

**PUBLIC VERSION**

**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
**Washington, D.C.**

**In the Matter of**

**CERTAIN ARTIFICIAL EYELASH  
EXTENSION SYSTEMS, PRODUCTS, AND  
COMPONENTS THEREOF**

**Inv. No. 337-TA-1226**

**INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND  
RECOMMENDED DETERMINATION ON REMEDY AND BOND**

Chief Administrative Law Judge Charles E. Bullock

(October 28, 2021)

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### LIST OF ABBREVIATIONS

The following abbreviations may be used in this Initial Determination:

<b>CDX</b>	Complainant's demonstrative exhibit
<b>CPX</b>	Complainant's physical exhibit
<b>CX</b>	Complainant's exhibit
<b>CIB<sup>1</sup></b>	Complainant's initial post-hearing brief
<b>CRB</b>	Complainant's reply post-hearing brief
<b>CPHB</b>	Complainant's pre-hearing brief
<b>Dep.</b>	Deposition
<b>JX</b>	Joint Exhibit
<b>RDX</b>	Respondents' demonstrative exhibit
<b>RPX</b>	Respondents' physical exhibit
<b>RX</b>	Respondents' exhibit
<b>RIB</b>	Respondents' initial post-hearing brief
<b>RRB</b>	Respondents' reply post-hearing brief
<b>RPHB</b>	Respondents' pre-hearing brief
<b>Tr.</b>	Transcript
<b>RLUL</b>	Respondents' List of Undisputed Limitations
<b>CLUL</b>	Complainant's List of Undisputed Limitations

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<sup>1</sup> On August 10, 2021, Complainant Lashify, Inc. was directed to submit revised post-hearing briefs because it had used a different font style than that of Respondents and the Commission Investigative Staff. See Order No. 65. Lashify submitted revised briefs on August 12, 2021. In the letter accompanying its submission, Lashify noted: "Due to that font change, the pagination and spacing of the briefs resulted in both briefs exceeding the specified page limits." EDIS Doc ID 749493. Lashify further stated: "To the extent the CALJ determines that Lashify's briefs no longer comply with the Ground Rules, the Commission Rules, and/or the CALJ's specified page limits, and to the extent Order No. 65 also contemplates that Lashify was required to revise the briefs to comply with the page limits set forth by the CALJ, Lashify hereby submits revised versions of its opening post-trial brief and reply post-trial brief as Exhibits C and D, respectively." *Id.* For purposes of this Initial Determination, any citations and/or references to Lashify's post-hearing briefs are to the aforementioned Exhibits C and D.

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<b>SIB</b>	The Commission Investigative Staff's initial post-hearing brief
<b>SRB</b>	The Commission Investigative Staff's reply post-hearing brief

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**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
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**In the Matter of**

**CERTAIN ARTIFICIAL EYELASH EXTENSION  
SYSTEMS, PRODUCTS, AND COMPONENTS  
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**Inv. No. 337-TA-1226**

**INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND  
RECOMMENDED DETERMINATION ON REMEDY AND BOND**

Chief Administrative Law Judge Charles E. Bullock

(October 28, 2021)

Pursuant to the Notice of Investigation, this is the final Initial Determination in the Matter of Certain Artificial Eyelash Extension Systems, Products, and Components Thereof, Investigation No. 337-TA-1226.

For the reasons stated herein, the undersigned has determined that no violation of section 337 of the Tariff Act of 1930, as amended, has occurred in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain artificial eyelash extension systems, products, and components thereof alleged to infringe U.S. Patent No. 10,721,984 and U.S. Design Patent Nos. D877,416 and D867,664.

**I. INTRODUCTION**

**A. Procedural History**

Complainant Lashify, Inc. (“Lashify”) filed a complaint on September 10, 2020. 85 Fed. Reg. 68,366-367 (Oct. 28, 2020). The complaint alleged violations of section 337 based on the importation and sale of certain artificial eyelash extension systems, products, and components thereof that purportedly infringe U.S. Patent No. 10,660,388 (“the ’388 patent”); U.S. Patent No. 10,721,984 (“the ’984 patent”); U.S. Design Patent No. D877,416 (“the D’416 patent”); and U.S. Patent No. D867,664 (“the D’664 patent”). *Id.* The Commission voted to institute this Investigation on October 23, 2020 and the Notice of Institution (“NOI”) was published on October 28, 2020. *Id.* The NOI named the following entities as Respondents: KISS Nail Products, Inc. (“KISS”); Ulta Beauty, Inc; CVS Health Corporation; Walmart, Inc. (“Walmart”); Qingdao Hollyren Cosmetics Co., Ltd. d/b/a Hollyren (“Hollyren”); Qingdao Xizi International Trading Co., Ltd. d/b/a Xizi Lashes (“Xizi Lashes”); Qingdao LashBeauty Cosmetic Co., Ltd. d/b/a Worldbeauty (“Worldbeauty”); Alicia Zeng d/b/a Lilac St. and Artemis Family Beginnings, Inc. (collectively, “Lilac”); and Rachael Gleason d/b/a Avant Garde Beauty Co. *Id.* The Office of Unfair Import Investigations (“Staff”) is also a party to the Investigation. *Id.*

