and convincing evidence. Our task, therefore, is to determine whether the evidence of record clearly and convincingly

²
383 U.S. 1, 17-18 (1966).

³
35 U.S.C. secs. 171, 282 (1982).

⁴
See, e.g., Pacific Furniture Mfg. Co. v. Preview Furniture Co., 800 F.2d 1111 (Fed. Cir. 1986).

establishes that the claims of the two patents would have been obvious to a person of ordinary skill in the pertinent art.

With regard to the first and second Graham factors, respondents point to examples of prior art, including several considered by the patent examiner, that allegedly differ only in minor ways from the hacksaws claimed in the two patents. As for the third Graham factor, they assert that the deposition testimony of an officer of one respondent establishes that the level of ordinary skill in the art is relatively high, thereby suggesting that the two patents would have been obvious to a person possessing such skill.

The Commission has carefully considered this evidence but concludes that it falls far short of clearly and convincingly proving that the two patents were obvious. We find that the prior art not considered by the patent examiner is less relevant than that which was considered, and that there are significant differences between the prior art taken as a whole and the hacksaws claimed in the two patents. As for the testimony of the officer of one respondent, we find the testimony admissible but deem it to be of little probative value because of the witness's interest in the outcome of this investigation. We choose instead

to credit other evidence in the record suggesting a lower level of ordinary skill than that urged by respondents' witness.

Thus, our consideration of the first three Graham factors points to the conclusion that two patents would not have been obvious to a person of ordinary skill in the pertinent art. As for the fourth Graham factor, the fact that hacksaws made under the patents have met with considerable success in the marketplace further suggests that the patents were not obvious. We therefore reject the contention that the patents were obvious, and find instead that they are valid.

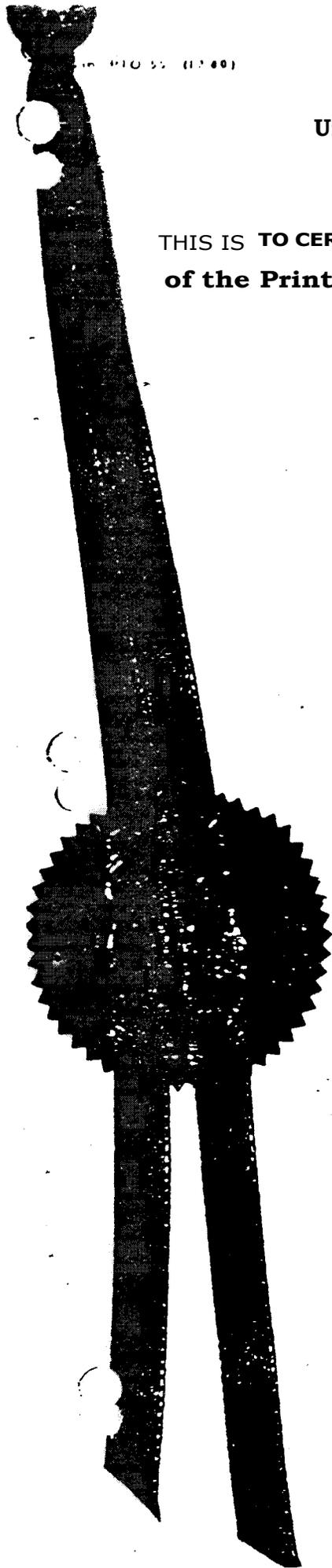
APPENDIX

U.S. PATENT OFFICE (12-40)

**U. S DEPARTMENT OF COMMERCE
United States Patent and Trademark Office**

November 8, 1985
•Dout

**THIS IS TO CERTIFY that the annexed is a true copy from the records of this office
of the Printed Specification and Drawings of U.S. Patent 3,756,298.**



**By authority of the
COMMISSIONER OF PATENTS AND TRADEMARKS**

Handwritten signature of G. V. Dwyer in cursive script.

1:..111 &now tlfbe••

HANDSAW
 (753 Inventor. Robert F. West, West Simsbury, Conn.
 1733 Assignee: The Stanky Works, New Britain, Conn.
 1221 Filed. May 3, 1971
 1211 Appl. No.: 139,546

3,447,580 6/1969 Keymer. 145/101 R

FOREIGN PATENTS OR APPLICATIONS

935,176 9/1963 England 145/31 R

Primary Examiner—Othcll M. Simpson
 Assistant Examiner—Mark S. Dicks
 Attorney—Peter L. Costes

1521 U.S. Cl. 145/108 R
 (511 Int. Cl. B2Sg 1/10, B27b 21/02
 (58) Field of Search 30/335, 145/31 R,
 145/31 B, 35 R, 35 D, 35 E, 62, 63, 64, 108
 R, 108 A

(57) **ABSTRACT**

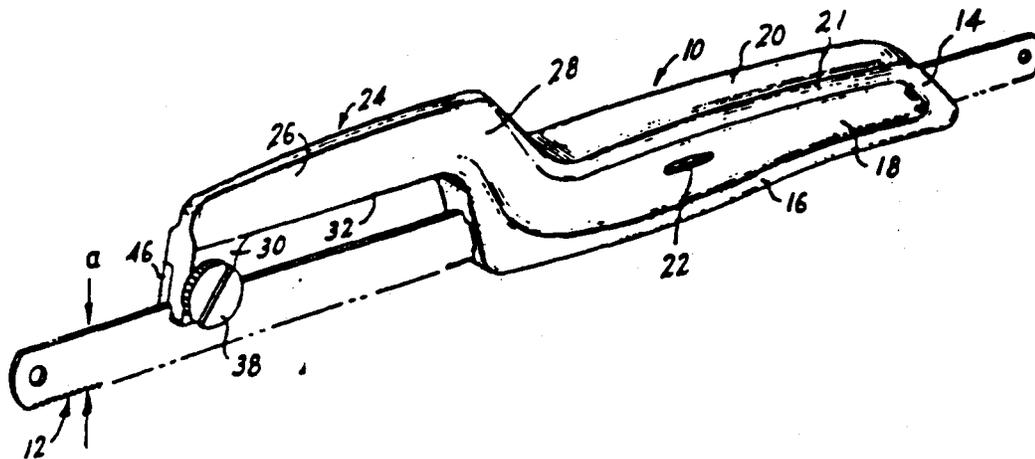
A relatively economical and simply constructed hand-saw is comprised of a one piece molded holder and a flexible saw blade firmly retained therein. The holder has a handle portion with a longitudinally extending passageway in which a portion of the blade is slidably seated, and a relatively rigid support portion extending from one end thereof and providing support for the blade at a point spaced from the handle portion. The external configuration of the handle portion is complex and is shaped to provide a secure and comfortable grip during use.

(563) **References Cited**

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2,331,638	10/1943 Taylor	145/31 R
2,920,668	1/1960 Leist	145/31 R
2,139,147	12/1938 Blum	145/35 E
2,655,963	10/1953 Dell	145/29 R

\$ Claims, 8 Drawing Figures



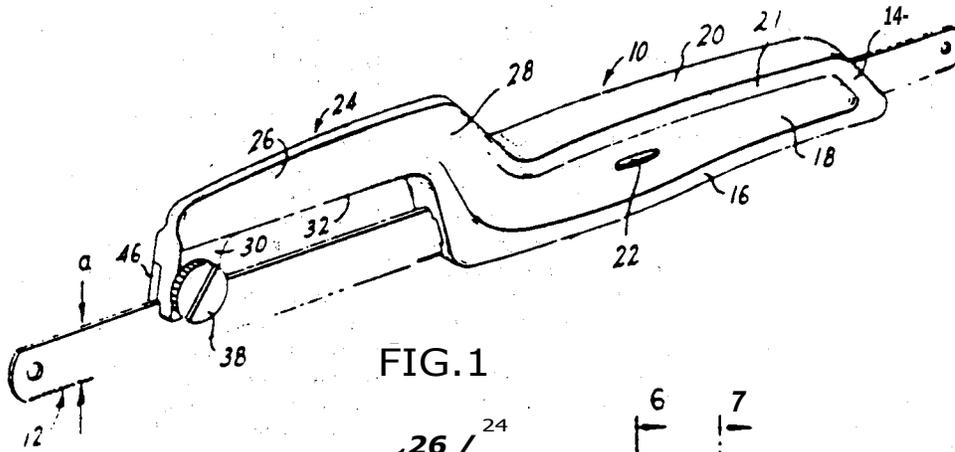


FIG. 1

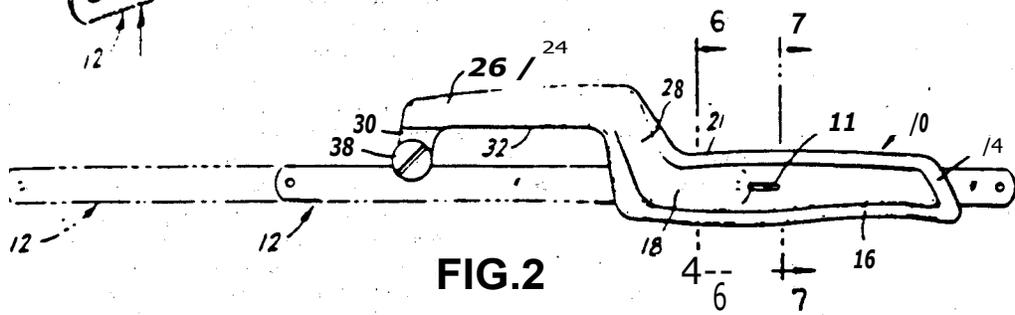


FIG. 2

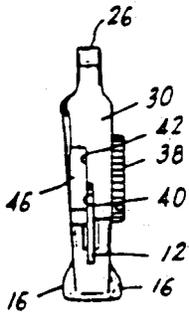


FIG. 3

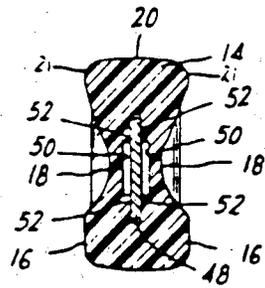


FIG. 6

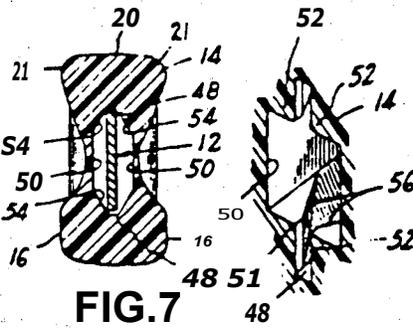


FIG. 7

FIG. 8

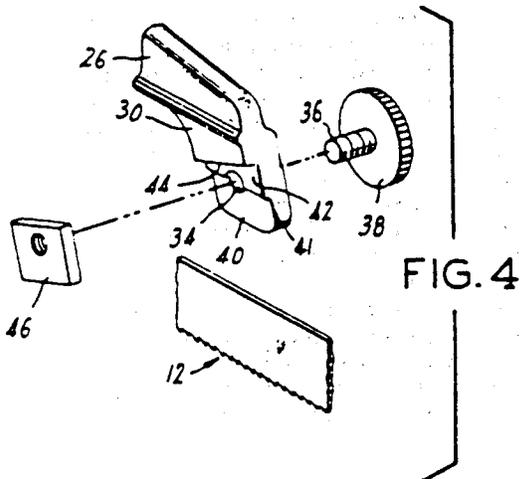


FIG. 4

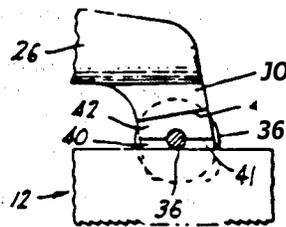


FIG. 5

remeer
Rohm' E West

By

A Horsey

restricted portion of the passageway The use of such a mold element greatly facilitates the production of the holders herein employed and of the desirably configured passageway therethrough.

The holder may be molded of any of numerous different types of synthetic thermosetting and thermoplastic resins. Exemplary polymers include the polyolefins, such as polyethylene and polypropylene, the vinyl and vinylidene resins, such as polystyrene, polyvinyl chloride, impact polystyrene and the ABS-types of graft copolymers; filled polymers, such as the fiberglass reinforced polyesters; the long-chain synthetic polyarnides, and many others.

The dimensions and external configuration of the holder will be chosen for optimum strength, gripping comfort and security, consistent with appropriateness for the particular type and size of saw blade employed. Although hacksaw blades, with which the present tool is particularly well adapted for use, may vary in length, a 10-inch long blade is typical and is particularly convenient in providing a variety of adjusted positions for different purposes. Thus, the cutting blade may be used at a point forwardly of the arm 30 as well as rearwardly thereof.

The particular means by which the blade is clamped may also vary considerably from that illustrated although that embodiment offers a particularly effective means of tightly securing the blade in a quick and convenient manner.

Thus, it can be seen that the present invention provides a novel handsaw including an integrally formed, one piece holder molded from a synthetic resinous material and affording a comfortable and secure grip during use. In the handsaw, the support portion of the holder is configured to provide a relatively large clearance area over the portion of the blade that extends thereacross, while also providing wholly adequate support therefor. and the clamping means on the support portion is of simple and yet highly effective design. The passageway through the handle portion may be specifically configured to permit facile insertion of the saw blade thereinto, while at the same time limiting twisting and other undesirable movement of the blade about its longitudinal axis within the holder. Moreover, the handsaw employs relatively few and simple components and may be produced in a relatively facile and economical manner.

