

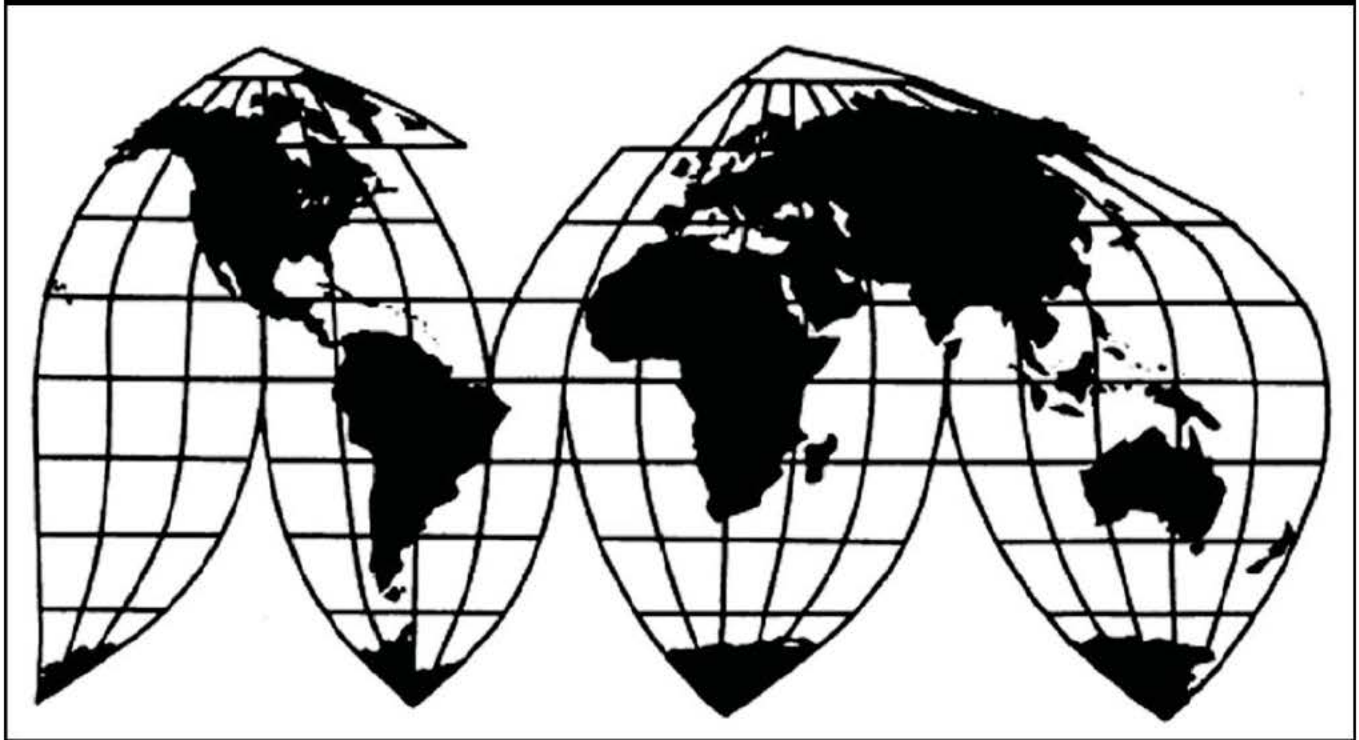
In the Matter of
**Certain Dual Access Locks and
Products Containing Same**

Investigation No. 337-TA-689

Publication 4288

November 2011

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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United States International Trade Commission
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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

In the Matter of

**CERTAIN DUAL ACCESS LOCKS AND
PRODUCTS CONTAINING SAME**

Investigation No. 337-TA-689

**NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW AN INITIAL
DETERMINATION GRANTING MOTIONS FOR SUMMARY DETERMINATION OF
NON-INFRINGEMENT AND FINDING NO VIOLATION OF SECTION 337;
TERMINATION OF THE INVESTIGATION**

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 an initial determination (“ID”) granting two motions for summary determination of non-infringement and no violation of section 337 issued by the presiding administrative law judge (“ALJ”) on March 18, 2010, in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Michael K. Haldenstein, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3041. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on October 21, 2009, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, based on an amended complaint filed on October 5, 2009, by Safe Skies, LLC and David Tropp of Brooklyn, New York. 74 *Fed. Reg.* 54065 (October 21, 2009). The Commission named the following companies as respondents: C&C Luggage Manufacturing Co., Ltd. of China; Formosa Tai Rank Industrial Corp. of Taiwan; Hangzhou Gema Suitcases & Bags Co., Ltd. of China; La Pearl Luggage and Leather Goods Co., Ltd. of China; Hinomoto Jomae, Ltd. of Japan; Sinox Company, Ltd. of Taiwan; Yi Feng Manufacturing, Co., Ltd. of China; Jin Tay Industries Co.,