On January 22, 2021, the undesignated granted Lashify’s motion for leave to amend the complaint and NOI to substitute CVS Pharmacy, Inc. (“CVS”) in place of named Respondent CVS Health Corporation and Ulta Salon, Cosmetics & Fragrance, Inc. (“Ulta”) in place of named Respondent Ulta Beauty, Inc. Order No. 10, *not reviewed* by Comm’n Notice (Feb. 10, 2021); *see also* 86 Fed. Reg. 9535 (Feb. 16, 2021).

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On April 23, 2021, claims 2-4 and 7 of the '388 patent and claims 6-8, 12, 18-19, 25-26, and 29 of the '984 patent were terminated from the Investigation. *See Order No. 24, not reviewed by Comm'n Notice (May 11, 2021).*

On May 6, 2021, Rachael Gleason d/b/a Avant Garde Beauty Company was terminated from the Investigation based on a Consent Order Stipulation and a Proposed Consent Order. *See Order No. 28, not reviewed by Comm'n Notice (May 20, 2021).*

On June 9, 2021, the undersigned granted-in-part the KISS Respondents<sup>1</sup> Motion for Summary Determination of No Domestic Industry. *See Order No. 35.* Specifically, the undersigned found that Lashify had failed to satisfy the technical prong of the domestic industry for the '388 patent. *Id.* at 9. The Commission determined not to review the Initial Determination on July 9, 2021. *See* EDIS Doc. ID 746362.

Prior to the hearing, claims 2-5, 10-11, 14, 17, 21-22, and 24 of the '984 patent were terminated from the Investigation. *See Order No. 38 (June 22, 2021), not reviewed by Comm'n Notice (July 6, 2021).*

The evidentiary hearing was held July 12–15, 2021.

### **B. The Private Parties**

#### **1. Complainant Lashify, Inc.**

Lashify, Inc. is a corporation organized and existing under the laws of Delaware with its principal place of business at 11437 Chandler Boulevard, Suite A, Glendale, California 91601. Compl. at ¶ 11.

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<sup>1</sup> KISS, Ulta, Walmart, and CVS are collectively referred to as the “KISS Respondents.”

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### **2. The Respondents**

#### **a) The KISS Respondents**

##### **i) KISS Nail Products, Inc.**

KISS is a New York corporation with its principal place of business at 25 Harbor Park Drive, Port Washington, NY 11050. RIB at 3; Compl. at ¶ 19. KISS sells the KISS Accused Products [REDACTED]  
[REDACTED] Compl. at ¶ 19; CX-2660.0007-0008; CX-1914C.0107-0109.

##### **ii) Ulta Salon, Cosmetics & Fragrance, Inc.**

Ulta Beauty, Inc. is a company organized under the laws of Delaware, having a place of business at 1000 Remington Boulevard, Suite 120, Bolingbrook, Illinois 60440. Compl. at ¶ 21. Ulta Beauty, Inc. is a holding company that includes Ulta Salon, Cosmetics & Fragrance, Inc. *Id.* at ¶ 22. Ulta operates a chain of retail beauty stores throughout the U.S., offering cosmetics and salon services. CIB at 16-17; *see also* Compl. Ex. 22. Ulta is a reseller of the KISS Accused Products. CIB at 17; RIB at 3; Compl. at ¶ 22

##### **iii) Walmart, Inc.**

Walmart, Inc. is a corporation organized under the laws of Delaware, with its headquarters at 702 SW 8th Street, Bentonville, AR 72716. Compl. at ¶ 23. Walmart is a reseller of the KISS Accused Products. CIB at 17; RIB at 3; Compl. at ¶ 24.