Having thus described the invention, I claim:

I. A handsaw comprising a relatively thin and flexible elongated saw blade of substantially uniform thickness along its entire length; a molded one piece holder for said blade integrally formed from a synthetic resinous material and comprising a handle portion having a longitudinal passageway in which a portion of said blade is slidably seated and a rigid support portion of generally inverted U-shaped configuration extending from one end of said handle portion and providing a pair of depending legs and an elongated center arm with the kg at its free end providing support for said blade at a point spaced from said handle portion. said elongated center arm being spaced above said saw blade to provide an elongated clearance area above said blade; and means on said kg at said free end of said support por-

Lion disengagably clamping said blade in a fixed position within said holder, said handle portion being elongated with a complex external configuration providing longitudinally extending ribs along the upper and lower side margins and recessed side surface portions therebetween, said external configuration facilitating secure and comfortable gripping of said handsaw, said passageway through said handle portion being dimensioned and configured to enable facile insertion and sliding movement of said blade therethrough and said passageway having an elongated portion of reduced cross sectional area snugly seating said blade to restrict horizontal vertical and rotational movement of said blade in said passageway.

2. The handsaw of claim I wherein said elongated center arm is spaced above the plane of the upper surface of said handle portion.

3. The handsaw of claim 2 wherein said leg of said support portion providing said free end has a stepped surface on one side thereof adjacent said free end providing a shoulder extending in the direction of the Longitudinal axis of said holder and of a depth substantially equivalent to the thickness of said blade, said leg having an aperture extending therethrough; and wherein said clamping means includes a fastener extending through said aperture in said kg and a clamping plate seated on the surface of said leg and of said blade, said fastener drawing said clamping plate tightly against said blade and said blade thereby against the surface of said kg to clamp said blade tightly therebetween.

4. The handsaw of claim 3 wherein the stepped surface of said leg providing said free end has a double-stepped configuration providing a second shoulder spaced inwardly from said first shoulder, said clamping plate being seated on the step providing said second shoulder, said second shoulder being of a depth substantially equal to the thickness of said clamping plate to provide a substantially flush side surface.

5. The handsaw of claim 3 wherein said clamping plate is internally threaded and cooperates with an externally threaded bolt to provide said fastener.

6. The handsaw of claim A wherein said aperture is adjacent said first mentioned shoulder and said fastener extends below said shoulder, said blade bearing against the shank of said fastener.

7. The handsaw of claim I wherein said reduced portion of said passageway extends inwardly from said one end of said handle portion, and wherein said passageway has a portion of greater cross-sectional area extending inwardly from the opposite end of said handle portion, said passageway being configured and dimensioned to provide a transectional portion blending said reduced and greater cross-sectional area portions thereof and providing guide surfaces to facilitate insertion of said blade into said passageway from said opposite end of said handle portion.

The handsaw of claim 7 wherein said reduced cross-sectional area portion of said passageway includes generally U-shaped channels snugly seating the upper and lower edges of said blade, and wherein said greater cross-sectional area portion thereof is of generally octagonal configuration.

UNITED STATES PATENT OFFICE
CERTIFICATE OF CORRECTION

Patent No. 3, 756, 298 Dated September 4, 1973

Inventor (A) Robert J. West

It is **certified that** error appears in the above-identified patent and **that** said Letters Patent are hereby corrected as shown below:

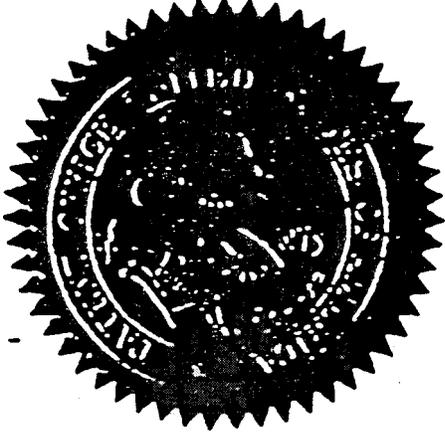
Column 6, Line 31, cancel "3" and insert "9".
Column 6, Line 39, cancel "3" and insert "9".
Column 6, Line 42, cancel "3" and insert "9".

Add the following claim:

9. A handsaw comprising a relatively thin and flexible elongated saw blade of substantially uniform thickness along its entire length; and integrally formed one piece holder for said blade comprising a handle portion having a longitudinal passageway in which a portion of said blade is slidably seated and a rigid support portion of generally inverted U-shaped configuration extending from one end of said handle portion and providing a pair of depending legs and an elongated center arm with the leg at its free end providing support for said blade at a point spaced from said handle portion, said elongated center arm being spaced above said saw blade to provide an elongated clearance area above said blade; and means on said leg at said free end of said support portion disengageably clamping said blade in a fixed position within said holder, said handle portion being elongated with an external configuration facilitating secure and comfortable gripping of said handsaw, said passageway through said handle portion being dimensioned and configured to enable facile insertion and sliding movement of said blade therethrough and seating said blade to restrict sidewise and rotational movement of said blade in said passageway, said elongated center arm being spaced above the plane of the upper portion of said handle portion, said leg of said support portion providing said free end having a step surface on one side thereof adjacent said free end providing a shoulder extending in the direction of the longitudinal axis of said holder and of a depth substantially equivalent to the thickness of said blade,

said leg having an aperture extending therethrough, said clamping means including a fastener extending through said aperture in said leg and a clamping plate seated on the bore of said leg of said blade, said fastener *drawing* said clamping plate tightly against said blade and said blade thereby against the surface of said leg to clamp said blade tightly **therebetween**.

Signed and sealed this 5th day of November 1974.



C. Marshall Dann

**C. MARSHALL DANN
Commissioner of Patents**

ATTEST:

McCoy M. Hedden, Jr.

ATTESTING OFFICSA

r^{tiff} If In
hi p.,#314PhlriP

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN MINIATURE HACKSAWS

Investigation No. 337-TA-237

INITIAL DETERMINATION

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Gary L. Kaplan

05 OCT 21 P 4: 35

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JURISDICTION

Complainant The Stanley Works filed a complaint with the U.S. International Trade Commission alleging that several respondents had engaged in an unfair act under Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by importing into the United States certain miniature hacksaws, the effect or tendency of which was to destroy or to injure substantially an efficiently and economically operated domestic industry. Based on the allegations in this complaint, the Commission has subject matter jurisdiction in this case.

The Commission has personal jurisdiction over the following parties because they are domestic corporations and they appeared and participated in the hearing and did not contest the Commission's personal jurisdiction: M & S Krasnow, Alltrade, Menard, and Borsumij Wehry. The Commission has personal jurisdiction over the following parties because they are domestic corporations: Disston and Miller International.

Lion Plastic & Metal Works and Maxwell Co. are foreign respondents that did not participate in the investigation. Adverse factual inferences were imposed against them in Orders 25, 26 and 28, but Stanley did not specifically seek to establish personal jurisdiction over Lion or Maxwell by sanction. In Insurance Corporation of Ireland, Ltd., v. Compagnie des Bauxites de Guinee, 456 U.S. 694 (1982), **the** Supreme Court held that a finding of personal jurisdiction could be based on a sanction for failure to comply with discovery orders, pursuant to Federal Rule of Civil Procedure 37(b)(2)(A). The ITC has a similar, although not identical, sanctions rule, 19 C.F.R. §210.36(b)(1), that has been used to establish personal jurisdiction.

A three-step procedure can be used to establish personal jurisdiction by the sanctions method. First, one can serve limited interrogatories on the respondent, including one or two simple questions addressed to the jurisdictional issue such as, "in the past two years, have you made more than two shipments of [product in issue] to the United States?".

Next, a motion to compel answers to these interrogatories, pursuant to ITC rule 210.36(a), can be filed, including a showing that "reasonable notice" of the motion has been given to the respondent. Reasonable notice can be shown by proof of personal service of this motion on respondent, or a signed return receipt for certified or registered mail.

Finally, after respondent's time to comply with the order compelling discovery has expired, a motion for sanctions can be filed based on the respondent's failure to comply with the order compelling discovery. Stanley • did not pursue this third step as to the jurisdictional finding.

To establish the "minimum contacts" required to support a finding of personal jurisdiction under International Shoe Co. v. Washington, 326 U.S. 310 (1945), it is necessary to show that the respondents directly exported the accused product to the United States, or indirectly with prior knowledge that the shipment was destined for the United States, and that the shipment was of more than a "de minimis" amount. The discovery requests should seek to determine "when" and "how much."

Since in personam jurisdiction has not been established as to Lion and Maxwell, a cease and desist order cannot be issued against them.

PROCEDURAL HISTORY

On December 9, 1985, The Stanley Works filed a complaint with the U.S. International Trade Commission alleging that fourteen respondents were engaging in unfair acts under Section 337 of the Tariff Act of 1930 in connection with the importation of miniature hacksaws that were alleged to infringe U.S. Patent Nos. 3,756,298 and Des. 228,225.

On January 7, 1986, the Commission issued a notice of investigation initiating an investigation to determine whether there is a violation of Section 337 in the unlawful importation of certain miniature hacksaws into the United States, or in their sale, by reason of infringement of claims 1 through 9 of the '298 patent or infringement of the claim of the '225 design patent, the effect or tendency of which is to destroy or to injure substantially an efficiently and economically operated industry in the United States. 51 Fed. Reg. 1860 (January 15, 1986). Fourteen companies were named as respondents:

En I Machinery Co., Ltd.
Maxwell Co., Ltd.
Yuo Noun Enterprise Co., Ltd.
Kyawn Industrial Co., Ltd.
The Lion Plastic & Metal Works Ltd.
TDK Saws Manufacturing Co., Ltd.
Oxwall Tool Co., Inc.
Miller International Inc.
Alltrade Inc.
M & S Krasnow, Inc.
The Disston Company, Inc.
Menard, Inc.
Scotty's Inc.
U.S. General Supply Corp.

Six respondents have entered into consent order agreements and the investigation has been terminated as to them:

Scotty's Inc.
U.S. General Supply Corp.
Kyawn Industrial Co., Ltd.

En I Machinery Co., Ltd.
Yuo Noun Enterprise Co., Ltd.
Oxwall Tool Co., Inc.

TDK Saws was misnamed and the investigation was terminated as to it on complainant's motion.

On March 5, 1986, Stanley moved to add nine additional respondents. Although none of the proposed respondents opposed the motion, an initial determination granting the motion was reversed by the Commission on July 14, 1986, except as to Borsumij Wehry (USA), Inc., which was added as a party. 51 Fed. Reg. 26475 (July 23, 1986).

Lindsley, Inc., one of the proposed respondents that was not added by the Commission, filed a motion to exclude or to strike any evidence offered at the hearing as to any Lindsley device (Motion 237-34). Lindsley did not request permission to intervene. The motion was denied at the hearing. Tr. 670-675. • Complainant has the right to show that persons other than named respondents have imported infringing products, because this type of proof can affect the type of remedy granted by the Commission. There is no constitutional due process right to import products into the United States. Buttfield v. Stranahan, 192 U.S. 470, 492-493 (1903). Section 337(c) establishes statutory due process rights of notice and an opportunity for a hearing under the APA before a Commission determination is made. Lindsley has had notice and the opportunity for a hearing, and its products could be excluded by a general exclusion order. Since Lindsley was not named as a respondent, and the Commission has not asserted in personam jurisdiction over Lindsley, a cease and desist order could not be issued against Lindsley.

On July 18, 1986, an initial determination finding Disston to be in default **was issued**. The initial determination was not reviewed and thus became the decision of the Commission. 51 Fed. Reg. 29707 (August 20, 1986).

On August 8, 1986, initial determinations finding Maxwell and Lion to be in default were issued.

A hearing was held from July 14 to 18, 1986. Respondents Alltrade, Krasnow, Menard and Borsumij Wehry participated in the hearing, along with complainant Stanley and the Commission staff. Only Stanley presented witnesses. These parties have filed post trial briefs. The Commission investigative attorney supports complainant on the economic and patent issues. The case is now ready for decision.

THE ISSUES

The general issues raised **in this case are** ..

1. whether the claims of the '298 and '225 patents are valid and enforceable,
2. if they are valid and enforceable, whether they have been infringed by the miniature hacksaws imported by respondents, and
3. if they are valid and infringed, whether the importation of the hacksaws in issue caused the amount of injury to an efficient domestic industry required to find a violation of Section 337 of the Tariff Act.

Respondents contend that the '298 and '225 patents are invalid and unenforceable, that complainant failed to prove infringement of the patents, that complainant failed to identify and define the domestic industry correctly, and that complainant failed to establish that respondents' actions have had the effect or tendency to injure substantially the domestic

HANDSAW

BACKGROUND OF THE INVENTION

various types of handsaws have been devised and are
 rely employed for cutting applications. and these
 es may have different constructions depending upon
 the intended application and the cutting blade to be
 used therein. For Ciampi!, hacksaws customarily em-
 ploy a frame to support the thin flexible blade at a point
 spaced forwardly of the handle. Cross-cut and rip saws
 generally rely upon a tapered blade of relatively great
 width to provide the desired strength and resistance to
 excessive bending but only secure that blade at the han-
 die. There have been many efforts to devise simple and
 relatively low' cost constructions for handsaws which
 would facilitate the interchangeability of blades and
 which would provide means for simple engagement of
 such blades while permitting the use of the tool for vars.
 ous cutting applications.