Ltd. of Taiwan; FULLYEAR-Brother Enterprise, Co., Ltd. of Taiwan; Zhuhai SkyGood Tech. Industrial Corp., Ltd. of China; Ningbo Xianfeng Art & Craft Co., Ltd. of China; Paloma Enterprises Co., Ltd. of Taiwan; Tekraft Industrial Co., Ltd. of Taiwan; Hangzhou Travelsky Co., Ltd. of China; The Sun Lock Company Ltd. of Hong Kong; Alloy Metal Manufactory, Ltd. of Hong Kong; Cometform, Ltd. of England; Design Go Ltd. of England; Franzen International of Germany; M-Power Lock Manufactory of Hong Kong.

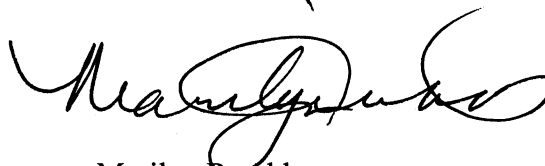
The complaint alleged violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain dual access locks and products containing same that infringe claims 1-21 of U.S. Patent No. 7,021,537 and claims 1-20 of U.S. Patent No. 7,036,728. The complaint further alleged that an industry in the United States exists as required by subsection (a)(2) of section 337. The complainants requested that the Commission issue a general exclusion order and cease and desist orders.

On March 18, 2010, the ALJ issued an ID (Order No. 6) granting a motion of the Commission investigative attorney ("IA") and a joint motion on behalf of 19 of the above-named respondents for summary determination of non-infringement of all asserted claims. Only respondent Formosa Tai Ran Industrial Corp. did not join in the joint motion for summary determination. On April 1, 2010, complainants filed a petition for review of the ID. On April 8, 2010, the IA filed an opposition to the petition for review. On April 9, 2010, the 19 respondents filed a joint opposition to the petition for review and a motion for leave to file their response out of time, which the Commission has granted.

Having examined the record in this investigation, including the ALJ's ID, the petition for review and the responses thereto, the Commission has determined not to review the ID and terminate the investigation with a finding of no violation of section 337.

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 sections 210.42-.46 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42-.46).

By order of the Commission.



Marilyn R. Abbott
Secretary to the Commission

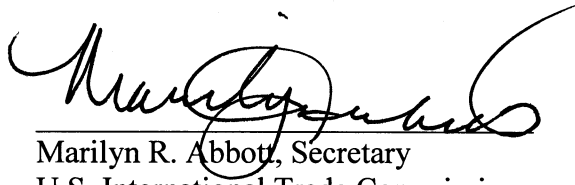
Issued: May 3, 2010

**CERTAIN DUAL ACCESS LOCKS AND PRODUCTS
CONTAINING SAME**

337-TA-689

CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **NOTICE OF COMMISSION DETERMINATION NOT TO REVIEW AN INITIAL DETERMINATION GRANTING MOTIONS FOR SUMMARY DETERMINATION OF NON-INFRINGEMENT AND FINDING NO VIOLATION OF SECTION 337; TERMINATION OF THE INVESTIGATION** has been served by hand upon the Commission Investigative Attorney, Rett Snotherly, Esq., and the following parties as indicated, on May 3, 2010.



Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

On Behalf of Complainants Safe Skies, LLC and David Tropp:

Donal R. Dinan, Esq.
ROETZEL & ANDRESS, LPA
1300 Eye Street, NW, Suite 400 East
Washington, DC 20005

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

On Behalf of Respondents C&C Luggage Manufacturing Co., Ltd.; Hangzhou Gema Suitcases & Bags Co., Ltd.; La Pearl Luggage and Leather Goods Co., Ltd.; Hinomoto Jomae, Ltd.; Sinox Company, Ltd.; Yi Feng Manufacturing, Co., Ltd.; Jin Tay Industries Co., Ltd.; FULLYEAR-Brother Enterprise, Co., Ltd.; Zhuhai SkyGood Tech. Industrial Corp., Ltd.; Ningbo Xianfeng Art & Craft Co., Ltd.; Paloma Enterprises Co., Ltd.; Tekraft Industrial Co., Ltd.; Hangzhou Travelsky Co., Ltd.; The Sun Lock Company, Ltd.; Alloy Metal Manufactory, Ltd.; Cometform, Ltd.; Design Go Ltd.; Franzen International; and M-Power Lock Manufactory:

Brian L. Michaelis, Esq.
SEYFARTH, SHAW LLP
World Trade Center East,
Two Seaport Lane, Suite 300
Boston, MA 02210

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

Respondent:

