

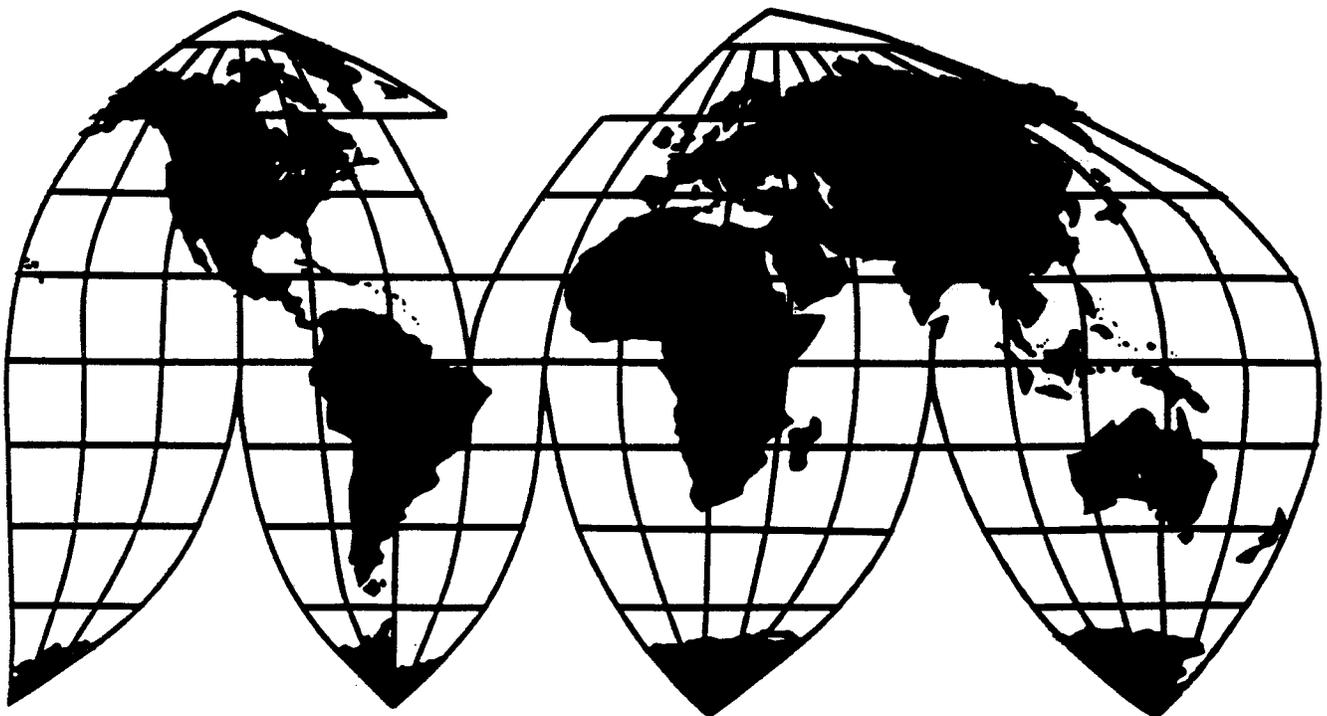
In the Matter of
**Certain Cutting Tools for Flexible Plastic
Conduit and Components Thereof**

Investigation No. 337-TA-344

Publication 2719

January 1994

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Washington, DC 20436**

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CERTAIN CUTTING TOOLS FOR)
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AND COMPONENTS THEREOF)
_____)

Investigation No. 337-TA-344

COMMISSION OPINION

PROCEDURAL HISTORY

On October 30, 1992, Dawn Industries, Inc., Dextel Inc., and Duane Robertson (collectively "Dawn Industries") filed a complaint alleging that Pro Mark, Inc. ("Pro Mark") and Orbit Underground (d/b/a Orbit Sprinklers) had violated section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) by importing cutting tools (or components thereof) that infringed claims 1-7 of U.S. Letters Patent 4,336,652 (the '652 patent) and the single claim of U.S. Letters Patent Des. 266,736 (the '736 patent). We instituted this investigation on December 2, 1992. Subsequently, we terminated Orbit Underground as a respondent; added an additional respondent, Chewink Corporation ("Chewink"); and deleted the claim of infringement of the '736 patent. We found Chewink in default on August 25, 1993.

On September 2, 1993, the presiding administrative law judge (ALJ) issued his final initial determination (ID) finding that there was a violation of section 337. He found that claim 1 of the '652 patent was infringed, but that claims 2 and 7 of that patent were not. He also found that a domestic industry existed with respect to the claims in issue. Those findings became the determination of the Commission when we determined not to review the ID. We then requested from the parties and the IA submissions on the remaining issues of remedy, the public interest, and bonding.

REMEDY

Dawn Industries submits that the appropriate remedy in this case is a limited exclusion order excluding subject imports by or on behalf of both Pro Mark and Chewink, and a cease and desist order against Pro Mark. It asserts that a limited exclusion order directed to infringing cutting tools manufactured or imported by, or on behalf of, Chewink and Pro Mark will prevent respondents from continuing to violate section 337. It also argues that a cease and desist order is necessary because Pro Mark continues to have a large U.S. inventory of approximately 11,700 previously-imported infringing cutting tools.

The IA agrees. He also argues that the limited exclusion order should cover infringing products imported "by or on behalf of" Pro Mark because the record shows that Chewink is an exporter who sells the accused product to Pro Mark, and is not itself the manufacturer of the accused product. The IA correctly notes that we have previously entered, and the President has approved, limited exclusion orders against defaulting respondents like Chewink under 19 U.S.C. § 1337(g).

He also argues that Pro Mark's current inventory of 8,600-11,700 infringing cutting tools is a commercially significant level of inventory warranting issuance of a cease and desist order.¹ He notes the representations by Pro Mark's in-house counsel to the effect that all remaining inventory will be disposed of by December 2, 1993, but states that there is no way to know in advance whether that is true. He therefore proposes that the cease and desist order against Pro Mark require annual reporting, until Pro Mark demonstrates that it has made no importations or sales, and has no remaining inventory. Since Pro Mark claims it will have liquidated its inventory by year's end, he concludes such a reporting requirement would not be burdensome.

Pro Mark replies that it has not imported any of the accused cutting tools into the United States since October 1992, nor will it in the future. It acknowledges that it currently has in inventory approximately 8,600 units of cutting tools that it will sell, liquidate, destroy, or return to the manufacturer by December 2, 1993, and that an affidavit indicating that this has occurred will be filed on or before November 26, 1993.² Pro Mark urges us not to include a reporting requirement in the cease and desist order or, if a reporting requirement is included, to require only a single report.

We agree that a limited exclusion order prohibiting the importation of infringing cutting tools manufactured and/or imported "by or on behalf of" Chewink or Pro Mark is an appropriate remedy in this investigation. Pro Mark and Chewink have been found to have violated section 337 by importing or selling for importation infringing cutting tools. Under section 337(d), exclusion of the cutting tools found to infringe the patent at issue by those found to have violated the statute is clearly appropriate.

We also agree that a cease and desist order directed to the domestic respondent -- Pro Mark -- is appropriate, because it has significant U.S. inventories of the imported infringing tools. The order requires Pro Mark to cease and desist from the following activities in the United States: selling for importation, marketing, distributing, offering for sale, selling, or otherwise transferring (except for exportation) infringing cutting tools for flexible plastic conduit.

We included a reporting requirement in the cease and desist order, since Pro Mark's affidavit regarding the disposition of the infringing tools in its possession was filed after the Commission's final action. Pro Mark will be required to file only a single report; nothing precludes Pro Mark from filing this report earlier than scheduled. We do not believe that the burden on Pro Mark of providing a report in six months justified denying complainant Dawn Industries the complete relief to which it was entitled.

PUBLIC INTEREST

Dawn Industries maintains that there is no evidence that the statutory public interest factors should preclude these proposed remedies. Complainant points to the finding in the final ID that it manufactures and sells approximately 200,000 cutting tools per year and expects to continue such

¹ Pro Mark's in-house counsel reported the current inventory of 8,600 infringing cutting tools in an October 28, 1993, letter to the Secretary.

² After the Commission's November 30, 1993 final action, an affidavit from Pro Mark was filed with the Commission's Secretary on December 2, 1993. Pro Mark affirmed that "the cutting tools in question in the possession of Pro-Mark, Inc. that have been alleged to infringe on the Dawn Cutting Tool patent, have been sent back to Taiwan as of November 19, 1993."

manufacture and sale, in support of its assertion that the domestic industry has sufficient capacity to satisfy domestic demand.

The IA agrees that the statutory public interest factors do not preclude the issuance of permanent relief in the form of a limited exclusion order directed to the infringing cutting tools of respondents Chewink and Pro Mark and a cease and desist order directed to Pro Mark. The IA asserts that in view of respondents' small share of the U.S. market relative to complainant, U.S. consumers will not be faced with a narrow range of selection or noncompetitive pricing.

We agree. The requested relief would not injure the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, or U.S. customers. The subject cutting tools are not products which have general implications for the public health and welfare of the type implicated in the previous cases in which the Commission denied relief based upon the public interest. It also appears that complainant has more than enough capacity to supply U.S. demand.

BONDING

Complainant and the IA propose that the Commission impose a bond of 120 percent of the wholesale value of the imported infringing cutting tools during the Presidential review period. They assert that the wholesale price of Dawn Industries' cutting tools is \$6.14, while the wholesale price of respondent Pro Mark's infringing cutting tool is \$2.79.³ They contend that the proposed bond of 120 percent would offset any competitive advantage resulting from the unfair acts which would otherwise be gained by Pro Mark should it continue to import.⁴

Pro Mark's only response is that no bond should be required if the infringing inventory is liquidated by the date of the Commission order.

The record contains price information for both complainants' and respondents' cutting tools that allows calculation of an appropriate bond amount. We agree that a bond of 120 percent of the entered value of each infringing cutting tool during the Presidential review period is appropriate. We note that since Pro Mark has indicated that it disposed of U.S. inventory and ceased importation prior to final Commission action, there should be no U.S. sales or imports to which the bond would apply.

³ Dawn Industries notes that the Pro Mark wholesale price relied on was provided by Pro Mark in response to the Commission Investigative Staff's First Set of Interrogatories dated February 2, 1993.

⁴ We note that complainant proposed a bond of 120 percent of "wholesale value" and that the IA proposed a bond of 120 percent of "entered value." The attached exclusion order uses "entered value," which is preferred by Customs.

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 337-TA-344]

**Certain Cutting Tools for Flexible
Plastic Conduit and Components
Thereof; Issuance of Limited Exclusion
Order and Cease and Desist Order****AGENCY: U.S. International Trade
Commission.****ACTION: Notice.****SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has issued a limited exclusion order and a cease and desist order in the above-captioned investigation.**FOR FURTHER INFORMATION CONTACT:** Robin L. Turner, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202-205-3103.**SUPPLEMENTARY INFORMATION:** The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in § 210.58 of the Commission's Interim Rules of Practice and Procedure (19 CFR 210.58).

Dawn Industries, Inc., Dextel Inc., and Duane Robertson (herein collectively "Dawn Industries") filed a complaint on October 20, 1992, under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) alleging that two respondents: (1) Pro Mark, Inc. ("Pro Mark"), and (2) Orbit Underground, d/b/a Orbit Sprinklers, had violated section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain cutting tools for flexible plastic conduit or components thereof. The cutting tools were alleged to infringe claims 1-7 of U.S. Letters Patent 4,336,652 (the '652 patent) and the single claim of U.S. Letters Patent Des. 266,736 (the '736 patent). The Commission instituted this investigation by notice published in the Federal Register on December 2, 1992, at 57 FR 57075-76. The Commission terminated Orbit Underground as a respondent by notice published on March 3, 1993, at 58 FR 12253, added an additional respondent, Chewink Corporation ("Chewink"), by notice published on March 25, 1993, at 58 FR 16203, and deleted the claim of infringement of the '736 patent by notice published on April 26, 1993, at 58 FR 21994. The Commission found, pursuant to Commission interim rule 210.25, that respondent Chewink had waived its

right to appear, to be served with documents, and to contest the allegations at issue in this investigation by notice published on August 25, 1993, at 58 FR 44850-51.

On September 2, 1993, the presiding administrative law judge (ALJ) issued his final ID finding that there was a violation of section 337. The ALJ found that claim 1 of the '652 patent was infringed, but that claims 2 and 7 of that patent were not infringed. The ALJ also found that a domestic industry existed with respect to the claims in issue. On October 20, 1993, the Commission determined not to review the ID, which thereby became the determination of the Commission. The Commission also requested written submissions concerning the issues of remedy, the public interest, and bonding. 58 FR 57837 (October 27, 1993).

On December 2, 1993, the Commission made its determinations on the issues of remedy, the public interest, and bonding. The Commission determined that the appropriate form of relief is a limited exclusion order prohibiting the importation of infringing cutting tools for flexible plastic conduit. The Commission further determined to issue a cease and desist order directed to domestic respondent Pro Mark, Inc. Finally, the Commission determined that the public interest factors enumerated in 19 U.S.C. 1337 (d), (f), and (g) do not preclude the issuance of the aforementioned relief, and that the bond during the Presidential review period shall be in the amount of 120 percent of the entered value of the infringing cutting tools.

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

Issued: December 3, 1993.

By order of the Commission.

Deana R. Koehnke,

Secretary.

[FR Doc. 93-30639 Filed 12-15-93; 8:45 am]

BILLING CODE 7020-02-P

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of)
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CERTAIN CUTTING TOOLS FOR)
FLEXIBLE PLASTIC CONDUIT)
AND COMPONENTS THEREOF)

Investigation No. 337-TA-344

ORDER

The Commission instituted this section 337 investigation on December 2, 1992, in response to a complaint filed October 30, 1992, by Dawn Industries, Inc., Dextel Inc., and Duane Robertson (herein collectively "Dawn Industries"). 57 Fed. Reg. 57075-76 (December 2, 1992). Supplements to the complaint were filed on November 13 and November 17, 1992. Dawn Industries' complaint alleged that two respondents: (1) Pro Mark, Inc. ("Pro Mark"), and (2) Orbit Underground, d/b/a Orbit Sprinklers, had violated section 337 of the Tariff Act of 1930 (19 U.S.C. § 1337) by reason of the importation into the United States, the sale for importation, or the sale within the United States after importation of certain cutting tools for flexible plastic conduit or components thereof. The cutting tools were alleged to infringe claims 1-7 of U.S. Letters Patent 4,336,652 (the '652 patent) and the single claim of U.S. Letters Patent Des. 266,736 (the '736 patent). The Commission terminated Orbit Underground as a respondent by notice published on March 3, 1993, at 58 Fed. Reg. 12253, added an additional respondent, Chewink Corporation ("Chewink"), by notice published on March 25, 1993, at 58 Fed. Reg. 16203, and deleted the claim of infringement of the '736 patent by notice published on April 26, 1993, at 58 Fed. Reg. 21994. The Commission found, pursuant to Commission interim rule 210.25, that respondent Chewink had waived its right to appear, to be served with documents, and to contest the allegations at issue in this investigation by notice published on August 25, 1993, at 58 Fed. Reg. 44850-51.

On September 2, 1993, the presiding administrative law judge (ALJ) issued his final ID finding that there was a violation of section 337. The ALJ found that claim 1 of the '652 patent was infringed, but that claims 2 and 7 of that patent were not infringed. The ALJ also found that a domestic industry existed with respect to the patent claims in issue. On October 20, 1993, the Commission determined not to review the ID, which thereby became the determination of the Commission. The Commission also requested written submissions on the issues of remedy, the public interest, and bonding. 58 Fed. Reg. 57837 (October 27, 1993).

Having reviewed the record in this investigation, including the written submissions of the parties, the Commission has made its determinations on the issues of remedy, the public interest, and bonding. The Commission has determined that the appropriate form of relief is a limited exclusion order prohibiting the unlicensed importation of infringing cutting tools for flexible plastic conduit manufactured and/or imported by or on behalf of Chewink Corporation of Taipei, Taiwan or Pro Mark, Inc. of Bountiful, Utah. In addition, the Commission has issued a cease and desist order directed to the domestic respondent, Pro Mark, Inc., ordering it to cease and desist from the following activities in the United States: selling for importation, marketing, distributing, offering for sale, selling, or otherwise transferring (except for exportation) imported cutting tools for flexible plastic conduit covered by claim 1 of U.S. Letters Patent 4,336,652. The orders apply to any of the

affiliated companies, parents, subsidiaries, licensees, contractors, or other related business entities, or their successors or assigns, of the above-named companies.

The Commission also determined that the public interest factors enumerated in 19 U.S.C. § 1337(d), (f), (g) do not preclude the issuance of the limited exclusion and cease and desist orders, and that bond during the Presidential review period shall be in the amount of 120 percent of the entered value of the infringing cutting tools.