In making the home market, there has been
 a tseasr to simplified a more economical
 construction; unfortunately, this has of ten been at the
 expense of good gripping or handling characteristics or
 at the expense of durability. Since the sawing action re-
 quires a good grip upon the tool, it is extremely desk.
 able that any tool be so configured as to provide a corn-
 fortable and secure grip for the user. Moreover. if the
 number of component parts is reduced, it should not be
 at the expense of durability and proper support for die
 blade.

Accordingly, it is the primary object of the present
 ir —ation to provide a novel handsaw including an irate-
 h formed, one piece holder molded from a syn-
 thew resinous material and affording a comfortable
 a ecurt grip during use.

it is also an object of the invention to provide a hand-
 saw of, the foregoing type in which the support portion
 of the holder is configured to provide a relatively large
 clearance area over the portion of the blade extending
 therescross, while at the same time providing firm tuts'
 port therefor.

Another object is to provide such a handsaw having
 clamping means on the support portion which is of sit-
 pie design and yet highly effective. .

Still another object of the invention is to provide such
 • handsaw wherein the passageway through the handle
 portion is especially configured to permit facile inset-
 tion of the saw blade thereinto while at the same time
 limiting twisting and other undesirable movement of
 the blade about its longitudinal axis within the holder.

A still further object of the invention is to provide
 such a handsaw having the foregoing features and adv-
 antages, which in addition employs relatively few and
 simple components, and which may be produced in a
 relatively facile and economical manner.

SUMMARY OF THE INVENTION

it has now been found that the foregoing and related
 objects of the present invention may be readily attained
 in a handsaw comprising a relatively thin and flexible
 elongated saw blade and a molded, one piece hold er'
 that integrally formed from a synthetic resinous ma-
 te: "he holder comprises a handle portion having a
 for idinal passageway, in which a portion of the saw
 bls a slidably seated, and a rigid support portion of
 generally inverted U-shaped configuration. The sup-
 port portion extends from one end of the handle par.

tion, and has its lice end providing support for the
 blade at • point spiced from the handle portion. The
 handsaw also includes means on the free end of the
 support portion disengaseably clamping the blade in a
 fired position within the handle. The handle portion is
 elongated, and it has a complex external configuration
 providing longitudinally extending ribs along the upper
 and lower side marring thereof and meoW Ode sof.
 face portions therebetween. The configuration of the
 handle portion affords a secure and comfortable grip
 on the handsaw during/ use.

in the preferred embodiments of invention, the
 generally inverted U-shaped support portion of the
 handsaw has an elongated center arm spaced above the
 r"ane of the upper surface of the handle pertinn• to
 provide an elongated clearance area above the blade.
 Preferably. s stepped surface is provided on one side of
 the leg of the support portion that provides the free end
 thereof, and the leg has an aperture extending there-
 through. The stepped surface is adjacent the free end
 and provides a shoulder that extends in the direction of
 the longitudinal axis of the holder and tiat is of a depth
 substantially equivalent to the thickness of the blade.

The clamping means may include a fastener extending
 through the aperture in the kg and a clamping plate
 seated on the surface thereof rind on the blade. The fas.
 tester draws the clamping plate tightly against the
 blade, and the blade thereby against the surface of the
 30 leg, to clamp the blade tightly therebetween. Most de.
 sirably, the stepped surface of the leg providing the free
 end has a double-stepped configuration providing a
 second shoulder spaced inwardly from the first shout-
 der. The clamping plates seated on the step provoding
 35 the second shoulder, the latter being of a depth wh-
 giantism y equal to the thick ness of the clamping plate
 to provide a substantially flush side surface. Advance-
 sewas'2, die clamping plate is internally threaded and
 40 cooperates with an externally threaded bolt to provide
 a fastener, and ideally the aperture is present adjacent
 the first mentioned shoulder. In such a ease, the fas-
 tester extends below the shoulder with the Wide boar-
 ing agalnst the shank thereof.

Generally, the blade of the handsaw will be of sub-
 stentially uniform width along its entire length and the
 passageway to the handle portion will be dinsensimHied
 and coati/urea to enable facile mattries and sliding
 movement of the block thereinto. To restrict sidewise
 50 and rotational movement of the blade within the pas-
 sageway. the passageway beneficially has a portion of
 reduced cross-sectional area snugly seating the blade.
 In preferred embodiments, the reduced portion of the
 pasageway extends inwardly from the "one"
 33 the handle portion and the passageway has a portion of
 greater cross-sectional area extending inwardly from
 the opposite end thereof. The pasageway of such em-
 bodiments is dimensioned and configured to provide a
 trans-sectional Portion blending the seduced sad
 60 greater cross-sectional area portions and providing
 guide surfaces to facilitate insertion of the blade ialo
 the passageway from the opposite end of the handle
 Portion. Most desirably. the reduced cenn-e-eactinetai
 63 area portion of the passageway includes generally U-
 shaped channek snugly seating the upper and lower
 edges of the blade, and the greater cross.sectional area
 portion thereof is of generally octagonal configuration.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a perspective view of a handsaw embodying the present invention;

FIG. 2 is a side elevational view of the handsaw of FIG. 1 drawn to a slightly diminished scale and showing, in phantom line, the blade in an extended position;

FIG. 3 is a front end elevational view of the handsaw drawn to a slightly enlarged scale from that of FIG. 1;

FIG. 4 is a fragmentary exploded perspective view of the front end of the support portion of the holder and a portion of the blade that is supported thereby;

FIG. 5 is a fragmentary side elevational view of the front end of the assembled handsaw, with nut plate omitted for clarity of illustration;

FIG. 6 is a sectional view of the handsaw along line 6 - 6 of FIG. 2 and drawn to an enlarged scale.

FIG. 7 is a sectional view of the handsaw along line 7 - 7 of FIG. 2 and drawn to the same scale as FIG. 6; and

FIG. 8 is a perspective view of a section along line 6 - 6 of FIG. 2, drawn to a still further enlarged scale and with the blade removed to illustrate the configuration of the passageway through the holder thereat.

DETAILED DESCRIPTION OF THE ILLUSTRATED EMBODIMENT

Turning now in detail to the appended drawing, therein illustrated is a handsaw embodying the present invention and including a one-piece holder, generally designated by the numeral 10, which is molded from a synthetic resinous material. Mounted within the holder 10 is a hacksaw blade, generally designated by the numeral 12, which is of conventional thin, flexible construction and has a width dimension "a" that is uniform along its entire length.

The elongated handle portion 14 of the holder 10 has a complex external configuration providing longitudinally extending rib elements 16 along the lower side margins thereof, and recessed side surface portions 18 that diverge upwardly and blend to an enlarged upper surface portion 20 providing rib elements 21 thereat. This configuration of the handle portion 14 renders the saw comfortable to hold and enables secure gripping thereof in the operative position; as will be noted, the handle portion 14 also has a complex curvilinear external configuration along its longitudinal axis, which further contributes to the comfort and security of the grip thereon. The elliptical apertures 22 that are centrally located within the surface portions 18 are caused by the use of stabilizing mold elements, and serve no necessary function in the tool herein described.

The holder 10 also includes a generally inverted U-shaped support portion, generally designated by the numeral 24, which consists of an elongated, generally rectilinear rigid arm 26 which extends along an axis generally parallel to the axis of the handle portion 14 and is offset a short lateral distance therefrom. One end of the arm 26 is spaced upwardly from and is attached to the adjacent end of the handle portion 14 by a short connecting leg 28, which blends into the contour of the handle portion 14. The leg 30 depending from the opposite end of the arm 26 to provide the free end of the support portion 24 affords overlying support for the blade 12 at a point spaced forwardly of the handle portion 14 and has means therein for securing the blade, as will be described hereinafter. The leg 21, the arm 26

and the leg 30 cooperatively define an elongated, generally U-shaped clearance area 32 extending above the portion of the blade 12 that projects from the passageway of the handle portion 14.

As can best be seen in FIG. 4, one side surface of the leg 30 has a double stepped configuration provided by a first inside surface 40 extending upwardly from the free edge of the leg 30 to the shoulder 41 which extends in the direction of the longitudinal axis of the holder 10 and is of a depth substantially equal to the thickness of the blade 12. The double-stepped configuration also includes a second, shallower side surface 42 that extends from the first shoulder 41 to an angularly disposed shoulder 44, which rises to the plane of that side surface of the body of the leg 30. Centered on the shoulder 41, the leg 30 of the support portion 24 has a centrally located aperture 34 passing therethrough, in which is received the threaded shank 36 of the slotted thumbscrew 38. As will be apparent from FIGS. 3 and 5, the upper edge of the blade 12 bears upon the shank 36 of the thumbscrew 38.

The blade 12 is secured on the step 40 defined by the shoulder 41 by the nut plate 46 which seats the edge of the leg 30. The nut plate 46 has an angular shoulder 45 which mates with the angular shoulder 44 of the leg 30. Tightening of the thumbscrew 38 creates a slight turning movement upon the nut plate 46, and produces a very tight and effective grip of the lower edge of the nut plate 46 upon the side surface of the blade 12 to clamp it firmly against the step 40.

Turning now in detail to FIGS. 6 - 8, therein is best illustrated the external configuration of the handle portion 14 and the configuration of the passageway defined therethrough. The cross sectional configuration at the forward section of the passageway shown in FIG. 6 is defined by narrow top and bottom U-shaped channels 48 defining a recess greater than the width of the blade 12, and a relatively wide center portion defined by side surfaces which are spaced apart a distance considerably greater than the thickness of the blade 12. Right angular shoulders 52 extend from the side surfaces 50 to the channels 48. As can be appreciated, the blade 12 snugly seats on the channels 52 to restrict movement thereof about its longitudinal axis within the handle portion 14 either in a sidewise or in a twisting manner.

The rearward portion of the passageway that is depicted in FIG. 7 is generally octagonal in configuration and includes side surfaces 50 and top and bottom surfaces 48 that correspond to the bottom surfaces of the channels 48 seen in FIG. 6. However, the cross-sectional configuration of the relatively unrestricted portion of the passageway shown in FIG. 7 omits the inwardly disposed right angular shoulders 52 to define the channels 48 and instead has sloping surfaces 54. Beveled surfaces 56 (shown in FIG. 8) provide a gradual transition between the shoulders 52 and the sloping surfaces 54 and afford effective guides so facilitate insertion of the blade 12 from the rear of the handle portion 14.

As will be appreciated by those skilled in the art, the complex configuration of the passageway permits it to be formed using a mold element that consists of a relatively heavy base (of hexagonal cross-section) on which is supported a more delicate element having a configuration producing the compound rectangular shapes and the right angle shoulders 54 present in the

U. S DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

November R. 1958

THIS IS TO CERTIFY that the annexed is a true copy from the records of this office
of U.S. Design Patent 228,225.



By authority of the
COMMISSIONER OF PATENTS AND TRADEMARK

G. V. Rosely
Certifying Officer.

221.226

HANDSAW

Robert F. West Nest Simsbury, sod IxIrd F. Covey,
Easton. Coon, assignors to The Stanley Works. New
Ratak, Conn.

Filed May 3. 1971. Ser. No. 140,006

Term of patent 14 years

Int. Cl. 1fS-.03

U.S. CL

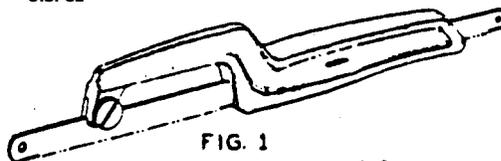


FIG. 1

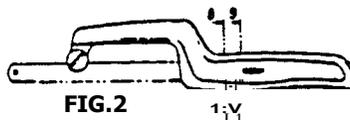


FIG. 2

FIG. 3

FIG. 6

FIG. 4



FIG. 5

FIG. 7

FIG. 30

FIG. 8

FIG. 9

FIG. 1 is a perspective view of a hand saw showing our new design;

FIG. 2 is an elevational view of the right side thereof as seen in FIG. 1 and drawn to a diminished scale;

FIG. 3 is a top view thereof drawn to the scale of FIG. 2;

FIG. 4 is a bottom view thereof drawn to the scale of FIG. 2;

FIG. 5 is an elevational view of the left side thereof as seen in FIG. 1 and drawn to the scale of FIG. 2;

FIG. 6 is a front view thereof;

FIG. 7 is a rear view thereof;

FIG. 8 is a sectional view thereof along the line e-g of FIG. 2 drawn to all enlarged scale and illustrating the external contour of the handle portion thereof and the configuration of the end of the passageway exposed at the front end of the handle portion;

FIG. 9 is a similar sectional view thereof along the line 9-9 of FIG. 2, drawn to an enlarged scale, and illustrating the internal contour of the handle portion thereof and the configuration of the end of the passageway exposed at the rear end of the handle portion; and

FIG. 10 is a side elevational view thereof similar to FIG. 2 with the blade in a more fully extended position.

It is understood that the incomplete showing of detail in FIGS. 1, 2, 3 and 10 represents a continuation of that detail along the length indicated.

We claim:

The ornamental design for a hand saw, as shown and described.

References Cited

UNITED STATES PATENTS

D. 207,247 3/1967 Reuterfors 01-97
D. 162,794 4/1951 Derr DS-95
2,331,631 10/1943 Taylor 143-31

OTHER REFERENCES

Hardware Age, May 1, 1961, p. 23. &Awing Mini-Saw at bottom right of page.