Formosa Tai Rank Industrial Corp.
328 Sung Chiang Rd.
Taipei
Taiwan 104

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- INTERNATIONAL

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of)	
)	
CERTAIN DUAL ACCESS LOCKS AND)	Investigation No. 337-TA-689
PRODUCTS CONTAINING SAME)	
)	

Order No. 6: Initial Determination Granting Summary Determination
Motion Nos. 689-4 and 689-5 For Non-Infringement and
Terminating the Investigation

On February 23, 2010, respondents C&C Luggage Manufacturing Co., Ltd., Gema Suitcases & Bags Co. Ltd., La Pearl Luggage and Leather Goods Co., Ltd., Hinomoto Jomae, Ltd., Sinox Company, Ltd., Yi Feng Manufacturing Co., Ltd., Jin Tay Industries Co., Ltd., FULLYEAR-Brother Enterprise Co., Ltd., Zhuhai SkyGood Tech. Industrial Corp., Ltd., Ningbo Xianfeng Art & Craft Co., Ltd., Paloma Enterprises Co., Ltd., Tekraft Industrial Co., Ltd., Hangzhou Travelsky Co. Ltd., The Sun Lock Company Ltd., Alloy Metal Manufactory, Ltd., Cometform, Ltd., Design Go Ltd., Franzen International and M-Power Lock Manufactory (moving respondents) filed a motion for summary determination of non-infringement of all asserted claims of U.S. Patent Nos. 7,021,537 (the '537 patent) which are method claims 1-21, and 7,036,728 (the '728 patent), which are asserted method claims 1-20. (Motion Docket No. 689-4.)¹

On February 24, 2010, the staff moved for summary determination that the accused

¹ The remaining respondent, Formosa Tai Rank Industrial Corp. (FTR) was served said Motion No. 689-4, with the exception of confidential Exhibits C and D to Declaration of Brian Michaelis in Support of said motion, because FTR is not a signatory to the protective order.

products do not infringe the asserted claims of the '537 patent and the '728 patent.² (Motion Docket No. 689-5.)

On March 2, 2010, the moving respondents filed a notice of joinder, indicating that they join the staff's motion for non-infringement and requesting that said motion be granted.

On March 4, 2010, complainants David Tropp and Safe Skies, LLC filed a motion for an extension of time to respond to the moving respondents' motion for summary determination, in order to consolidate their responses to the staff and the moving respondents' motions. (Motion Docket No. 689-6.) Said Motion No. 689-6 was granted on March 5, 2010.³

On March 8, 2010, complainants filed a consolidated response to Motion Nos. 689-4 and 689-5.

No other party responded to Motion Nos. 689-4 and 689-5.⁴

On March 15, 2010, respondents filed a motion for leave to file a reply to complainants' consolidated response, in order to respond to "erroneous statements and arguments" in said response. (Motion Docket No. 689-7.) Said Motion No. 689-7 is granted.

It is undisputed that the '728 and '537 patents claim a method of improving airline luggage inspection. (Respondents' Statement of Material Facts ¶ 1.) More specifically, the

² The staff represented in a telephone call to the attorney advisor that they would not be responding to Motion No. 689-4, in light of their own motion.

³ Complainants are put on notice that Chief Judge Luckern's middle initial is "J," not "L," as they have indicated on their pleadings.

⁴ In addition to being served Motion No. 689-4, respondent FTR was served complainants' consolidated response, the moving respondents' notice of joinder of the staff's motion and, on March 15, 2010, the moving respondents' motion for leave to file a reply to complainants' consolidated response.

asserted patents claim a method of making airline luggage inspection secure using a dual access lock that can be used by travelers to secure their luggage and accessed by a luggage screening entity using a master key. (Complainants' Response to Staff's Statement of Material Facts ¶ 1.) It is further undisputed that asserted method claims 1, 9, 14, and 18 of the '537 patent and asserted method claims 1 and 10 of the '728 patent are the only independent claims in the asserted patents, and that asserted method claim 1 of the '537 patent is representative of the other independent claims. (Respondents' Statement of Material Facts at ¶¶ 17-18.) Complainants admit that, in the United States, the United States Department of Homeland Security's Transportation Security Administration (TSA) is the entity that inspects airline luggage. (Respondents' Statement of Material Facts ¶ 22.) It is further undisputed that the moving respondents and respondent FTR are all licensees of Travel Sentry and that Travel Sentry is not a party in this investigation.^{5 6} (Staff's Statement of Material Facts ¶ 4; see also Complainants' Response to Staff's Statement of Material Facts ¶ 4.) Also, it is undisputed that there is a memorandum of understanding (MOU) between the non-respondent TSA and non-respondent Travel Sentry, to which neither the moving respondents nor FTR are a party. (Respondents' Statement of Material Facts ¶¶ 26-27.)