Accordingly, the Commission hereby **ORDERS THAT --**

1. Cutting tools for flexible plastic conduit covered by claim 1 of U.S. Letters Patent 4,336,652, and manufactured and/or imported by or on behalf of Chewink Corporation or Pro Mark, Inc. or any of their affiliated companies, parents, subsidiaries, licensees, contractors, or other related business entities, or their successors or assigns, are excluded from entry into the United States for the remaining term of the patent, *i.e.*, until June 29, 1999, except under license of the patent owner or as provided by law.
2. The product identified in paragraph 1 of this Order is entitled to entry into the United States under bond in the amount of 120 percent of the entered value of such article, from the day after this Order is received by the President, pursuant to subsection (j) of section 337 of the Tariff Act of 1930, as amended, until such time as the President notifies the Commission that he approves or disapproves this action, but no later than 60 days after the date of receipt of this Order by the President.
3. In accordance with 19 U.S.C. § 1337(l), the provisions of this Order shall not apply to cutting tools for flexible plastic conduit imported by and for the use of the United States, or imported for, and to be used for, the United States with the authorization or consent of the Government.
4. The Commission may amend this Order in accordance with the procedure described in section 211.57 of the Commission's Interim Rules of Practice and Procedure (19 C.F.R. § 211.57).
5. The Secretary shall serve copies of this Order upon each party of record in this investigation and upon the Department of Health and Human Services, the Department of Justice, the Federal Trade Commission, and the U.S. Customs Service.
6. Notice of this Order shall be published in the Federal Register.

By order of the Commission.

/s/

Donna R. Koehnke
Secretary

Issued: December 3, 1993

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

In the Matter of

CERTAIN CUTTING TOOLS FOR
FLEXIBLE PLASTIC CONDUIT
AND COMPONENTS THEREOF

Investigation No. 337-TA-344

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED THAT Pro Mark, Inc., 1065 South 500 West, Bountiful, Utah 84101, cease and desist from selling for importation, marketing, distributing, offering for sale, selling, or otherwise transferring cutting tools for flexible plastic conduit covered by claim 1 of U.S. Letters Patent 4,336,652 in violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337.

I.

(Definitions)

As used in this Order:

- (A) "Commission" shall mean the United States International Trade Commission.
- (B) "Complainants" shall mean Mr. Duane Robertson, Dawn Industries, Inc., and Dextel Inc., all of 4410 North Washington Street, Denver, Colorado.
- (C) "Respondent" shall mean Pro Mark, Inc., 1065 South 500 West, Bountiful, Utah 84101.
- (D) "Person" shall mean an individual, or 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) "Covered product" shall mean cutting tools for flexible plastic conduit covered by claim 1 of U.S. Letters Patent 4,336,652.

II.

(Applicability)

The provisions of this Cease and Desist Order shall apply to Respondent and to its principals, stockholders, officers, directors, employees, agents, licensees, distributors, controlled (whether by stock ownership or otherwise) and/or majority owned business entities, successors, and assigns, and to each of them, in accordance with Section VII hereof.

III.

(Conduct Prohibited)

The following conduct of Respondent in the United States is prohibited by this Order: Respondent shall not sell for importation, market, distribute, offer for sale, sell, or otherwise transfer (except for exportation) in the United States imported covered products for the remaining term of U.S. Letters Patent 4,336,652.

IV.

(Conduct Permitted)

Notwithstanding any other provision of this Order, specific conduct otherwise prohibited by the terms of this Order shall be permitted if, in a written instrument, the owner of the U.S. Letters Patent 4,336,652 licenses or authorizes such specific conduct, or such specific conduct is related to the importation or sale of covered products by or for the United States.

V.

(Reporting)

For purposes of this reporting requirement, the reporting period shall commence on the first day of June, and shall end on the following last day of May. The first report required under this section shall cover the period December 2, 1993, through May 31, 1994. This reporting requirement shall continue in force until the expiration of U.S. Letters Patent 4,336,652 on June 29, 1999, unless, pursuant to subsection (j) of section 337 of the Tariff Act of 1930, the President notifies the Commission within 60 days after the date he receives this Order, that he disapproves this Order; provided, however, that Respondent's reporting requirement hereunder shall cease if, in a timely filed report, Respondent shall report no sales during the reporting period and no remaining inventory of the imported covered product.

Within thirty (30) days of the last day of the reporting period, Respondent shall report to the Commission the following:

(A) The identity of every model of foreign-made covered product, that Respondent has sold in the United States during the period and/or that remains in inventory at the end of the period; and

(B) The unit and dollar quantities of such imports, sales, and inventories for each model identified pursuant to subparagraph V(A) of this Order.

Any failure to report shall constitute a violation of this Order.

VI.

(Recordkeeping and Inspection)

(A) For the purpose of securing compliance with this Order, Respondent shall retain any and all records relating to the sale, offer for sale, marketing, or distribution in the United States of imported covered products, made and received in the usual and ordinary course of business, whether in detail or in summary form, for a period of two years from the close of the fiscal year to which they pertain.

(B) For the purposes of determining or securing compliance with this Order and for no other purpose, and subject to any privilege recognized by the Federal Courts of the United States, duly

Commission or its staff, be permitted access and the right to inspect and copy in the principal offices of Respondent during office hours, and in the presence of counsel or other representatives if Respondent so chooses, all books, ledgers, accounts, correspondence, memoranda, financial reports, and other records and documents, both in detail and in summary form, for the purpose of verifying any matter or statement contained in the reports required to be retained under subparagraph VI(A) of this Order.

VII.

(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 copy of this Order upon each of its officers, directors, managing agents, agents, and employees who have any responsibility for the marketing, distribution, or sale of imported covered products in the United States;

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

(C) Maintain such records as will show the name, title, and address of each person upon whom the Order has been served, as described in subparagraphs VII(A) and VII(B) of this Order, together with the date on which service was made.

The obligations set forth in subparagraphs VII(B) and VII(C) of this Order shall remain in effect until the date of expiration of U.S. Letters Patent 4,336,652.

VIII.

(Confidentiality)

Information obtained by means provided for in Sections V and VI of this Order will be made available only to the Commission and its authorized representatives, will be entitled to confidential treatment, and will not be divulged by any authorized representative of the Commission to any person other than duly authorized representatives of the Commission, except as may be required in the course of securing compliance with this Order, or as otherwise required by law. Disclosure hereunder will not be made by the Commission without ten (10) days prior notice in writing to Respondent.

IX.

(Enforcement)

Violation of this Order may result in any of the actions specified in section 211.56 of the Commission's Interim Rules of Practice and Procedure, 19 C.F.R. § 211.56, including an action for civil penalties in accordance with section 337(f) of the Tariff Act of 1930, 19 U.S.C. § 1337(f), and any 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.

X.

(Modification)

The Commission may amend this Order on its own motion or in accordance with the procedure described in section 211.57 of the Commission's Interim Rules of Practice and Procedure, 19 C.F.R. § 211.57.

XI.

(Bonding)

The conduct prohibited by Section III of this Order may be continued during the period which this Order is under review by the President pursuant to section 337(j) of the Tariff Act of 1930 (19 U.S.C. § 1337(j)), subject to Respondent posting of bond in the amount of one hundred twenty (120) percent of the entered value of the covered product. This bond provision does not apply to conduct that is otherwise permitted by Section IV of this Order. Covered products imported on or after December 2, 1993, are subject to the entry bond as set forth in the limited exclusion order issued by the Commission on December 2, 1993, and are not subject to this bond provision.

This bond is to be posted in accordance with the procedures established by the Commission for the posting of bonds by complainants in connection with the issuance of temporary exclusion orders. See Commission Interim Rule 210.58, 19 C.F.R. § 210.58. The bond and any accompanying documentation is to be provided to and approved by the Commission prior to the commencement of conduct which is otherwise prohibited by Section III of this Order.

The bond is to be forfeited in the event that the President approves, or does not disapprove within the Presidential review period, the Commission's Orders of December 2, 1993, or any subsequent final order issued after the completion of Investigation 337-TA-344, unless the U.S. Court of Appeals for the Federal Circuit, in a final judgment, reverses any Commission final determination and order as to Respondent on appeal, or unless the products subject to this bond are exported or destroyed by Respondent, and certification to that effect satisfactory to the Commission is provided.

The bond is to be released in the event the President disapproves this Order and no subsequent order is issued by the Commission and approved, or not disapproved, by the President, upon service on Respondent of an Order issued by the Commission based upon application therefor made to the Commission.

By order of the Commission.

/s/
Donna R. Koehnke
Secretary

Issued: December 3, 1993

[Investigation No. 33/-TA-344]

Commission Determination Not To Review an Initial Determination Finding a Violation of Section 337 and Schedule for the Filing of Written Submissions on Remedy, the Public Interest, and Bonding

In the Matter of certain cutting tools for flexible plastic conduit and component thereof.

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

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

FOR FURTHER INFORMATION CONTACT: Robin L. Turner, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20438, telephone 202-205-3103.

SUPPLEMENTARY INFORMATION: Dawn Industries, Inc., Daxel Inc., and Duane Robertson (herein collectively "Dawn Industries") filed a complaint October 30, 1992, under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) alleging that two respondents: (1) Pro Mark, Inc. ("Pro Mark"), and (2) Orbit Underground, d/b/a Orbit Sprinklers, had violated section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain cutting tools for flexible plastic conduit or components thereof. The cutting tools were alleged to infringe claims 1-7 of U.S. Letters Patent 4,336,852 (the '852 patent) and the

single claim of U.S. Letters Patent Des. 266,736 (the '736 patent). The Commission instituted this investigation by notice published in the Federal Register on December 2, 1992, at 57 FR 57075-76. The Commission terminated respondent Orbit Underground by notice published on March 3, 1993, at 58 FR 12253, added an additional respondent, Chewink Corporation ("Chewink"), by notice published on March 25, 1993, at 58 FR 16203, and deleted the claim of infringement of the '736 patent by notice published on April 26, 1993, at 58 FR 21994. The Commission found, pursuant to Commission interim rule 210.25, that respondent Chewink had waived its right to appear, to be served with documents, and to contest the allegations in issue in this investigation by notice published on August 25, 1993, at 58 FR 44850-51.

On September 2, 1993, the presiding ALJ issued his final ID finding that there was a violation of section 337. The ALJ found that claim 1 of the '852 patent was infringed, but that claims 2 and 7 of that patent were not infringed. The ALJ also found that a domestic industry exists with respect to the claims in issue. No petitions for review or government agency comments were received by the Commission. Having examined the record in this investigation, including the ID, the Commission has determined not to review the ID.

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

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

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

Written Submissions

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

Complainant and the Commission investigative attorney are also requested to submit proposed remedial orders for the Commission's consideration. The written submissions and proposed remedial orders must be filed no later than the close of business on Monday, November 1, 1993. Reply submissions must be filed no later than the close of business on Monday, November 8, 1993. No further submissions will be permitted unless otherwise ordered by the Commission.

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

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

Copies of the ID and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E

Street, SW., Washington, DC 20436, telephone 202-205-2000. Hearing-impaired persons are advised that information on the matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

By order of the Commission.

Issued: October 20, 1993.

Dennis R. Koehnke,
Secretary.

[FR Doc. 93-26450 Filed 10-26-93; 8:45 am]

BILLING CODE 7000-00-P

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of)
)
CERTAIN CUTTING TOOLS FOR)
FLEXIBLE PLASTIC CONDUIT AND)
COMPONENTS THEREOF)

Investigation No. 337-TA-344

93 SEP -2 P 3 50

REFERENCE TO
COMMISSION FILE

Initial Determination*

Paul J. Luckern, Administrative Law Judge

Pursuant to the Notice of Investigation (57 Fed. Reg. 57075-76 (Dec. 2, 1992)), this is the administrative law judge's initial determination under Commission interim rule 210.53 (19 C.F.R. § 210.53). The administrative law judge hereby determines, after a review of the record developed, that there is a violation of subsection (a)(1)(B) of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), in the importation into the United States, the sale for importation, or the sale within the United States after importation, of certain cutting tools for flexible plastic conduit and components thereof.

* This initial determination, which will be the only initial determination issued under interim rule 210.53, contains no confidential matter.

TABLE OF CONTENTS

	PAGE
PROCEDURAL HISTORY.	1
JURISDICTION.	4
PARTIES AND PRODUCT IN ISSUE.	4
IMPORTATION AND SALE.	4
OPINION	4
I. Alleged Unfair Act.	4
A. Claim 1	5
1. Claim Construction.	5
2. Literal Infringement.	18
3. Doctrine of Equivalents	19
B. Claim 7	22
1. Literal Infringement.	22
C. Claim 2	24
1. Doctrine of Equivalents.	24
II. Domestic Industry	25
FINDINGS OF FACT.	27
I. The Parties	27
II. The Product At Issue	28
III. Witnesses	29
IV. The '652 Patent, Claims In Issue and Infringement.	30
V. The Level of Ordinary Skill In The Art.	47

	PAGE
VI. Prior Art.	48
VII. Domestic Industry	61
VIII. Importation and Sale.	64
CONCLUSIONS OF LAW.	65
INITIAL DETERMINATION AND ORDER	66

ABBREVIATIONS

CB	Complainants' Post Hearing Initial Brief
CPX	Complainants' Physical Exhibit
CRB	Complainants' Post Hearing Reply Brief
CX	Complainants' Exhibit
FF	Finding of Fact
RB	Pro Mark's Post Hearing Initial Brief
RPX	Pro Mark's Physical Exhibit
RRB	Pro Mark's Post Hearing Reply Brief
RX	Pro Mark's Exhibit
SB	Staff's Post Hearing Initial Brief
SPX	Staff's Physical Exhibit
SX	Staff's Exhibit
Tr.	Transcript of Hearing

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PROCEDURAL HISTORY

Pursuant to a complaint filed on October 30, 1992, by Duane Robertson (Robertson), Dextel Inc. (Dextel), and Dawn Industries (Dawn) (complainants), as supplemented on November 13 and 17 1992, the investigation was instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain cutting tools for flexible plastic conduit or components thereof by reason of alleged infringement of claims 1-7 of U.S. Letters Patent 4,336,652 (the '652 patent) or the single claim of U.S. Letters Patent Des. 266,736 (the '736 patent), and whether there exists an industry in the United States as required by subsection (a) (2) of section 337. The notice named Pro Mark, Inc. (Pro Mark) and Orbit Underground, d/b/a Orbit Sprinklers (Orbit), as respondents in the investigation.

The complaint and notice were amended to add Chewink Corporation (Chewink) as a respondent, to delete respondent Orbit and to delete the allegation that any respondent infringes the '736 patent. See notices of Commission dated February 23, March 16, and April 20, 1993 not to review certain initial determinations. Complainants' counsel, by letter to counsel for Pro Mark dated April 15, 1993, stated that complainants do not intend to pursue infringement claims against Pro Mark based on claims 3, 4, 5 or 6 of the '652 patent.

A prehearing conference was held on May 6, 1993, and the hearing commenced immediately thereafter. Closing arguments were heard on May 7. Complainants, respondent Pro Mark and the staff were represented at the hearing. At the hearing Duane Robertson, one of the named complainants and

the named inventor on the '652 patent, testified on behalf of complainants. Kent C. Ericksen and Oliver McKagen testified on behalf of respondent Pro Mark.

At the pre-hearing conference, objections by complainants, inter alia, to certain exhibits of Pro Mark, viz. RX-2, RX-7, RX-8, RX-11, RX-12, RX-22 and RX-23, were overruled (Tr. at 136). Complainants however were given the opportunity to reopen the record to offer additional evidence (Tr. at 136, 800). Complainants' counsel, in a letter to the administrative law judge dated May 17, 1993, stated that based on a review of the evidence submitted during the May 6-7, 1993 hearing, complainants concluded that the submission of further evidence would be unnecessary.

The administrative law judge, pursuant to Commission interim rule 210.25, in an initial determination (Order No. 16) dated July 20, 1993, found that respondent Chewink had waived its right to appear, to be served with documents and to contest the allegations in issue. By notice which issued on August 16, the Commission determined not to review that initial determination.

The matter is now ready for decision.

This initial determination is based on the entire record compiled at the hearing, and the exhibits admitted into evidence. The administrative law judge has also taken into account his observation of the witnesses who appeared before him during the hearing. Proposed findings submitted by the parties participating in the hearing not herein adopted, in the form submitted or in substance, are rejected either as not supported by the evidence or as involving immaterial matters. The findings of fact of this initial determination include references to supporting evidentiary items in the record. Such references are intended to serve as guides to the testimony and

exhibits supporting the findings of fact of the administrative law judge.
They do not necessarily represent complete summaries of the evidence
supporting said findings.

