

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN PERCUSSIVE MASSAGE
DEVICES**

Investigation No. 337-TA-1206

**NOTICE OF A COMMISSION DETERMINATION TO REVIEW IN PART AN INITIAL
DETERMINATION GRANTING IN PART A MOTION FOR SUMMARY
DETERMINATION AND FINDING A VIOLATION OF SECTION 337;
SCHEDULE FOR FILING WRITTEN SUBMISSIONS**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review in part an initial determination (“ID”) (Order No. 40) of the presiding administrative law judge (“ALJ”) granting in part complainant’s motion for summary determination and finding a violation of section 337. The Commission requests written submissions from the parties on an issue under review, and requests briefing from the parties, interested government agencies, and other interested persons on the issues of remedy, the public interest, and bonding, under the schedule set forth below.

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: The Commission instituted this investigation on July 22, 2020, based on a complaint filed on behalf of Hyper Ice, Inc. (“Hyperice”) of Irvine, California. 85 FR 44322 (July 22, 2020). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain percussive massage devices by reason of infringement of certain claims of U.S. Patent No. 10,561,574 (“the ’574 patent”); U.S. Design Patent No. D855,822; and U.S. Design Patent No. D886,317 (collectively, “Asserted Design Patents”). The complaint further alleges that a domestic industry exists. The Commission’s notice of investigation names the following

nineteen respondents: Laiwushiyu Xinuan Trading Company of Shandong District, China; Shenzhen Let Us Win-Win Technology Co., Ltd. of Guangdong, China; Shenzhen Qifeng Technology Co., Ltd. of Guangdong, China; Shenzhen QingYueTang E-commerce Co., Ltd. of Guangdong, China; and Shenzhen Shiluo Trading Co., Ltd. of Guangdong, China (collectively, the “Unserved Respondents”); Kinghood International Logistics Inc. (“Kinghood”) of La Mirada, California; Manybo Ecommerce Ltd. (“Manybo”) of Hong Kong, China; Shenzhen Infein Technology Co., Ltd. (“Shenzhen Infein”) of Guangdong, China; Hong Kong Yongxu Capital Management Co., Ltd. (“Hong Kong Yongxu”) of Hong Kong, China; Kula eCommerce Co., Ltd. (“Kula”) of Guangdong, China; Performance Health Systems, LLC (“Performance Health”) of Northbrook, Illinois; Rechar, Inc. (“Rechar”) of Strasburg, Colorado; Ning Chen of Yancheng, Jiangsu China; Opove, Ltd. (“Opove”) of Azusa, California; Shenzhen Shufang E-Commerce Co., Ltd. (“Shufang E-Commerce”) of Shenzhen, China; Fu Si (“Shenzhen Fusi Technology”) of Guangdong, China;¹ WODFitters (“WODFitters”) Lorton, Virginia; Massimo Motor Sports, LLC (“Massimo”) of Garland, Texas; and Addaday LLC (“Addaday”) of Santa Monica, California. The notice of investigation also names the Office of Unfair Import Investigations (“OUII”) as a party.

On October 16, 2020, the Commission determined not to review Order No. 11 granting motions to intervene by third parties Shenzhen Xinde Technology Co., Ltd. (“Xinde”) and Yongkang Aijiu Industrial & Trade Co., Ltd. (“Aijiu”) in the investigation. *See* Order No. 11 (Sept. 25, 2020), *unreviewed by* Comm’n Notice (Oct. 16, 2020).

Respondents Addaday, WODFitters, Massimo, Performance Health, Rechar, Ning Chen, Opove, Shufang E-Commerce, Xinde, Aijiu, and Shenzhen Fusi Technology were terminated from the investigation based upon settlement agreements. *See* Order No. 10 (Sep. 16, 2020), *unreviewed by* Comm’n Notice (Oct. 15, 2020); Order No. 12 (Nov. 4, 2020), *unreviewed by* Comm’n Notice (Nov. 20, 2020); Order No. 30 (Apr. 8, 2021), *unreviewed by* Comm’n Notice (Apr. 22, 2021).

The Unserved Respondents were terminated from the investigation based upon withdrawal of the Complaint. *See* Order No. 36 at 2 (Aug. 3, 2021) *unreviewed by* Comm’n Notice (Aug. 19, 2021).

Respondents Kinghood, Manybo, Shenzhen Infein, Hong Kong Yongxu, and Kula (collectively, “the Defaulting Respondents”) were found in default. *See* Order No. 17 (Dec. 17, 2020), *unreviewed by* Comm’n Notice (Jan. 5, 2021).

On May 6, 2021, OUII filed a motion to terminate the Asserted Design Patents from this investigation on the ground that Hyperice did not have sufficient rights to the design patents at

¹ Respondent Fu Si’s full name is Shenzhen Fusi Technology Co., Ltd. *See* Response of Opove Ltd., Shenzhen Shufang E-Commerce Co., Ltd., and Fu Si to the Complaint and Notice of Investigation at ¶ 40, EDIS Doc ID 716966 (Aug. 11, 2020). The principal place of business of Shenzhen Fusi Technology Co., Ltd. was changed to 14E, Building A, Guanghao International Center, No. 441 Meilong Road, Minzhi Street, Longhua District, Shenzhen, China, 518131 effective September 15, 2020. *Id.*

the time the investigation was instituted. On May 17, 2021, Hyperice filed its response in opposition to OUII's motion to terminate, which included a cross-motion to amend the Complaint to reflect proper inventorship.