The moving respondents, in support of their Motion No. 689-4, argued that they do not

⁵ It is undisputed that non-respondent Travel Sentry has two types of License Agreements it has entered into with respondents in this investigation: "Marketing License Agreement" and/or a "Manufacturer Trademark License Agreement." (Respondents Statement of Material Facts at ¶¶ 45-47.)

⁶ FTR admitted in its response to the complaint that it has a trademark license agreement with non-respondent Travel Sentry, Inc. (FTR Response To The Compliant at ¶ 6) and that it "manufactures and sells hard case luggage which uses key locks that are different from dual access locks at issue in the current investigation." (FTR Response To The Complaint at ¶ 10).

directly infringe because they do not perform each and every step of the claims; that no single party performs every step of the asserted claims; that they do not direct or control any entity performing steps of the asserted method claims of the '728 and '537 patents; that neither the moving respondents nor non-respondent Travel Sentry exercise direction or control over the non-respondent TSA via the MOU; and that non-respondent Travel Sentry does not exercise direction or control over respondents via the Trademark Licenses. (Respondents' Memorandum at 17-23.)

The staff, in support of its Motion No. 689-5, argued that summary determination is warranted because there is no genuine issue that neither non-respondent Travel Sentry nor any of the respondents maintain sufficient control or direction over the non-respondent TSA's actions, such that the non-respondent TSA's actions can be attributable to non-respondent Travel Sentry or any of said respondents for the purposes of establishing direct infringement. (Staff Memorandum at 6.) The staff further argued that while the non-respondent TSA luggage screeners may perform the "fourth step" of the claimed method, they do not do so under the direction or control of non-respondent Travel Sentry or any respondent, as is clear from the language of the MOU. (Staff Memorandum at 6-7.)

Complainants argued, in response to Motion Nos. 689-4 and 689-5, that respondents directly infringe the asserted patents. (Complainants' Memorandum at 6.)

Summary determination "shall be rendered if pleadings and any depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." 19 C.F.R. § 210.18(b). Rule 210.18 is analogous to Rule 56 of the Federal Rules of Civil Procedure. See Certain Digital Processors and Digital Processing Systems, Components

Thereof, and Products Containing Same, Inv. No. 337-TA-559 (Digital Processors), Order No. 13, 2006 ITC LEXIS 522, at *6 (Sept. 6, 2006) (collecting cases) (unreviewed in relevant part). Summary determination is appropriate only when the relevant, material facts are so clear and beyond dispute that a hearing on the matter at issue would serve no useful purpose and the movant is entitled to judgment as a matter of law. See Certain Recombinant Erythropoietin, Inv. No. 337-TA-281, Final Initial Determination, 1989 ITC LEXIS 7, at *103 (Jan. 10, 1989). The moving party bears the initial burden of establishing that there is an absence of a genuine issue of material fact and it is entitled to judgment as a matter of law. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). If the movant satisfies its initial burden, the burden then shifts to the non-movant to demonstrate specific facts with respect to which there is a genuine issue for trial. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986).

When evaluating a motion for summary determination, the evidence is to be examined in the light most favorable to the non-moving party, and all justifiable inferences are to be drawn in its favor. Anderson, 477 U.S. at 255; see also Certain Lens-Fitted Film Packages, Inv. No. 337-TA-406, Order No. 7, 1998 ITC LEXIS 154, at *4 (July 10, 1998). Any doubt as to the existence of a genuine issue of material fact must be resolved in favor of the non-moving party. Certain Coated Optical Waveguide Fibers and Products Containing Same, Inv. No. 337-TA-410, Order No. 6, 1998 ITC LEXIS 164, at *4 (July 14, 1998). Summary determination is improper where “the record contains facts which, if explored and developed, might lead the Commission to accept the position of the non-moving party.” Id.

Pursuant to 35 U.S.C. § 271 (a), a patent confers the right to exclude others from making, using, selling, or offering for sale the invention within the United States or importing the

invention into the United States. Thus, direct infringement consists of the making, using, selling, or offering for sale, within the United States, or the importing into the United States, during the term of the patent, the invention defined by a patents' claims, without the patent owner's authority. (Chisum On Patents Vol. 5 ¶ 16.01.)⁷ Direct infringement "requires a party to perform or use each step or element of a claimed method or product." Warner-Jenkinson Co., Inc. v. Hilton Davis Corp., 520 U.S. 17 (1997) (holding that the doctrine of equivalents, like literal infringement, must be tested element by element); see also Canton Bio-Med., Inc. v. Integrated Liner Techs., Inc., 216 F.3d 1367, 1370 (Fed. Cir. 2000); Gen. Foods Corp. v. Studiengesellschaft Kohle mbH, 972 F.2d 1272, 1274 (Fed. Cir. 1992); BMC Resources, Inc. v. Paymentech, L.P., 498 F.3d 1373, 1378 (Fed. Cir. 2007). For process or method patent claims, direct infringement occurs when a party performs all of the steps of the process. Joy Techs., Inc. v. Flakt, Inc., 6 F.3d 770, 773 (Fed. Cir. 1993). Where no single party performs each step of a process, direct infringement requires a showing that an accused infringer "directed or controlled the behavior of [the other parties] that performed those claimed method steps that [the accused infringer] did not perform." BMC Resources, Inc. v. Paymentech L.P., 498 F.3d 1373, 1378-82 (Fed. Cir. 2007). As stated in Muniauction, Inc. v. Thomson Corporation, 532 F.3d 1318 (Fed.