WALLACE R. BURKE, Primary Examiner

A. P. DOUGLAS, Assistant Examiner

industry. Respondents' post-hearing brief at 4.

THE APPLICABLE LAW

Section 337

Section 337(a) of the Tariff Act of 1930 states in part that it is unlawful for an owner, importer, consignee, or agent of either, to participate in unfair methods of competition and unfair acts, in the importation of articles into the United States, or in their sale, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry. 19 U.S.C. § 1337(a).

The Patent Act

The act alleged to be unfair under Section 337 in this case is the importation of products alleged to infringe U.S. patents. Section 154 of the Patent Act, 35 U.S.C. § 154, grants a 17 year monopoly for inventions that qualify under that statute. As the Supreme Court stated in Graham v. John Deere Co.:

Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system....

Graham v. John Deere Co., 383 U.S. 1, at 5-6, 148 U.S.P.Q. 459 (1966).

Section 171 of the Patent Act, 35 U.S.C. §171, extends patent protection to "any new, original and ornamental design for an article of manufacture." The term of design patents is 14 years. 35 U.S.C. §173.

The Burden of Proof

Section 282 of the Patent Act, 35 U.S.C. § 282, provides that a patent shall be presumed valid, that each claim of a patent shall be presumed valid independently of the validity of other claims, and that the burden of establishing invalidity of a patent or any claim rests on the party asserting **it**.

The "burden of proof" includes the "burden of going forward" in the case, a burden that shifts back and forth during trial, and the "burden of persuasion," the ultimate burden that must be carried to win the case. The burden of persuasion always remains on the party asserting patent invalidity, Hughes Aircraft Co. v. United States, 717 F.2d 1351, 219 U.S.P.Q. 473, 478 (Fed. Cir. 1983), **even** though this burden may be easier to carry when the party asserting patent invalidity cites prior art more relevant than that relied upon by the Patent and Trademark Office. SSIH Equipment, S.A. v. U.S.I.T.C., 718 F.2d 365, 375, 218 U.S.P.Q. 678, 687 (Fed. Cir. 1983). The presumption of patent validity must be overcome by clear and convincing evidence. Dennison Manufacturing Co. v. Panduit Corp., U.S. 106 S.Ct. 1578, 229 U.S.P.Q. 478 (1986).

The burden of persuasion as to issues of fact involving infringement usually is on the patent owner, but may shift to the alleged infringer on certain **issues** such as experimental purpose, or implied license. See Chisum, Patents, **Section** 18.06.

The burden of persuasion that the products in issue were imported, that there is a domestic industry, and that the alleged unfair acts in issue caused the required amount of injury to the domestic industry is on complainant.

Except **on the** issue of patent invalidity, the burden of persuasion at the trial level **is** by a fair preponderance of the evidence. In other words, the trial judge (in this case the administrative law judge) weighs the evidence, and determines who has proved his case by a preponderance of the evidence.

Reviewing courts, unless they hear the case de novo, use different standards for review. They do not weigh the evidence on each side. Depending on the reviewing court or forum, the standards for reviewing findings of fact may be:

- (1) Whether the findings, of the trial judge are supported by clear and convincing evidence,
- (2) Whether the findings are clearly erroneous, or
- (3) Whether there was substantial evidence to **support the** findings.

The rules of the Commission require that it use the clearly erroneous rule in reviewing a finding or conclusion of material fact. Section 210.54 of the Rules (19 C.F.R. § 210.54). The standard for reviewing the law for every court is basically whether there was an error in the law. Section 210.54 provides that a legal conclusion will be reversed if it is erroneous, without governing precedent, rule or law, or constitutes an abuse of discretion.

The Difference Between Findings of Fact and Conclusions of Law

Frequently, the distinction between findings of fact and conclusions of law is **not easy** to draw. When a question is raised as to whether a patent is invalid because its subject matter does not constitute an invention, this is a purely legal issue. Graham v. John Deere Co., supra. The standard of invention is based on the Constitution. White, Patent Litigation, Section 7.05(2) at 7-28. On other patent issues, the courts have held that the

ultimate findings of obviousness and infringement involve mixed findings of fact and of law. Dennison v. Panduit, supra, 229 U.S.P.Q. at 479; Martin v. Barber, 755 F.2d 1564, 1567, 225 U.S.P.Q. 233, 234 (Fed. Cir. 1985); see also White, Patent Litigation, Sections 6.03(2), 7.05(2), 7.05(3); and Chisum, Patents, Section 18.06(2)]. The initial facts on which ultimate conclusions of fact are based are clearly findings of fact. In this initial determination, the initial facts have been separated from the ultimate conclusions of fact and conclusions of law. On most issues, it is virtually impossible to separate the ultimate conclusions of fact from the conclusions of law.

The reason that more weight was given to one piece of evidence than to another cannot be pointed out in every instance. The weight given to the documentary evidence and the testimony leads to the choices made in selecting every finding of fact where the record also would support an inconsistent finding.

FINDINGS OF FACT

A. Summary of the Facts

(i) Parties

1. The Stanley Works ("Stanley") is a corporation organized and existing under the laws of the State of Connecticut and has its principal place of business at 1000 Stanley Drive, New Britain, Connecticut 06050. The Stanley Tools Division is a division of The Stanley Works having its principal place of business at 600 Myrtle Street, New Britain, Connecticut 06050. Stip. 1. (Stipulations are set forth in Stanley's trial memorandum, appendix C.)
2. Respondent M & S Krasnow, Inc. (which also does business under "K & R Tools" and "K & R Enterprises") ("Krasnow") is a corporation organized under

the laws of the State of California, having its principal place of business at 8749 Shirley, Northridge, California 91324. Stip. 3.

3. Respondent Alltrade Inc. ("Alltrade") is a corporation organized under the laws of the State of California, having its principal place of business at 2140 Davie Avenue, Los Angeles, California 90040. Stip. 4.

4. Respondent Menard, Inc. ("Menard"), is a corporation organized under the laws of the State of Wisconsin, having its principal place of business at 4777 Menard Drive, Eau Claire, Wisconsin 54703. Stip. 5.

5. Borsumij Wehry Company (USA), Inc. ("Borsumij"), is a corporation organized under the laws of the State of Florida and doing business as Maxitt Tools U.S.A. ("Maxitt") and has a place of business at 75 Union Avenue, Rutherford, New Jersey 07070. Stip. 6.

6. Respondent Maxwell Co., Ltd. ("Maxwell"), is a company organized under the laws of the Republic of China, having its principal place of business at 8th Floor, 290 Fuhsing N. Road, Taipei City, Taiwan. Sanction, Order Nos. 26, 28.

7. Respondent The Lion Plastic & Metal Works Ltd. ("Lion") is a company organized under the laws of the Colony of Hong Kong, having its principal place of business at Block B & D, 6/F, King Yip Factory Building, 59 King Yip Street, Kwun Tong, Kowloon, Hong Kong. Sanction, Order Nos. 25, 28.

8. Respondent The Disston Company, Inc. ("Disston"), is a corporation organized under the laws of the State of North Carolina, having its principal place of business at 1030 West. Market Street, Greensboro, North Carolina 27401. Sanction, Order No. 23.

9. Respondent Miller International Inc. ("Miller"), is a corporation that was organized under the laws of the State of New Jersey, and had its principal place of business at 75 Union Avenue, Rutherford, New Jersey 07070. It has voluntarily dissolved and assigned certain assets and liabilities to Borsumij Wehry (USA), Inc. Stanley Phys. Ex. AL.

(ii) Product and patents in issue

10. In about 1969, before the invention of the product in issue, Stanley became aware of a miniature hacksaw that was made by Malco Manufacturing Company and covered by U.S. Patent No. 3,447,580 (the Keymer patent).

Tr. 212.

11. Recognizing that the Malco saw would fill a need that was not being met by its product line, Stanley contracted to sell the Malco saw on a non-exclusive basis using Stanley's brand name. Tr. 213 - 215.

12. The Malco saw made it possible to use a hacksaw blade in confined spaces where a big hacksaw frame could not fit, and it was lower priced than a conventional hacksaw. Tr. 213.

13. After it began marketing the Malco saw, Stanley decided to develop a new design for a miniature hacksaw offering improved function, an attractive design and increased profitability. Tr. 216, 278-279.

14. In 1970, a prototype design was created by Stanley employee Robert F. West and **approved** for further developmental. engineering by Stanley. Tr. 216 - 218.

15. After definition of mechanical details of the new hacksaw, Mr. West worked with an industrial designer, Laird Covey, to develop its design or "ornamental appearance." Tr. 219-220.

16. United States Patent No. 3,756,298 (Stanley Ex. 1) issued on September 4, 1973, on an application filed by West on May 3, 1971. Tr. 230-31.
17. United States Design Patent No. 228,225 (Stanley Ex. 2) issued on August 28, 1973, with a term of fourteen years, on an application filed by West and Covey, on May 3, 1971. Tr. 231.
18. The applications for both patents were assigned to Stanley on April 22, 1971. Stanley Exs. 3 - 4; Tr. 233.
19. The invention of the '298 patent relates to a handsaw which uses a thin, flexible elongated hacksaw blade of substantially uniform thickness. A molded synthetic resin holder for the blade is formed in one piece with a hand grip portion and a support portion of an upside down U-shaped configuration that extends forwardly from the front end of the hand grip portion. The hand grip portion has a passage extending through it in which one end of the saw blade is slidably seated. The support portion provides an elongated center section which is spaced above the saw blade to provide a relatively large clearance area above the blade.

The outer end of the support portion has a pair of elements which clamp the saw blade in a fixed position on that end and therefore within the holder itself.

The hand grip portion of the holder is elongated and has a contoured external surface which provides longitudinally extending ribs along its upper and bottom side edges and recessed surface portions between the edges. This external configuration is designed to enable fairly firm and comfortable gripping of the holder, while at the same time reducing the volume of material and cost.

The passageway in the grip portion is designed to provide easy entry of the saw blade into it and sliding movement of the blade within it. It includes a portion of reduced cross-sectional area which will snugly seat the blade so as to limit its movement in any direction other than in the sliding direction through the handle.

The preferred construction has the free leg of the U-shaped portion provided with a shoulder, and the clamping means on that free leg includes fastener which extends through a hole in the leg, and a clamping plate which bears against the leg and the blade and which is tightly drawn against the blade by the fastener. Stanley Ex. 1, Tr. 866-872.

20. The design claimed in the '225 design patent is illustrated as follows:



FIG. I

1

FIG II

8¹f
8₄₄

---t.L---: ---LII---

.2---

FIG 3



FIG. 4

t 10.0



FIG. 5

IG. 5

J

FIG. 10



FIG. 9

drawing said clamping plate tightly against said blade and said blade thereby against the surface of said leg to clamp said blade tightly therebetween.

C. Validity of the '298 Patent

The applicable law

Section 102 of the Patent Act

Section 102 of the Patent Act, 35 U.S.C. § 102, reads as follows:

A person shall be entitled to a patent unless-

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not

abandoned, suppressed, or concealed it. In determining **priority** of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

Before a patent will be found to be invalid for anticipation under Section 102(b), every essential element of the patent claim must be found in a single piece of prior art. RCA Corp. v. Applied Digital Data Systems, Inc., 730 F.2d 1440, 221 U.S.P.Q. 385, 388 (Fed. Cir. 1984). Although some courts have found anticipation under Section 102 if the prior art reference discloses all the elements of the claimed invention "or their equivalents functioning in essentially the same way," most courts, including the Federal Circuit, have required identical elements in the prior art reference. See Chisum, Patents Section 3.02 and RCA Corp. v. Applied Digital Data Systems, Inc., *supra*.

Section 103 of the Patent Act

Section 103 of the Patent Act, 35 U.S.C. § 103, reads as follows:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

Patentability shall not be negatived by the manner in which the invention was made. Subject matter developed by another **person**, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject **matter and** the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

In Graham v. John Deere Co., 383 U.S. 1, 17-18, the Supreme Court required that certain factual inquiries be made before a determination of obviousness is made:

Under Section 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or non-obviousness, these inquiries may have relevancy.

A patent's commercial success and the failure of competitors to develop equally successful inventions are important factors weighing in favor of the validity of a patent. Dennison v. Panduit, supra.

The obviousness of the subject matter of a patent depends upon what the prior art taught a hypothetical person of ordinary skill in the art at the time of the alleged invention of the patent in issue. EWP Corporation v. Reliance Universal Inc., 755 F.2d 898, 225 U.S.P.Q. 20 (Fed. Cir. 1985) cert. denied, 106 S.Ct. 131.

In addressing the question of obviousness a judge must not pick and choose isolated elements from the prior art and combine them so as to yield the invention in question if such a combination would not have been obvious at the time of the invention. Dennison v. Panduit, supra.

Although a determination of "obviousness" under Section 103 may be partly a determination of fact and partly a conclusion of law, the subsidiary determinations on which the ultimate determination of obviousness are based are determinations of fact. Dennison v. Panduit, supra.

Double patenting

A patent can be found invalid on the theory of double patenting between a utility patent and design patent if there is no clear patentable distinction between the two inventive ideas involved. In re Thorington, 418 F.2d 528, 535 (CCPA 1969), cert. denied, 397 U.S. 1038 (1970). The double patenting theory is based on the public policy of preventing extension of the term of the patent. Carman Industries, Inc. v. Wahl, 724 F.2d 932, 940 (Fed. Cir. 1983). Double patenting occurs if the two patents cross-read, that is, claim the same thing. "To say that patents cross-read means that a device embodying the patentable design of the design patent must infringe the utility patent; and that a device embodying the patentable claims of the utility patent must infringe the design patent." Carman, 724 F.2d at 932 (emphasis in original).