JURISDICTION

The Commission has in rem (subject matter) jurisdiction. It also has personal jurisdiction over Pro Mark in view of its appearance and active participation in this investigation.

PARTIES AND PRODUCT IN ISSUE

The parties and product in issue are detailed in the findings of fact, infra. See FF 1 to 14.

IMPORTATION AND SALE

The evidence establishes that respondent Pro Mark has imported into and sold in the United States the accused product. See FF 138 to 142.

OPINION

I. Alleged Unfair Act

Complainants, in their post hearing submissions, alleged that the accused Pro Mark tool (1) literally infringes claims 1 and 7 of the '652 patent, and (2) infringes claims 1 and 2 of that patent under the doctrine of equivalents. The staff, in its post hearing submissions, alleged that the accused tool literally infringes claim 1 of the '652 patent but does not literally infringe claim 7. The staff also alleged, assuming that the accused tool is not found literally to infringe claim 1, that the evidence shows that the accused tool infringes claim 1 of the '652 patent under the doctrine of equivalents. It further alleged that the accused tool does not infringe claim 2 under the doctrine of equivalents.¹

¹ While complainants in their pre-hearing statement also alleged that the accused tool literally infringed claim 2 of the '652 patent and infringed claim 7 of said patent under the doctrine of equivalents, they did not so allege in their post-hearing submissions, and thus the administrative law judge finds that complainants have abandoned said allegations. Accordingly, each of those allegations are not treated in this opinion.

Pro Mark argued that the accused tool is merely a variation of prior reference tools and does not incorporate the claimed features of the patented cutting tool and hence it must be found that there has been no unfair act in violation of section 337 (RB at 1, 2).²

Complainants have the burden of proving infringement of the claims in issue by a preponderance of the evidence. Under Sea Industries, Inc. v. Dacor Corp., 833 F.2d 1551, 4 USPQ2d 1772, 1776 (Fed. Cir. 1987); Hughes Aircraft v. United States, 717 F.2d 1351, 1361, 219 USPQ 473, 480 (Fed. Cir. 1983).

A. Claim 1

Analysis of patent infringement requires two inquiries: (1) a proper construction of the claim in issue to determine its scope; and (2) a determination of whether the claim encompasses the accused product. Palumbo v. Don-Joy Co., 762 F.2d 969, 974, 226 USPQ 5, 7 (Fed. Cir. 1985); LaBounty Manufacturing Inc. v. USITC, 867 F.2d 1572, 1573, 9 USPQ2d 1995, 1997 (Fed. Cir. 1989) (LaBounty). Proper construction of a claim is necessary to define the metes and bounds of the protection afforded to it. McGill, Inc. v. John Zink Co., 736 F.2d 666, 674, 221 USPQ 944, 950, cert. denied, 469 U.S. 1037 (1984).

1. Claim Construction

The words of a claim are to be given their ordinary and accustomed meaning unless it appears from the specification and file history that the inventor intended to use them differently. Envirotech Corp. v. Al George Inc., 730 F.2d 753, 759, 221 USPQ 473, 477 (Fed. Cir. 1984); Intellicall Inc. v. Phonometrics Inc., 952 F.2d 1384, 1388, 21 USPQ2d 1383, 1386 (Fed. Cir.

² Pro Mark has not challenged the validity and/or enforceability of the claims in issue. See RB and RRB.

1992) (Intellicall).³ A claim should be construed as it would by one skilled in the art, Loctite Corp. v. Ultraseal Ltd., 781 F.2d 861, 866, 228 USPQ 90, 93 (Fed. Cir. 1985) (Loctite), and without regard to the accused device. SRI International v. Matsushita Electric Corp. of America, 775 F.2d 1107, 1118, 227 USPQ 577, 583 (Fed. Cir. 1985) (SRI). When there is a dispute as to the meaning of critical language in a claim, extrinsic evidence may be adduced including testimony of witnesses, and reference may be had to the specification, the prosecution history, prior art, and other claims. Tandon Corp. v. USITC, 831 F.2d 1017, 1021, 4 USPQ2d 1283, 1286 (Fed. Cir. 1987), citing H.H. Robertson Co. v. United Steel Deck, Inc., 820 F.2d 384, 389, 2 USPQ2d 1926, 1929 (Fed. Cir. 1987); SRI, 775 F.2d at 1117 n.11, 1118, 227 USPQ at 582 n.11, 583. Although the Federal Circuit has held that it is proper to use the specification to interpret what the patentee meant by a word or phrase in a claim, it is the claim, and not the specification, that determines the scope of the invention, and limitations or embodiments appearing in the specification generally will not be read into the claims. DuPont v. Phillips Petroleum Co., 7 USPQ2d 1129, 1131 (Fed. Cir. 1988), citing Loctite, 781 F.2d at 867, 228 USPQ at 93, Environmental Designs Ltd. v. Union Oil Co., 713 F.2d 693, 699, 218 USPQ 865, 871 (Fed. Cir. 1983); and Laitram Corp. v. Cambridge Wire Cloth Co., 863 F.2d 861, 867, 228 USPQ 90, 93 (Fed. Cir. 1988) (Laitram).

Claim 1 is directed to a cutting tool for cutting flexible conduit comprising a combination of the following elements:

³ In Intellicall the Court held that although an inventor may be his own lexicographer, "[w]here an inventor chooses to be his own lexicographer and to give terms uncommon meanings, he must set out his uncommon definition in some manner within the patent disclosure." Intellicall, 952 F.2d at 1388, 21 USPQ2d at 1386, citing Lear Siegler, Inc. v. Aeroquip Corp., 733 F.2d 881, 889, 221 USPQ 1025, 1031 (Fed. Cir. 1984).

- (1) a pair of handled jaws pivotally connected intermediate their ends;
- (2) one of said jaws has a handle at one end and a knife blade extending from the other end opposite to said handle with said knife blade having a longitudinal cutting edge; and
- (3) the other of said jaws defines a channel-shaped handle at one end and a semi-circular concave anvil at the other end which anvil has an axially extending slot therein for receiving the cutting edge of the knife blade when the handles are closed together with the one handle nested within the channel-shaped handle.

Also, according to claim 1, a flexible plastic conduit supported in the semi-circular concave anvil can be cut readily by the knife blade upon squeezing the handles together while swinging the tool relative to the conduit and the conduit then is completely severed as the knife blade edge is received in the slot (FF 25). The post-hearing submissions of complainants, Pro Mark and the staff establish that the only word in claim 1 in dispute as to its construction is "nested."

Complainants argued that the parties are in agreement that the word "nested" as used in claim 1 is consistent with a dictionary definition of the term "nest"; that when Pro Mark's Erickson was asked if the knife blade handle of the accused Pro Mark tool, when closed, fit inside of the anvil handle, Erickson stated that it did and that it did so snugly; and that Erickson's conclusion is strongly supported by complainant Robertson's hearing testimony that the accused Pro Mark tool would be unable to cleanly and completely sever flexible plastic conduit if the knife handle thereof was unable to enter into the anvil handle during the operation of the tool (CB at 11, 12).

Complainants also argued that claim 1 does not require that the handles must be "totally" nested, i.e., snugly together "totally" or "totally" inside one another, when the handles are closed. They also argued that both of Pro

Mark's witnesses McKagen and Erickson agreed with the description by complainants' witness Robertson of five plastic cups sitting one within the other as an example of objects which are nesting or fitting snugly together without such objects being fully enclosed, and that it is undisputed that each of the cups, which collectively encompass CPX-4, is not entirely within the cup it fits snugly into (CB at 12, 13).

Complainants further argued that without nesting, the handles of the patented tool would necessarily be joined together adjacent to each other in a manner similar to a bulky conventional scissor type tool and would not be able to close fully to sever completely the flexible plastic conduit (CB at 13, 14).

It is argued by complainants that although the patent specification may aid a court in interpreting the meaning of disputed language in the claims, particular embodiments and examples appearing in the specification will not generally be read into the claims, and that there is nothing in the specification which supports a finding that claim 1 requires one handle of the invention to be "totally" within the other handle when such handles are closed together for nesting to be found (CB at 14, 15).

Complainants argued that the '652 patent is a unique combination of elements which does not stand or fall on any one element or any combination of such elements other than those combinations set forth in the claims; that it is apparent that the handles of the accused Pro Mark tool, when closed, fit "snugly together" and "inside one another"; and that the fact that a portion of the "knife" handle of the accused Pro Mark tool does not directly contact the "anvil handle" when closed is of no consequence, as claim 1 does not require the handles to be "totally" nested when closed (CB at 16, 17).

Pro Mark argued that the word "nested" is not defined in the '652 patent; that in using "nested" in the '652 patent the inventor Robertson admits that he did not intend to impart any unusual meaning to the word, and that "nested" was used in the '652 patent in accordance with the dictionary definition cited by complainants; that with respect to the specification and the prosecution history, the word "nested" is only used in the '652 patent in referring to the handles of the tool in the closed position; that when the handles of the tool described in the '652 patent are closed, they are together and touching as shown in Figure 5 of the '652 patent; and that the words "nested" and "telescoped" are interchangeably used in the '652 patent. It is argued that an attachment to a Notice of Allowance and Base Issue Fee Due of the patent, dated December 28, 1981, contains a handwritten notation which reads:

None of the references made of record suggest individually or in combination the claimed cutting tool having nested handles and an enlarged opening at the end of the slot which receives the cutting blade.

and that significantly, the prior art includes pliers-type tools which have a portion of one handle which is received within the other handle (RB at 21, 22, RRB at 4).

The staff argued that neither the specification nor the file wrapper of the '652 patent support Pro Mark's interpretation of the disputed word "nested"; and that it is the claim, not the specification, which measures the invention. With respect to Pro Mark's contention that, in view of the asserted art, claim 1 must be construed to encompass only totally nesting handles to avoid invalidating claim 1, the staff argued that Pro Mark introduced no evidence at the hearing to show that the references cited by the Patent Office Examiner during prosecution of the '652 patent disclose nesting

handles, nor did Pro Mark demonstrate that those references constitute prior art that could invalidate the asserted claims; and that with respect to the references cited by the inventor in the specification of the '652 patent, Pro Mark introduced no credible evidence at the hearing to support its contentions that any of those references disclose nesting handles or that those references constitute prior art that could invalidate the asserted claims. The staff also argued that, as for the three remaining prior art rebuttal exhibits upon which Pro Mark relies, viz. a Sulak patent (RX-7), Raymond patent (RX-11) and a Bianco patent (RX-12), Pro Mark introduced no evidence showing that those three references were analogous to the cutting tool of the '652 patent (SB at 16 to 19).

Summarizing the arguments, the complainants and the staff maintain that a person of ordinary skill in the art would interpret the word "nested," as used in claim 1 of the '652 patent, to encompass "partially" nested handles and would not include any limitation that the handles must be "totally" nested when in the closed position (CB at 12, SB at 20). Pro Mark argued that in view of the ordinary meaning of the word "nested," the specification, the prior art and the prosecution history, the word "nested," as used in the claim 1, "means that the entire length of the blade handle rests within the jaw or anvil handle" (RB at 22).

While the word "nested" is not defined in the '652 patent (FF 63), it is undisputed that the term is not used as a technical term and that the inventor Robertson did not intend to use the term in an unusual manner (FF 64). The dictionary definition of "nest" put forward by Pro Mark defines the transitive verb usage of the word "nest" as follows:

1. To place in or as if in a nest.
2. To put snugly together or inside one another.

(FF 65). Both the inventor Robinson and Pro Mark's expert witness Oliver H. McKagen III accepted the dictionary definition of the word "nest" (FF 66, 67).

While the '652 patent, under the heading "Description of the Preferred Embodiment," shows Figure 5 wherein the handled jaws totally nest together in the closed position (FF 29, 30, 72),⁴ nothing in the specification requires reading a limitation into the word "nested" in claim 1 that the entire length blade handle must be received within the jaw or anvil handle. Thus, while the term "telescoping" does describe the manner in which the blade handle is received into the jaw or anvil handle in Figure 5 of the '652 patent and in CPX-1 when the tool is in the closed position (FF 73, 76), Figure 5 is merely a description of, and CPX-1 is merely an example of, the preferred embodiment of the '652 patent. The Federal Circuit has held that "[r]eferences to a preferred embodiment, such as those often present in a specification, are not claim limitations." Laitram, 863 F.2d at 867, 228 USPQ at 93. Moreover, particular limitations or embodiments appearing in the specifications generally will not be read into the claims. Loctite, 781 F.2d at 867, 228 USPQ at 93. The words "telescope," "telescoped," or "telescoping" do not appear in claim 1 of the '652 patent, or in any other claim of the '652 patent (FF 74). Neither is there any limitation in claim 1, or in any other claim, for handles that are telescoped together when closed (FF 75).

Pro Mark offered into evidence four references that were cited by the Patent Office Examiner, viz., U.S. Patent No. 59,168 to Bender (RX-1), United

⁴ As illustrated by complainants' tool (CPX-1) and Figure 5 of the '652 patent, Robertson testified that Figure 5 of the patent shows the tool in a closed position, i.e., "the blade is all the way down and the handles are all the way up and touching and it's closed" (FF 72), and that when CPX-1 is in the closed position the entire length, and a portion of the width or side, of the blade handle "nests" within the jaw or anvil handle (FF 76).

Kingdom No. 793 of 1878 to Wilks (RX-2), Federal Republic of Germany No. 21329 to Becker (RX-3); and U.S. Patent No. 2,384,822 to Dermic (RX-8). In addition Pro Mark offered into evidence six other references cited in the specification, viz., U.S. Patent No. 331,787 to Harlow (RX-4), U.S. Patent No. 589,101 to Scholes (RX-5), U.S. Patent No. 717,800 to Bell (RX-6), U.S. Patent No. 4,084,317 to Nakamura (RX-15), U.S. Patent No. 4,092,774 to Watts (RX-16), and U.S. Patent No. 4,094,064 to Nishikawa (RX-17). Also Pro Mark asserted three additional references, cited in Robertson's U.S. Patent No. Des. 266,736 (RX-21), as prior art, viz., U.S. Patent No. Des. 124,728 to Sulak (RX-7), U.S. Patent No. 3,259,981 to Raymond (RX-11), and U.S. Patent No. 4,007,523 to Bianco (RX-12). Pro Mark argued that the handwritten notation of the Patent Office Examiner on the Form PTOL-37 in the file wrapper, supra, coupled with the fact that some of the prior art includes pliers-type tools wherein a portion of one handle is received within the other handle, leads to the conclusion that the term "nested," as used in claim 1, means that the entire length of the blade handle is received within the jaw or anvil handle when the tool is in the closed position because a broader reading would result in coverage that the inventor could not have received from the Patent Office (RB at 8, 22).

In LaBounty, the Federal Circuit concluded that this administrative law judge misinterpreted the legal import of Prodyne Enterprises, Inc. v. Julie Pomerantz, Inc., 743 F. 2d 1581, 1583, 223 USPQ 477, 478 (Fed. Cir. 1984) (Prodyne);⁵ that Prodyne does not stand for the broad proposition that if an

⁵ In LaBounty this administrative law judge had found that the accused device did not satisfy a limitation in the claim, inserted by an amendment during the prosecution, and hence that there was no literal infringement. LaBounty 867 F.2d at 1534, 9 USPQ2d at 1997.

amendment adds a limitation to a claim in issue in the prosecution of a patent application which distinguishes a feature of the invention from a prior art reference, no equivalent of that feature can be asserted and thus no analysis of the prior art disclosure is necessary or appropriate; and that the precedent of the Federal Circuit does not preclude an analysis of the prior art pertinent to a limitation which was added to overcome a rejection based on that art. Accordingly, the Court held that "an analysis of the prior art was necessary to determine whether prosecution history estoppel prevents the assertion of an equivalency." LaBounty, 867 F.2d at 1576, 9 USPQ2d at 1998-99.

In contrast to the facts in LaBounty, there was no language inserted into claim 1 during the prosecution of the patent in issue which limits the word "nested" in the claim in any manner. Even assuming there was a limitation in claim 1 as to the word "nested" as Pro Mark has argued,⁶ the

⁶ The staff has noted the following:

Complainants suggest that this language [the handwritten notation (FF 78)] constitutes the Examiner's statement of reasons for allowance, citing 37 C.F.R. § 1.109. Counsel, Tr. 826:13 to 828:9. A review of the Manual of Patent Examining Procedure ("MPEP") and the Notice of Allowance, however, does not necessarily support this conclusion.

The MPEP states that when the examiner finds a need to place in the file a statement of the reasons for allowing a claim or claims, the examiner should mark on the appropriate form (PTOL-37 when there is an Examiner's amendment to the record as in the present case), the box corresponding to "statement of reasons for allowance." A form containing the typewritten statement of reasons for allowance should be attached thereto and should clearly be labeled "Statement of Reasons for Allowance." MPEP 1302.14 at 1300-7 (Fifth Edition, August 1983).