⁷ Section 271 of the patent statute contains two additional paragraphs that impose infringement liability on persons beyond those who have infringed directly. Paragraph (b) of the section makes liable persons who have "induced" infringement by another. Paragraph (c) imposes liability on persons who "contribut[es]" to the infringement of another by supplying components of the invention that are not staples of commerce. Together, these latter two forms of infringement are called "indirect infringement." (Chisum on Patents Vol. 5, § 15:1.) Indirect infringement, whether inducement to infringe or contributory infringement, can only arise in the presence of direct infringement, though the direct infringer is typically someone other than the defendant accused of indirect infringement. Dynacore Holdings Corp. v. U.S. Philips Corp., 363 F.3d 1263, 1272 (Fed. Cir. 2004).

Cir. 2008):

Accordingly, where the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises “control or direction” over the entire process such that every step is attributable to the controlling party, i.e., the “mastermind.” At the other end of the multi-party spectrum, mere “arms-length cooperation” will not rise to direct infringement by any party.

532 F.3d at 1329 (emphasis added). Simply guiding or instructing a third party in how to conduct some of the steps of the method patent is insufficient; there must be some contractual obligation or other relationship that gives rise to vicarious liability in order for a court to find “direction or control.” Global Patent Holdings, LLC v. Panthers BRHC LLC, 586 F. Supp. 2d 1331, 1335 (S.D. Fla. 2008), aff’d 318 Fed. Appx. 807, 909 (Fed. Cir. 2009). “[T]he control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.” Muniauction, Inc. v. Thomson Corporation, 532 F.3d 1318, 1330 (Fed. Cir. 2008) (citing BMC Resources, 498 F.3d at 1379). A party “infringes vicariously by profiting from direct infringement while declining to exercise a right to stop or limit it.” Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 930 (2005) (Grokster).⁸

In issue is whether the respondents named in this investigation can be held liable for direct infringement of any of the method claims in issue. If it is established, as a matter of law,

⁸ Though Grokster is a copyright case, the Supreme Court has long recognized that, with respect to vicarious liability, copyright infringement and patent infringement are analogous. See Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984) (citing to patent law for particular theory of vicarious liability where copyright law had no precedent, relying on the “historic kinship between patent law and copyright law”).

that said respondents cannot be so held, then summary judgment is appropriate.

With respect to whether or not any of the respondents can directly infringe as a matter of law, complainant unequivocally argued that “Travel Sentry is the mastermind under the teachings of BMC.” (Complainants’ Memorandum at 21) and that “Travel Sentry solely makes possible and controls the actions of the screening entity (TSA) in the use and utilization of the methods covered by the Patents.” (Complainants’ Memorandum at 23.) Complainants further argued, when describing allegations of infringement by the respondents (in a section titled “Respondents Infringe Claim 1 of the ‘537 Patent, and All The Independent Claims of the Patents”), that:

The final sections of step one and step two concern the TSA. Step 1 recites “the identification structure previously provided to a luggage screening entity (the TSA) which special lock the luggage screening entity (TSA) has agreed to process in accordance with a special procedure.” (the MOU). Step 2 recites the “luggage screening entity (the TSA) acting pursuant to a prior agreement (the MOU) to look for the identification structure while screening luggage and, upon finding said identification structure on an individual piece of luggage, to use the mater key previously provided to the luggage screening entity to, if necessary, open the individual piece of luggage.” The master keys are made by the TSA lock manufacturer licensees and are provided to the TSA by Travel Sentry.

(Complainants’ Memorandum at 10 (emphasis added).) In fact, in the complaint, complainants alleged:

Respondents infringe, induce infringement and contribute to the infringement of claims 1-21 of the ‘537 patent and claims 1-20 of the ‘728 patent. On information and belief, Respondents have knowledge and are aware of the patents-in-suit and Complainants’ allegations of infringement. Travel Sentry is certainly aware; it brought suit against David Tropp for declaratory judgment of the invalidity of the patents-in-suit, see paragraph 100 infra, and all of the Respondents are licensees of Travel Sentry. Travel Sentry performs or causes to be performed every step of the patented

methods as required for finding of direct patent infringement.