In the Carman case, the Federal Circuit stated that "there is a heavy burden of proof on one seeking to show double patenting. Double patenting is rare in the context of utility versus design patents." 724 F.2d at 940.

Section 282 of the Patent Act

Section 282 of the Patent Act, 35 U.S.C. §282, provides that "A patent shall be presumed valid....The burden of establishing invalidity of a patent shall rest on the party asserting it." The presumption of validity is strengthened if it is shown that the most pertinent prior art was considered by the Patent and Trademark Office ("PTO") before issuing the patent, and may be weakened if it is shown that the PTO did not have before it the most pertinent prior art. American Hoist and Derrick Co. v. Sowa & Sons, 725 F.2d 1350 (Fed. Cir.), cert. denied, 105 S.Ct. 95 (1984), Bandag Inc. v. Lewis General Tire, Inc., 207 U.S.P.Q. 745, 755 (W.D.N.Y. 1980), EWP Corp. v.

Reliance Universal, Inc., 755 F.2d 898, 905 (Fed. Cir. 1985).

The presumption of patent validity must be overcome by clear and convincing evidence. Dennison Manufacturing Co. v. Panduit Corp., U.S. 106 S.Ct. 1578, 229 U.S.P.Q. 478 (1986).

Findings of Fact

22. The following prior art patents were considered by the Patent and Trademark Office during the examination of the application for the '298 patent (all are U.S. Patents except as noted):

2,331,638, Taylor (Respondents' Ex. 21)
2,920,668, Leist (Respondents' Ex. 19)
2,139,147, Blum (Respondents' Ex. 24)
2,655,963, Dell (Respondents' Ex. 25)
3,447,580, Keymer (Respondents' Ex. 20)
British Patent No. 935,876 (Respondents' Ex. 26)

Stanley Ex. 1.

23. The following reference (along with several others not addressed by the parties herein) was brought to the attention of the PTO but was not cited by the examiner:

U.S. Patent No. 3,480,055 to LaPointe (Respondents' Exs. 22, 3)

24. The following references constitute prior art not considered by the PTO:

Japanese Patent No. 40-15515 to Shiraki (Respondents' Ex. 46)
U.S. Patent No. 3,338,278 to Reuterfors (Respondents' Ex. 23)
U.S. Patent No. 1,726,241 to Schubert (Respondents' Ex. 27).

25. No prior art reference, whether or not considered by the PTO, contains each element of any claim of the '298 patent, either inherently or by reason of an express description.

26. Sales of the Stanley's Mini-Hack in the period just after its introduction substantially exceeded sales by Stanley of the Malco miniature

hacksaw: Sales of the Malco version were [C] units in 1970, and [C] in 1971. Sales of the Stanley version were [C] in 1971 and [C] in 1972. Respondents' Ex. 8, Stanley Ex. 16.

Conclusions of Fact and Law

No prior art reference not seen by the PTO is more pertinent than those considered by the PTO.

There is no clear and convincing evidence to support respondents' contention that the Somax saw constitutes prior art. The earliest reference in the record to the existence of the Somax saw is March, 1973, long after the patent application was filed

The pertinent art for the '298 patent is manufacturing saws. The '298 patent describes in column 1 what was known by those with ordinary skill in the art before the invention was made. Such a person would have known about "hacksaws, cross-cut saws and rip saws. He would have known about interchangeable saw blades, and the need for good hand grips and durability. One with ordinary skill in the art of manufacturing saws would have no minimum level of education, but would be expected to have experience in the manufacture of low-cost, durable tools for the home market, and some knowledge about the special **uses** for **saws** in the home market. Stanley Ex. 1.

Obviousness under Section 103 and the level of ordinary skill in the art are questions of law. The deposition testimony of Mr. Hillinger, stating that he is one of ordinary skill in the art, and that the invention would have been obvious to him, - is not admissible as factual evidence. There are no facts in this record that would constitute clear and convincing evidence to overcome the presumption that the '298 patent is valid.

The increased level of miniature hacksaw sales following introduction of the model covered by the '298 patent is indicative of commercial success, further supporting a finding of non-obviousness.

The '298 patent is not invalid due to obviousness, nor is it anticipated.

There is no showing that the '298 patent and '225 patent cross-read or claim the same thing. It appears that the elements of the utility patent could be constructed without using the ornamental elements of the design patent. It would be possible to construct a saw using this design that would not utilize the functional elements of the '298 patent.

Respondents have failed to rebut the presumption of validity accorded to a U.S. patent by 35 U.S.C. §282 by clear and convincing evidence.

D. Infringement of the '298 patent.

The applicable law

A patent that is invalid cannot be infringed. This is obvious from the Patent Act itself, which offers no protection for invalid patents.

A product that infringes if later, anticipates if earlier. Knapp v. Morss, 150 U.S. 221 (1893); Aerotec Industries of California v. Pacific Scientific Co., 381 F.2d 795 (9th Cir. 1967), cert. denied, 389 U.S. 1049 (1968).

In 1938, the Supreme Court held that an invention is defined in the claims of a patent, and a claim that is too broad cannot be saved by

limitation to products produced in accordance with the process set out in the specification. General Electric Co. v. Wabash Appliance Corp., 304 U.S. 364 at 374 (1938). See also Maclaren v. B-I-W Group Inc., 535 F.2d 1367, 190 U.S.P.Q. 513 (2d Cir.), cert. denied, 429 U.S. 1001 (1976).

The patent monopoly is defined by the claims of the patent. In re Baird, 348 F.2d 974, 146 U.S.P.Q. 579 (C.C.P.A. 1965); In re Van Ornum, 686 F.2d 937, 214 U.S.P.Q. 761 (C.C.P.A. 1982). Put another way, the claim is the measure of the patented invention. Aro Manufacturing Co. v. Convertible Top Replacement Co., 365 U.S. 336 (1961). The claim cannot be twisted "like a nose of wax" to make it include something other than what its words express. White v. Dunbar, 119 U.S. 47 (1896)

These patent law concepts are still followed, but the courts under certain circumstances have allowed more flexibility in construing patent claims on equitable grounds. There are three areas in which this occurs:

1. A claim sometimes will be construed to cover less than a literal reading of the claims would suggest, for example when the doctrine of file wrapper estoppel is raised. (The issue of file wrapper estoppel is not raised in this case.) This is also the result when the reverse doctrine of equivalents is used, but the courts use this doctrine rarely, and it is not in issue here.

2. Under the doctrine of equivalents, a claim can be construed as covering more than a literal reading of the claim would suggest. The doctrine of equivalents is based on a judicial concept explained in Graver Tank & Mfg. Co., Inc. v. Linde Air Products Co., 339 U.S. 605, 85 U.S.P.Q. 328, 330-332 (1950). When one applies the doctrine of equivalents, protection is given

beyond literal infringement of the claim, in order "to temper unsparing logic and prevent an infringer from stealing the benefit of the invention". Under the doctrine of equivalents, infringement sometimes can be found if the allegedly infringing product performs substantially the same function in substantially the same way to obtain substantially the same results as the patented product.

The range of equivalents varies with the degree of invention. Pioneer patents are entitled to a broad range of equivalents. Narrow improvements are entitled to a limited or no range of equivalents. Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405 (1908), and Brill v. Washington Ry. Co., 215 U.S. 527 (1910).

A finding of equivalence is a determination of fact. Graver Tank & Mfg. Co., Inc. v. Linde Air Products Co., *supra*, 85 U.S.P.Q. 331.

3. Finally, in a third category, a few courts have allowed flexibility in construing a claim where the terms of the claim are ambiguous. These courts sometimes allow the claim to be construed in the light of the patent specification. By construing an ambiguous claim by reference to the patent specification, the literal words of the claim no longer define the scope of the patent. See, for example, Autogiro Co. of America v. United States, 384 F.2d 391, 155 U.S.P.Q. 697 at 702 (Ct. Cl. 1967), Fromson v. Advance Offset Plate, Inc., 755 F.2d 1549, 219 U.S.P.Q. 1137, 1140 (Fed. Cir. 1985).

Neither the doctrine of equivalents nor any other theory can be used to expand the scope of a patent claim so far that it incorporates what was already in the public domain or what would have been obvious at the time of the invention to one with ordinary skill in the art. Graham v. John Deere Co., *supra*, 383 U.S. 1, at 5-6.

Findings of Fact

27. All elements of all claims of the '298 patent, except claims 4 and 5, are found in the Menard miniature hacksaw (Stanley Phys. Ex. N). Stanley Ex. 96, Tr. 996-998.

28. The Menard miniature hacksaw employs a three-piece clamping system rather than the two-piece clamping system claimed in claims 4 and 5 of the '298 patent. Tr. 996.

29. The miniature hacksaws of Action (Stanley Phys. Ex. T), Lion (Stanley Phys. Ex. AA), Chung Fai (Stanley Phys. Ex. AC), and Ching Wah (Stanley Phys. Ex. AB) closely resemble the Menard miniature hacksaw and the same claim elements are found in them as in the Menard saw. Stanley Exs. 106, 118, 122, 120; Tr. 998, 1004.

30. The miniature hacksaw of Tab (Stanley Phys. .Ex. V) resembles that of Menard, employing a three-piece clamping system; it does not have the stepped shoulder required by claims 3, 4, 6, and 9 of the '298 patent. The elements of claims 1, 2, 7, and 8 are found in this saw. Stanley Ex. 126, Tr. 977, 988, 993, 998.

31. All the elements of all the claims of the '298 patent are found in the Lindsley miniature hacksaw. Stanley Ex. 110, Tr. 995.

32. All the elements of all the claims of the '298 patent are found in the Krasnow miniature hacksaw (Stanley Phys. Ex. L). Stanley Ex. 92, Tr. 1003-1004.

33. The miniature hacksaws of Disston (Stanley Phys. Ex. S), Alltrade (Stanley Phys. Ex. M), Miller (Stanley Phys. Ex. R), and Borsumij (Stanley Phys. Ex. U) are essentially the same as the Stanley miniature hacksaw except

that the clamping fastener is thicker and the shank smaller in diameter than in the Stanley saw. All the elements of all the claims of the '298 patent are found in these saws. Stanley Exs. 94, 102, 104, 108; Tr. 1004-1005.

34. The Disston, Alltrade, Miller, and Borsumij hacksaws appear to come from the same manufacturing plant because they have the same molding lines, the same fastener characteristics, and the same appearance. Tr. 1004.

35. One of the parties that has settled out of the case identified China National Machinery Import and Export Corporation of Nanking, China, as a source of its imported miniature hacksaws, including Stanley Phys. Ex. J. Stanley Phys. Ex. AH

36. China National Machinery Import and Export Corporation has not been a party to the investigation and is not subject to a consent order

37. The elements of all claims of the '298 patent except claims 3, 4 and 8 are found in the miniature hacksaw from China National (Stanley Phys. Ex. J). Stanley Ex. 90, Tr. 963, 1001-1002.

38. The China National miniature hacksaw does not employ the stepped shoulder required by claims 3 and 4 of the '298 patent. Instead, it uses a long rib and two short ribs to perform the same function. Tr. 963, 1001.

39. The rear portion of the blade passageway in the China National miniature hacksaw is rectangular in shape rather than octagonal as required by claim 8 of the '298 **patent. Tr. 963, 1001.**

Conclusions of ,fact and law

The miniature hacksaws associated with the following parties and non-parties infringe the respective claims of the '298 patent:

(a) Parties

Menard (claims 1, 2, 3, 6, 7, 8, and 9)
Iion (claims 1, 2, 3, 6, 7, 8, and 9)
Krasnow (claims 1 - 9)
Disston (claims 1 - 9)
Alltrade (claims 1 - 9)
Miller (claims 1 - 9)
Borsumij (claims 1 - 9)

(b) Non-parties

Tab (claims 1, 2, 7, and 8)
Action (claims 1, 2, 3, 6, 7, 8, and 9)
Chung Fai (claims 1, 2, 3, 6, 7, 8, and. 9)
Ching Wall (claims 1, 2, 3, 6, 7, 8, and 9)
Lindsley (claims 1 - 9)
China National (claims 1 - 9)

All of the foregoing infringement findings are based on literal infringement of the respective claims, except that the China National miniature hacksaw infringes claims 3, 4, and 8 under the doctrine of equivalents: this hacksaw performs substantially the same function in substantially the same way to obtain substantially the same results as the patented product.

Stanley has sought findings and conclusions establishing that the miniature hacksaws manufactured or sold by the respondents who have settled also infringe the '298 patent. Although the findings proposed by Stanley on this point are uncontested, in my view it is inappropriate to make infringement findings as to a party after the Commission has terminated the investigation as to that party on the basis of a consent order agreement.

No support is found in the consent agreements for making infringement findings as to the miniature hacksaws manufactured or sold by the respondents who have settled, because each of the six consent order agreements contains a provision in which the respective respondent admits "solely for the purposes of this Consent Order Agreement and accompanying Consent Order that ... such miniature hacksaws infringe The Stanley Patents." (Para. 6.) Even this limited admission is ambiguous, because "such miniature hacksaws" apparently means "the miniature hacksaws defined in Paragraph 2 of the Consent Order," (id.) but there are three paragraphs numbered "2" in the consent order, and none defines a miniature hacksaw. In any event, Stanley and the respective respondent in each case also explicitly waived the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law. (Para. 10.)