(continued...)

administrative law judge finds that an analysis of the prior art cited by Pro Mark does not show that there was any prosecution history estoppel with respect to the word "nested" in claim 1. Thus, with respect to references RX-7, RX-12 and RX-17 (FF 103, 105 and 106 respectively) the administrative law judge does not find that one of the jaws has a handle at one end and knife blade having a longitudinal cutting edge extending from the other end opposite to said handle, as required by the claim in issue (FF 107). The administrative law judge finds that the shears of RX-1 and RX-2, the drawings of RX-3, the cutter of RX-4 and the device of RX-6 (FF 98, 99, 100, 101, 102) do not have a channel-shaped handle with a semi-circular concave anvil at the end of the channel shaped handle as required by claim 1 in issue.

The administrative law judge also finds that the disclosed pipe cutter of RX-5 (FF 108) has neither a pair of handled jaws pivotally connected intermediate their ends nor a jaw having a handle at one end and a knife blade having a longitudinal cutting edge thereof opposite to said handle, nor does he find that the other of said jaws defines a channel-shaped handle at one end and a semi-circular concave anvil at the other end which anvil has an axially

⁶(...continued)

However, a review of the file wrapper of the '652 patent, particularly form PTOL-37 (the attachment to the Notice of Allowance), shows that none of these requirements were met. Box A (statement of reasons for allowance) on form PTOL-37 was not marked, nor did the Primary Examiner's comments appear in typewritten form on a document clearly labeled "Statement of Reasons for Allowance." [SB at 9]

The Examiner however did check a box "c" under checked box "2," which box "c" states in part: "Examiner's Amendment to the Record below" (FF 85). The administrative law judge has no knowledge of any case which indicates how such action, coupled with the handwritten notation (FF 78), affects a claim of an issued patent when no amendment to said claim was made during prosecution of the patent.

extending slot for receiving the cutting edge of the knife blade when the handles are closed together with one handle nested within the channel shaped handle (FF 108). As for reference RX-11 (FF 109), the administrative law judge does not find that the disclosed invention has a jaw defining a semi-circular concave anvil at one end (FF 109). With respect to references RX-15 and RX-16 (FF 110), the administrative law judge finds that the tool disclosed therein does not have a pair of handled jaws pivotally connected intermediate their ends (FF 110), as required by claim 1 in issue (FF 25).⁷

⁷ At the hearing Robertson testified that references RX-1, RX-2, RX-3, RX-8, RX-15 and RX-17 are analogous art (FF 112). In addition, Robertson testified that references RX-4, RX-5, RX-6, RX-7, RX-11 and RX-16 are not analogous art (FF 113).

The Federal Circuit has identified two relevant criteria in determining whether prior art is analogous: "(1) whether the art is from the same field of endeavor, regardless of the problem addressed, and (2) if the art is not within the same fields of endeavor, whether it is still reasonably pertinent to the particular problem to be solved." Wang Laboratories Inc. v. Toshiba Corp., 993 F.2d 858, 862, 26 USPQ2d 1767, 1773 (Fed. Cir. 1993) (Wang Labs), citing In re Clay, 966 F.2d 656, 658-59, 23 USPQ2d 1058, 1060 (Fed. Cir. 1992); Union Carbide Corp. v. American Can Co., 724 F.2d 1567, 1572, 220 USPQ 584, 588 (Fed. Cir. 1984). A reference is reasonably pertinent, even if it is in a different field of endeavor, if "it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem." Wang Labs, 993 F.2d at 864, 26 USPQ2d at 1773, quoting In re Clay, 966 F.2d at 659, 23 USPQ2d at 1060-61.

The '652 patent is entitled "Cutting Tool for Flexible Plastic Conduit" (FF 18). The stated objects of the invention of the '652 patent are to provide an improved cutting tool with the following characteristics: to provide a tool for cutting flexible pipe or conduit which is simple, light in weight, strong, rugged, and useful with a wide variety of pipe sizes and is easily grasped and used and which will not pinch the user and will clearly and quickly sever the pipe, to provide a cutting tool which includes a knife which cuts entirely through the conduit without use of levers, ratchets or other mechanical arrangements, to increase the cutting sweep of the knife, and to provide a cutting tool in which the knife is fully shielded in the closed position to protect the knife and the user (FF 39). The administrative law judge finds that none of references RX-4, RX-5, RX-6, RX-7, RX-11 and RX-16 are designed for cutting flexible plastic conduit and therefore they are not within the same field of endeavor, within the meaning of Wang Labs, as is the cutting tool claimed in the '652 patent.

With respect to Drmic RX-8 (FF 104), it appears that the device of RX-8 has a pair of handled jaws pivotally connected intermediate their ends with one of said jaws having a handle on one end and a knife blade with a longitudinal cutting edge extending from the opposite end, and a channel or U-shaped handle having a semi-circular concave anvil at the other end, which concave anvil has an axially extending slot for receiving the blade (FF 107B). However, while Robertson initially testified in answer to the question whether RX-8 shows one handle nested within the other handle "yes, I would say it shows one handle inside another handle," Robertson later testified that the handles of the device of RX-8 "do not seem to nest because you have leverage advantage stuff in there" (FF 104, 107C).⁸

In addition, there is evidence in the record that the patented tool is far superior to prior existing implements; and that while a hacksaw had been used to cut flexible plastic pipe prior to the patented tool, a hacksaw

⁸ While Pro Mark's counsel argued that Pro Mark's position is that the Drmic patent (RX-8) does suggest what the complainants "are now characterizing as partially nested" (FF 107C, see also RB at 22), the administrative law judge can find no evidence in the record to support that position. To the contrary, when asked whether Drmic RX-8 has one handle which nests within the other, Pro Mark's Ericksen answered: "[n]o. Like RPX-1 [the accused cutter, it has] ... stopping devices or structures which prevent the handles from nesting" (RX-22 at 4). Similarly, when asked whether Drmic RX-8 has one handle which nests within the other, Pro Mark's McKagen answered: "Not as far as I can determine" (RX-23 at 3).

The staff has argued that:

"Pro Mark questioned Mr. Robertson only about the Drmic patent (RX-8). In response, Robertson testified that Drmic does not seem to disclose a cutting tool where one handle is nested within the other when the handles are in a closed position. Robertson, Tr. 239:19 to 242:1."

(SB at 8)

created cutting residue after the cut had been made, and that while pruning shears had been used, they would cut only three quarter inch pipe (FF 117).

Accordingly, the administrative law judge finds nothing in the language of claim 1, the specification, the prosecution history and/or the cited references which limit the word "nested" in claim 1 to mean that the entire length of the blade handle must be received within the jaw or anvil handle when the tool is in the closed position. Hence he finds the word "nested," as it is used in claim 1 of the '652 patent, and would be interpreted by one skilled in the art,⁹ to mean that the blade handle of the tool fits snugly within its jaw or anvil handle when the tool is in the closed position, without the limitation that the entire length of the blade handle be within the jaw or anvil handle.¹⁰

⁹ One skilled in the art in issue is one who has considerable experience with different types of cutters and different types of pipes (See FF 89 to 92).

¹⁰ An analysis for patent validity, like an analysis for patent infringement, requires interpretation of the claim in issue. However, a claim must be given the same meaning for the purpose of analyzing both validity and infringement issues. White v. Dunbar, 119 U.S. 47, 51 (1886); Senmed Inc. v. Richard-Allen Medical Industries, Inc., 888 F.2d 813, 818 n.7, 12 USPQ2d 1508, 1511 n.7 (Fed. Cir. 1989); W.L. Gore & Associates, Inc. v. Garlock, Inc., 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

The '652 patent has a presumption of validity under 35 U.S.C. § 282. Moreover, Pro Mark has not argued that a reference or a combination of references would render claim 1 invalid if the word "nested" in the claim is read to encompass "partially" nested handles, i.e. the handles are not "totally" nested when in the closed position. See RB and RRB. Thus assuming evidence that the Drmic patent (RX-8) cited by Patent Office Examiner (FF 104) showed a cutting tool which "nested" as that word has been construed by the administrative law judge, he would not be able to find that claim 1 is not valid. See Lannom Manufacturing Co. v. Intern. Trade Com'n, 779 F.2d 1572, 231 USPQ 32 (Fed. Cir. 1986) where the Federal Circuit stated that Congress did not authorize the Commission to redetermine patent validity, where no defense of invalidity has been raised. On the other hand, if Pro Mark had argued that claim 1 is invalid if the word "nested" in claim 1 is construed as the administrative law judge has found, and there was evidence in the record
(continued...)

2. Literal Infringement

The administrative law judge finds, as complainants argued (CB at 11), that during the hearing Pro Mark confirmed that with one exception, claim 1 of the '652 patent read on the accused Pro Mark tool, and that in so doing Pro Mark limited the issues concerning claim 1 to the element defining the invention in question as having "one handle nested within said channel-shaped handle" when the handles are closed together.

Complainant Robinson testified at the hearing that the blade handle of the accused tool begins at the parting or molding line next to the phillips head screw (FF 40), and that thirty to forty percent of the length of the blade handle of the accused tool fits within the tool's jaw or anvil handle when the accused tool in the closed position (FF 41). Also, Robertson testified that when the handles of the accused tool are closed, the one handle is nested within the channel-shaped handle. Pro Mark's Ericksen testified that the portion of the blade handle of the accused tool (CPX-2) which fits within its jaw or anvil handle does fit within the jaw or anvil handle "snugly" (FF 42). Pro Mark's expert witness testified that there is a similar amount of clearance with respect to the portion of CPX-2 that is within the anvil handle as there is in the patented tool (CPX-1) (FF 42a), and thus the administrative law judge finds that the portion of the blade handle of the accused tool which fits within its jaw or anvil handle does so snugly.

Although only approximately 30 to 40 percent of the blade handle of the

¹⁰(...continued)

that established that the handles of the device in the Drmic patent (RX-8) "nested" without the limitation that the entire length of the blade handle be within the jaw or anvil handle, the validity of claim 1 would be at least suspect.

accused tool fits within the jaw or anvil handle of the accused tool when the tool is in the closed position (FF 41), it is found that that portion does so snugly and is within the meaning of "nested." Accordingly, the administrative law judge finds that complainants have established by a preponderance of the evidence that the accused tool infringes literally claim 1 of the '652 patent.

3. Doctrine of Equivalents

Complainants argued that it is undisputed that the accused Pro Mark tool performs substantially the same function and obtains substantially the same result as the invention encompassed by claim 1; that the function of both the invention encompassed by claim 1 and the accused Pro Mark tool is the cutting of flexible plastic pipe; and that the result gained from both the invention encompassed by claim 1 and the accused Pro Mark tool is also the same, i.e., the quick, simple, complete and clean severance of the flexible plastic pipe being cut (CB at 22).

Pro Mark argued that complainants offered no direct evidence regarding the function of the nesting handles, the way in which any such function is achieved, or the results obtained by any such function; that while some statements relating to the function were elicited by the staff on cross-examination, apart from extremely broad conclusory statements, there appears to be no discussion of the manner in which any claimed function is accomplished; and that the handle configuration of the patented tool is generally like that of other pliers-type tools. Accordingly, it is argued that complainants have failed to meet their burden of establishing that the accused tool has the equivalent of "nested" handles (RB at 27).

The staff argued that inventor Robertson testified that the function of the blade handle nesting in the anvil handle (when the handles are in a closed

position) is to enable the blade to go entirely down into the anvil slot, thereby permitting the blade to cleanly and completely sever the conduit and that if the accused product did not nest, it would be "impossible" for the cutter to work; that Robertson then demonstrated how the nesting handles of both the Dawn Cutting Tool (which it is said Pro Mark admits practices the asserted claims) and the accused product permit conduit to be cleanly and completely severed in a single action; and that Pro Mark's Ericksen and McKagen testified that both complainants' cutting tool (CPX-1) and the accused tool (CPX-2) perform substantially the same function in substantially the same way to achieve substantially the same result.¹¹ Hence the staff submitted that the partially nesting handles of the accused tool (CPX-2) perform substantially the same function, in substantially the same way, to achieve the substantially same result as the nesting handles recited in claim 1 (SB at 26, 27).

The doctrine of equivalents "prevents a copyist from evading patent claims with insubstantial changes." Valmont Industries Inc. v. Reinke Manufacturing Co., Inc., 983 F.2d 1039, 1043, 25 USPQ2d 1451, 1454 (Fed. Cir. 1993) (Valmont), citing Charles Greiner & Co. v. Mari-Med Mfg., 962 F.2d 1031, 1036, 22 USPQ2d 1526, 1529 (Fed. Cir. 1992). The Federal Circuit recently defined an equivalent, applying the familiar three-part test, as "an accused device which 'performs substantially the same overall function or work, in substantially the same way, to obtain substantially the same overall result as

¹¹ The staff stated that while Ericksen also testified that in addition to the accused product, four additional cutting tools that Pro Mark stocks (CX-15, RPX-4, RPX-5 and RPX-6) also perform the same function to achieve the same result, the staff believes that those four additional cutting tools do not perform in substantially the same way as the invention of the '652 patent, i.e., they cut in a ratchet, rather than a single, action.

the claimed invention.'" Valmont, 983 F.2d at 1043, 25 USPQ2d at 1455, quoting Pennwalt Corp. v. Durand-Wayland, Inc., 833 F.2d 931, 934, 4 USPQ2d 1737, 1739 (Fed. Cir. 1987) (en banc), cert. denied, 485 U.S. 961, cert. denied, 485 U.S. 1009 (1988).

The administrative law judge finds that the evidence establishes that the function of nested handles is to allow the blade to go entirely down into the slot in the anvil to ensure that the pipe is completely cut in two, and finds further that the accused tool infringes the '652 patent under the doctrine of equivalents. Thus each of Robinson, Ericksen and McKagen testified in effect that the accused tool performs this function in substantially the same way as the invention of the '652 patent, i.e., by squeezing the handles of the accused tool together with a portion of the blade handle entering into the interior of the jaw or anvil handle (FF 49, 49a, 51, 55, 58, 59). In addition, this was confirmed by demonstrations at the hearing (FF 52, 55).¹² Also Robertson and respondent's expert McKagen both testified that if the blade handle of the accused tool did not enter into its jaw or anvil handle, the tool would be unable to completely sever plastic pipe (FF 56, 57). The result of this nesting of the handles is the same with respect to both the accused tool and the invention of the '652 patent, i.e., the plastic pipe is cleanly and completely severed.

¹² Robertson also testified that the function of nesting gives each one of the handles "more strength because we get more depth here" (FF 50). While the '652 patent refers to providing a strong cutting tool (FF 39) and strengthening the anvil portion of the handle by providing the cradle walls on their under surfaces with elongated, longitudinal strengthening ribs, integral with the handle, the administrative law judge can find no disclosure in the '652 patent that nesting gives each one of the handles more strength. Moreover, at the hearing Robertson did not testify as how much strength is given to the handles by such nesting.

Based on the foregoing the administrative law judge finds that complainants have established by a preponderance of the evidence that the accused tool infringes claim 1 under the doctrine of equivalents.

B. Claim 7

Independent claim 7 for a cutting tool is substantially identical to independent claim 1 for a cutting tool with the exception that the phrase

said slot having an enlarged opening at the end thereof opposite the corresponding handle to accommodate flexing of the knife blade (Emphasis added)

is substituted for the following phrase in independent claim 1:

with the said one handle nested within said channel-shaped handle

(FF 34). The specification of the '652 patent under the heading "Description of the Preferred Embodiment" disclosed that the enlarged opening allows for flexing of the knife blade and prevents the forward end edge of the knife blade from nicking or damaging the end of the anvil handle (FF 36). Figure 1 shows the opening to have a teardrop shape which is consistent with what is shown in the patented tool (CPX-1) (FF 31).

1. Literal Infringement

The administrative law judge finds, as complainants argued (CB at 18), that during the hearing Pro Mark confirmed that, with one exception, claim 7 in issue reads on the accused Pro Mark tool and that Pro Mark limited the issues concerning claim 7 to the provision for a slot in the anvil portion of one jaw having an enlarged opening at the end thereof opposite the corresponding handle to accommodate flexing of the knife blade. Complainants have argued that an enlargement exists in the accused tool and accommodates a certain amount of knife blade flexing, and for this reason the accused Pro

Mark tool literally infringes claim 7 (CB at 18).

Pro Mark argued that the term "enlarged opening," as used in the '652 patent, means a tear drop shape opening so that if, for any reason, the blade does flex when it is cutting, the blade does not cut into the jaw handle; and that the "enlarged opening" of the '652 patent cannot include a mere slot for receiving the blade as illustrated in the prior art. It also argued that claim 7 requires that the accused device have an enlarged opening to accommodate flexing of the cutting blade; that the accused device does not have a tear drop shaped opening at the end of the slot which receives the cutting blade; that during flexing of the knife blade of the accused device, the blade will admittedly be buried into the anvil portion of the tool and hence the limitation of claim 7 is absent (RB at 23, 24).