##### **iv) CVS Pharmacy, Inc.**

CVS Health Corporation is organized under the laws of Rhode Island, with its headquarters at One CVS Drive, Woonsocket, RI 02895. Compl. at ¶ 25. CVS Health Corporation is a holding company with no business operations. EDIS Doc ID 729987 at Joint Stip. of Lashify and CVS.

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CVS Pharmacy, Inc, is wholly owned by CVS Health Corporation, and is the entity that operates CVS-branded retail stores. *Id.* CVS is a reseller of the KISS Accused Products. CIB at 17; RIB at 3; Compl. at ¶ 26.

### **b) Qingdao Hollyren Cosmetics Co., Ltd. d/b/a Hollyren**

Hollyren is a corporation organized and existing under the laws of China, with its headquarters at No. 3 Qianbali East Road, Pingdu Development Zone, Pingdu City, Qingdao City, Shandong Province, China. Compl. at ¶ 27. Hollyren sells, manufactures, and imports false eyelash products, including false lashes and related accessories, tools for application, storage cartridges, and private label products. *Id.* at ¶ 28; *see also* CIB at 17. [REDACTED]

[REDACTED]

[REDACTED]

### **c) Qingdao Xizi International Trading Co., Ltd.**

Xizi Lashes is a company organized under the laws of China, having a place of business at No. 3 Qianbali East Road, Pingdu Development Zone, Pingdu City, Qingdao City, Shandong Province, China. Compl. at ¶ 29. As noted above, [REDACTED]

[REDACTED] RIB at 3.

### **d) Qingdao LashBeauty Cosmetic Co., Ltd. d/b/a Worldbeauty**

Worldbeauty is a corporation organized and existing under the laws of China, with its headquarters at Room 219, No. 2 Building Yinhua Plaza, No. 190 Shandong Road, Shibei District Qingdao, China, 266034. Compl. at ¶ 31. Worldbeauty sells, manufactures, and imports false eyelash products, including false lashes, accessories, and private label products, and is the alleged manufacturer of the Accused Products of Respondent Lilac St. *Id.* at ¶ 32; *see also* Compl. Ex. 33.

[REDACTED] JX-0221C.0065-0066.

**e) Alicia Zeng, Lilac St., and Artemis Family Beginnings, Inc.**

Alicia Zeng is an individual residing at 918 Capp St., San Francisco, CA 94110. Compl. at ¶ 33. Ms. Zeng does business under the name “Lilac St.” for the purposes of making, importing, and selling the Lilac Accused Products. *Id.* Lilac St. is the d/b/a name of Artemis Family Beginnings, a Delaware corporation with a place of business at 918 Capp St., San Francisco, California 94110. RIB at 3; Compl. at ¶ 33. Ms. Zeng is Artemis’s founder and CEO. RIB at 3. Lashify alleges that the Lilac Accused Products are manufactured by Worldbeauty, and Lilac acts as a distributor that rebrands and resells such products in the United States. Compl. at ¶ 34.

**C. Overview of the Technology**

This Investigation involves “artificial eyelash extensions, cartridges for packaging and storage of artificial eyelash extensions, application devices, bonding agents, and removers, as well as artificial eyelash extension systems containing one or more of the same.” 85 Fed. Reg. 68,366-367 (Oct. 28, 2020); *see also* Compl. at ¶ 37 (“[T]he Accused Products or categories of Accused Products are artificial eyelash extensions, cartridges for packaging and storage of artificial eyelash extensions, application devices, bonding agents, and removers, as well as artificial eyelash extension systems containing one or more of the same.”)

**D. Products at Issue**

**1. The Accused Products**

**a) KISS Respondents**

The KISS Accused Products are as follows:

<b>Product Name</b>	<b>Product ID</b>
KISS Falscara Eyelash Starter Kit	KFCK01, KFCK02, KFCK03
KISS Falscara Eyelash Wisps 01 Lengthening Wisps	KFCL01
KISS Falscara Eyelash Wisps 01 Volumizing Wisps	KFCL02
KISS Falscara Eyelash – Wisps 01 – Lifting Wisps	KFCL03
KISS Falscara Eyelashes	KFCM01, KFCM03

CIB at 24.

**b) Worldbeauty**

The Worldbeauty Accused Products are as follows:

<b>Product Name</b>	<b>Product ID</b>
TGSS	N/A
TSD (E Lash)	N/A
DIY Product Line	DIY C1; DIY C2; DIY C2 Feather; DIY C3 Originals; DIY C3 Light Brown; DIY C3 Dark Brown; DIY C4; DIY C5; DIY C6; DIY C7; DIY C8; DIY C9; DIY C10
GPB Product Line BDL Line	GPB BDL22; GPB BDL53; GPB BDL55
GPB Product Line S Line	GPB S9; GPB S10; GPB S11; GPB S18; GPB S19; GPB S20; GPB S21
GPC Product Line	GPC S1; GPC S2; GPC S3; GPC S4; GPC S5; GPC S6; GPC S7; GPC S8; GPC S12; GPC S13; GPC S14; GPC S15; GPC S16; GPC S17

CIB at 25.