(Complaint at ¶ 45 (emphasis added).) Thus, in complainants' allegations with respect to the respondents, complainants do not articulate a direct infringement of any one entity, but rather, allege joint infringement by the respondents, non-respondent Travel Sentry, and the non-respondent TSA. Complainants further alleged that the non-respondent TSA performs as the luggage screening entity, and that non-respondent Travel Sentry "previously provided to the luggage screening entity" the master key, as required by the language of the asserted claims. (The '537 patent at 6:34-35 ("to use the master key previously provided to the luggage screening entity to, if necessary, open the individual piece of luggage.")) Complainants have also alleged that the MOU is the agreement under which the non-respondent TSA acts "pursuant to a prior agreement" as per the asserted claims (the '537 patent at 6:31-32), yet none of the respondents are a party to the MOU. Complainants rely on the MOU to show a relationship between non-respondent TSA and non-respondent Travel Sentry and no other contractual agreement relating to the non-respondent TSA has been produced by any party. Thus, the only possible "mastermind" alleged by complainants is non-respondent Travel Sentry. Assuming, merely arguendo, that non-respondent Travel Sentry does control the non-respondent TSA under the standard for joint infringement set forth, supra, further assuming, arguendo, that each of the named respondents are controlled by non-respondent Travel Sentry under that same standard, and also assuming, arguendo, that the combined efforts of non-respondent Travel Sentry, the non-respondent TSA, and the respondents infringed the asserted method claims of the patents in issue, complainants' allegation of direct infringement by joint infringers would fail, as a matter of law, because the "mastermind," i.e., Travel Sentry, is not a party in this investigation (See 74 Fed. Reg. 54065-

66). Thus, the administrative law judge finds, as a matter of law, that no respondent can be held liable for direct infringement of any of the asserted independent method claims, as no respondent practices all of the elements of said claims. As a dependent claim cannot infringe if the independent claim from which it depends does not infringe, the administrative law judge further finds that respondents also cannot be held liable for direct infringement of any of the asserted dependent claims in issue.

Complainants, responding to Motion Nos. 689-4 and 689-5, argued that non-respondent Travel Sentry directly infringes the asserted method claims of the asserted patents and induces others, including its manufacturers and distributors whom it licenses, to infringe the claims of the patents; that non-respondent Travel Sentry is the “mastermind” whereby it controls and directs the activities of “third parties” to perform some of the steps of the asserted patented methods, who in combination perform all of the steps of the patented methods; and that non-respondent Travel Sentry performs or causes to be performed every step of the patents’ methods as required for finding direct patent infringement. (Complainants’ Memorandum at 1.) Specifically, complainants argued that non-respondent Travel Sentry controls and directs the activities of said third parties in this case, its “manufacturer and distributor licensees” and the non-respondent TSA, as concerns the use of the Travel Sentry system, and that together “they” perform all the steps of the patented method. (Complainants’ Memorandum at 6.)

With respect to whether or not non-respondent Travel Sentry can be held vicariously liable for actions of the non-respondent TSA, both the staff and the respondents argued that the non-respondent TSA is not under the direction or control of non-respondent Travel Sentry. (Staff Memorandum at 6-7; Respondents’ Memorandum at 20-21.)

It is undisputed that Travel Sentry is not a respondent in this investigation. Moreover, assuming, arguendo, it was a respondent, as stated, supra, direct infringement by joint infringers of a method claim requires a showing that a “mastermind” directs or controls the performance of each element of said method claim, and a test of such direction or control is whether or not one party can be held “vicariously liable” for performance by alleged joint infringers of each step of the method claim not performed by said party. Also, there must be some “contractual obligation or other relationship” between the “mastermind” and the other alleged joint infringers for a party to be held “vicariously liable.” (See supra.) The parties agree that there is an MOU signed between the non-respondent TSA and non-respondent Travel Sentry. Complainants also rely on the MOU to show a relationship between non-respondent TSA and non-respondent Travel Sentry and no other contractual agreement relating to the non-respondent TSA has been produced by any party. Thus, the only possible “mastermind” alleged by complainants is non-respondent Travel Sentry, and the basis for any direction or control of non-respondent Travel Sentry over the non-respondent TSA must be found in the language of the MOU.

The MOU is titled “MEMORANDUM OF UNDERSTANDING/AGREEMENT BETWEEN THE TRANSPORTATION SECURITY ADMINISTRATION AND TRAVEL SENTRY REGARDING TRAVEL SENTRY CERTIFIED LOCKS.”⁹ The MOU states that the purpose of the agreement is:

to set forth terms by which Travel Sentry will provide TSA, at no cost, with 1,500 complete sets of passkeys for the TSA to distribute

⁹ The administrative law judge notes that the copies of the MOU provided (Complainants’ Memorandum, Ex. 10; Declaration of Brian L. Michaelis, Ex. A) are not signed by a representative of non-respondent Travel Sentry.

to field locations. These passkeys are designed to permit TSA screeners to open checked baggage secured with Travel Sentry certified locks without breaking such locks.

