

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN ELECTRONIC NICOTINE
DELIVERY SYSTEMS AND
COMPONENTS THEREOF**

Investigation No. 337-TA-1139

**ISSUANCE OF LIMITED EXCLUSION ORDER AND
CEASE AND DESIST ORDERS; 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 to issue a limited exclusion order (“LEO”) and cease and desist orders (“CDOs”) directed to respondent Eonsmoke, LLC (“Eonsmoke”) and defaulted respondent XFire, Inc. (“XFire”) in the above-captioned investigation. The investigation is terminated in its entirety.

FOR FURTHER INFORMATION CONTACT: Cathy Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, D.C. 20436, telephone 202-205-2392. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.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: On December 13, 2018, the Commission instituted this investigation under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based on a complaint filed on behalf of Juul Labs, Inc. (“JLI”) of San Francisco, California. 83 FR 64156 (Dec. 13, 2018). The complaint, as amended and supplemented, alleges 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 electronic nicotine delivery systems and components thereof by reason of infringement of certain claims of U.S. Patent Nos.: 10,070,669 (“the ’669 patent”); 10,076,139 (“the ’139 patent”); 10,045,568 (“the ’568 patent”); 10,058,130 (“the ’130 patent”); and 10,104,915 (“the ’915 patent”) (collectively, “the Asserted Patents”). *Id.* The Commission’s notice of investigation named twenty-one respondents, including Eonsmoke of Clifton, New Jersey and XFire of Stafford, Texas. *Id.* at 64157. The Office of Unfair Import Investigations (“OUII”) is also a party to the investigation.

On February 25, 2019, the ALJ granted JLI's motion to amend the complaint and notice of investigation to change the name of respondent Bo Vaping of Garden City, New York to ECVD/MMS Wholesale LLC of Garden City, New York and the name of respondent MMS Distribution LLC of Rock Hill, New York to MMS/ECVD LLC of Garden City, New York. *See* Order No. 8 (Feb. 25, 2019), *not rev'd* by Comm'n Notice (Mar. 25, 2019).

On February 28, 2019, the ALJ granted a motion to amend the complaint and notice of investigation to change the name of respondent Limitless Mod Co. of Simi Valley, California to Limitless MOD, LLC of Simi Valley, California. *See* Order No. 10 (Feb. 28, 2019), *not rev'd* by Comm'n Notice (Mar. 27, 2019).

On May 21, 2019, the ALJ granted a motion to amend the complaint and notice of investigation to change the name of respondent Ziip Lab Co., Ltd. of Guangdong Province, China to SS Group Holdings of Guangdong Province, China. *See* Order No. 26 (May 21, 2019), *not rev'd* by Comm'n Notice (June 14, 2019).

Before the evidentiary hearing, JLI settled with the following eight respondents: J Well France S.A.S. of Paris, France; ECVD/MMS Wholesale LLC; MMS/ECVD LLC; The Electric Tobacconist, LLC of Boulder, Colorado; ALD Group Limited of Guangdong Province, China; Flair Vapor LLC of South Plainfield, New Jersey; Shenzhen Joecig Technology Co., Ltd. of Guangdong Province, China; and Myle Vape Inc. of Jamaica, New York. *See* Order No. 13 (Mar. 12, 2019), *not rev'd* by Comm'n Notice (Apr. 5, 2019); Order No. 16 (Mar. 21, 2019), *not rev'd* by Comm'n Notice (Apr. 4, 2019); Order No. 31 (July 30, 2019), *not rev'd* by Comm'n Notice (Aug. 23, 2019); Order No. 32 (July 30, 2019), *not rev'd* by Comm'n Notice (Aug. 23, 2019); Order No. 33 (July 30, 2019), *not rev'd* by Comm'n Notice (Aug. 23, 2019); Order No. 34 (July 30, 2019), *not rev'd* by Comm'n Notice (Aug. 23, 2019).

In addition, the investigation terminated as to the following six respondents based on a consent order stipulation and the issuance of a consent order: Vapor Hub International, Inc. of Simi Valley, California; Limitless MOD, LLC; Asher Dynamics, Inc. of Chino, California; Ply Rock of Chino, California; Infinite-N Technology Limited of Guangdong Province, China; and King Distribution LLC of Elmwood Park, New Jersey. *See* Order No. 9 (Feb. 27, 2019), *not rev'd* by Comm'n Notice (Mar. 27, 2019); Order No. 11 (Feb. 28, 2019), *not rev'd* by Comm'n Notice (Mar. 26, 2019); Order No. 18 (Mar. 28, 2019), *not rev'd* by Comm'n Notice (Apr. 11, 2019); Order No. 20 (Apr. 2, 2019), *not rev'd* by Comm'n Notice (Apr. 15, 2019).