The staff argued that neither the specification nor the file history of the '652 patent define how large the anvil slot must be to accommodate flexing of the blade, or how much flexing the enlarged slot must accommodate; and that the specification of the '625 patent at col. 4, lines 26-30 only provides that the enlarged opening prevents the forward-end edge of the blade from nicking or damaging the end of the anvil. The staff further argued that although there is evidence that the accused tool has an enlarged slot opening, complainants have failed to show that this opening accommodates flexing of the blade, as that term is used in the claim and interpreted by the inventor (SB at 23).

To the extent that the accused device has a slot for receiving a knife blade and that the slot has an enlarged opening at the end thereof which allows accommodation for flexing of the knife blade, claim 7 reads on the accused device. At the hearing when complainant Robertson, the named inventor

of the '652 patent, was asked whether it was true that the accused cutting tool will accommodate very little flexing of the knife blade, Robertson answered that the slot of the accused tool will only accommodate a small amount of flexing (FF 61).¹³ In addition, Pro Mark's expert McKagen testified that the accused tool will not accommodate flexing of the knife blade (FF 61). Accordingly, in view of the specific requirement of claim 7, viz., to accommodate flexing of the knife blade, the administrative law judge finds that complainants have not established by a preponderance of evidence that the accused cutting tool literally infringes independent claim 7.

C. Claim 2

Independent claim 2 for a cutting tool is substantially identical to independent claim 1 for a cutting tool with the exception that claim 2 requires that the jaws having a handle at one end and a knife blade extending from the other end opposite to said handle be "generally box shaped in cross-section."

1. Doctrine of Equivalents

Complainants argued that Robertson testified that the function of the box shaped handle called for in claim 2 (as well as the other handle) is to operate the invention for the purpose of cutting flexible plastic pipe; and that the purpose of the box shaped characteristic of the handle called for in claim 2 is twofold, i.e., primarily cosmetic and to provide an additional 1-2% of strength. It was argued that in inspecting the corresponding handle of the accused Pro Mark tool, Robertson testified that the handle, although not

¹³ A visual comparison of the accused tool CPX-2 with the patented tool CPX-1 shows no tear drop opening in the accused tool as found in the patented tool.

box shaped, performs substantially the same function as the corresponding handle described in claim 2 (CB at 26, 27).

Pro Mark argued that inventor Robertson testified that the function of the "box-shaped" handle in the patented tool is mostly cosmetic and further admitted that the accused device does not have anything which provides the cosmetic function of the "box-shaped" handle of the patented tool (RB at 28).

The staff argued that while Robertson initially testified that the function of the box-shaped handle was primarily cosmetic, but that it also added a "little bit more strength" (1-2 percent) to the handle, Robertson appeared to recant this testimony later by testifying that the box-shape of the handle had no function but was merely a cosmetic detail; and that in addition Robertson testified that the blade handle of the accused product does not provide the same cosmetic "function" as the box-shaped handle of the '652 patent (SB at 27, 28).

Robertson, in answer to a direct question from the administrative law judge at the hearing, testified that the "box shaped" recitation in claim 2 performs no function and that it is in claim 2 merely for cosmetic reasons (FF 60). Robertson further testified at the hearing that the accused tool does not have anything which provides the same cosmetic function as that provided by the box shaped handle of the patented tool (FF 60). Accordingly, the administrative law judge finds that complainants have not established by a preponderance of evidence that the accused cutting tool infringes claim 2 under the doctrine of equivalents.

II. Domestic Industry

Complainants argued that a domestic industry exists in the United States with respect to the claimed invention in issue in that complainants have made

a significant investment in plant and equipment, significant complainant of labor and capital and a substantial investment in its exploitation.

The staff argued that the evidence has demonstrated that there exists an industry in the United States with respect to articles protected by the '652 patent, viz. Dawn model T100, T125 and T150 Kwickcut cutting tools. It also argued the Pro Mark did not challenge complainant's assertion that the Dawn cutting tools practice the asserted claims of the '652 patent.

Respondent, in its post-hearing submissions did not challenge complainants assertion that a domestic industry exists in the United States with respect to the claimed invention in issue.

Based on the evidence (FF 118 to 137), the administrative law judge finds that complainants have established that a domestic industry exists in the United States with respect to the claimed invention.

FINDINGS OF FACT

I. The Parties

1. Dawn is a Colorado corporation in good standing with its principal place of business at 4410 North Washington Street, Denver, Colorado, USA. Dawn manufactures and sells cutting tools for flexible plastic conduit and components thereof, as well as other lawn sprinkler irrigation system related tools and parts. Effective June 5, 1985, Dawn entered into a nonexclusive license agreement (the "Sublicense Agreement") with Dextel, by which Dextel granted a nonexclusive and nonassignable license to Dawn covering the '652 Patent (Robertson, CX-16A at 3-4; CX-3).

2. Dextel is a Colorado corporation in good standing with its principal place of business at 4410 North Washington Street, Denver, Colorado, USA. Effective May 5, 1985, Dextel and Robertson entered into a certain Exclusive License and Transfer of All Substantial Patent Rights (the "License Agreement"), by which Robertson licensed to Dextel the right to manufacture, use and sell the invention covered by the '652 Patent and to sublicense the same rights to others (Robertson, CX-16A at 3-4; CX-2).

3. Robertson is an individual with his principal place of business at 4410 North Washington Street, Denver, Colorado, USA. Robertson obtained and remains the owner of the '652 Patent. Robertson is also president of and a principal shareholder of Dawn and Dextel (Robertson, CX-16A at 1 and 3; CX-1).

4. Dawn manufactures the model T100, T125, and T150 Kwikcut cutting tools at issue in this investigation at its facility in Denver, Colorado (CX-16A at 3, 5; Robertson, Tr. 286-87; SX-8 at 1, 2).

5. The respondents in this investigation are Chewink Corporation and

Pro Mark, Inc. (CX-19 ¶¶ 5-6; Notice of Commission Determination Not to Review an Initial Determination Amending the Complaint and Notice of Investigation to Terminate a Respondent (Feb. 23, 1993); Notice of Commission Determination Not to Review an Initial Determination Amending The Complaint and Notice of Investigation to Add a Respondent (March 16, 1993)).

6. Respondent Pro Mark is based in Utah and has three divisions. One division is a retail outlet division which sells a variety of products, including sporting goods, housewares, and hardware. Pro Mark Distributors is a mountain states distributor of a variety of goods, including hardware, housewares, sporting goods, and electronics. Orbit Sprinklers is a United States manufacturer which manufactures about 70% of its products in the United States. These products include electric valves, timers, sprinkler heads, sprinkler risers, hose end, sprinkler products, and drip products. Pro Mark owns U.S. patents on many of its products. The remaining 30% of the products are imported from countries around the world (RX-22).

7. Chewink Corporation is a Taiwanese company located in Taipei, Taiwan (CX-19 ¶ 6; CX-21 at 3; SX-3 ¶ 4).

8. Chewink sells the accused product to Respondent Pro Mark for export to the United States (CX-21 at 2-3; SX-3 ¶ 4; Ericksen, Tr. 653-64).

II. The Product In Issue

9. The product in issue is a cutting tool for cutting flexible plastic conduit and components thereof, alleged to be covered by claims 1, 2, and 7 of the '652 patent (SX-2; Notice of Commission Determination not to Review an Initial Determination Amending the Complaint and Notice of Investigation to Delete a Claim (April 20, 1993)).

10. The components at issue are replaceable cutting tool blades.

(Complainants' Prehearing Statement at 6 n.2).

11. The '652 patent discloses a cutting tool for cutting flexible plastic conduit that comprises a pair of handled jaws pivotally connected intermediate their ends with a knife blade integrated within one jaw and a slot for receiving the cutting edge of the knife blade in the second jaw. The slot is provided in a semi-circular concave anvil or cradle at one end of the second jaw. The anvil or cradle receives and supports the conduit to be cut (CX-1).

12. The accused product is the "Orbit" cutting tool, model no. 26092 (CX-19 ¶ 20; CX-26 at 2; CPX-2).

13. The accused product is imported into, and sold within, the United States by Respondent Pro Mark. (CX-19 ¶¶ 1 and 5; CX-20 at 3-4; CX-21 at 3, 4-5; CX-23 at 1; SX-3 ¶¶ 2-3).

14. Complainant Dawn manufactures and sells the following models of "Kwikcut" cutting tools that are allegedly covered by claims 1, 2, and 7 of the '652 patent: T100 (SPX-1), T125 (CPX-1), and T150 (SPX-2) (CX-4; CX-5; CX-16A at 2-6; CX-19 ¶ 23; CX-20 at 3; SX-8 at 1-3; SX-9; SX-10 at 2).

III. Witnesses

15. Complainants' witness, the inventor Robertson, who is also a complainant, was accepted as an expert in the area of cutting tools for flexible plastic conduit and cutting tools used in the lawn sprinkler industry (Tr. at 144).

16. Respondent's expert witness Oliver H. McKagen, III, was accepted as an expert in the areas of hand tools, cutting tools and tool design (Tr. at 738).

17. Respondent's Kent C. Ericksen was offered as an event witness and

not as an expert witness (Tr. at 152-53).

IV. The '652 Patent, Claims In Issue and Infringement

18. U.S. Patent No. 4,336,652 (the "'652 Patent") issued on June 29, 1982 to Duane D. Robertson for a "Cutting Tool for Flexible Plastic Conduit," and is based on application Serial No. 174,727 filed Aug. 1, 1980. This is the sole patent in issue (CX-1 & 19).

19. The only claims of the '652 Patent which are at issue in this investigation are claims 1, 2 and 7 (SX-2).

20. On December 28, 1981, the PTO issued a Notice of Allowance, a one page "Attachment" thereto, and a Notice of References Cited listing U.S. Patent No. 2,384,882 (RX-8); U.S. Patent No. 59,168 (RX-1); U.K. Patent No. 793 (RX-2); and German Patent No. 21,329 (RX-3, CX-10 (Paper No. 2)).

21. There were no substantive office actions issued during prosecution of the '652 patent application (CX-10).

22. On May 5, 1985, complainant Robertson granted complainant Dextel an exclusive license and transfer of all substantial patent rights in the '652 patent (CX-1, CX-2, CX-16A at 3-4, CX-20 at 1-2).

23. On June 5, 1985, Dextel granted complainant Dawn a nonexclusive license under the '652 patent. (CX-3, CX-16A at 4; CX-20 at 2).

24. Claims 1, 2, and 7 of the '652 patent are each independent claims. (CX1).

25. Claim 1 reads as follows:

A cutting tool for cutting flexible plastic conduit comprising a pair of handled jaws pivotally connected intermediate their ends, one of said jaws having a handle at one end and a knife blade extending from the other end thereof opposite to said handle, said knife blade having a longitudinal cutting edge, the other of said jaws defining a channel-shaped handle at one end and a semi-circular concave anvil at the other end, said

anvil having an axially extending slot therein for receiving the cutting edge of said knife blade when said handles are closed together with the said one handle nested within said channel-shaped handle, whereby a conduit supported in said semi-circular anvil can be cut readily by said knife blade upon squeezing said handles together while swinging said tool relative to said conduit and said conduit being completely severed as said knife blade edge is received in said slot. (Emphasis added)

(CX1).

26. The contested language in claim 1 appears at lines 13-17, viz.

said anvil having an axially extending slot therein for receiving the cutting edge of said knife blade when said handles are closed together with the said one handle nested within said channel-shaped handle,

(Tr. at 181 to 182).

27. Claim 2 reads as follows:

A cutting tool for cutting flexible plastic conduit comprising a pair of handled jaws pivotally connected intermediate their ends, one of said jaws being generally box shaped in cross-section and having a handle at one end and a knife blade extending from the other end thereof opposite to said handle, said knife blade having a longitudinal cutting edge, the other of said jaws being generally channel shaped in cross-section and defining a handle at one end and a semi-circular concave anvil at the other end, said anvil having an axially extending slot therein for receiving the cutting edge of said knife blade when said handles are closed together with said box-shaped handle nested within said channel-shaped handle, whereby a conduit supported in said semi-circular anvil can be cut by said knife blade upon squeezing said handles together while swinging said tool relative to said conduit and said conduit being completely severed as said knife blade edge is received in said slot.

(CX1).

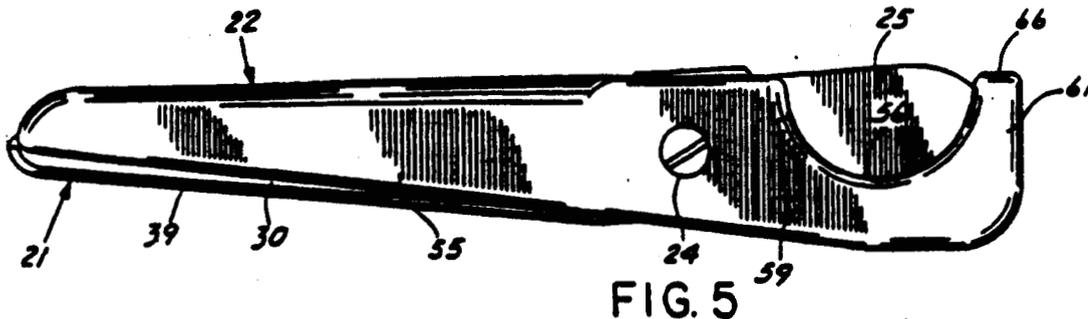
28. The contested language in claim 2 appears at lines 25-28 and 32-36, viz.

one of said jaws being generally box shaped in cross-section and having a handle at one end and a knife blade extending from the other end thereof opposite to said

handle, ... said anvil having an axially extending slot therein for receiving the cutting edge of said knife blade when said handles are closed together with said box-shaped handle nested within said channel-shaped handle,

(Tr. at 181 to 182).

29. With respect to the disputed language that is common to claims 1 and 2, under the heading "Description of the Preferred Embodiment," the '652 patent discloses that as shown in the following Figure 5:

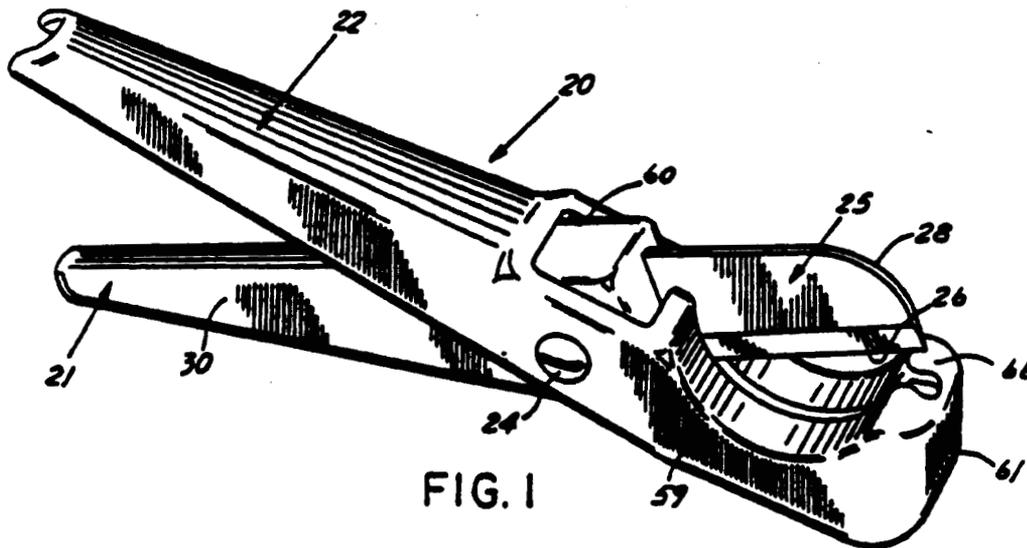


the handled jaws 21, 22 "nest together in the closed position" in order that the tubing or conduit may be clearly and completely cut (CX-1, col. 3, lines 15-17).

30. In Figure 5, a cover plate is at 39 and 30 is a channel-shaped handled section. The handled jaws 21, 22 are pivoted together intermediate their ends on a removable pivot pin 24 to form a pliers or "first-class lever type tool." Cooperatively associated with the handled knife jaw 21 to form a cutting tool, the second handled jaw 22 is an elongated member defining at one end a handle section 55 and at its other end a cradle or anvil 56 adopted to receive and support a conduit or pipe to be cut. The knife blade 25 is part of a handled knife jaw. To permit the knife blade 25 to pass completely through the conduit to be cut, a knife receiving slot is provided in the semi-circular cradle wall, opening at one end into the handle receiving aperture

and at the other end into an enlarged aperture in the upper portion or top wall 66 of the end wall 61 (CX-1 at col. 3, 4).