**c) Hollyren**

The Hollyren Accused Products are set forth below:

Product Name	Product ID
Superfine Band Clusters	DD702, DD703, DD704, DD705, DD706, DD707
Applicator	CX1514
Storage Cartridge	DX02059G0004

*Id.*

**d) Lilac**

Lilac's Accused Products are the Lilac Starter Kit, Lilac Lash/Originals, and Lilac Feather.

*Id.*

**2. The Domestic Industry Products**

Lashify alleges that its Domestic Industry Products are its DIY, salon-style lash extension system.<sup>2</sup> CIB at 23. According to Lashify, the system is comprised of the Gossamer lash extensions in styles A (Amplify), B (Bold), C (Curl), D (Drama), E (Extreme), EE (Extra Extreme), F (Fluffy), and their variations (such as the Prismatics and Starburst); Fuse Control Wands; Wandoms (covers that are placed over the tips of the Fuse Control Wand to keep it from becoming sticky or otherwise being affected by the bond or remover); Bonds and Sealers; Removers; and a Storage Box designed to store these components. *Id.* at 23-24.

**II. IMPORTATION**

Respondents do not contest that the importation requirement is met. RIB at 6-7; *see also* CX-0424C.0008-.0014; CX-0427C at 55:24-57:23; CX-0430C at 27:14-30:1; CX-0432C at 23:23-24:20, 29:13-31:11; CX-0438C at 25:5-28:13, 29:23-25; CX-1839C; CX-1968C.0007-13; CX-

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<sup>2</sup> Respondents and Staff dispute which Lashify products should be considered in the domestic industry analysis. *See* RIB at 87; SIB at 76. This will be addressed in the discussion on economic prong. *See* Section VIII, *infra*.

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1845.0001 n.1; CX-2382.0001-0002 n.1; CX-0423.0030; JX-0220C.0008-.0013; CX-1909C.0003-.0006; JX-0221C.0008-.0012; CX-2526; CX-1645C.

### **III. JURISDICTION**

Respondents do not contest that the Commission has jurisdiction (subject matter, personal, and *in rem*) over this Investigation. RIB at 6-7.

### **IV. RELEVANT LAW**

#### **A. Infringement – Utility Patent**

In a section 337 investigation, the complainant bears the burden of proving infringement of the asserted patent claims by a preponderance of the evidence. *Spansion, Inc. v. Int'l Trade Comm'n*, 629 F.3d 1331, 1349 (Fed. Cir. 2010). This standard “requires proving that infringement was more likely than not to have occurred.” *Warner-Lambert Co. v. Teva Pharm. USA, Inc.*, 418 F.3d 1326, 1341 n.15 (Fed. Cir. 2005).

##### **1. Literal Infringement**

Literal infringement is a question of fact. *Finisar Corp. v. DirecTV Grp., Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). Literal infringement requires the patentee to prove that the accused device contains each limitation of the asserted claim(s). If any claim limitation is absent, there is no literal infringement of that claim as a matter of law. *Bayer AG v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1247 (Fed. Cir. 2000).

##### **2. Indirect Infringement**

Indirect infringement may be either induced or contributory. Direct infringement must first be established in order for a claim of indirect infringement to prevail. *BMC Res. v. Paymentech*, 498 F.3d 1373, 1379 (Fed. Cir. 2007).

**a) Induced Infringement**

Section 271(b) of the Patent Act provides: “Whoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. §271(b) (2008). To establish liability, the patent holder must prove that “once the defendants knew of the patent, they ‘actively and knowingly aid[ed] and abett[ed] another’s direct infringement.’” *DSU Med. Corp. v. JMS Co., Ltd.* 471 F.3d 1293, 1305 (Fed. Cir. 2006) (en banc) (citations omitted). A finding of induced infringement requires “evidence of culpable conduct, directed to encouraging another’s infringement, not merely that the inducer had knowledge of the direct infringer’s activities.” *Id.* at 1306. Although §271(b) requires knowledge that the induced acts constitute patent infringement, the Supreme Court has held that liability will also attach when the defendant is willfully blind. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068-2069 (2011). The burden is on the complainant to prove that the respondent had the specific intent and took action to induce infringement. *DSU*, 471 F.3d at 1305-06. Intent may be proven by circumstantial evidence. *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1322 (Fed. Cir. 2009).

