

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN BONE CEMENTS AND BONE
CEMENT ACCESSORIES**

Investigation No. 337-TA-1175

**NOTICE OF COMMISSION DETERMINATION TO REVIEW IN PART A FINAL
INITIAL DETERMINATION FINDING NO VIOLATION OF SECTION 337;
SCHEDULE FOR FILING WRITTEN SUBMISSIONS ON THE ISSUES UNDER
REVIEW AND ON REMEDY, PUBLIC INTEREST, AND BONDING**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission (“Commission”) has determined to review in part a final initial determination (“FID”) of the presiding administrative law judge (“ALJ”) finding no violation of section 337 of the Tariff Act of 1930, as amended, in the above-captioned investigation. The Commission requests briefing from the parties on certain issues under review, as indicated in this notice. The Commission also requests briefing from the parties, interested government agencies, and interested persons on the issues of remedy, the public interest, and bonding.

FOR FURTHER INFORMATION CONTACT: Lynde Herzbach, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-3228. 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, telephone 202-205-1810.

SUPPLEMENTARY INFORMATION: On September 23, 2019, the Commission instituted this investigation based on a complaint filed on behalf of Zimmer, Inc. and Zimmer US, Inc. both of Warsaw, Indiana (collectively, “Complainants”). 84 FR 49764 (Sept. 23, 2019). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337 (“section 337”), based on the importation into the United States, the sale for importation, and the sale within the United States after importation of certain bone cements and bone cement accessories by reason of the misappropriation of trade secrets, false advertising, and tortious interference, the threat or effect of which is to destroy or substantially injure an industry in the United States. The complaint also alleges the existence of a domestic industry. The Commission’s notice of investigation names the following as respondents: Heraeus Medical

GmbH of Wehrheim, Germany and Heraeus Medical LLC of Yardley, Pennsylvania (collectively, “Respondents”). *Id.* The Office of Unfair Import Investigations (“OUII”) is named as a party in this investigation. *Id.*

On February 11, 2021, the ALJ issued the FID, finding no violation of section 337. More particularly, the FID finds, *inter alia*, that: (1) the Commission has subject matter and personal jurisdiction; (2) Respondents sold for importation into the United States, imported, or sold after importation accused bone cements and bone cement accessories; (3) a domestic industry exists with respect to Complainants’ accessory products under section 337(a)(1)(A)(i) (19 U.S.C. 1337(a)(1)(A)(i)); (4) Complainants own the asserted trade secrets; (5) trade secrets (“TS”) 10, 15, and 28 are protectable, but TS 11 is not protectable; (6) Respondents did not misappropriate any asserted TS; (6) Respondents did not engage in false advertising; (7) Respondents did not tortiously interfere with Complainants’ contracts or prospective business relationships; and (6) Complainants failed to show a substantial injury or threat of injury to their domestic industry.

The FID includes the ALJ’s recommended determination (“RD”), which recommends that, if the Commission finds a violation of section 337, the Commission should issue a limited exclusion order and a cease and desist order directed to Respondents. The RD further recommends imposing a bond of five and a half (5.5) percent during the period of Presidential review.

On February 23, 2021, Complainants filed a petition for review that seeks review of most of the FID’s findings. On March 3, 2021, Respondents and OUII filed responses to Complainants’ petition.

On March 15, 2021, Respondents filed a submission on the public interest pursuant to Commission Rule 210.50(a)(4) (19 CFR 210.50(a)(4)). Complainants and OUII did not file a statement on the public interest. The Commission received no filings in response to its Federal Register notice calling for public interest comments. *See* 86 FR 12029.

Having examined the record in this investigation, including the FID, the petitions for review, and the responses thereto, the Commission has determined to review the FID in part. In particular, the Commission has determined to review the following:

- (1) The FID’s findings and conclusions as to the alleged misappropriation of the asserted trade secrets, including the finding that Respondents independently developed their own data compilation;
- (2) The FID’s findings and conclusions as to Respondents’ alleged tortious interference with Complainants’ prospective business advantages; and
- (3) The FID’s findings on domestic industry and injury.

The Commission has determined not to review the remainder of the FID.

In connection with its review, the Commission requests that the parties brief their positions regarding the following questions with reference to the applicable law and the evidentiary record:

- (A) When evaluating the misappropriation of a trade secret, identify and discuss the proper legal standard for wrongful disclosure or use of a trade secret that is a compilation. Please consider whether any particular amount of disclosure or use is required to support a finding of misappropriation, *i.e.*, de minimis, substantial, or the entirety of the trade secret compilation. Discuss whether there are any differences in the application of the legal standard for disclosure or use if a trade secret compilation includes publicly available information.
- (B) Given the legal standard identified in response to (A), please analyze the alleged disclosure and use of TS 10, 15, and 28.
- (C) Please discuss and provide a timeline detailing the background and development of Heraeus Medical LLC from 2017 through 2018, including the dates that relevant employees were hired, the relevant employees' positions, the dates of alleged disclosures and/or use of TS 10, 15, and 28, and the dates and relevant facts regarding Respondents' interactions with third parties.
- (D) What criteria should the Commission apply to determine whether activities related to meeting FDA requirements constitute activities of a "mere importer"? For example, should one criterion be that the activities are required to be performed in the United States or that the activities differ from those that a wholly domestic company would perform? Please apply the appropriate criteria to the facts of this investigation. Are any of Complainants' FDA-related activities different from what a wholly domestic company would need to undertake? Which, if any, of a Complainants' FDA activities could be conducted abroad?

In connection with the final disposition of this investigation, the statute authorizes issuance of: (1) an exclusion order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) one or more cease and desist orders that could result in the 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 a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or are likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. at 7-10 (Dec. 1994). In addition, if a party seeks issuance of any cease and desist orders, the written submissions should address that request in

the context of recent Commission opinions, including those in *Certain Arrowheads with Deploying Blades and Components Thereof and Packaging Therefor*, Inv. No. 337-TA-977, Comm'n Op. (Apr. 28, 2017) and *Certain Electric Skin Care Devices, Brushes and Chargers Therefor, and Kits Containing the Same*, Inv. No. 337-TA-959, Comm'n Op. (Feb. 13, 2017).

The statute requires the Commission to consider the effects of that remedy upon the public interest. The public interest 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 U.S. Trade Representative, as delegated by the President, has 60 days to approve, disapprove, or take no action on the Commission's action. See Presidential Memorandum of July 21, 2005, 70 FR 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under 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 a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the questions identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such initial written submissions should include views on the ALJ's RD on remedy and bonding.

In their initial written submission, Complainants are also requested to identify the form of the remedy sought, and Complainants and OUII are requested to submit proposed remedial orders for the Commission's consideration. Complainants are also requested to state the HTSUS subheadings under which the accused articles are imported, and to supply identification information for all known importers of the accused products.

Written submissions, including proposed remedial orders must be filed no later than the close of business on **April 30, 2021**. Reply submissions must be filed no later than the close of business on **May 7, 2021**. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above. The Commission's paper filing requirements in 19 CFR 210.4(f) are currently waived. 85 FR 15798 (March 19, 2020). Submissions should refer to the investigation number ("Inv. No. 337-TA-1175") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding filing should contact the Secretary at (202) 205-2000.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to 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 by the Commission is properly sought will be treated accordingly. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. All contract personnel will sign appropriate nondisclosure agreements. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The Commission vote for this determination took place on April 12, 2021.

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.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', is positioned above the typed name.

Lisa R. Barton
Secretary to the Commission

Issued: April 12, 2021