31. With respect to the disputed language in claim 2 that is not common with language in claim 1, under the heading "Description of the Preferred Embodiment", the '652 patent discloses that as shown in the following tool 20 of Figure 1:



depending channel walls 59 of the cradle or anvil handled arm 22 are spaced sufficiently to receive therebetween the box shaped handle 30 of the handled knife jaw 21 when the tool is fully seated into the cradle slot as shown in above Figure 5 where in the closed configuration the knife blade 25 is completely sheathed within the cradle jaw and the handles 30, 55 are telescoped together (CX-1, col. 4).

32. In Figure 1, a generally rectangular aperture 60 is provided in the upper wall for receiving the blade mounting end of the handled knife jaw 21, when the jaws are pivoted together as shown in Figure 1 (CX-1, col. 4, lines

2-5).

33. In Figure 1, the longitudinally extending knife blade 25 has a sharpened edge 26 and a blunt or rounded nose end 28 (CX-1, col. 3, lines 19-21).

34. Claim 7 reads as follows:

A cutting tool for cutting flexible plastic conduit comprising a pair of handled jaws pivotally connected intermediate their ends, one of said jaws having a handle at one end and a knife blade extending from the other end thereof opposite to said handle, said knife blade having a longitudinal cutting edge, the other of said jaws defining a handle at one end and a semi-circular concave anvil at the other end, said anvil having an axially extending slot therein for receiving the cutting edge of the knife blade when the handles are closed together, said slot having an enlarged opening at the end thereof opposite the corresponding handle to accommodate flexing of the knife blade, whereby a conduit supported in said semi-circular handle can be cut by said knife blade upon squeezing said handles together while swinging said shears relative to said conduit and said conduit being completely severed as said knife blade edge is received in said slot.

(CX-1)

35. The contested language in claim 7 appears at lines 17-19, viz.

said slot having an enlarged opening at the end thereof opposite the corresponding handle to accommodate flexing of the knife blade,

(Tr. 181 to 182).

36. With respect to the disputed language in claim 7, under the heading "Description of the Preferred Embodiment," the '652 patent discloses that as shown in the following Figures 8 and 9, (Figure 8 being a side elevational view of the arm of the tool forming a handle and anvil or cradle, the opposite side being a mirror image of the side shown (CX-1, col. 2 lines 44-46) and

Figure 9 being a top plan view of the tool portion shown in Figure 8):

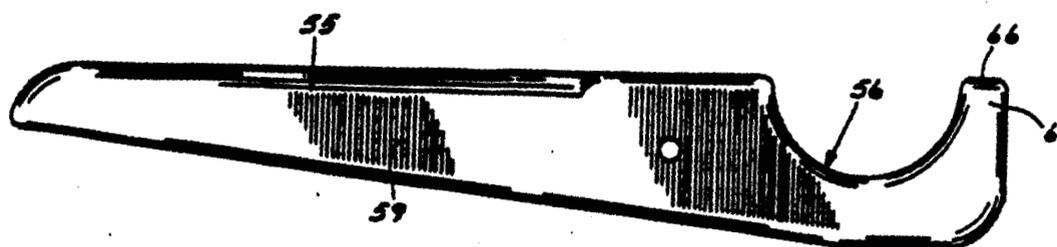


FIG. 8

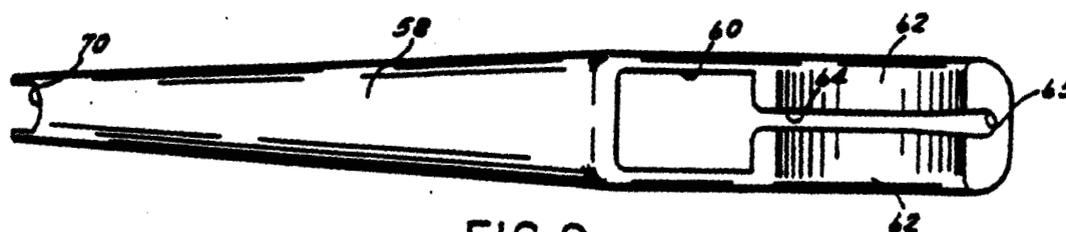


FIG. 9

the enlarged opening 65 in the cradle slot 64 allows for flexing of the knife blade 25 and prevents the forward end edge of the knife blade from nicking or damaging the end of the cradle or anvil handle (CX-1, col. 4, lines 26-30). In Figure 8 the rearmost end of the handled cradle or anvil jaw 22 is provided with a recess 70 which facilitates finger engagement with the rear end of the box-shaped handled knife jaw 21. Item 58 is the underside of the handle top or web (CX-1, col. 4, lines 38-44).

37. According to the '652 patent the "present" invention relates to cutlery and, more specifically, to a cutting tool having a pair of pivoted handles, one of which carries a blade and the other of which defines a semi-circular anvil or cradle for receiving and supporting the article to be cut and, more particularly, the present invention relates to an improved cutting tool for cutting flexible plastic pipe or conduit (CX-1, col. 1, lines 8-13).

38. The '652 patent under the subheading "2. Description of the Prior

Art" states:

Cutting tools for cutting cylindrical objects such as flexible plastic pipe or conduit, are generally known. See, For example, U.S. Pat. Nos. 331,787 to Harlow 589,101 to Scholes, 717,800 to Bell, 1,524,196 to Mathew, 4,084,317 to Nakamura et al., 4,092,774 to Watts, and 4,094,064 to Nishikawa et al.

(CX-1, col. 1, lines 15-21).

39. The stated objects of the invention of the '652 patent are to provide an improved cutting tool with the following characteristics: to provide a tool for cutting flexible pipe or conduit which is simple, light in weight, strong, rugged, and useful with a wide variety of pipe sizes and is easily grasped and used and which will not pinch the user and will clearly and quickly sever the pipe, to provide a cutting tool which includes a knife which cuts entirely through the conduit without use of levers, ratchets or other mechanical arrangements, to increase the cutting sweep of the knife, and to provide a cutting tool in which the knife is fully shielded in the closed position to protect the knife and the user (CX-1, col., lines 25-43).

40. Robertson testified that the blade handle on the accused tool begins at the parting or molding line next to the phillips head screw (Robertson, Tr. at 271, 348; CPX-2).

41. According to Robertson, approximately thirty to forty percent of the length of the accused tool's blade handle "nests" within the anvil handle when the accused tool is in the closed position (Robertson, Tr. at 341-42, 345; RPX-2).

42. On whether when the handles of the accused tool are closed, the one handle is "nested", Robertson testified that "[w]hen the handles are closed, the one handle is nested within the channel-shaped handle" (Robertson, CX-16A at 8). With respect to the accused tool (CPX-2), respondent's Ericksen

testified as follows:

Q All right. And when you close the two handles together as far as you can, does part of the knife blade handle fit inside of a channel which is part of the jaw handle?

A So, you're saying inside of right here?

Q I am saying that.

A Yes, it does. I've already said that.

Q All right. Does it fit inside snugly?

A Yes, it does.

42a. Pro Mark's expert McKagen testified:

Q Let me ask you this, sir. With respect to the portion that's within the interior, with respect to the portion of CPX-2 which is within the interior of the jaw handle, is there any less tolerance than there is with respect to the knife anvil that's in CPX-1?

A I would think that the designers of both of those products would allow a similar amount of clearance.

(McKagen, Tr. at 771).

43. The accused tool does not, and cannot, have handles that are telescoped together when closed because the width of the anvil handle at the extreme end of the handle is insufficient to telescopically receive the blade handle (Robertson, Tr. at 563-64, 567; CPX-2).

44. CPX-4 is a series of five identical Solo plastic cups stacked or placed one within another (CPX-4).

45. Robertson testified with respect to CPX-4 as follows:

Q ... Do you see any nesting here?

A Well, they go into one another as it says, but they do not go entirely into one another. A portion of them is to the outside.

...

Q Is the nesting that you have just testified is encompassed by these cups, is that nesting comply [sic] in keeping with the definition that's been entered into evidence through RX-24?

Yes, I would say so.

(Robertson, Tr. at 406).

46. With respect to CPX-4, Pro Mark's Ericksen testified as follows:

Q ... Do you consider those cups to be nesting inside of each other?

A Yes.

Q And that's true even though parts of the cups, the tops of the cups, are not entirely within the cup below it?

A No, because they're stacked. There's a stacking ring in them.

* * *

Q Which prevents the cup that's fitting into that particular cup from going entirely into it?

A Yes.

Q Thank you, sir. And you can have the situation with wastebaskets, chairs, that sort of thing. In other words, wastebaskets can be stacked one within the other. Chairs can be stacked one on top of each other and you would consider those chairs and wastebaskets to be nesting?

A No, not necessarily. I guess what I'm saying is stacking. I consider things stacked, not necessarily nest. If you talked nesting, I would say something that fits snugly together.

Q Right, and these cups fit snugly together?

A Yes.

(Ericksen, Tr. at 620).

47. McKagen testified that CPX-4 is an example of something that is nesting (McKagen, Tr. at 756-57).

48. Cutting tools for cylindrical objects such as flexible plastic pipe or conduit are generally known (Robertson, Tr. at 201; CX-1, col. 1:15-16).

49(a). Robertson in direct testimony on the function of the accused cutting tool testified:

A The Pro Mark cutting tools is designed to accept flexible plastic conduit, in other words a plastic pipe, in the semi-circular anvil to be cut by the knife blade upon squeezing the handles together, while swinging the tool relative to the conduit, the conduit being completely severed when the knife blade edge is received in the slot of the anvil.

(Robertson CX-16A at 8, 9).

49. Robertson in direct testimony on the function of the patented cutting tool also testified:

A In non-technical language, the Dawn Cutting Tools are essentially composed of two pivotally-connected nylon handles with an attached carbon steel blade, which cuts plastic pipe with a scissor action. The Dawn Cutting Tools represent a major breakthrough in cutting tool technology as they allow for the quick and clean cutting of flexible plastic pipe used in the irrigation systems industry. Previously, such flexible plastic pipe was cut by using either a hack saw or an unwieldy ratchet-based cutting tool. In contrast to competing non-infringing products, the patented Dawn Cutting Tools are relatively small, lightweight, and easy to carry and use.

(Robertson CX-16A at 2, 3).

50. Robertson at the hearing initially testified as to the function of nesting:

A The function of a nesting -- well, the primary function, the primary reason they nest is we're able to make them stronger by giving more width and yet having it close up into a smaller package, I guess you could say.

Q You lost me. What -- maybe you could try to explain again for me how the handles nesting gives -- it gives each of the handles strength, or it gives the overall tool strength?

A Yes. ma'am. It gives each one of the handles more strength because we get more depth here. We get more meat coming down vertically. When the pressure is applied, there's more strength. It's just stronger and, then, if they were both that size, they they wouldn't close up very far. They wouldn't close up all the way. It will close further.

Q So I can see if I understand, there's more -- the handles

become stronger when they are nesting within one another? So, that portion of the handle that's nesting within the other is stronger?

A Only because we're allowed to -- we're able to make the handles bigger and, therefore, nesting them inside one another takes up less space. Basically, that is the whole object of it is to take up less space but, in so doing, we gain strength.

(Robertson Tr. at 318, 319).

51. Robertson at the hearing later testified as to the function of nesting:

Now, is the function -- what is the function of having this nesting? Could you tell me what your opinion is? Why you have this nesting with respect to -- what is the function that you're after?

THE WITNESS: Yes, Your Honor. In order to completely cut through or sever, it is necessary for at least a portion of the blade handle to enter into the U-shaped or channel shaped portion of the jaw handle in order for the blade to be able to go entirely down through the slot in the anvil shaped portion to ensure that the pipe is completely cut in two.

JUDGE LUCKERN: So, is it your testimony that if you don't get at least a partial nesting, you will not get a clean and complete cut?

THE WITNESS: You will not get a complete cut. It will cut part way without totally -- without nesting at all but, in order to sever the pipe entirely in two, it is necessary to have at least partial nesting.

(Robertson Tr. at 386).

52. At the hearing Robertson using a one inch polyethylene pipe (SPX-3) demonstrated how the nesting handles of the accused product (CPX-2) can cleanly and completely sever SPX-3 giving a portion (SPX-3b) of SPX-3. He also demonstrated how the nesting handles of the patented cutting tool (CPX-1) can cleanly and completely sever SPX-3 giving a portion (SPX-3a) of SPX-3 (Robertson Tr. at 297-99, 354-56).

53. The '652 patent discloses that for further rigidifying and strengthening the anvil or cradle portion of the handle the cradle walls are provided on their under or convex surfaces with elongated, longitudinal strengthening ribs, integral with the handle material (CX-1, col. 4, lines 31-35).

54. The '652 patent discloses that in cutting the patented tool, the conduit is severed quickly, cleanly and easily by squeezing the tool handles together as the conduit is rotated, and that a smooth, clean, sharp cut is provided which does not damage the conduit ends, leaving them clearly cut at right angles and suitable for the insertion of appropriate pipe fittings (CX-1, col. 4, lines 59-65).

55. Both the invention of claim 1 of the '652 patent and the accused tool cut flexible plastic pipe by squeezing the handles of the tool together while swinging the tool relative to the pipe, with the result that the pipe is completely severed when the knife blade edge is received in the slot (CX-1, col. 5:19-22; Robertson, Tr. at 355, 410; CPX-3b).

56. Robertson testified that in order for the accused tool to function, the handles must at least partially nest because "if the blade handle can't close into the jaw handle, then the cutters will only close part way and not sever the pipe" (Robertson, Tr. at 352, 409).

57. McKagen testified that to the extent that the knife blade is unable to enter the interior of the anvil jaw, the accused tool would be unable to cut pipe (McKagen, Tr. at 773).

58. Pro Mark's Ericksen testified that, as a technical person, both the complainants' tool and the accused tool achieve substantially the same result (cutting tubing), and perform substantially the same function in substantially

the same way (Ericksen, Tr. at 623).

59. McKagen testified that, as an expert in hand tools, cutting tools and tool design, the complainants' tool and the accused tool operate in the same way (McKagen, Tr. at 774).

60. Concerning claim 2, complainants' Robertson testified:

Q Mr. Robertson, would you look at Claim 2 of the '652 patent again; specifically, to the limitation or the element for a box shaped handle.

A Yes.

Q I was hoping you could clarify for me or tell me what the function of the box shaped handle is.

A It's two fold. One is it's cosmetic; it looks better, and the other is it does add a little bit more strength to that particular handle.

Q Could you explain for me how it does that?

A By adding strength? [Tr. at 315]

* * *

Q I thought what you finished up by saying is the function of the box shaped handle, the box shape portion of the handle, I guess, was more cosmetic than --

A Yes. It's more cosmetic than it is functional, yes. [Tr. at 317]

* * *

Q BY MS. WOODWORTH: My recollection of your testimony and certainly correct me if I misstate it, is you gave use primarily two functions: first you said it was more cosmetic?

A More cosmetic, yes.

Q And then you said that the box shaped handle adds strength.

A I said very little strength, yes.

Q So I guess my question --

JUDGE LUCKERN: Adds very little strength? I guess I do not know what you mean by adds very little s-s-s-trength. It does not seem to be doing much.

THE WITNESS: It might be one to two percent stronger with that on there? I do not know.

JUDGE LUCKERN: All right.

Q BY MS. WOODWORTH: So I guess may question to you would be, you have testified that the accused product CPX-3 does not have a box-shaped handle and so I asked you or I am trying to find out from you if the blade handle in the accused product, achieves the same function as the box shaped handle in the accused product, achieves the same function as the box shaped handle that is recited in claim 2?

A Exactly the same. [Tr. at 359]

* * *

JUDGE LUCKERN: But my, I, maybe can straighten it out. What does the box shape have to do with it in claim 2? We have already demonstrated that with it is claim 1, which does not have this recitation of box shape. So what, what does function does the box shaped thing perform in two that apparently is not in one because we do not have that recitation box shape?

THE WITNESS: No function, Your Honor, as I say it is merely for cosmetic reasons; for appearance. [Tr. at 360-361].

* * *

Q Isn't it true that the CPX 2 tool does not have anything which provides the same cosmetic function as that provided by the box shaped handle of CPX-1?

A That's very true, yes. [Tr. at 568]

61. Concerning claim 7, while complainants' Robertson in his witness statement submitted prior to the hearing stated:

Q - Please describe any conclusions you have reached as a result of your inspection of the Pro Mark cutting tool.

A - The Pro Mark cutting tool is clearly a tool for cutting plastic pipe. It has a pair of handled jaws which are pivotally connected by an intermediately located pin. One jaw has a handle at one end and a metal knife blade with a longitudinal cutting edge extending from its opposite end.