**B. Infringement – Design Patent**

The test for determining infringement of a design patent is the “ordinary observer” test. *See Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008) (en banc). In defining the “ordinary observer” test, the Supreme Court stated:

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

*Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871). Thus, “the test for design patent infringement is not identity, but rather sufficient similarity.” *Pacific Coast Marine Windshields, Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 701 (Fed. Cir. 2014); *see also L.A. Gear, Inc. v. Thom McAn Shoe Co.*,

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988 F.2d 1117, 1125 (Fed. Cir. 1993) (design patent infringement requires determining “whether ‘the effect of the whole design [is] substantially the same.’”).

### **1. Claim Construction**

“Design patents ‘typically are claimed as shown in drawings,’ and claim construction ‘is adapted accordingly.’” *Egyptian Goddess, Inc.*, 543 F.3d at 679.

### **C. Validity**

A patent is presumed valid. *See* 35 U.S.C. § 282; *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011). A respondent who has raised patent invalidity as an affirmative defense has the burden of overcoming this presumption by clear and convincing evidence. *See Microsoft*, 564 U.S. at 95.

#### **1. 35 U.S.C. § 103 (Obviousness)**

Under 35 U.S.C. §103, a patent may be found invalid for obviousness if “the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains.” 35 U.S.C. §103. Because obviousness is determined at the time of invention, rather than the date of application or litigation, “[t]he great challenge of the obviousness judgment is proceeding without any hint of hindsight.” *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 655 F.3d 1364, 1375 (Fed. Cir. 2011) (“*Star II*”).

When a patent is challenged as obvious, the critical inquiry in determining the differences between the claimed invention and the prior art is whether there is an apparent reason to combine the known elements in the fashion claimed by the patent at issue. *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 417-418 (2007). The Federal Circuit has since held that when a patent is challenged

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as obvious, based on a combination of several prior art references, “the burden falls on the patent challenger to show by clear and convincing evidence that a person of ordinary skill in the art would have had reason to attempt to make the composition or device, or carry out the claimed process, and would have had a reasonable expectation of success in doing so.” *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1360 (Fed. Cir. 2007) (citations omitted).

Obviousness is a determination of law based on underlying determinations of fact. *Star II*, 655 F.3d at 1374. The factual determinations behind a finding of obviousness include: (1) the scope and content of the prior art, (2) the level of ordinary skill in the art, (3) the differences between the claimed invention and the prior art, and (4) secondary considerations of non-obviousness. *KSR*, 550 U.S. at 399 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)). These factual determinations are referred to collectively as the “*Graham* factors.” Secondary considerations of non-obviousness include commercial success, long felt but unresolved need, and the failure of others. *Id.* When present, secondary considerations “give light to the circumstances surrounding the origin of the subject matter sought to be patented,” but they are not dispositive on the issue of obviousness. *Geo. M. Martin Co. v. Alliance Mach. Sys. Int'l.*, 618 F.3d 1294, 1304-06 (Fed. Cir. 2010). A court must consider all of the evidence from the *Graham* factors before reaching a decision on obviousness. For evidence of secondary considerations to be given substantial weight in the obviousness determination, its proponent must establish a nexus between the evidence and the merits of the claimed invention. *W. Union Co. v. MoneyGram Payment Sys. Inc.*, 626 F.3d 1361, 1372-73 (Fed. Cir. 2010) (citing *In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed. Cir. 1995)).

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### **2. 35 U.S.C. § 112 (Written Description)**

The hallmark of the written description requirement is the disclosure of the invention.

*Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc). The test for determining the sufficiency of the written description in a patent requires “an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.” *Id.* Compliance with the written description requirement is a question of fact and “the level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology.” *Id.*

### **3. 35 U.S.C. § 112 (Enablement)**

Section 112 of the Patent Act requires that a patent specification “enable any person skilled in the art to which it pertains . . . to make and use” the claimed invention. 35 U.S.C. § 112, ¶ 1 (pre-AIA). “Claims are not enabled when, at the effective filing date of the patent, one of ordinary skill in the art could not practice their full scope without undue experimentation.” *Wyeth & Cordis Corp. v. Abbott Labs.*, 720 F.3d 1380, 1384 (Fed. Cir. 2013). The enablement requirement “prevents . . . overbroad claiming that might otherwise attempt to cover more than was actually invented.” *MagSil Corp. v. Hitachi Glob. Storage Techs., Inc.*, 687 F.3d 1377, 1381 (Fed. Cir. 2012). “The scope of the claims must be less than or equal to the scope of the enablement to ensure that the public knowledge is enriched by the patent specification to a degree at least commensurate with the scope of the claims.” *Sitrick v. Dreamworks, LLC*, 516 F.3d 993, 999 (Fed. Cir. 2008).

