

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN ELECTRIC FIREPLACES,
COMPONENTS THEREOF, MANUALS
FOR SAME, CERTAIN PROCESSES
FOR MANUFACTURING OR
RELATING TO SAME AND CERTAIN
PRODUCTS CONTAINING SAME**

**Investigation No. 337-TA-791/826
(Consolidated)**

**NOTICE OF COMMISSION DECISION TO REVIEW-IN-PART AN
INITIAL DETERMINATION FINDING THE REMAINING RESPONDENTS IN
DEFAULT AND IN VIOLATION OF SECTION 337 AND TO REVIEW ORDER NO. 19;
REQUEST FOR WRITTEN SUBMISSIONS ON THE ISSUE ON REVIEW AND ON
REMEDY, THE PUBLIC INTEREST, AND BONDING**

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 the final initial determination ("ID") (Order No. 20) of the presiding administrative law judge ("ALJ") finding the remaining respondents, Shenzhen Reliap Industrial Co. ("Reliap") and Yue Qiu Sheng ("Yue"), both of Shenzhen, China, in default and in violation of section 337. The Commission has also determined to review the ALJ's Order No. 19 denying respondents' motion for summary determination that complainants' breach of contract allegation is outside the scope of the investigation. The Commission is also requesting briefing on the issue on review and on remedy, the public interest, and bonding.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. 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 Investigation No. 337-TA-791 ("the 791 investigation") on July 20, 2011, based on a complaint filed by Twin-Star International, Inc. of Delray Beach, Florida and TS Investment Holding Corp. of Miami, Florida (collectively, "Twin-Star"). 76 *Fed. Reg.* 43345-46 (July 20, 2011). The Commission instituted Investigation No. 337-TA-826 on January 19, 2012 based on another complaint filed by Twin-Star, and consolidated it with the 791 investigation. 77 *Fed. Reg.* 2757-58 (Jan. 19, 2012). The complaints allege a violation 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, and the sale within the United States after importation of certain electric fireplaces, components thereof, manuals for same, certain processes for manufacturing or relating to same and certain products containing same by reason of infringement of U.S. Copyright Nos. TX0007350474; TX0007350476; VA0001772660; and VA0001772661; and by reason of misappropriation of trade secrets, breach of contract, and tortious inference with contract, the threat or effect of which is to destroy or substantially injure an industry in the United States.

The Commission's notice of investigation named Reliap, Yue, and Whalen Furniture Manufacturing, Inc. ("Whalen") of San Diego, California as respondents. On July 3, 2012, the Commission issued notice of its determination not to review the ALJ's ID terminating the investigation as to Whalen based on a consent order and settlement agreement.

On June 20, 2012, Twin-Star moved for an ID finding the remaining respondents, Reliap and Yue, in default and in violation of section 337 pursuant to Commission Rule 210.17, 19 C.F.R. § 210.17. The Commission investigative attorney filed a response in support of the motion.

On July 13, 2012, the ALJ granted Twin-Star's motion and issued the final ID in this investigation finding the remaining respondents in default and in violation of section 337 pursuant to 19 C.F.R. § 210.17 because they did not participate in the investigation following withdrawal of their counsel on March 12, 2012. The ID also contained the ALJ's recommended determination on remedy. Specifically, the ALJ recommended issuance of a limited exclusion order with respect to the defaulting respondents.

Also on July 13, 2012, the ALJ issued Order No. 19, denying a motion filed by Yue on December 11, 2011, for summary determination that Twin-Star's breach of contract claim is outside the scope of the investigation. On July 20, 2012, the Commission investigative attorney petitioned for review of Order No. 19 and the ALJ's final ID. Twin-Star filed a response in opposition on July 30, 2012.

Having examined the record of this investigation, including the ALJ's ID, Order No. 19, and the parties' briefing, the Commission has determined to review Order No. 19 and to review the final ID in part to the extent that it finds a violation of section 337 based on the breach of contract allegations. The Commission has determined not to review the remainder of the ID.

On review, the parties, interested government agencies, and any other interested persons are requested to submit briefing on the issue under review and to address in particular the following:

- (1) What support exists for the notion that unfair acts or unfair methods of competition under section 337(a)(1)(A), 19 U.S.C. § 1337(a)(1)(A), are limited to “public wrongs” as opposed to “private wrongs.” Please discuss statutory language, any relevant legislative history, and legal precedent, particularly *Tianrui Group Co. v. U.S. Int’l Trade Comm’n*, 661 F.3d 1322 (Fed. Cir. 2011).
- (2) Please explain whether a breach of contract claim can give rise to a violation of 19 U.S.C. § 1337(a)(1)(A), and discuss any relevant statutory language, legislative history, and legal precedent.

In connection with the final disposition of this investigation, the Commission may issue an order that results in the exclusion of the subject articles from entry into the United States. *See* 19 U.S.C. § 1337(d). 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 (December 1994) (Commission Opinion).

When the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The 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.

When the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission’s action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 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, interested government agencies, and any other interested persons are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Complainant is requested to state the issue under review and the dates that the copyrights at issue expire and the HTSUS numbers under which the

accused products are imported. The written submissions must be filed no later than close of business on October 12, 2012. Reply submissions must be filed no later than the close of business on November 9, 2012. 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 and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to Commission rule 210.4(f), 19 C.F.R. § 210.4(f). Submissions should refer to the investigation number ("Inv. No. 337-TA-791/826") in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).

Any person desiring to submit a document (or portion thereof) to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

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 210.17, 42-43, 45-46 and 50 of the Commission's Rules of Practice and Procedure (19 C.F.R. c§ 210.17, 210.42-43, 210.45-46, and 210.50).

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa R. Barton', with a stylized flourish at the end.

Lisa R. Barton
Acting Secretary to the Commission

Issued: September 13, 2012