The other jaw has a channel-shaped handle at one end and a semi-circular concave anvil at its other end. The semi-circular concave anvil of the Pro Mark cutting tool has an axially extending slot which receives the cutting edge of the knife blade when the handles are closed together. The slot is defined by sidewalls in the anvil which diverge away from one another in a direction away from the handle, thus defining an enlarged opening at the end of the jaw opposite the corresponding handle -- to accommodate flexing of the knife blade. When the handles are closed, the one handle is nested within the channel-shaped handle.

at the hearing he orally testified:

Q Isn't it true that the slot of the CPX-2 [accused] tool will accommodate very little flexing of the knife blade?

A It will only accommodate a small amount of flexing, yes. [Tr. at 568]

In addition, Pro Mark's McKagen, who was accepted as an expert in the areas of hand tools, cutting tools and tool design, in his witness statement stated:

Question No. 16: Does CPX2 have an enlarged opening at the end of the blade receiving slot which will accommodate flexing of the knife blade?

Answer: No. [RX-23]

62. Fig. 1 of the '652 patent shows the "slot" recited in claim 7 to be of tear drop shape. The patented item (CPX-1) shows a tear drop shape for the slot. Visual inspection of the accused tool (CPX-2) does not show a tear drop shape for the slot.

63. The term "nested" is not defined in the '652 patent (CX-1).

64. The inventor Robertson testified that he did not intend to use the term "nesting" in connection with the '652 patent in any unusual way. (Robertson, Tr. at 264).

65. Webster's II -- New Riverside University Dictionary (1984), p. 791 defines the transitive verb usage of the term "nest" as follows:

1. To place in or as if in a nest.
2. To put snugly together or

inside one another.

(RX-24).

66. Robertson agrees with the definition of "nest" set forth in RX-24 (Robertson, Tr. at 192-93, 402-03, 495).

67. McKagen also accepts the definition of "nest" provided in RX-24 (McKagen, Tr. at 757, 778).

68. Pro Mark's expert McKagen acknowledged that CPX-1 (complainant's Dawn Cutting Tools Model No. T125) nests (McKagen, Tr. at 772; McKagen, RX-23 at 2).

69. Neither the term "total nesting" nor the term "partial nesting" appears in the '652 patent (CX-1; Robertson, Tr. at 264, 482).

70. RPX-1 is a copy of the '652 patent on which Robertson highlighted phrases therein where the terms "close" or "closed" and "nest" or "nested" appear (RPX-1; Robertson, Tr. at 471-82).

71. The terms "nest" and "nested" are used in the '652 patent only in referring to the handles of the tool when they are in the closed position (Robertson, Tr. at 481-82; RPX-1, col. 3 lines 15-17, col. 5 lines 15-17, 34-35, 53-53, col. 6 lines 11-12, 45-47, col. 7 lines 18-20).

72. Robertson testified that Figure 5 of the '652 patent shows the tool in the closed position, i.e., "the blade is all the way down and the handles are all the way up touching and it's closed" (CX-1, Fig. 5; Robertson, Tr. at 463).

73. The specification of the '652 patent describes a preferred embodiment of the invention wherein the handles are "telescoped" together when closed (CX-1, col. 1 lines 62-64, col. 4 lines 21-23, 35-38).

74. None of the terms "telescope," "telescoped," or "telescoping" appear

in any of the claims of the '652 patent (CX-1, col. 5 lines 6-22).

75. There is no limitation in claim 1 of the '652 patent for handles that are telescoped together when closed (CX-1, col. 5 lines 6-22).

76. Robertson testified that when CPX-1 is in the closed position, the entire length of the blade handle nests within the jaw or anvil handle (Robertson, Tr. at 579).

77. Robertson testified that not the entire width, or side, of the the blade handle of CPX-1 nests within the jaw or anvil handle when CPX-1 is in the closed position (Robertson, Tr. at 581-83).

78. The 30th page of CX-10 (which is the file wrapper for the '652 patent) is a Form PTOL-37, bearing the mailing date December 28, 1981, on which the following hand-written notation appears:

None of the references made of record suggest individually or in combination the claimed cutting tool having nested handles and an enlarged opening at the end of the slot which receives the cutting blade.

(CX-10, 30th page).

79. The Form PTOL-37 in CX-10 is signed by Stephen G. Kuhn and dated Dec. 11, 1981. Kuhn is identified in the file wrapper as the Supervisory Primary Examiner, Art Unit 323. Form PTOL-37 is initialed with the letters JZ for J.T. Zatarga, who is identified in the file wrapper as the Assistant Examiner (CX-10, 2d and 30th pages).

80. The hand-written notation on the 30th page of the Form PTOL-37 in CX-10 and the six boxes labeled "A," "B," "C," "D," "E" and "F" is not explicitly identified as a "Statement of Reasons For Allowance" (CX-10, 30th page).

81. On the Form PTOL-37 in CX-10, box A under the heading "Examiner's Amendment to the Record" is not checked or marked in any fashion (CX-10, 30th

page).

82. Box F of Form PTOL-37 in CX-10, which is titled "Note amendment to Specification. Claims and/or Drawing contained below" is not checked (CX-10).

83. Box B of Form PTOL-37 which relates to an attached "Notice of References Cited, PTO-892" is checked (CX-10).

84. Box 1 of Form PTOL-37 which relates to an attachment to the notice of allowance and base issue fee due is checked (CX-10).

85. Box 2 of Form PTOL-37 which indicates all of the claims are allowable is checked. Also a box "c" under the box 2 is checked. Box "c" states:

"Examiner's Amendment to the record below. Should the changes and/or additions below be unacceptable to applicant, an appropriate amendment to the record may be proposed as provided, 37 CFR 1.312. To ensure consideration of such an amendment it must be submitted before or with the remittance of the Base Issue Fee"

(CX-10).

86. The seven claims of the '652 patent, including the claims in issue, were not amended during the prosecution of the '652 patent (CX-10).

87. On March 17, 1982 there was filed an amendment under rule 31L which added certain Serial Nos. of applications and dates of filing of those applications to the specification (CX-10).

88. For objects to be nesting or fitting snugly together, it is not necessary that the nesting object be fully enclosed (CPX-4; Robertson, Tr. at 405-06; Ericksen, Tr. at 619-20; McKagen, Tr. at 757).

V. The Level of Ordinary Skill in the Art

89. One of ordinary skill in the art of cutting tools for flexible plastic conduit has "considerable experience" with different types of pipes

and different types of cutters, and has approximately five years pipe cutting experience (Robertson, Tr. at 368-69).

90. Daily experience using cutting tools in the field, rather than education, is the most important consideration when determining who one of ordinary skill in the art is (Robertson, Tr. at 368-69).

91. Robertson testified as to who he believes one of ordinary skill in the art is:

THE WITNESS: Well, my opinion is it's someone that has had considerable experience and with different types of pipes and different types of tools. And I don't think that a college degree has anything to do with it, but they would have to have a considerable amount of experience in different types of pipes and different types of cutters.

* * *

THE WITNESS: Yes, I think that five to ten years. If -- because that's primary what they're doing everyday, all day long is cutting pipe. I would say that five years, for most people would be sufficient. Maybe 10 years would give them more experience, but I think that if that's something they do everyday all day long, they should know what they're doing.

(Tr. at 366, 368, 369).

92. Robertson later testified as to the type of person he would consider would have skill in the art Robertson has been working in:

THE WITNESS: I think if a person used a tool everyday for a year, he would pretty well understand the principles of cutting tools.

(Tr. at 658, 661).

VI. Prior Art

93. Four of Pro Mark's prior art references, submitted as rebuttal exhibits were cited by the Examiner in the file wrapper of the '652 patent: U.S. Patent No. 2,384,882 to Dynic (RX-8); U.S. Patent No. 59,168 to Bender (RX-1); U.K. Patent No. 793 to Wilks (RX-2); and German Patent No. 21,329 to

Becker (RX-3) (CX-1, CX-10 (Form PTO-892)).

94. Six of the seven references cited in the '652 patent are relied upon by Pro Mark in this investigation. These are: U.S. Patent Nos. 331,787 to Harlow (RX-4), 589,101 to Scholes (RX-5), 717,800 to Bell (RX-6), 4,084,317 to Nakamura et al. (RX-15), 4,092,774 to Watts (RX-16), and 4,096,064 to Nishikawa et al. (RX-17) (Respondent Pro mark, Inc.'s Rebuttal Exhibits).

95. In the file wrapper of the '652 patent, the Examiner noted that he had "not checked" RX-4, RX-5, RX-6, RX-15, RX-17, or RX-16 (CX-10 at 3 (first page of patent specification)).

96. U.S. Patent No. Des. 266,736 which issued Nov. 2, 1982 on an application filed August 1, 1980 to complainant Duane D. Robertson is titled "Cutting Tool For Flexible Plastic Conduit." It is directed to the ornamental design of a cutting tool for flexible plastic conduit (RX-21).

97. The Examiner cited eight references during prosecution of U.S. Patent No. Des. 266,736, including U.S. Patent No. Des. 124,728 to Sulak (RX-7), U.S. Patent No. 3,259,981 to Raymond et al. (RX-11) and U.S. Patent No. 4,007,523 to Bianco (RX-12).

98. U. S. Patent No. 59,169 issued October 30, 1866 to Friedrich Bender and is titled "Improvement In Pruning-Shears." The patent discloses that in the shears disclosed in the patent the cutting jaw has a convex edge, and the holding jaw a serrated concave face with a central slot, into which the cutting edge projects; that the convex edged blade works into the concave jaw in such a manner as to bring the force upon the jaws near the pivot, not pushing the object outward toward the point; and that by the construction of the double holding jaw the object is held on each side of the plane of separation, preventing twisting and straining of the blades (RX-1).

99. U. K. Patent No. 793 issued on February 26, 1878 to Samuel Wilks and is titled "Pruning Shears." The patent discloses that the invention consists in the construction of shears with a double "claw," connected at the extreme point or open thereat; that the cutting blade works freely between the sides of this double "claw," and can have a stop to prevent it entering too far therein; that the double "claw" can be made of commoner material than the cutting "blade," and so as to hold the bough only whilst it is being cut by the blade or that it can be so made as that it will take part in the operation of cutting, as does the single "claw" blade "now" ordinarily used but by the "claw" being double instead of single, the bough is held firm whilst being cut, and consequently can be cut better and with less exertion than with a pair of shears having a single "claw" blade (RX-2).

100. U.S. Patent No. 331,787 issued December 8, 1885 to C. C. Harlow and is titled "Pipe Cutter." The patent teaches that in operation of the disclosed pipe cutter the knives are opened by spreading the arms or sections apart and the knives are then inserted over the pipe; that the opening of the knives is limited by the shoulders on the sections against which said knives strike with their outer edges; that the gages are adjusted to the thickness of the metal of the pipe previous to placing the knives in position for use; that the arms are closed at their upper ends, which causes the knives to grasp the pipe; and that upon said arms being moved backward and forward, or more properly, oscillated, the pipe is cut (RX-4).

101. German Patent 21,329 issued April 7, 1883 (RX-3). The patent is in German and Pro Mark provided no translation. Hence the patent, with the exception of the drawings, is given no weight.

102. U.S. Patent No. 717,800 issued January 6, 1903 to Charles H. Bell

and is titled "Window Shade Trimming Device." The claimed trimming device has a set of handled jaws pivotally connected and a substantially trough-shaped support for the shade on one jaw and a cutting blade to trim the shade on the other jaw, said support for the shade extending in opposite directions from the sides of the cutter-blade, substantially as described in the patent (RX-6).

103. U.S. Patent No. Des. 124,728 issued to A.F. Sulak on January 21, 1941 and is titled "Design For Register Pin Pliers". It claims a particular ornamental design for register pin pliers (RX-7).

104. U.S. Patent No. 2,384,822 issued to S. A. Drmic on Sept. 18, 1945 and is titled "Gripping Or Cutting Tool." The patented invention relates to "improvements in pruning shears and similar tools having pivotally connected jaws movable to grip or cut an object." (RX-8, col. 1, lines 1-4). The tool comprises a first jaw, a second jaw pivoted to the first jaw and having a slot rearwardly spaced from the pivot axis of the jaws, a handle secured to the first jaw, a second handle, a pivot pin pivotally connecting the second handle, a pivot pin pivotally connecting the second handle to the first jaw through the slot in the second jaw, and a pressure applying pin connecting the second jaw and the second handle at a point rearwardly spaced from the pivot axis of the second handle upon the first jaw and permitting relative pivotal and sliding movement of said second jaw and second handle (RX-8). The patent does disclose that preferably "the jaw 2 is slotted, as at 4, to receive the blade 1 as it is moved to cut through an object supported by parallel spaced side portions of the jaw upon opposite sides of the blade 1" (RX-8, col. 1, lines 48-52). It also discloses that the "handle 11 is of U-shaped cross section" (RX-8, col. 2, line 22). The Drmic patent was cited by the Patent

Office Examiner (RX-8).

105. U.S. Patent No. 4,007,523 issued February 15, 1977 to A. J. Bianco and is titled "B-X Cable Pliers." The pliers comprises first and second pivotally interconnected operating members each having first and second end portions with the first end portions thereof being located on one side of the pivotal connection between said members and defining handles and said second end portion of said first operating member being bifurcated to define two parallel extending spaced cutting jaws (RX-12).

106. U.S. Patent No. 4,094,064 issued June 13, 1978 to Nishikawa et al and is titled "Shearing Tool For Synthetic Resin." Figure 4a shows the tool in the non-operative closed position and in the operative open position (RX-17).

107. With respect to each of the pliers of RX-7, the pliers of RX-12 and the tool of RX-17, the administrative law judge does not find that one of the jaws has a handle at one end and a knife blade having a longitudinal cutting edge extending from the other end opposite to said handle, as required by the claims in issue.

107A. With respect to each of the shears of RX-1 and RX-2, the drawings of RX-3, the cutter of RX-4 and the device of RX-6, there was no testimony concerning the specific shears, drawings, cutter and device. Moreover, the descriptive portions of those references lack specific details as to what is being claimed. The administrative law judge, in his examination of the patents, does not find that there is a channel-shaped handle with a semi-circular concave anvil at the end of the channel shaped handle as required by the claims in issue.

107B. With respect to RX-8, it appears that the device of RX-8 has a pair of handled jaws pivotally connected intermediate their ends with one of

said jaws having a handle on one end and a knife blade with a longitudinal cutting edge extending from the opposite end, and a channel or U-shaped handle having a semi-circular concave anvil at the other end, which concave anvil has an axially extending slot for receiving the blade (RX-8; Robinson, Tr. at 231-35).

107C. Concerning the Drmic patent, Robertson testified (RX-8) as follows:

Q Would you also agree, Mr. Robertson, that RX-8, that describes a cutting tool which has a pair of handled jaws, pivotally connected intermediate their ends?

JUDGE LUCKERN: And if you want to look at the figures --

A Where do you see that?

Q I'm just asking you. Do you --

A Oh. No, I wouldn't agree to that because it has a leverage device there that somehow I don't really understand it without studying it for a long time, but they have some kind of leverage device there that doesn't lock them together somehow permanent, okay?

Q Okay. So I understand that your U.S. patent has additional features, but would you say that -- is it your testimony that this tool does not have handle jaws which are pivotally connected intermediate their ends? Is that your testimony, Mr. Robertson?

A As nearly as I can tell, yes, that is two handles as such.

Q And those handles are connected to jaws? Is that right, Mr. Robertson?

A Yes, it's right.

Q And the jaws are pivotally connected intermediate their ends?

A It says pivotally connected by a pivot point, yes.

Q Okay. Now one of the jaws in RX-8 has a handle at one end and a knife blade extending from the other end opposite the handle. Isn't that true?

A That's true.

Q And the knife blade shown in RX-8 has a longitudinal cutting edge. Isn't that true?

A True.

Q Now the other of the jaws has a channel shaped handle at one end. Would you agree with that?

A No, I wouldn't agree to that.

Q Okay. If I ask you to look on the first page of the text of this patent in the second column on that first page, the paragraph that starts on line 22 --

A Okay.

Q -- where it says, the handle 11, which I believe is the handle that's not the one with the knife -- would you agree with that?

A Let me see. Cross-section 18. Okay. Yes.

JUDGE LUCKERN: Let me ask you this: I made reference earlier, Mr. Broadbent, to what the examiner said, and it appears that you did not take issue, but would you not agree or at least it's Respondent's position that the Drmic reference does not suggest individually or in combination the claimed cutting tool having nested handles and an enlarged opening at the end of the slot which receives the cutting blade?

Would you agree that the Drmic reference does not show this?

MR. BROADBENT: Are you asking me, Your Honor?

JUDGE LUCKERN: Yes. I mean, that is your position. You are not testifying. Respondent's position --

MR. BROADBENT: Our position is that it does not suggest nested handles but it does suggest what the complainants are now characterizing as partially nested handles.

