

8 October 2004



TECHNOLOGY LAW UPDATE

A report of the latest Federal Circuit updates brought to you by Preston Gates.

Fuji Photo Film Co. v. Int'l Trade Comm'n

Nos. 03-1016,-1488 (Fed. Cir. Oct. 7, 2004)

“[O]rdinarily exclusion orders enforced by Customs should be sufficient to prevent entry of articles into the United States, whereas an order to Customs is ineffective with regard to existing stockpiles of domestic inventory.”

On October 7, 2004, the Federal Circuit affirmed-in-part, vacated-in-part, and remanded the International Trade Commission's order under 19 U.S.C. § 1337(d)(2) excluding cameras covered by various claims of 15 Fuji patents, including U.S. Patents No. Re. 34,168 and No 4,884,087, which related to “single-use” or “disposable” 35 mm film cameras known as lens-fitted film packages, from entry into the United States. The Federal Circuit stated:

The Commission found that respondents Achiever, Highway Holdings, and VastFame all manufactured, imported, or sold infringing products, but it found that none maintained any inventory in the United States. For that reason, the Commission concluded there was no threat of imminent harm to Fuji, because the general exclusion order from the initial investigation was being enforced by the Customs Service. . . . Fuji takes issue with what the Commission describes as its standard practice of not issuing cease and desist orders against respondents who have no domestic inventory. That practice is based on the Commission's view that ordinarily exclusion orders enforced by Customs should be sufficient to prevent entry of articles into the United States, whereas an order to Customs is ineffective with regard to existing stockpiles of domestic inventory. Fuji argues, in effect, that the Commission's practice is an abuse of discretion because the Commission's reliance on Customs to bar the entry of infringing goods is unrealistic and thus is legally unjustified.

The administrative law judge found that Fuji had not shown that the general exclusion order would be inadequate when enforced by Customs in light of the Commission's new determinations of infringement. . . . Fuji argues that the Customs Service's enforcement of a general exclusion order is ineffective, particularly in light of the Customs Service's new responsibilities in combating terrorism. Fuji also argues that the prior Customs Service opinions of non-infringement issued in this case demonstrate that Customs cannot adequately enforce the general exclusion order.

With respect to the second point, the Commission's more recent order has effectively modified the general exclusion order and provided more guidance as to the scope of the order with respect to various models of imported cameras. Customs will therefore have new guidance as to the scope of the general exclusion order, which will assist it in restricting the entry of infringing cameras. With respect to the first point, [we] reject Fuji's suggestion that the Customs Service is incapable of enforcing the Commission's general exclusion order effectively because of a lack of expertise and other priorities. To the extent that Fuji's argument is directed at a perceived lack of resources or competence on the part of the Customs Service, we cannot address that problem through a judicial directive that would, in effect, require the Commission to alter its practices based on our unsupported suspicion that the Customs Service is incapable of performing the duties Congress has assigned to it.

The Commission also declined to issue a cease and desist order to respondent Message Group because it found that Message Group procures infringing cameras from domestic sources and arranges for their shipment to American customers. [B]ecause the general exclusion order is limited to importation, the Commission [may] limit the remedies to companies that import, either directly or through an agent. [B]ased on the absence of evidence that Message Group was engaged in an agency relationship that brought its activities within the scope of the general exclusion order, [the] Commission [properly declined] to enter a cease and desist order against Message Group.