TSA will test these passkeys to ensure their operational suitability. If TSA determines that Travel Sentry certified locks or the passkeys required for their operation do not perform their intended function, TSA will inform Travel Sentry and this agreement will be considered null and void. TSA takes no responsibility for any damage to locks or baggage secured with Travel Sentry locks, although TSA will make good faith efforts to distribute the passkeys and information provided by Travel Sentry on the use of the passkeys, and to use the passkeys to open checked baggage secured with Travel Sentry certified locks whenever practicable. TSA screeners will make good faith efforts to relock Travel Sentry locks after bags are inspected.

(MOU at ¶ 3 (emphasis added).) Thus, the purpose of the MOU is to give the non-respondent TSA the ability to use non-respondent Travel Sentry locks, presumably to act as the “luggage screening entity” disclosed by the asserted claims. The language of the MOU, however, does not require the use of non-respondent Travel Sentry’s passkeys.¹⁰ Although the MOU includes a section entitled “TSA” under the heading “Responsibilities,” the sole “responsibility” placed on the non-respondent TSA is to “accept passkey sets from Travel Sentry and distribute them to all areas where checked baggage screening is being performed.” (MOU at ¶ 4.(TSA).a.) Indeed, absent from the MOU is any language for tracking compliance, any repercussions of non-compliance, or any language requiring the return of the passkeys on termination of the agreement.¹¹ Also, it is clear from the MOU that the passkeys are to be the property of non-

¹⁰ In fact, the MOU gives the non-respondent TSA the discretion to test the passkeys to “ensure their operational suitability” and void the contract if they don’t perform their intended function.

¹¹ One clause does read: “If and when passkeys or tools being used by TSA are no longer needed, they will [be] disposed of by TSA in a manner agreed to in writing by both parties.”

respondent TSA. (See MOU at ¶ 4.(TSA).b (“These passkeys shall be stamped ‘Property of TSA’ and ‘Unlawful to Duplicate’ and may include the DHS logo if desired and authorized. Each set of passkeys will include a tracking number, the format of which shall be agreed upon with the TSA, so that these items can be easily integrated into the TSA property management system.”).) As mere guidance or instruction as to how to perform a step of a method patent does not constitute the direction or control necessary for a finding of direct infringement (see Global Patent Holdings at 1335), the administrative law judge finds that the fact that non-respondent Travel Sentry is responsible for providing training to the non-respondent TSA does not vitiate for a finding of control or direction. Further, the MOU explicitly states that it is not meant to be an exclusive agreement. (See MOU at ¶ 4.(TSA).d (“TSA may offer the same terms and conditions in this agreement to any other entity that seeks to provide similar services.”).) Thus, under the terms of the MOU, non-respondent Travel Sentry cannot require that the non-respondent TSA use the passkeys, and non-respondent Travel Sentry has no right to limit or stop use of said passkeys, even upon termination of the MOU. Thus, assuming arguendo that Travel Sentry was a respondent in this investigation, the administrative law judge finds that non-respondent Travel Sentry does not control or direct the non-respondent TSA with respect to any particular use of the passkey under the MOU.¹² Since non-respondent Travel Sentry, which does have a relationship

(MOU at ¶ 6.c.) Said clause is not part of the termination clause. Rather it merely restricts disposal of said passkeys.

¹² On that point, complainant Tropp argued, in a statement of facts filed in Civil Action No. 1:08-cv-04446 (E.D.N.Y.), that:

The relationship between Travel Sentry and the TSA was governed by nothing more than a[] Memorandum of Understanding (MOU), an aspirational expression of a joint hope that TSA would make

with the non-respondent TSA, has no control over the TSA, then the administrative law judge finds that the respondents do not, since there is no evidence or allegation of a relationship between the non-respondent TSA and respondents, absent non-respondent Travel Sentry.¹³ Based on the foregoing, the administrative law judge finds that complainants' allegations of direct infringement, which require, *inter alia*, that the non-respondent TSA practice certain elements of the asserted claims under the control or direction of non-respondent Travel Sentry, would fail as a matter of law, even if non-respondent Travel Sentry were a respondent in this investigation.

Complainants argued that the non-respondent TSA “does use the Travel Sentry system completely”; that the non-respondent TSA “does distribute the some 1500 master keys to the approximately 435 airports under its control...”; that the non-respondent TSA “actively publicizes to the public this system and that it will use it”; and that “there is no evidence that the non-respondent TSA is not using the system as there is no evidence of traveler complaints of having their locked baggage broken open.” (Complainants’ Memorandum at 20.) Actual performance by the non-respondent TSA is irrelevant to vicarious liability, however, unless complainants can establish that non-respondent Travel Sentry has direction or control over the

“good faith efforts” to use Travel Sentry locks “whenever practical.” No mandate, no specified government program and no contractual obligation was implicated.

