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Certain Percussive Massage Devices Highlights the Unique Role and Importance of the ITC’s Office of Unfair Import Investigations in Section 337 Investigations

On November 22, 2021, the U.S. International Trade Commission (ITC) issued a Notice of Commission Determination in *Certain Percussive Massage Devices*, Inv. No. 337-TA-1206, that highlights the importance of one of the unique and often overlooked aspects of ITC litigation: the participation of staff attorneys from the ITC’s Office of Unfair Import Investigations (often referred to as “OUII” or the “ITC Staff”) in Section 337 investigations.

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The complainant in *Percussive Massage Devices*, Hyper Ice, Inc. (“Hyperice”), filed a July 22, 2020 complaint alleging that nineteen proposed respondents infringed a variety of Hyperice’s intellectual property rights, including several design patents. The ITC subsequently instituted an investigation against all proposed respondents. Hyperice quickly settled with eleven respondents and withdrew its complaint against others. The remaining five respondents did not appear in the investigation to answer the complaint, and were eventually found by the presiding administrative law judge (“ALJ”) to be in default.

One valuable aspect of the ITC to a complainant is that when a respondent defaults, the ITC typically issues an exclusion order barring the importation of the respondent’s products at issue into the United States. A previous [Ropes & Gray Alert](#) highlighted the Federal Circuit’s holding in *Laerdal v. ITC*, 910 F.3d 1207 (Fed. Cir. 2018) that Section 337 “unambiguously requires the Commission to grant relief against defaulting respondents,” subject only to certain public interest concerns. But due to the presence of and effort by OUII, such was not the case in *Percussive Massage Devices*.

In addition to assisting the ITC in evaluating the sufficiency of complaints at the beginning of an investigation, the OUII’s mission is to participate alongside private Section 337 litigants as a party representing the public interest, identifying relevant issues, and taking a position to assist the ALJ and the Commission in resolving the investigation. Historically, OUII participated in virtually every Section 337 investigation, although over time that workload has dropped to 60-80% of investigations.

In *Percussive Massage Devices*, after the ALJ found respondents in default, the complainant Hyperice notified the ALJ that the Patent and Trademark Office (PTO) had issued a Certificate of Correction for the design patents at issue, adding a previously unnamed inventor. At the same time, Hyperice executed an assignment with this new inventor, assigning his rights to Hyperice. A few months later, when Hyperice sought to file a motion for summary determination that the defaulting respondents had violated Section 337, OUII filed its own motion to terminate the asserted design patents from the investigation for lack of standing—arguing that because the previously unnamed co-inventor had not assigned his interest in the design patents to Hyperice by the time the investigation was instituted, Hyperice lacked standing. The ALJ issued an initial determination (“ID”) granting OUII’s motion to terminate the asserted design patents for lack of standing and denying Hyperice’s motion to amend the complaint to reflect proper inventorship, and in doing so rejected Hyperice’s argument that under *Laerdal*, the Commission lacked discretion as to whether or not to issue a remedy against the defaulting respondents. Hyperice filed a timely petition for Commission review.

The Commission adopted the ID’s finding that Hyperice lacked standing, and sided with the ALJ in rejecting Hyperice’s *Laerdal*-based procedural challenge. The Commission distinguished *Laerdal*, which involved a situation where the Commission had decided subsequent to the institution of an investigation and without opposition or appearance from respondents that the trade dress allegations pled by the complainant were deficient. In *Percussive Massage Devices*, on the other hand, there was a party—OUII, representing the public interest—opposing the requested

relief. And because Hyperice chose to put evidence on the record (Certificates of Correction and assignments) in an effort to cure its standing deficiency *after* the Commission instituted the investigation, the situation was even more distinguishable—the Commission found that neither Section 337(g)(1) nor *Laerdal* required it to ignore (1) the post-institution evidence, which refutes the truth of Hyperice’s complaint’s allegations, and (2) OUII’s challenge to Hyperice’s standing. Accordingly, the Commission found the OUII challenge to standing procedurally proper, and it terminated the investigation with respect to the design patents.

This provides a significant example of how a unique aspect of ITC practice—the presence of OUII as a third party litigating alongside the private parties—can play an important role in ITC litigation and throw a wrench into what might otherwise seem like a straightforward investigation. Although the ALJ and the Commission are not bound to accept the arguments of OUII in a given investigation, OUII’s arguments and views can often be very persuasive and tip the scale in one direction or the other. As such, it is critical for ITC litigants to engage OUII at the outset of an investigation and explain their views of the merits of the case, shoring up and addressing any issues that OUII may raise as soon as possible. Prior ITC investigations have shown that OUII may take independent positions on claim construction, infringement, and validity, and the ITC has held that [OUII is not bound by estoppel from the Patent Trial & Appeal Board](#) even when a respondent is barred from challenging a patent’s validity. Now, the ITC has clarified that OUII may challenge the sufficiency of the complainant’s evidence in a given investigation, including where all respondents are found in default. The role and presence of OUII in a Section 337 investigation should not be overlooked.

If you have any questions about this Alert or the Commission Opinion, please contact [Matthew Rizzolo](#), [Jolene Wang](#), or [Brendan McLaughlin](#).