On April 23, 2019, the ALJ found respondent XFire in default pursuant to Commission Rule 210.16(b), 19 CFR 210.16(b). *See* Order No. 22 (Apr. 23, 2019), *not rev'd* by Comm'n Notice (May 16, 2019). At the time XFire was found in default, it was accused of infringing claims 1, 2, 4, 5, 7, 8, 10, 12, 13, 16, 17, 20, and 21 of the '669 patent; claims 1, 2, 3, 4, 9, 10, 11, 13, 14, 19, 20, 21, 24, 28, and 29 of the '139 patent; and claims 1, 2, 3, 4, 6, 9, 11, 12, 18, 19, 20, 21, 22, 23, and 27 of the '915 patent (collectively, "the Asserted XFire Claims").

Also, prior to the evidentiary hearing, the ALJ granted JLI's motion for partial termination of the investigation with respect to allegations of infringement as to all asserted claims of the '139 patent and certain asserted claims of the other Asserted Patents. *See* Order

No. 36 (Aug. 8, 2019), *not rev'd* by Comm'n Notice (Sep. 5, 2019). As a result, the following claims remain at issue in the investigation: claims 1, 2, and 13 of the '669 patent; claims 12, 17, and 20 of the '568 patent; claims 1, 2, and 4 of the '130 patent; and claims 1, 6, and 21 of the '915 patent (collectively, "the Asserted Eonsmoke Claims").

JLI and the Commission were unable to serve respondent Keep Vapor Electronic Tech. Co., Ltd. of Shenzhen, China despite multiple attempts at service. The final ID states that JLI does not request any relief against this respondent. *See* ID at 2 n.1.

Only five respondents participated in the evidentiary hearing: SS Group Holdings; ZLab S.A. of Punta del Este – Maldonado, Uruguay; Shenzhen Yibo Technology Co. Ltd. Of Guangdong Province, China (collectively, "the Ziip Respondents"); Vapor 4 Life Holdings, Inc. of Northbrook, Illinois ("V4L"); and Eonsmoke.

On August 5, 2019, one day before the prehearing conference, the ALJ issued an ID (Order No. 35), granting JLI's motion for summary determination of importation, infringement, and domestic industry. The ALJ found that JLI was entitled to summary determination of importation with respect to the Ziip Respondents and their accused products; Eonsmoke and its accused products; and V4L and certain V4L accused products. *See* Order No. 35 at 4-11 (Aug. 5, 2019). Citing to a stipulation between JLI and the Ziip Respondents, the ALJ stated in his infringement analysis with respect to the Ziip Respondents' accused products that "the question of whether Ziip accused products contain or perform each limitation of asserted claims is moot." *Id.* at 11. The ALJ did not specifically state whether summary determination of infringement as to the Ziip Respondents was denied or granted nor the reasoning supporting grant or denial of the motion as to this issue. *Id.*

An evidentiary hearing was held from August 6-7, 2019.

On September 4, 2019 the Commission reviewed Order No. 35 in part. Specifically, the Commission reviewed the ALJ's analysis as to infringement and a statement regarding mootness on page 11 of the ID. The Commission remanded to the ALJ for clarification on this issue and as to whether the ID grants or denies summary determination that the Ziip Respondents infringe the Asserted Patents. *See* Comm'n Notice (Sep. 4, 2019).

In response to the Commission's September 4, 2019 Notice, the ALJ clarified that Order No. 35 denied summary determination of infringement as to the Ziip Respondents because that issue was moot in light of the stipulation between JLI and the Ziip Respondents. *See* Remand of Order No. 35 (Oct. 10, 2019).

On November 19, 2019, the ALJ granted motions to terminate the investigation as to the Ziip Respondents and V4L based on settlement agreements. *See* Order Nos. 38 and 39 (Nov. 19, 2019), *not rev'd* by Comm'n Notice (Dec. 16, 2019). Accordingly, only respondent Eonsmoke remains active in this investigation.

On December 12, 2019, the ALJ granted JLI's motion to strike portions of Eonsmoke's posthearing brief. *See* Order No. 40 (Dec. 12, 2019). Specifically, these portions relate to the issue of invalidity of asserted claim 4 of the '915 patent, which was not addressed by Respondents' expert or in their prehearing briefings. *Id.* at 3-5.