Enablement is a question of law based on underlying facts. *Wyeth & Cordis Corp.*, 720 F.3d at 1384. In analyzing whether the full scope of a claim is enabled, the Federal Circuit has

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considered the following factors: “(1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.” *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1988). However, the *Wands* factors “are illustrative, not mandatory.” *Amgen, Inc. v. Chugai Pharm. Co., Ltd.*, 927 F.2d 1200, 1213 (Fed. Cir. 1991).

### **D. Domestic Industry**

For a patent-based complaint, a violation of section 337 can be found “only if an industry in the United States, relating to the articles protected by the patent . . . concerned, exists or is in the process of being established.” 19 U.S.C. § 1337(a)(2). This domestic industry requirement of section 337 is often described as having an economic prong and a technical prong. *InterDigital Commc’ns, LLC v. Int’l Trade Comm’n*, 707 F.3d 1295, 1298 (Fed. Cir. 2013); *Certain Stringed Musical Instruments & Components Thereof*, Inv. No. 337-TA-586, USITC Pub. 4120, 2009 WL 5134139 (Dec. 2009), Comm’n Op. at 12-14. The complainant bears the burden of establishing that the domestic industry requirement is satisfied. See *Certain Set-Top Boxes & Components Thereof*, Inv. No. 337-TA-454, ID at 294, 2002 WL 31556392 (June 21, 2002) (unreviewed by Commission in relevant part).

#### **1. Economic Prong**

Section 337(a)(3) sets forth the following economic criteria for determining the existence of a domestic industry in such investigations:

- (3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned –
  - (A) significant investment in plant and equipment;
  - (B) significant employment of labor or capital; or

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- (C) substantial investment in its exploitation, including engineering, research and development, or licensing.

19 U.S.C. § 1337(a)(3). Thus, section 337(a)(3) requires that investments be either “significant” or “substantial.” The Federal Circuit has clarified that a quantitative analysis must be performed in order to make this determination. *Lelo Inc. v. Int'l Trade Comm'n*, 786 F.3d 879, 883 (Fed. Cir. 2015) (“The plain text of § 337 requires a quantitative analysis in determining whether a [complainant] has demonstrated a ‘significant investment in plant and equipment’ or ‘significant employment of labor or capital.’”). There is no threshold amount that a complainant must meet. *See Certain Stringed Musical Instruments & Components Thereof*, Inv. No. 337-TA-586, Comm'n Op. at 25-26 (May 16, 2008) (“We emphasize that there is no minimum monetary expenditure that a complainant must demonstrate to qualify as a domestic industry under the ‘substantial investment’ requirement of this section.”); *Certain Male Prophylactic Devices*, Inv. No. 337-TA-546, Comm'n Op. at 39 (Aug. 1, 2007) (“*Male Prophylactic Devices*”) (“[T]here is no mathematical threshold test.”). Rather, the inquiry depends on “the facts in each investigation, the article of commerce, and the realities of the marketplace.” *Certain Printing & Imaging Devices & Components Thereof*, Inv. No. 337-TA-690, Comm'n Op. at 27 (Feb. 17, 2011). As such, “[t]he determination takes into account the nature of the investment and/or employment activities, the industry in question, and the complainant’s relative size.” *Id.*

### **2. Technical Prong**

The technical prong of the domestic industry requirement is satisfied when the complainant in a patent-based section 337 investigation establishes that it is practicing or exploiting the patents at issue. *See* 19 U.S.C. § 1337(a)(2) and (3); *Certain Microsphere Adhesives, Process for Making Same & Prods. Containing Same, Including Self-Stick Repositionable Notes*, Inv. No. 337-TA-366, Comm'n Op. at 8, 1996 WL 1056095 (Jan. 16, 1996). “The test for satisfying the ‘technical

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prong' of the industry requirement is essentially [the] same as that for infringement, *i.e.*, a comparison of domestic products to the asserted claims." *Alloc, Inc. v. Int'l Trade Comm'n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003). To prevail, the patentee must establish by a preponderance of the evidence that the domestic product practices one or more claims of the patent. It is sufficient to show that the products practice any claim of that patent, not necessarily an asserted claim of that patent. *See Certain Male Prophylactic Devices*, Inv. No. 337-TA-546, Comm'n Op. at 38 (Aug. 1, 2007).