On May 7, 2021, Hyperice filed a motion for summary determination that the Defaulting Respondents have violated section 337 for infringing its three asserted patents. On May 14, 2021, Hyperice supplemented its motion with additional declarations. On May 20, 2021, Hyperice again supplemented its motion with claim charts and exhibits. OUII filed a response in support of the motion with respect to the '574 patent but not with respect to the asserted design patents.

On August 17, 2021, the ALJ issued Order No. 38 denying Hyperice's motion to amend the complaint and the notice of investigation to reflect proper inventorship. That same day, the ALJ issued Order No. 39 granting OUII's motion to terminate the Asserted Design Patents for lack of standing. Hyperice filed a timely petition for review of Order No. 39 and OUII filed a response to the petition. November 12, 2021 is the date by which the Commission must determine whether to review Order No. 39.

On August 20, 2021, the ALJ issued the subject ID (Order No. 40) granting in part Hyperice's motion for summary determination of violation of section 337. Specifically, the ID found: (1) that Hyperice established the importation requirement as to Defaulting Respondents Kinghood, Manybo, Shenzhen Infein, and Hong Kong Yongxu, but not Kula; (2) that Defaulting Respondents Kinghood, Manybo, Shenzhen Infein, and Hong Kong Yongxu infringe one or more of claims 1-7, 9, 14, and 15 of the '574 patent; (3) that Hyperice's domestic industry products practice at least one claim of the '574 patent; and (4) that Hyperice has proven that a domestic industry exists within the United States related to articles protected by that patent. Accordingly, the ALJ found that four of the five Defaulting Respondents have infringed one or more of claims 1-7, 9, 14, and 15 of the '574 patent in violation of section 337. No petitions for review of the ID were filed.

The ALJ concurrently issued a Recommended Determination ("RD") on the issues of remedy and bonding. The RD recommends the issuance of a general exclusion order and a cease and desist order and setting the bond during the period of Presidential review in the amount of one hundred percent (100%) of the entered value.

Having reviewed the record of the investigation, including the subject ID and the parties' submissions to the ALJ, the Commission has determined to review in part the ID. Specifically, the Commission has determined to review the ID's finding that Hyperice has satisfied the economic prong of the domestic industry requirement with respect to the '574 patent. The Commission adopts the ID's findings that Hyperice provided undisputed evidence that Kinghood's, Manybo's, and Shenzhen Infein's accused products infringe claims 1-7, 9, 14 and 15 of the '574 patent and that Hong Kong Yongxu's accused products infringe claims 1-7, 14 and 15 of the '574 patent. Although Hyperice provided undisputed evidence that Kula's accused products infringe claims 1-7, 9, 14 and 15 of the '574 patent, the Commission adopts the ID's finding that there is insufficient evidence of importation of Kula's accused products.

The parties are requested to brief their positions on only the following issue under review.

- 1) Please explain whether Complainant's asserted domestic industry differs from that of a mere importer, including by discussing the claimed expenditures and how the Commission and the Federal Circuit have considered such expenditures in prior investigations. In answering this question, please address the extent to which the activities relied upon to show satisfaction of the economic prong need to take place in the United States either as a legal or a practical matter.
- 2) Please explain the nature and significance of Complainant's employment of labor or capital in the United States with respect to articles protected by the '574 patent.
- 3) Please provide, to the extent permitted by the record, a breakout of the claimed allocated expenditures by type of activities, in particular (but not limited to) research and development, design, product engineering, supply chain and operation management, customer service, sales, marketing, and repair and warranty work.
- 4) Please discuss whether Complainant's asserted domestic industry investments are significant under section 337(a)(3)(B) in light of Commission and Federal Circuit precedents. Please include in your response a contextual, quantitative discussion, including a discussion of Complainants' foreign investments and expenditures relative to its domestic industry expenditures in these statutory categories, and/or a discussion of the value added to the product from Complainant's activities in the United States. Please also include in your response a discussion of any other quantitative and qualitative analysis of the significance of the domestic industry's employment of labor or capital under section 337(a)(3)(B).
- 5) Please explain how Complainant's domestic workforce contributes to establishing an industry in the United States.

In connection with the final disposition of this investigation, the statute authorizes issuance of, *inter alia*, (1) an exclusion order that could result in the exclusion of the subject articles from entry into the United States; and/or (2) 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 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).

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 a cease and desist order 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 determination. *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: 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 submissions should address the recommended determination by the ALJ on remedy and bonding.

In their initial submissions, Complainant is also requested to identify the remedy sought and Complainant and OUII are requested to submit proposed remedial orders for the Commission's consideration. Complainant is further requested to state the date that the Asserted Patent expires, to provide the HTSUS subheadings under which the accused products are imported and to supply the identification information for all known importers of the products at issue in this investigation. The initial written submissions and proposed remedial orders must be filed no later than close of business on **Wednesday, November 3, 2021**. Reply submissions must be filed no later than the close of business on **Wednesday, November 10, 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-**1206**) 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, (202) 205-2000.

Any person desiring to submit a document to the Commission in confidence must request confidential treatment by marking each document with a header indicating that the document contains confidential information. This marking will be deemed to satisfy the request procedure set forth in Rules 201.6(b) and 210.5(e)(2) (19 CFR 201.6(b) & 210.5(e)(2)). Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing. 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 nonconfidential written submissions will be available for public inspection on EDIS.

The Commission vote for this determination took place on October 20, 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.



Lisa R. Barton
Secretary to the Commission

Issued: October 20, 2021