E. The '225 Design Patent

The '225 design patent claims "the ornamental design for a handsaw, as shown and described." The design is shown in ten figures, reproduced at page 16 above.

F. Validity of the '225 Design Patent

The Applicable Law

Section 171 of the Patent Act, 35 U.S.C. §171, reads as follows:

Whoever invents any new, original, and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

A patentable design may consist of surface ornamentation, configuration or a combination of both. The design must have a pleasing appearance and cannot be dictated solely by functional considerations. The design also must be novel and non-obvious. 1 D. Chisum, Patents, §1.04 at 1-180 (1986).

With regard to anticipation, Chisum states that "the basic symmetry in patent law between anticipation (lack of novelty) and infringement--'that which infringes, if later, anticipates, if earlier'--is followed with design patents. The ordinary observer test is applied in both instances."

1 D. Chisum, Patents, §1.04(2)[e] at 1-196. See In re Nalbandian, 661 F.2d 1214, 211 U.S.P.Q. 788 (CCPA 1981). The "ordinary observer" standard dates from the Supreme Court's 1872 decision, Gorham Mfg. Co. v. White, 81 U.S. (14 Wall.) 511, 528:

(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.

In analyzing the obviousness issue, one must consider the same criteria that Graham v. John Deere mandates with regard to utility patents: the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the art at the time the invention was made. Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 1423, 1441 (Fed. Cir. 1984). "In a design patent case, the fictitious section 103 person of ordinary skill is 'the designer of ordinary capability who designs articles of the type presented in the application.'" Id. at 1443, citing In re Nalbandian, 661 F.2d 1214 (CCPA 1981).

As with patents for inventions, the following principles apply to design patents: (1) a design patent is presumed valid, (2) the burden of establishing invalidity of a patent rests on the party asserting it, (3) the presumption may be strengthened or weakened depending on whether the PTO had before it the most pertinent prior art, and (4) the presumption of patent validity must be overcome by clear and convincing evidence.

Findings of Fact

40. The following prior art patents were considered by the PTO during the examination of the application for the '225 design patent:

U.S. Pat. No. 2,331,638 to Taylor [see Respondents' Ex. 21]
U.S. Design Pat. No. 207,247 to Reuterfors [see Respondents' Ex. 29]
U.S. Design Pat. No. 162,794 to Derr [see Respondents' Ex. 30]

Stanley Ex. 2.

41. An advertisement for an "Estwing Mini-Saw" published in Hardware Age, May 1, 1968, also was cited in the '225 patent as prior art. Stanley Ex. 2.

42. No prior art reference not seen by the PTO is more pertinent than those considered by the PTO.

43. Respondents have failed to rebut the presumption of validity accorded to this patent by 35 U.S.C. §282.

Conclusions of Fact and Law

There is no clear and convincing evidence to support respondents' contention that the Somax saw constitutes prior art. The earliest reference in the record to the existence of the Somax saw is March, 1973, long after the patent application was filed.

There is no evidence in the record comparing the prior art to the patent in issue, nor is there a requirement that there be such evidence. Using the

ordinary observer test to compare the prior art in the record with the claimed design, I find that the design claimed in the '225 patent is new, and not merely a modification of a prior design. It is not anticipated.

Other than the description of the designer of the Stanley saw design, there is no evidence in the record describing the fictitious "designer of ordinary capability who designs articles of the type presented in the application." Respondents have failed to establish that the claimed design would have been obvious to such a designer in view of the prior art.

The pertinent art for the '225 design patent is designing saws. In the absence of evidence on the subject of ordinary skill in the art of designing saws it is found that the level of ordinary skill in designing saws is that of any industrial designer similar to the one who designed the saw in issue for Stanley. Such a designer would know the type of design that would be acceptable to the do-it-yourself homeowner or handyman. No minimum level of education or skill would be needed, but some familiarity with tools and those who use them would be necessary.

Although there are functional aspects to the design, as admitted by Stanley (reply brief at 25), there is no proof that this particular design, including aesthetically pleasing curves, transitional surfaces and tapers, is required for functional reasons.

Respondents have failed to carry their burden of establishing that the '225 design patent is invalid by clear and convincing evidence.

G. Infringement of the '225 Design Patent

The applicable law

The basic test for infringement is the "ordinary observer" standard set forth above in the quotation from Gorham v. White. See also Unette Corp. v. Unit Pack Co., 785 F.2d 1026, 228 U.S.P.Q. 933, 934 (Fed. Cir. 1986).

Findings of Fact

44. The imported miniature hacksaws of the following companies are almost identical to the Stanley miniature hacksaw and to the design claimed in the '225 patent; to discern differences in appearance between these imported miniature hacksaws and the '225 patent design, one would need technical knowledge, measuring instruments and a side by side comparison:

Disston (Stanley Phys. Ex. S)
Alltrade (Stanley Phys. Ex. M)
Miller (Stanley Phys. Ex. R)
Borsumij (Stanley Phys. Ex. U)
Lindsley (Stanley Phys. Ex. W)

Tr. 1008 - 1009.

45. The appearance of the miniature hacksaws of Menard, Action, Tab, Lion, Chung Fai, and Ching Wah (Stanley Phys. Exs. N, T, V, AA, AC, and AB) differs from the claimed design in the following respects: a wing nut, bolt and clamping plate are used instead of the two piece system with a knurled circular fastener; the center arm of the U-shaped portion is longer on the imported saws; the handle has slight ripples on the bottom surface; and there are three apertures in the handle rather than one. Tr. 996-998, 1002, 1004

46. The appearance of the miniature hacksaw of Krasnow (Stanley Phys. Ex. L) differs from the claimed design in the following respects: the knurled fastener has the appearance of black plastic rather than silver-colored metal,

it has no slot for a screwdriver, and the color of the plastic used in the handle is °lofty tnan black. Tr. 1002-1004.

47. The appearance of the saw supplied by China National Machinery Import and Export Corporation (Stanley Phys. Ex. J) differs from the claimed design in the following respects: the center arm of the U-shaped portion is 'somewhat longer, making the saw somewhat longer overall; the shape of the molding support aperture on the handle is circular rather than oval; and the rear passageway opening is rectangular rather than octagonal.

Conclusions of Fact and Law

Those hacksaws having an appearance so similar to that of Stanley's miniature hacksaw and the drawings of the patent that the ordinary observer would be unable to distinguish these saws clearly infringe the '225 patent. They are the miniature hacksaws of respondents Disston, Alltrade, Miller, and • Borsumij, and non-party Lindsley. These saws are confusingly similar to the patented design.

The remaining imported miniature hacksaws in issue have design differences so visually insignificant that the *designs* are likely to be regarded as substantially the same by the ordinary observer, "giving such attention as a purchaser usually gives." In each case, the overall impact of these saws on the eye of the observer is one of confusing similarity. The differences are in the details, and are not readily apparent, particularly when the sinew-are carded for display.

For the reasons stated above with regard to infringement of the '298 patent, no infringement findings are made regarding the respondents who have been terminated from the investigation on the basis of consent agreements: U.S. General, Scotty's, Kyuwn, En I, Yuo Noun, and Oxwall.

H. Enforceability of the '298 patent and '225 design patent

The applicable law

Patent applicants and their counsel are required to maintain a duty of candor in their relationship with the PTO, "the violation of which constitutes inequitable conduct resulting in unenforceability of a patent." A.B. Dick Co. v. Burroughs Corp., 798 F.2d 1392, 230 U.S.P.Q. 849, 853 (Fed. Cir. 1986), citing Driscoll v. Cebalo, 731 F.2d 878, 884, 221 U.S.P.Q. 745, 750 (Fed. Cir. 1984). Failure to disclose pertinent prior art to the PTO may constitute inequitable conduct if there is "clear, unequivocal and convincing evidence" on two points: intent and materiality. Rohm & Haas Co. v. Crystal Chemical Co., 722 F.2d 1556, 220 U.S.P.Q. 289 (Fed. Cir. 1983), Kansas Jack Inc. v. Kuhn, 719 F.2d 1144 (Fed. Cir. 1983).

The Federal Circuit recently has defined materiality by reference to PTO - Rule 56(a), 37 C.F.R. § 1.56(a). A.B. Dick v. Burroughs, supra, 230 U.S.P.Q. at 853. See also American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1362-63, 220 U.S.P.Q. 763, 773 (Fed. Cir.), cert. denied, 105 S.Ct. 95 (1984). Rule 56(a) requires practitioners before the PTO to "disclose to the Office information they are aware of which is material to the examination of the application." Known information is material "where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent." 37 C.F.R. § 1.56(a).

Subjective* good faith, or lack of specific intent to mislead the PTO, may offset a degree of materiality, but not if "knowledge of materiality or gross negligence greatly outweighs the lack of deceptive intent. ... Where an applicant or his attorney knew or should have known that a reference was

material (see Rule 56(a)), the failure to disclose the reference is sufficient to establish intent." A.B. Dick v. Burroughs, supra, 230 U.S.P.Q. at 855.

In Armour & Co. v. Wilson & Co., 274 F.2d 143, at 148 (7th Cir. 1960), the court noted:

It is easy to make charges of fraud, but the law rightfully insists that before legal rights may be based upon such charges, they must be established by clear and convincing evidence. The burden is on the party making charges of fraud to establish same by clear and definite proof.

Findings of Fact

48. During the prosecution of the '298 patent, the PTO did not have before it the Reuterfors No. 3,338,278 patent, the Schubert No. 1,726',241 patent, nor Japanese Patent Nos. 40-15515 (Shiraki) and 4331/29 (Watanabe). Respondents' Ex. 31 at p. 3.

49. The Stanley patent library contained a copy of the Reuterfors No. 3,338,278 patent prior to the filing and issuance of the '298 patent. Respondents' Ex. 31 at p. 4.

50. Kiyoshi Asamura is President and owner of Asamura Patent Office, and has held that position since January 1973. Stanley Phys. Ex. CR at 4 - 5.

51. Asamura Patent Office was established in 1891, and currently employs about 220 persons. Its principal activity includes representing foreign clients in filing applications for patents, trademarks, and other industrial property rights with the Japanese Patent Office, and representing Japanese clients in the filing of applications for patents, trademarks, and other industrial property rights with the Japanese and foreign patent offices. Stanley Phys. Ex. CR at 6 - 7.

52. Asamura Patent Office has represented Stanley since May 1968. Stanley Phys. Ex. CR at 7

53. Stanley filed an application for a Japanese utility patent based upon its United States application directed to the miniature hacksaw. Stanley Ex. 80.

54. The Japanese application was filed by Asamura Patent Office of Tokyo, Japan. Stanley Ex. 80.

55. Asamura Patent Office no longer has the file of the Japanese application which it had filed for Stanley on the miniature hacksaw. The file was destroyed sometime after March 1981 as a part of its record retirement program. Stanley Phys. Ex. CR at 7.

56. Asamura Patent Office does have the progress record of the Stanley Japanese patent application. This shows the filing particulars and deadlines given by the Japanese Patent Office, and is a record which is kept in the ordinary course of the business of Asamura Patent Office. Stanley Ex. 80, Stanley Phys. Ex. CR at 7 - 8.

57. Examination of the Stanley utility patent application in Japan was requested on May 25, 1973. Stanley Ex. 80, Stanley Phys. Ex. CR at 9.

58. Mr. Asamura is not aware of any prior art search conducted by Asamura Patent Office prior to the rejection of the application by the Japanese Patent Office. To the best of his knowledge, Asamura Patent Office never has conducted any prior art search for Stanley. Stanley Phys. Ex. CR at 9 - 10.

59. Asamura Patent Office normally does not conduct prior art searches for foreign companies before filing patent applications in Japan. Stanley Phys. Ex. CR at 10 - 11.

60. Asamura Patent Office requested examination of the Stanley patent application on May 25, 1973. Stanley Phys. Ex. CS at 9 - 10.

61. The Japanese Patent Office rejected the Stanley application on May 18, 1976, and mailed out a notice to that effect on June 8, 1976. Stanley Phys. Ex. CS at 9a.

62. The Notice of Rejection issued on May 18, 1976, cited Keymer U.S. Patent No. 3,447,580. Respondents' Ex. 43.

63. A Decision of Rejection of the Japanese application was issued on November 16, 1976, citing Keymer, and Japanese Utility Model Publication Nos. 40-15515 and 4331/29 for a showing of one piece handles. Respondents' Ex. 42.

64. Both the '298 patent and '225 design patent issued in 1973 before any rejection of the Japanese patent application.

65. Yasuo Ishii is a patent engineer who has been employed by the Asamura Patent Office since April 1, 1980. Stanley Phys. Ex. CS at 5 - 6.

66. As a patent engineer, Mr. Ishii's main duties include preparation of patent applications to the Japanese Patent Office as well as to foreign patent offices and preparation of replies to the office actions given by Japanese and foreign patent offices. He also conducts searches on patents and utility models mainly for Japanese applications. Stanley Phys. Ex. CS at 6 - 7.

67. Mr. Ishii performed services on behalf of Alltrade, Inc., as a result of a telex received from Alltrade and dated January 16, 1986, a copy of which was marked Ex. 84 to the Ishii deposition. Stanley Ex. 137, Stanley Phys. Ex. CS at 6.