(Declaration of Brian L. Michaelis, Ex. B, “Plaintiff’s Memorandum Of Law In Opposition To The Motion By Certain Defendants For Summary Judgement,” at 4 (emphasis added).)

¹³ As the administrative law judge finds that there is no direction or control of the non-respondent TSA by non-respondent Travel Sentry, the administrative law judge does not reach the issue of whether or not non-respondent Travel Sentry derives direct financial benefit from actions of said TSA under the MOU.

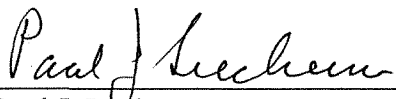
non-respondent TSA. As found, supra, there is no such direction or control.

As indicated, supra, the respondents named in the complaint cannot be held liable for direct infringement of the asserted independent claims, because, as a matter of law, no respondent practices all of the elements of the asserted independent claims. As a dependent claim cannot infringe if the independent claim from which it depends does not infringe, respondents also cannot be held liable for direct infringement of any of the asserted dependent claims in issue. Moreover, since there can be no violation of Section 337 in this investigation absent direct infringement, the investigation is terminated in toto.

This initial determination, pursuant to Commission rule 210.42(c), is hereby CERTIFIED to the Commission. Pursuant to Commission rule 210.42(h)(3), this initial determination shall become the determination of the Commission within thirty (30) days after the date of service hereof unless the Commission grants a petition for review of this initial determination pursuant to Commission rule 210.43, or orders on its own motion a review of the initial determination or certain issues therein pursuant to Commission rule 210.44.

This order will be made public unless a bracketed confidential version is received and in the hands of the administrative law judge no later than noon EDT on Monday, March 22, 2010.

On March 18, 2010, each of the moving respondents, complainants, and the staff received a copy of this order.


Paul J. Luckern
Chief Administrative Law Judge

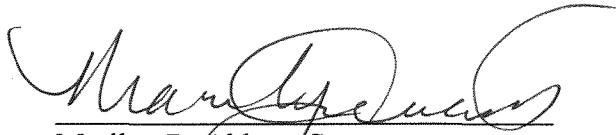
Issued: March 18, 2010

**CERTAIN DUAL ACCESS LOCKS AND PRODUCTS
CONTAINING SAME**

337-TA-689

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **Public Version Order** has been served by hand upon the Commission Investigative Attorney, Rett Snotherly, Esq., and the following parties as indicated, on March 23, 2010.



Marilyn R. Abbott, Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

**Counsel For Complainants Safe Skies, LLC & David
Tropp:**

Donald R. Dinan, Esq.
ROETZEL & ANDRESS, LPA
1300 Eye Street, NW, Suite 400 East
Washington, DC 20005
P-202-216-8302
F-202-338-6340

- Via Hand Delivery
 Via Overnight Mail
 Via First Class Mail
 Other: _____

For Respondents C&C Luggage Manufacturing Co., Ltd.; Hangzhou Gema Suitcases & Bags Co., Ltd.; La Pearl Luggage and Leather Goods Co., Ltd.; Hinomoto Jomae, Ltd.; Sinox Company, Ltd.; Yi Feng Manufacturing, Co., Ltd.; Jin Tay Industries Co., Ltd.; FULLYEAR-Brother Enterprise, Co., Ltd.; Zhuhai SkyGood Tech. Industrial Corp., Ltd.; Ningbo Xianfeng Art & Craft Co., Ltd.; Paloma Enterprises Co., Ltd.; Tekraft Industrial Co., Ltd.; Hangzhou Travelsky Co., Ltd.; The Sun Lock Company, Ltd.; Alloy Metal Manufactory, Ltd.; Cometform, Ltd.; Design Go Ltd.; Franzen International and M-Power Lock Manufactory:

Brian L. Michaelis, Esq.
SEYFARTH SHAW LLP
World Trade Center East
Two Seaport Lane, Suite 300
Boston, MA 02210
P-617-946-4800
F-617-946-4801

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

Respondent:

Mr. C. L. Own, Manager
Formosa Tai Rank Industrial Corp.,
328 Sung Chiang Road
Room 1102, 11th Floor,
Taipei, Taiwan 104

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

**CERTAIN DUAL ACCESS LOCKS AND PRODUCTS
CONTAINING SAME**

337-TA-689

PUBLIC MAILING LIST

Heather Hall
LEXIS-NEXIS
9443 Springboro Pike
Miamisburg, OH 45342

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____

Kenneth Clair
Thomson West
1100 Thirteen Street, NW, Suite 200
Washington, DC 20005

- Via Hand Delivery
- Via Overnight Mail
- Via First Class Mail
- Other: _____