JUDGE LUCKERN: And it is your position that the patent is restricted to wholly nested handles?

MR. BROADBENT: We believe that's what nested means, Your Honor.

JUDGE LUCKERN: All right. Okay, go ahead.

BY MR. BROADBENT:

- Q So this other -- excuse me. We are reading from the patent, their RX-8, where it says the handle 11 is of U-shaped cross-section and is preferably provided with extensions 18 which overlie the ends of the pivot pin 3. Do you see that language, Mr. Robertson?
- A Yes, I do.
- Q Wouldn't it be fair to say that a U-shaped cross-section and a channel-shaped handle are equivalent?
- A Well, yes, I would say that that's true.
- Q And that same handle 11 has a semicircular concave anvil at the other end. Isn't that true?
- A I believe that's a two-piece, though, a two-pieced handle. It's not one solid piece as we know it right here.
- Q Okay. It is different in that sense, although Claim 1 of your patent, CX-1, does not require that it be a one-piece anvil, does it?
- A No, I didn't say that. I said that it wasn't the same as ours.
- Q Okay. It is different.
- A It's two-piece.
- Q You would agree that that anvil has a semicircular concave shape?
- A It is concave, yes.
- Q You're saying that it's not semicircular?
- A Well, it appears to be, yes.
- Q And that anvil also has an axially extending slot for receiving the cutting edge of the knife blade, doesn't it?
- A That's right.
- Q And the cutting tool described in RX-8 cuts when you squeeze the handles together, doesn't it?
- A Do you see that written someplace?

Q Well, it's written in -- if you look at the second column of the first page.

JUDGE LUCKERN: What lines?

MR. BROADBENT: That is beginning on line 32.

JUDGE LUCKERN: That starts with what words?

MR. BROADBENT: Right. In operation.

JUDGE LUCKERN: In operation, do you see that in --

MR. BROADBENT: Actually, you may not have read that far, Mr. Robertson. I apologize.

JUDGE LUCKERN: That would be in RX-8.

BY MR. BROADBENT:

Q I thought you would -- I thought we wouldn't have to get into the details of the operation. My question was simply whether the tool cuts when you squeeze the handles together.

A They claim it does.

Q Based on your experience with cutting tools, do you have any reason to believe that it doesn't cut when you close the handles together?

A No, not that I can see.

Q As you have looked at RX-8, does that patent describe or show, in your opinion, one handle nested within the other handle?

JUDGE LUCKERN: If you can answer it, and if you want more time or not, fine. And you're talking only as a technical person.

THE WITNESS: Yes, I would say so.

BY MR. BROADBENT:

Q You would say that RX-8 does show one handle nested within the other handle?

A Yes, I would say it shows one handle inside another handle, with one handle being two-piece.

* * *

JUDGE LUCKERN: Let me ask you this, Mr. Robertson, and take all the time you want to, but I think I heard you say that there is some sort of nesting in RX-8. This is the Drmic patent. This was a question, you know, the one we were just talking about?

THE WITNESS: Yes.

JUDGE LUCKERN: Could you tell me how you came to the conclusion, looking at this RX-8, that there is some sort of nesting of the handles in RX-8, if that is your testimony?

THE WITNESS: Well, it depends on where the handles start and where they stop, and that's a big question right there, exactly --

JUDGE LUCKERN: No, no. We're looking now, we're looking at this Drmic patent.

THE WITNESS: Okay, okay, anything.

JUDGE LUCKERN: We're not looking at the accused device.

THE WITNESS: Right.

JUDGE LUCKERN: I thought that your testimony was directed towards this Drmic patent. Maybe you got confused.

THE WITNESS: No, no.

JUDGE LUCKERN: But taking a look at the Drmic patent, is there some sort of nesting? I'm looking now at Figure 1 of the Drmic patent, and of course you can look at the disclosure if you want to, but you may have testified that there is some sort of nesting going on, at least from your looking at his disclosure today, and I'm wondering. I want to make sure the record is clear.

THE WITNESS: Okay, Well, I suppose that I will -- due to the fact that this blade comes clear way down -- do you notice where the blade is hooked onto the handle?

JUDGE LUCKERN: Now what are you actually referring to, so we know? Are you referring to the Drmic patent?

THE WITNESS: On Figure 1 --

JUDGE LUCKERN: Okay, of the Drmic patent. This is this Drmic patent?

THE WITNESS: Yes.

JUDGE LUCKERN: Okay, fine.

THE WITNESS: Okay. At holes number 7, there's two holes
--

JUDGE LUCKERN: Yes.

THE WITNESS: -- those are the holes to tie the blade to the handle. Now the handle in this case is out there so far, it definitely does not nest. Whereas if the -- if it were compared to our tool --

JUDGE LUCKERN: Well, let's not compare it to your tool. I mean, just look at this. This was a question directed to this.

THE WITNESS: Okay, okay. All right. Well --

JUDGE LUCKERN: So how do we know --

THE WITNESS: -- in this case, in this case the handles do not nest. The handles --

JUDGE LUCKERN: In this case you're talking about the Drmic patent?

THE WITNESS: Yes, right.

JUDGE LUCKERN: All right. Well, go ahead, Mr. Broadbent. You may want to --

MR. BROADBENT: Okay.

BY MR. BROADBENT:

Q So you have indicated, then, that it is your view, then, that the Drmic patent does not show a cutting tool where one handle is nested within the other when the handles are in closed position?

A Yes. They don't show a picture of them in a closed position, but apparently if the two handles come up and touch each other, the blade would be all the way down in the closed position, yes.

Q And it's your view that the handles would not nest?

A No, the handles do not seem to nest because you have leverage advantage stuff in there. I don't understand exactly how that's working. It would take a little while to study that, but it would be impossible for them to come

up there and enter in with the equipment that they have there to give the leverage advantage.

(Tr. at 231 to 242).

108. U.S. Patent No. 589,101 issued August 31, 1897 to William Scholes and is titled "Pipe Cutter." The patent teaches that the invention has reference particularly to that class of such devices whereby the pipe may be cut from its exterior inwardly by manipulating the implement about the pipe as an axis until the cutting blade has severed the same (RX-5). The administrative law judge finds that the disclosed pipe cutter has neither a pair of handled jaws pivotally connected intermediate their ends nor a jaw having a handle at one end and a knife blade having a longitudinal cutting edge thereof opposite to said handle nor the other of said jaws defining a channel-shaped handle at one end and a semi-circular concave anvil at the other end which anvil has an axially extending slot for receiving the cutting edge of the knife blade when the handles are closed together with the one handle nested within the channel-shaped handle as required by the claims in issue.

109. U.S. Patent No. 3,259,981 ('981 patent) issued July 12, 1986 to Raymond et al, and is titled "Method of Joining Together A Terminal Connector And An Electric Cable." It claims a tool for notching a portion from the side of an insulated terminal cable to expose the electrical conductor core thereof comprising a pair of handle members pivotally connected together inwardly of corresponding end portions thereof (RX-11). The administrative law judge finds that the disclosed invention of the '981 patent does not have a jaw defining a semi-circular concave anvil at one end as required by the claims in issue.

110. U.S. Patent No. 4,092,774 ('774 patent) issued June 6, 1978 to

Watts and is titled "Plastic Tube Cutter." The tool comprises a first and second elongated handle member. The handle members are pivotally secured together at one end so that the handle members are movable between an open and closed position relative to each other (RX-16). U.S. Patent No. 4,084,317 ('317 patent) issued April 18, 1978 to Nakamura et al and is titled "Shearing Tool For Synthetic Resin Tubes." Figure 1 of the patent shows the tool in an open position while Figure 4b shows the tool in both an open position and a closed position (RX-15). The administrative law judge finds that the tool disclosed in the '774 and '317 patent do not have a pair of handled jaws pivotally connected intermediate their ends as required by the claims in issue.

111. Regarding what types of art would constitute analogous prior art, Robertson testified as follows:

Q Mr. Robertson, do you have an opinion as to the content of prior art, what types of patents and references would be appropriate to be considered that would be considered angulus [sic] art? Would pruning shears, for instance, be considered an angulus [sic] art when one is looking at cutting tool for cutting cylindrical objects such as plastic pipe? Would a pliers be an angulus [sic] art? That is my question.

A No. The pruning shears would come closer to being applicable, but I don't think that pliers and that terminal cable splicer thing, things like that are not relevant. It doesn't seem like to me when you're talking about cutting pipe.

(Robertson, Tr. at 374).

112. Robertson testified that RX-1, RX-2, RX-3, RX-8, RX-15 and RX-17 are analogous art (Robertson, Tr. at 598-602, 610).

113. Robertson testified that RX-4, RX-5, RX-6, RX-7, RX-11 and RX-16 are not analogous art (Robertson, Tr. at 600-02, 610).

114. Ericksen testified that if he were looking at tools as aids in designing a cutting tool, he would look at all hand tools everywhere

(Ericksen, Tr. at 671, 673).

115. Robertson gave contradictory testimony as to whether RX-12 nests, but ultimately concluded that RX-12 does not "totally" nest (Robertson, Tr. at 507, 553).

116. Ericksen testified that RX-12 could not cut flexible plastic conduit (Ericksen, Tr. at 684-85).

117. Robertson testified:

Q Sir, can you tell me what tools or what was used, what implements were used to cut flexible plastic pipe before you invented the Kwik Cut cutting tool?

A Well, when I started in 1957, we were using only a hacksaw. The disadvantage of a hacksaw is that it creates a lot of sawdust or cutting residue after the cut has been made and, due to it being plastic, it has a lot of static electricity generated in the sawdust, which gets in the pipe, and the static electricity causes it to cling to the inside of the pipe and outside, and it's very difficult to wipe off.

However, when the water comes down the pipe, it will rinse down to the sprinkler heads, the orifice in the sprinkler nozzle, and plug it up, and it's very irritating to have to keep taking the heads off and flushing the system out to get the sawdust out, so that you don't have -- get all the heads unplugged.

The other thing that we used were the regular pruning shears that had a handle on them about probably 16 inches long and, in order to cut down the bulk some, we'd cut the handles off, so that they were about eight inches long and tried to cut with that.

The problem is that they would only cut three-quarter inch. That was one problem. You could get it in to cut one inch, but it was difficult, and the worst part about it is they flatten the pipe out because they're not specifically made, of course, to cut pipe, and it made it difficult to get insert fittings in. It wasn't a nice clean cut like it is with the Kwik Cut cutter.

VII. Domestic Industry

118. Complainant Dawn manufactures the following models of the Kwikcut

Cutting Tools: T100 (SPX-1), T125 (CPX-1), and T150 (SPX-2) (SX-8 at 1, SX-9 at 2, CX-16 at 2, CX-16A at 5, Robertson, Tr. at 189, 287).

119. The Kwikcut Cutting Tool model T100 practices claim 1 of the '652 patent (Robertson, Tr. at 290 to 301; Counsel, Tr. at 163).

120. The Kwikcut Cutting Tool model T125 practices claim 1 of the '652 patent (Robertson, Tr. at 302 to 303; Counsel, Tr. at 163).

121. The Kwikcut Cutting Tool model T150 practices claim 1 of the '652 patent (Robertson, Tr. 302 to 303; Counsel, Tr. at 163).

122. The Kwikcut Cutting Tool model T100 practices claim 2 of the '652 patent (Robertson, Tr. at 306. Counsel Tr. at 163).

123. The Kwikcut Cutting Tool model T125 practices claim 2 of the '652 patent (Robertson, Tr. at 303 to 306; Counsel, Tr. at 163).

124. The Kwikcut Cutting Tool model T150 practices claim 2 of the '652 patent (Robertson, Tr. at 306; Counsel, Tr. 163).

125. The Kwikcut Cutting Tool model T125 practices claim 7 of the '652 patent (Robertson, Tr. at 306; Counsel, Tr. 163).

126. The T100, T125 and T150 are all based on the '652 patent, the T100 and T150 being modified versions of the T125 (SX-9 at 1; CX-16A at 3; Robertson, Tr. at 287, 290).

127. Dawn manufactures and assembles all components of the Dawn Cutting Tools at its facility in Denver, Colorado, with the exception of posts, screws and roll pins (CX-16A at 5; Robertson, Tr. 324 to 325, 327).

128. Dawn's Denver, Colorado, facility has a total of 17,850 square feet. Of this area, 70% is used in manufacturing the Dawn cutting tools, 10% is used in manufacturing other Dawn products, and 20% is used for support services such as office and marketing staffs (CX-16A at 5).

129. Twenty percent of the Dawn facility is used for support services such as office and marketing staff (CX-16A at 5; Robertson, Tr. at 322).

130. Ten percent of the Dawn facility is used in manufacturing products other than the Dawn Cutting Tools (CX-16A at 5; Robertson, Tr. at 322).

131. The machinery used by Dawn in manufacturing the Dawn Cutting Tools is listed in "Dawn Industries, Inc. Depreciation Schedule For The Year 1992." (CX-6; CX-16A at 5; Robertson, Tr. at 322-24).

132. Dawn presently employs a total of 12 production workers at its Denver, Colorado facility -- two machinists, two injection molding machine operators, one cutting blade manufacturer, six product assemblers, and one shipper (CX-16A at 5-6; Robertson, Tr. at 327-29).

133. During 1990, Dawn manufactured, assembled, and sold 184,583 Dawn Cutting Tools, plus 98,033 replacement blades at its Denver, Colorado facility (CX-16A at 6; Robertson, Tr. 329; SX-8 at 3).

134. In 1991, Dawn manufactured and sold 176,443 Dawn Cutting Tools and 91,365 replacement blades for those cutting tools (CX-16A at 6; Robertson, Tr. at 329; SX-8 at 3).

135. In 1992, Dawn manufactured and sold 204,196 of its cutting tools and 101,425 replacement blades (CX-16A at 6; Robertson, Tr. at 329; SX-8 at 3).

136. In 1993, it is anticipated that Dawn will manufacture, assemble, and sell Dawn Cutting Tools and replacement blades in amounts similar to those produced in 1992 (CX-16A at 6; Robertson, Tr. at 329; SX-8 at 3).

137. Dawn has invested nearly \$500,000 in capitalized assets relating to its manufacture of the '652 Patent cutting tools. All such assets are located at the Dawn Denver, Colorado, facility, where all components of the Dawn

cutting tools, as well as all related parts used in manufacturing the same, except posts, screws and roll pins, are manufactured (CX-16A at 5; CX-6; Robertson, Tr. at 276-77).

VIII. Importation and Sale

138. Pro Mark began importing the accused product into the United States in December, 1992 (CX-21 at 4).

139. Pro Mark has imported into the United States approximately 18,700 of the accused products (CX-20 at 3, CX-21 at 5).

140. Pro Mark has sold in the United States over 7000 of the accused products (CX-20 at 4, CX-21 at 5).

141. There is no evidence on the issues of importation or sale after importation of replacement blades for the accused tool (Counsel, Tr. at 329 to 330; CX-15).

142. Pro Mark admits that it has purchased from respondent Chewink, has imported into, and has sold in the United States the accused product (SX-3, paragraphs 2 to 4).

CONCLUSIONS OF LAW

1. The Commission has in rem (subject matter) jurisdiction.
2. The Commission has in personam jurisdiction over respondent Pro Mark.
3. There is infringement of claim 1 of the '652 patent.
4. There is no infringement of claim 2 of the '652 patent.
5. There is no infringement of claim 7 of the '652 patent.
6. There is a domestic industry involving the claims in issue.
7. There is an unfair act in the importation of the accused product.
8. There is a violation of section 337.

INITIAL DETERMINATION AND ORDER

Based on the foregoing findings of fact, conclusions of law, the opinion, and the record as a whole, and having considered all of the pleadings and arguments presented orally and in briefs, as well as certain proposed findings of fact, it is the administrative law judge's determination that there is a violation of section 337 in the importation into the United States and sale for importation, or the sale within the United States after importation of certain cutting tools for flexible plastic conduit and components there.

The administrative law judge hereby CERTIFIES to the Commission this initial determination, together with the record consisting of the following:

1. The transcript of the hearing; and
2. The exhibits admitted into evidence and the exhibits as to which objections have been sustained. The pleadings of the parties filed with the Secretary are not certified, since they are already in the Commission's possession in accordance with Commission Rules of Practice and Procedure.

Further it is ORDERED that this initial determination shall become the determination of the Commission forty-five (45) days after the service thereof, unless the Commission, within forty-five (45) days after the date of filing of the initial determination shall have ordered review of the initial determination or certain issues therein pursuant to Commission interim rules 210.54(b) or 210.55 (19 C.F.R. § 210.54(b) or § 210.55) or by order shall have changed the effective date of the initial determination.


Paul J. Luckern
Administrative Law Judge

Issued: September 2, 1993