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# TECHNOLOGY LAW UPDATE

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

## VastFame Camera, Ltd. v. Int'l Trade Comm'n

Nos. 03-1426, -1489 (Fed. Cir. Oct. 7, 2004)

***“[P]articipants in a proceeding under § 1337(b) must be permitted to raise all defenses [including contentions of patent invalidity such as those under 35 U.S.C. §§ 102 and 103(a) in view of certain prior art references].”***

On October 7, 2004, the Federal Circuit vacated and remanded the International Trade Commission's determination that Vastfame violated a preexisting 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:

[T]he Commission has authority to conduct proceedings to enforce general exclusion orders, and that its authority to conduct such proceedings arises under and is subject to the provisions of § 1337(b). [W]e next consider whether the Commission violated § 1337 in not allowing VastFame to present its invalidity defense. On its face, [§ 1337(c)] appears to require the Commission to allow the presentation of all defenses in its investigations. The Commission contends, however, that the nature of a general exclusion order and the considerable burden in establishing the need for such an order support the Commission's view that general exclusion orders may not be collaterally attacked. The Commission argues that § 1337(d)(2) is a codification of the Commission's balancing of the burden on domestic patentees of repeated litigation and the effects on legitimate foreign trade of erroneous determinations. [S]ection 1337(d)(2), however, only addresses the criteria for issuance of general exclusion orders. It does not address whether general exclusion orders may be subject to collateral attack. Section 1337(d)(2), then, provides no support for the Commission's position. Moreover, Congress's intent in adding § 1337(d)(2) was to comply with its obligations under the General Agreement on Tariffs and Trade, not to adopt the Commission's policy objectives . . . .

The Commission argues that general exclusion orders are like district court injunctions in that they must be obeyed until they are modified, reversed, or vacated. Thus, in the Commission's view, a general exclusion order, like a district court injunction, should not be subject to collateral attack. However, a general exclusion order is not like a district court injunction with respect to the parties affected. A general exclusion order broadly prohibits entry of articles that infringe the relevant claims of a listed patent without regard to whether the persons importing such articles were parties to, or were related to parties to, the investigation that led to issuance of the general exclusion order. By contrast, district court injunctions are generally limited to the parties entering appearances before the court or those aiding and abetting or acting in concert or participation with a party before the court. Because of the differing nature of general exclusion orders and district court injunctions, the justification for the prohibition against collateral challenges to injunctions is not directly applicable to general exclusion orders. Thus, the Commission's analogy to district court injunctions is inapposite and unhelpful.

[T]he Commission argues that the “all cases” language of § 1337(c) only applies to original investigations, not advisory and enforcement proceedings. The Commission's proffered interpretation contravenes the clear language of the statute. VastFame is correct that the “all defenses” provision at least applies to investigations under § 1337(b). The opening sentence of § 1337(c) plainly indicates that investigations under § 1337(b) are governed by § 1337(c). No other language in § 1337(c) modifies the broad reference to “all cases.” Thus, we hold that the phrase “all cases” clearly encompasses investigations under § 1337(b). The necessary result, then, is that participants in a proceeding under § 1337(b) must be permitted to raise all defenses.