68. Exhibit 137 (Ishii deposition Ex. 84) is a telex communication signed by George Hillinger addressed to Asamura Patent Office and dated January 16, 1986. It indicates that Alltrade has developed a new type of hand-held miniature hacksaw that it seeks to patent and inquires as to the reasons why an earlier Stanley application was rejected in Japan. It requests that Asamura obtain a full copy of the reasons for the rejection of the Stanley application, and it further requests that Asamura conduct a patent search in

the art prior to the date of the filing of the Stanley Japanese patent application.

69. On February 12, 1986, Alltrade sent a further telex to Asamura Patent Office, in which it asked a number of questions. Stanley Phys. Ex. CS at 7.

70. Asamura Patent Office sent a response thereto dated February 20, 1986. Stanley Ex. 79.

71. Mr. Ishii conducted each of the searches listed in paragraph C of his letter dated February 20, 1986, and they were all conducted after January 17, 1986. Stanley Phys. Ex. CS at 7

72. Item 1 in paragraph C of the February 20 letter refers to a book search. This is a search to find out Stanley's Japanese application from the Yearbook Index of Laid Open Japanese Patent Applications, which was marked as Stanley Ex. 81. Stanley Phys. Ex. CS at 8.

73. Item 2 in paragraph C of the February 20 letter refers to a file wrapper search, in which Mr. Ishii obtained a part of the file wrapper of the Japanese Patent Office to find out the reasons why Stanley's Japanese application was refused by the Japanese Examiner. Stanley Phys. Ex. CS at 8.

74. Item 3 of Paragraph C of the February 20 letter refers to another file wrapper search, in which Mr. Ishii obtained a copy of a part of the file wrapper with regard to Stanley's Japanese application to find out the reasons why Stanley's Japanese application was finally rejected by the Appeals Trial Examiner. Stanley Phys. Ex. CS at 8.

75. Exhibit 82 is a copy of a letter of Louis S. Mastriani addressed to Charles M. Marmelstein, and dated March 14, 1986. A copy of this letter was provided to Mr. Asamura by Mr. Marmelstein. Stanley Phys. Ex. CR at 11.

76. Mr. Asamura sent to Mr. Marmelstein answers to the questions set forth in Exhibit 82, and his answers to the questions are in the attachment to Exhibit 83 entitled "Answers to Mr. Mastriani." Two corrections as to dates were made by hand on a copy of the "Answers to Mr. Mastriani." As corrected, such answers are true and correct. Stanley Phys. Ex. CR at 11-12.

77. Mr. Ishii reviewed Exhibits 82 and 83 including the questions of Louis S. Mastriani to Charles M. Marmelstein, and the answers to Mr. Mastriani prepared by Mr. Asamura and found these answers to be true and correct to the best of his knowledge. Stanley Phys. Ex. CS at 9a, 10.

78. Mr. Ishii has no knowledge of any prior art search conducted by Asamura Patent Office on behalf of The Stanley Works with respect to its miniature hacksaw. Stanley Phys. Ex. CS at 11-12.

79. Asamura terminated its activity on behalf of Alltrade when it recognized a conflict of interest between Alltrade and Stanley. Stanley Phys. Ex. CR at 19-20.

80. Mr. Ishii indicated that he was relieved of his duties on the Alltrade project when the Asamura Patent Office became aware of the conflict of interest. Stanley Phys. Ex. CS at 14.

81. Mr. Asamura provided a complete file of his communications with Complainant's counsel in this matter, and this is marked as Exhibit 138. Stanley Phys. Ex. CR - Supp. Ans. to Cross-Interr. 10.

82. Asamura Patent Office has not been paid for its firm's participation in this matter. Stanley Phys. Ex. CR at 18.

83. Complainant's counsel produced to respondents' counsel his files of correspondence with Asamura Patent Office. Exs. 140, 141.

84. In a letter to respondents' counsel dated March 17, 1986, complainant's counsel requested that respondents' counsel cooperate in framing questions to Asamura Patent Office as to the facts relating to the prosecution of the Japanese patent application. Ex. 140.

Conclusions of fact and law

Respondents have failed to establish by clear and convincing evidence either the intent or the materiality required to find inequitable conduct. Respondents admit that there is no direct evidence of inequitable conduct before the PTO. Respondents' Post-hearing Brief at 40. The circumstantial evidence relied on by Respondents does not constitute clear and convincing evidence.

There is no evidence that Stanley had any knowledge of the Japanese Patent Publication Nos. 40-15515 and 4-4331 prior to their citation by the Japanese Patent Office in 1976.

There is no evidence that Stanley caused Asamura Patent Office or any other party to conduct a search in Japanese patent publications with respect to its miniature hacksaw at any time prior to 1976.

There is no evidence that during the time that the United States patent applications were pending before the United States Patent and Trademark Office, Stanley withheld from the PTO any information concerning the citation of Japanese Patent Publication Nos. 40-15515 and 4-4331.

There is no evidence that Asamura Patent Office has colluded with complainant or complainant's counsel, or was compelled by complainant or its counsel, to withhold any material information from respondents or respondents' counsel in the present proceeding.

The Reuterfors patent has not been shown to be more pertinent than the prior art that was before the PTO, and its materiality under Rule 56(a) has not been demonstrated clearly.

There is no evidence that either Stanley or its counsel was negligent in withholding any known prior art from the PTO.

There is no evidence that Stanley or its counsel have engaged in any inequitable conduct before the United States Patent and Trademark Office with respect to the patents in suit.

I. The Domestic Industry

The Applicable Law

Complainant must prove by a preponderance of the evidence in this case that the unfair act alleged under Section 337 of the Tariff Act has the effect or tendency to destroy or to injure substantially an efficiently and economically operated industry in the United States. Complainant did not allege that respondents' unfair acts had the effect or tendency to prevent the establishment of such an industry or to restrain or monopolize trade and commerce in the United States.

The Commission usually has defined the domestic industry in patent cases as the domestic operations of the patent owner and its licensees devoted to the exploitation of the patent.

The existence of a domestic industry depends upon the nature and significance of the activities carried out in the United States in connection with the product in issue. Schaper Manufacturing Co. v. U.S. International Trade Commission, 717 F.2d 1368, 1372, 219 U.S.P.Q. 665 (Fed. Cir. 1983).

Efficient and economical operation of the domestic industry is generally

demonstrated by such evidence as the use of modern equipment and procedures, investment in research and development, quality control, and profitable operations.

Findings of Fact

85. Stanley manufactures its miniature hacksaws in accordance with the '298 and '225 patents. Tr. 957-960, 1009.

86. The Stanley "Professional Mini-Hack" is not manufactured in accordance with the claims of the '298 and '225 patents. Tr. 1025-1050.

87. Stanley makes the saw blades used in its patented miniature hacksaws at its facility in York, Pennsylvania. Tr. 21, 695, 801.

88. Stanley makes the synthetic resin handles for its patented miniature hacksaws in Royersford, Pennsylvania. Tr. 21, 695, 801, 848, 856.

89. Stanley purchases domestically-made screws and clamping plates for its patented miniature hacksaws. In addition, Stanley purchases domestically-made printed cardboard and tape staples for mounting its miniature hacksaws. Tr. 856, 857.

90. Stanley assembles its miniature hacksaws at its facility in Royersford, Pennsylvania. Tr. 849.

91. Stanley's dollar sales volume and profits for the patented miniature hacksaws **are as** follows:

<u>Year</u>	<u>Unit Sales</u>	<u>Unit Wholesale Price</u>	<u>Net Sales</u>	<u>Gross Margin</u>	<u>Pretax Profit</u>
1982	[C]	\$(C]	\$(C]	\$(C]	\$(C]
1983	[C]	[C]	[C]	[C]	[C]
1984	[C]	[C]	C]	[C]	[C]
1985	[C]	(C]	[C]	[C]	[C]
1986 (Est)	[C]	C]	[C]	[]	[C]

Base Year is 1982. Base Year Fixed Costs Applied Thereafter. Stanley Ex. 16, Tr. 697-708.

92. The Mini-Hack accounts for approximately [C] percent of sales of Stanley's Saws Product Line. Tr. 110.

93. Stanley's unit sales figures include a small amount of export sales. In 1985, for example, Stanley exported only [C] pieces to Stanley Tools in Italy, [C] pieces to Stanley InterAmerica, and [C] pieces to Stanley Works Asia. Stanley Ex. 132, Tr. 832.

94. Stanley has spent approximately \$(C] on equipment for blade manufacture at its York, Pennsylvania facility. The blades made at the York facility are used for other Stanley products in addition to the patented miniature hacksaws. Stanley Ex. 15.

95. Stanley has spent approximately \$(C] on equipment for manufacture of the holder and assembly of the Stanley Mini-Hack at its Royersford, Pennsylvania facility. Stanley Ex. 15, Tr. 695-697.

96. Stanley employs approximately [C] people for the manufacture of the miniature hacksaw blades at its York and Royersford facilities. In addition, Stanley employs approximately [C] direct sales representatives to market the Stanley Mini-Hack and other Stanley tools. Stanley Ex. 15, Tr. 15.

97. Stanley engages in substantial quality control efforts to insure the quality of its miniature hacksaws. Tr. 43.

98. Stanley has established product performance specifications to insure the quality of its miniature hacksaws. Tr. 42, 864, Stanley Ex. 12.

99. Stanley performs sample testing of its miniature hacksaws to insure, based on statistical certainty, the quality of its products. Tr. 860-861; see also Tr. 43-44. Stanley tests its miniature hacksaw for criteria based on appearance, performance (function), and other critical elements. Stanley tests its miniature hacksaw handles, for example, to evaluate the material, blade fit, branding clarity, warpage, sinks, short molding shots, blade extension, and security of the nut. Tr. 861-863, Stanley Ex. 13. Stanley also tests its hacksaw blades. Tr. 1061.

100. Stanley has also employed automation to improve production of its miniature hacksaws. Tr. 873-876. Stanley, for example, uses multi-cavity molds to increase productivity as well as a system to reduce molding waste. Tr. 873-875.

101. Stanley engages in substantial advertising of its products including the patented miniature hacksaw. Tr. 14, 46, Stanley Ex. 9.

102. Stanley uses regional distribution centers and inventory control program, to most efficiently supply its products to the market. Tr. 39.

103. Stanley profitably manufactures and sells the patented miniature

hacksaws. Tr. 20, Stanley Ex. 16.

104. Stanley manufactures miniature hacksaws for private label sale to two companies with distribution channels that do not compete with Stanley. Unit shipments to these companies account for less than [C] percent of total shipments. Stanley's profits on these sales is less than on sales of its own branded product. Tr. 831-832, Stanley Exs. 133, 134, 135.

Conclusions of Fact and Law

There exists in the United States an industry, efficiently and economically operated, consisting of Stanley's facilities devoted to the manufacture, assembly, marketing, distribution and sale of the Mini-Hack miniature hacksaw covered by the claims of the '298 patent and '225 design patent.

J. Injury

The applicable law

Complainant must prove by a preponderance of the evidence that the unfair act alleged under Section 337 of the Tariff Act has the effect or tendency to destroy or to injure substantially an efficiently and economically operated industry in the United States or to prevent the establishment of such an industry or to restrain or monopolize trade and commerce in the United States. Here, complainant alleges only an effect or tendency to injure substantially the efficiently operated domestic industry.

Complainant must establish a causal relationship between respondents' unfair acts and the injury suffered as a result of such acts. In re Spring Assemblies and Components Thereof and Methods of Their Manufacture, Inv. No. 337-TA-88, 216 U.S.P.Q. 225, 243 (1981), aff'd sub nom. General Motors v.

USITC, 687 F.2d 476, 215 U.S.P.Q. 484 (C.C.P.A. 1982), cert. denied, 459 U.S. 1105 (1983).

Factors indicating injury to the domestic industry include sales lost to the imported product, underselling by respondents, forced reductions in complainant's prices, declining production, sales, and profitability, and a relatively high market penetration by the imported product.

Factors indicating a tendency to injure the domestic industry in the future include a foreign cost advantage, high foreign production capacity, an intent to further penetrate the United States market, and ease of entry into manufacturing and sales of the accused product.

Findings of Fact

105. Stanley's sales of the patented Mini-Hack fell from over [C] units in 1982, to just over [C] units in 1985. Tr. 25, Stanley Ex. 16.

106. Mini-Hack sales have fallen off since late 1984 even though the product has received an extraordinary sales effort by Stanley. Tr. 117. Similar sales efforts have resulted in increased sales for Stanley's saw products line generally. Stanley Ex. 10, Tr. 119-120.

107. The imported hacksaws compete in the same channels of distribution as the Stanley miniature hacksaws and they have sold for retail prices significantly below those of Stanley. Tr. 104.

108. To market its miniature hacksaws, Stanley uses a direct sales force to call on distributors and retailers. Stanley also uses approximately [C] distributors to service retail accounts. Tr. 15. While Stanley will ship directly to retail accounts, in general it sells to retailers through distributors. Tr. 16.

109. From a marketing standpoint there is very little difference between the Stanley Mini-Hack and the infringing miniature hacksaws. In particular, the products look essentially identical to consumers. Consequently, product price becomes critical to sales. Tr. 65.