### **V. U.S. PATENT NO. 10,721,984**

#### **A. Overview**

The '984 patent, entitled "Artificial Lash Extensions," issued on July 28, 2020 to Sahara Lotti. The '984 patent is assigned to Lashify.<sup>3</sup> The '984 patent is directed to artificial lashes. Specifically, it relates to "clusters of artificial eyelash extensions that can be applied to the underside of an individual's natural eyelashes."<sup>4</sup> JX-0002 at 1:16-18.

#### **1. Asserted Claims**

Lashify is asserting all, or a subset, of claims 1, 9, 13, 23, and 27-28 of the '984 patent against each of the Respondents. CIB at 30, 39, 45, 51. These claims read as follows<sup>5</sup>:

1. [pre] A lash extension comprising:

[a] a plurality of first artificial hairs, each of the first artificial hairs having a first heat fused connection to at least one of the first artificial hairs adjacent thereto in order to form a first cluster of artificial hairs, the first heat fused connection defining a first base of the first cluster of artificial hairs; and

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<sup>3</sup> Lashify owns by assignment the entire right, title, and interest in the '984 patent. Compl. at ¶ 56.

<sup>4</sup> The '984 patent refers to artificial hairs made of synthetic materials, such as polybutylene terephthalate ("PBT"). JX-0002 at 2:39-43, cl. 9. The Accused Products and domestic industry products are made of materials including PBT and polyethylene terephthalate ("PET"). *See CX-2095C* at Q/As 40, 47-50.

<sup>5</sup> The undersigned has adopted the Parties' numbering of the claim limitations. *See* CIB at 30-36; SIB at 16; RLUL.

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[b] a plurality of second artificial hairs, each of the second artificial hairs having a second heat fused connection to at least one of the second artificial hairs adjacent thereto in order to form a second cluster of artificial hairs, the second heat fused connection defining a second base of the second cluster of artificial hairs,

[c] the first base and the second base are included in a common base from which the first cluster of artificial hairs and the second cluster of artificial hairs extend,

[d] the first cluster of artificial hairs and the second cluster of artificial hairs are spaced apart from each other along the common base,

[e] the common base, first cluster of artificial hairs, and second cluster of artificial hairs collectively forming a lash extension configured to be attached to a user.

9. The lash extension according to claim 1, wherein each of the first artificial hairs or each of the second artificial hairs is formed of a polybutylene terephthalate (PBT).
13. The lash extension according to claim 1, wherein the base has a thickness between about 0.05 millimeters and about 0.15 millimeters.
23. [pre] A lash extension comprising:
  - [a] a plurality of first artificial hairs having a plurality of first proximal end portions and a plurality of first distal end portions, the first proximal end portions being heat fused together such that a first cluster of artificial hairs is defined; and
  - [b] a plurality of second artificial hairs having a plurality of second proximal end portions and a plurality of second distal end portions, the second proximal end portions being heat fused together such that a second cluster of artificial hairs is defined,
  - [c] the first cluster of artificial hairs and the second cluster of artificial hairs being linearly heat fused to a common base spanning between the first proximal end portions and the second proximal end portions,
  - [d] the common base, first cluster of artificial hairs, and second cluster of artificial hairs collectively forming a lash extension that is configured to be attached to a user.
27. The lash extension of claim 23, wherein the base has a length in a range between about 4 millimeters and about 8 millimeters.
28. [pre] A lash extension comprising:
  - [a] a base; and
  - [b] a plurality of clusters of heat fused artificial hairs extending from the base,

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[c] the base having a thickness between about 0.05 millimeters and about 0.15 millimeters,

[d] the base and clusters of artificial hairs collectively forming a lash extension that is configured to be attached to a user.

### 2. **Claim Construction**

The undersigned construed the following terms from the asserted claims as follows<sup>6</sup>:

TERM	CLAIM(S)	CLAIM CONSTRUCTION
“spaced apart [from each other]”	1	Plain and ordinary meaning.  Such as: “placed at intervals or arranged with distance between [the first cluster and the second cluster]”
“heat fused [connection/together]”	1, 23, 28	joined by applying heat to form a single entity
“cluster(s)”	1, 23, 28	group(s) [of artificial hairs/eyelashes/fibers]
“lash extension(s)”	1, 9, 13, 23, 27-28	any eyelash application product(s) used to extend one’s natural lashes

Order No. 26 at 11, 18, 25, 35.