On December 13, 2019, the ALJ issued a combined final ID and recommended determination ("RD"), finding a violation of section 337 by respondent Eonsmoke. Specifically, the final ID finds, *inter alia*, that JLI satisfied the importation requirement as to Eonsmoke's accused products; that JLI has shown Eonsmoke's accused products infringe the Asserted Eonsmoke Claims; that JLI has satisfied the domestic industry requirement with respect to the '669, the '568, the '130, and the '915 patents; and that the Asserted Eonsmoke Claims have not been shown to be invalid. In addition, in the event the Commission finds a violation of section 337, the RD recommends that the Commission issue an LEO and CDOs directed at each of respondent Eonsmoke and defaulted respondent XFire, and impose a 100 percent bond during the period of Presidential review. No public interest submissions were filed in response to the Federal Register notice seeking such submissions, 85 FR 3720 (Jan. 22, 2020).

No petitions for review were filed, which means each party has abandoned all issues decided adversely to that party. *See* 19 CFR 210.43(b)(4).

On February 13, 2020, the Commission determined to *sua sponte* review the final ID in part. 85 FR 9803-06 (Feb. 20, 2020). Specifically, the Commission determined to review and, on review, declined to adopt the discussion of the validity of element [c] of claim 12 of the '669 patent on pages 50 and 55 of the final ID. The Commission also determined to review the discussion of Warranty and Customer Support and Regulatory Compliance on pages 265-266 of the final ID and the discussion of the quantitative significance of JLI's contract manufacturers' investments in the last paragraph on page 272 of the final ID. The Commission determined not to review the remainder of the final ID, including the other portions of the ID's domestic industry analysis, which were sufficient to support the final ID's finding that JLI has satisfied the domestic industry requirement under subparagraphs 337(a)(3)(A) and (B) with respect to the '669, the '568, the '130, and the '915 patents. Accordingly, the Commission's determination resulted in finding a violation of section 337 by reason of Eonsmoke's importation of electronic nicotine delivery systems and components thereof that infringe one or more of the Asserted Eonsmoke Claims. The Commission also determined that JLI is entitled to relief against defaulted respondent XFire pursuant to 19 U.S.C. 1337(g)(1). The parties were requested to file written submissions on remedy, the public interest, and bonding.

On February 27, 2020 JLI and OUII submitted their briefs on remedy, the public interest, and bonding. JLI and OUII further filed response briefs on March 5, 2020.

On review, the Commission has determined to affirm the discussion of Warranty and Customer Support and Regulatory Compliance as it concerns the economic prong of the domestic industry requirement on pages 265-66 of the final ID. The Commission has also determined to decline to adopt the discussion of the quantitative significance of JLI's contract manufacturers' investments as it concerns the economic prong of the domestic industry requirement in the last paragraph on page 272 of the final ID.

The Commission has further determined that the appropriate remedy in this investigation is: (1) an LEO directed to a) respondent Eonsmoke prohibiting the unlicensed importation of nicotine vaporizer devices and the associated pods sold for use with the devices, and components thereof that infringe one or more of the Asserted Eonsmoke Claims and b) respondent XFire prohibiting the unlicensed importation of nicotine vaporizer devices and the associated pods sold for use with the devices, and components thereof that infringe one or more of the Asserted XFire Claims; and (2) CDOs prohibiting respondents Eonsmoke and XFire from further importing, selling, and distributing infringing products in the United States. The Commission has also determined that the public interest factors enumerated in paragraphs 337(d)(1), (f)(1), and (g)(1) (19 U.S.C. 1337(d)(1), (f)(1), and (g)(1)), do not preclude issuance of these remedial orders. Finally, the Commission has determined that the bond during the period of Presidential review pursuant to 19 U.S.C. 1337(j) shall be in the amount of 100 percent of the entered value of the imported articles. The Commission's order was delivered to the President and to the United States Trade Representative on the day of its issuance. The investigation is hereby terminated.

While temporary remote operating procedures are in place in response to COVID-19, the Office of the Secretary is not able to serve parties that have not retained counsel or otherwise provided a point of contact for electronic service. Accordingly, pursuant to Commission Rules 201.16(a) and 210.7(a)(1) (19 CFR 201.16(a), 210.7(a)(1)), the Commission orders that the Complainant complete service for any party without a method of electronic service noted on the attached Certificate of Service and shall file proof of service on the Electronic Document Information System (EDIS).

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 Part 210 of the Commission's Rules of Practice and Procedure, 19 CFR Part 210.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: April 20, 2020