110. Respondent Alltrade admits that the main difference between the Stanley Mini-Hack and the infringing imports, from a customer standpoint, is price. Mr. Hillinger testified that ". . . you could find in the same store two different items -- basically the same item but under two different packagings one with 'Stanley,' one with whomever else." Stanley Phys. Ex. AF at 65.

111. Because of their low price and similar appearance, the miniature hacksaws are not susceptible to multi-tier marketing. Tr. 91, 187. This is a primary reason that Stanley discontinued sales of the Professional Model miniature hacksaw. Tr. 149-150.

112. In general, the imported infringing miniature hacksaws have sold for significantly lower prices than the Stanley Mini-Hack.

113. The Stanley Mini-Hack has a distributor sales price of \$2.28, which typically results in retail prices of \$2.99 to \$4.49. Stanley Ex. 8, Tr. 35.

114. Stanley offers a volume incentive plan on all its products. For any single order of \$[C] or more the plan calls for a [C] percent discount. Tr. 145. There also is a distributor allowance of [C] percent for those distributors that purchased more than \$[C] worth of Stanley products during the previous year. Id. Even with both discounts the effective Stanley distributor price would be \$[C], which is significantly greater than the wholesale price of the imported infringing miniature hacksaws.

115. Stanley offered a promotional discount of [C) percent on the Mini-Hack in August 1983, and October 1983 through January 1984. In June 1986, Stanley offered a [C] percent promotional discount on the Mini-Hack. Tr. 152-153.

116. The Stanley name and Stanley's reputation gives the Mini-Hack a slight pricing advantage over products offered by companies lacking a similar reputation. Stanley Phys. Ex. at 65. In general, this advantage is approximately [C] percent. Tr. 66-69. In other words, the Stanley product. in some instances, can effectively compete against products bearing a [C percent lower retail price. This [C] percent price advantage would not apply to instances of competition between Stanley and companies, like Disston, that also have a strong reputation.

117. In general, the infringing imported miniature hacksaws sell at prices far below Stanley's prices. In most cases, the price difference between the Stanley product and the infringing imports is greater than [C] percent. The infringing hacksaws have, for example, been sold at the following retail prices in the United States:

<u>Distributors or Retailer</u>		<u>Price on Tag</u>
Krasnow (Boise Cascade) (Stanley Ex. 78.1)		1.19
Action (Kroger) (Stanley Ex. 60.5)	3 for	2.00
Alltrade (Target Stores) (Stanley Ex. 31.1, Stanley Phys. Ex. M)		2.33
Miller (Big Daddy Rabbit) (Stanley Exs. 55.1, 78.4 and Stanley Phys. Ex. R)		2.39
Menard (Cashway Lumber) (Stanley Ex. 78.6,8)		2.49
Disston (Moore's) (Stanley Ex. 78.7)		3.49
Lindsley (Stanley Phys. Ex. W)		2.99

See also, Tr. 33, 34.

118. Defaulting respondent Disston is a major competitor of Stanley. It has an established reputation in handsaws, it has wide access to retail trade, and

The landed cost for this shipment was [C] per item. Stanley Ex. 20, Stanley Phys. Ex. AE at 15-16.

125. Krasnow plans to continue offering the accused miniature hacksaw for sale. Stanley Phys. Ex. AE at 31.

126. Krasnow is aware that some companies sell both the Stanley Miniature Hacksaw and Krasnow's imported hacksaw. Stanley Phys. Ex. AE at 26, 34-35.

127. Menard operates 31 retail outlets in Wisconsin, Minnesota, Iowa, North Dakota and Illinois through its Cashway Lumber Division. Stip. 12. Menard has imported from L&A Company in Hong Kong and has sold in the United States miniature hacksaws shown in the photographs marked as Exhibit 23. Stip. 15. Menard estimates that it has sold approximately [C] of these saws, which infringe the Stanley patent, since 1983.

128. Menard sells the Stanley miniature hacksaw at \$3.19 and has sold the accused imported miniature hacksaw at \$0.99 and \$1.29. These products are sold in the same general area in Menard's stores. Stanley Phys. Ex. AG at 17-18.

129. Alltrade imports into and sells in the United States the miniature hacksaws shown in Stanley Exhibit 31. Stip. 19.

130. Alltrade employs [C] sales people and distributes its products through [C] sales representatives all over the country. Stanley Phys. Ex. AF at 7.

131. Alltrade sells primarily chain stores and to club houses. Chain stores have a series of retail outlets; club wholesale houses are operations that sell to individual "members." In addition, Alltrade sells to distributors or wholesalers, and some independent retail stores. Stanley Phys. Ex. AF at 8-10.

132. In addition to its facility in California, Alltrade has a regional warehouse located in Fairfield, New Jersey, that services the market east of Mississippi. Stanley Phys. Ex. AF at 8.

133. Alltrade's price list dated February 1, 1985 (Stanley E . 32), contains an error. Page 9 of the list refers-to "357-H-1 Utility Hacksaw" that is the Alltrade product accused of infringing the Stanley patent. On the left side of page 9, however, the illustration of this product is mislabeled as 358-H-1. Stanley Phys. Ex. AF at 16.

134. Alltrade continues to sell the accused miniature hacksaws. Stanley Phys. Ex. AF at 62. Alltrade offers these saws at a list price of \$1.75 for purchases of quantities under \$1,000 and \$1.60 for greater volume purchases. Stanley Phys. AF at 28.

135. Since September 1984, Alltrade has imported [C] of the accused miniature hacksaws into the United States. Alltrade has paid between [C and [C] for these hacksaws. Stanley Ex. 33, 36. •

136. While Alltrade has provided a sales report for the accused miniature hacksaws, this report is not accurate due the conversion from one computer system to another. The report shows sales much lower than the quantity of miniature hacksaws imported. Stanley. Phys. Ex. AF at 32, 33,

137. Maxwell has acted as an export agent for two parties who have been terminated on the basis of consent orders and has offered to sell to United States companies foreign made miniature hacksaws. Maxwell Adverse Inferenc, :- 3, 5. These efforts have resulted in the exportation to the United States ul miniature hacksaws accused of infringing the patents in issue. Maxwell Adverse Inference 6.

138. Lion has advertised foreign made hacksaws that infringe the Stanley patents in Asian Sources magazine and has imported those hacksaws into the United States. Stanley Exs. 44, 45, Adverse Inference 4-9, Stanley Phys. Ex. AA.

139. Maxitt Tools is a division of Borsumij USA Inc. and operates as a broker to assist imports of hand tools. Stanley Phys. Ex. CC at 4-6.

140. Prior to December 1984, Borsumij was [C] owner of respondent Miller International. In December 1984, Borsumij acquired the remaining [C] of Miller. Stanley Phys. Ex. CC at 8-9.

141. Miller was dissolved as a separate corporation primarily to avoid using the "Miller" name, in light of a competing company named Miller Falls. "Maxitt" had, however, previously been used as a trade name by Miller International. Stanley Phys. Ex. CC at 9.

142. Prior to dissolution, Miller International assisted the importation of [C] miniature hacksaws at (C] and [C] miniature hacksaws at [C] each. The infringing miniature hacksaws were imported from Borsumij Wehry Taiwan by American Hardware Supply Company. Stanley Phys. Ex. CC at 12-13.

143. Borsumij Wehry USA also has acted as .a broker to assist the importation of miniature hacksaws to American Hardware Supply. Borsumij has assisted the importation of [C] such hacksaws. Stanley Phys. Ex. CC at 17. [C] [C] were imported at [C] , which equals [C] item. Stanley Phys. Ex. CC at 23.

144. Action Industries is a distributor of products for retailers. Stanley Phys. Ex. CD at 10.

145. Between October 4, 1982, and January 1, 1985, Action imported [C] miniature hacksaws that infringe the Stanley patents. Stanley Exs. 60, 62, Stanley Phys. Ex. CD at 4-8.

146. Action imported these infringing miniature hacksaws at a unit cost between approximately [C] and [C] cents. Stanley Exs. 61, 62, Stanley Phys. Ex. CD at 4-8.

147. Action's foreign suppliers of the infringing miniature Hacksaws were [C] and [C] in Hong Kong. Stanley Phys. Ex. CD at 12-13.

148. Action sold the imported miniature hacksaws at between [C] and [C] cents to its retail customers. Stanley Phys. Ex. CD at 9-10.

149. The following companies also have imported into and sold in the United States miniature hacksaws that infringe the Stanley patents: Tab Merchandising Inc. (Stanley Phys. Ex. V), Lindsley, Inc. (Stanley Phys. Ex. TZ).

150. The foreign manufacturers of the infringing hacksaws have a significant cost advantage over Stanley with respect to production of miniature hacksaws.

151. The manufacturing cost for each Stanley miniature hacksaw is [C] cents. Stanley Ex. 14, Tr. 22, 693.

152. In contrast, foreign manufacturers and export agents have sold infringing miniature hacksaws for as low as 27 cents, and often between 36 and 38 cents. Stanley Exs. 20, 38, 39, 61, 62, Stanley Phys. Exs. CD at 4-8, AE at 15-16.

153. This cost advantage has enhanced the sales of the imported hacksaws. Stanley Phys. Ex. CB at 9.

154. Krasnow plans to continue offering the accused miniature hacksaw for sale. Stanley Phys. Ex. AE at 31.

155. Since September 1984, Alltrade has imported [C] of the accused miniature hacksaws into the United States. Alltrade has paid between [C] and [C] for these hacksaws. Stanley Exs. 33, 36. Alltrade continues to sell the accused miniature hacksaws. Stanley Phys. Ex. AF at 62.

156. Menard had placed an order for additional miniature hacksaw of the type that infringes the Stanley patents, but it has deferred completion of that order due to the present investigation. Stanley Phys. Ex. AG at 30-31.

157. Prior to this investigation, Borsumij had entered an order to supply [C] stores in the Virginia and Maryland areas with [C] of each of the imported infringing miniature hacksaws. Stanley Phys. Ex. CC at 20.

158. Borsumij would have had no difficulty filling the [C] order and will proceed to supply the saws if not precluded by this investigation. Stanley Phys. Ex. CC at 26.

159. Miniature hacksaws of various types are freely available throughout the Orient in four different countries. Stanley Phys. Ex. AD at 93. Regardless of current model production, with sufficient lead time (six month to a year) foreign manufacturers of molded parts could supply miniature hacksaws to specifications that replicate the Stanley Mini-Hack. Stanley Phys. Ex. AD at 95.

Conclusions of Fact and Law

Importation of infringing miniature hacksaws has caused substantial injury to the domestic industry. Infringing imported miniature hacksaws have been sold by respondents and others in the same distribution channels as, and sometimes side by side with, Stanley's patented miniature hacksaw, at prices significantly lower than Stanley's. Many retail sales of the imported

hacksaws have been made at prices less than Stanley's wholesale price. Stanley's miniature hacksaw sales have been declining.

Continued importation of infringing miniature hacksaws has the tendency to cause substantial injury to the domestic industry. Foreign manufacturers have a significant cost advantage over Stanley. The intent to continue importation and sales of miniature hacksaws has been demonstrated. There are numerous foreign sources of infringing miniature hacksaws, and more manufacturers could enter the market relatively quickly.

The courtroom demonstrations (Tr. 900-1093, passim) did not prove that the imported miniature hacksaws were of inferior quality. There was evidence that a cheaper plastic was used to make the handles on some of the respondents' products, but there was no clear evidence that this resulted in a product of inferior quality. Nor was there convincing testimony that even if the imported products were of inferior quality, Stanley's reputation would be hurt. There was no evidence that any customer purchased an imported miniature hacksaw thinking he had bought a Stanley product. Any customer who purchased an imported product would not see Stanley's name on the saw or on the package. There was no evidence that any purchaser of one of respondents' saws had returned the saw to Stanley.

No findings are made as to the effect of the importation or sale of accused miniature hacksaws by respondents who have been terminated on the basis of consent orders. As discussed above, the consent order agreements do not authorize a finding of infringement or injury on the basis of an admission by any of these respondents. Injury is amply shown without reliance on any economic information relating to the terminated respondents. To subject a

settled respondent unnecessarily to findings of infringement and injury could tend to discourage the settlement of future investigations and should be avoided.

DETERMINATION

U.S. Patent No. 3,756,298 and U.S. Design Patent No. 228,225, owned by complainant The Stanley Works, are valid and enforceable.

Claims of the '298 patent and '225 design patent have been infringed by certain miniature hacksaws manufactured abroad and imported into the United States by various respondents and other entities.

The importation and sale of infringing miniature hacksaws have the effect and tendency to injure substantially an efficiently and economically operated domestic industry.

There is a violation of Section 337 of the Tariff Act of 1930 as amended. 19 USC §1337.

The following respondents have violated Section 337: M & S Krasnow, Menard, Alltrade, Borsumij Wehry, Miller International, Disston, Lion, and Maxwell.

Disston, Lion, and Maxwell are in default.

The evidentiary record in this proceeding, hereby certified to the Commission, consists of all exhibits identified in the following exhibit lists of the parties:

Stanley Exs. 200 and 201,

Respondents' Ex. 0,

and the transcript of the testimony at the hearing. The pleadings record includes all papers and requests properly filed with the Secretary in this proceeding.^{1/}

Jarlet D. Saxon

Janet D. Saxon

Administrative Law Judge

Issued: October 15, 1986

^{1/} Pursuant to 19 C.F.R. §210.53(h), 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 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).