### B. **Infringement**

#### 1. **KISS Accused Products**

Lashify asserts that the KISS Accused Products infringe claims 1, 9, 23, and 27 of the '984 patent. CIB at 30. Respondents disagree and assert that the KISS Accused Products do not infringe any of the asserted claims. RIB at 17-42. Staff agrees with Respondents. SIB at 18.

##### a) **Claim 1**

Lashify argues that the KISS Accused Products meet each and every limitation of claim 1. CIB at 30, 36. Respondents argue that the KISS Accused Products do not meet limitations 1[a]-[e]. RLUL at 1. Respondents, however, do not dispute that the following portions of those limitations are met: “a plurality of first artificial hairs,” “a common base,” “the common base,”

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<sup>6</sup> The undersigned previously determined “a person of ordinary skill in the art with respect to the . . . '984 patent[] would have at least a bachelor’s degree or higher in materials science, chemistry, physics, or equivalent professional experience.” Order No. 26 at 6.

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and “forming a lash extension configured to be attached to a user.” *Id.* Staff contends that the KISS Accused Products do not meet the following limitations: “heat fused,” “clusters,” “first base,” “second base,” “the first and the second base are included in a common base,” and “spaced apart.” SIB at 31.

### i) “heat fused” (Limitations 1[a] and 1[b])

The term “heat fused” is recited in limitations 1[a] and 1[b], which read as follows: “a plurality of first artificial hairs, each of the first artificial hairs having a first heat fused connection to at least one of the first artificial hairs adjacent thereto in order to form a first cluster of artificial hairs, the first heat fused connection defining a first base of the first cluster of artificial hairs” and “a plurality of second artificial hairs, each of the second artificial hairs having a second heat fused connection to at least one of the second artificial hairs adjacent thereto in order to form a second cluster of artificial hairs, the second heat fused connection defining a second base of the second cluster of artificial hairs.” JX-0002, cl. 1.

Lashify argues that Dr. Iezzi confirmed via visual inspection that the fibers in the KISS Accused Products are heat fused and deformed. CIB at 30-31. Lashify explains that Dr. Iezzi also examined images of the internal structures of the KISS Accused Products created by Eurofins.<sup>7</sup> *Id.* Lashify argues that an exemplary image from the KFLC02 Accused Product shows a plurality of hairs/fibers that have been joined using heat to the adjacent fibers to form a single entity. *Id.*

Lashify contends that Respondents’ evidence of the manufacturing process for the KISS Accused Products is unreliable. *Id.* at 32; CRB at 4. In addition, Lashify argues that the Microtrace<sup>8</sup> images relied on by Respondents do not show that the fibers are not heat fused within the bases.

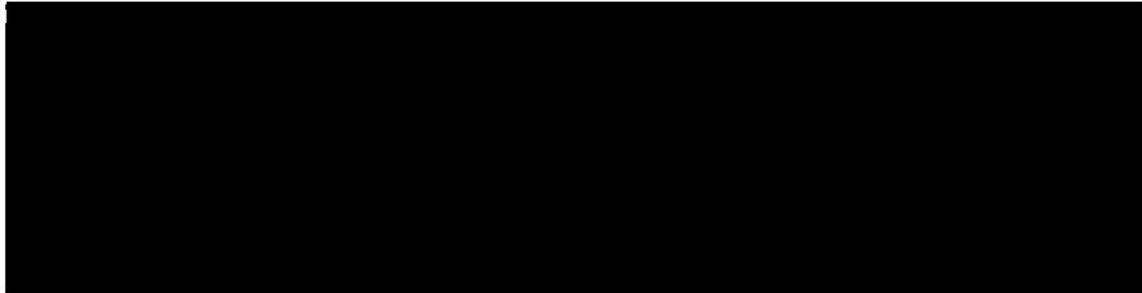
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<sup>7</sup> Dr. Iezzi engaged Eurofins Material Science Laboratories (“Eurofins”) to perform imaging on the Accused Products. See CX-2095C at Q/A 16.

<sup>8</sup> Respondents engaged Microtrace LLC (“Microtrace”) to perform imaging on the KISS Accused Products. See RX-1688C at Q/A 296.

CIB at 33. Lashify also contends that Respondents' solvent testing denatured and destroyed the heat fused connections, and that Dr. Wanat further destroyed them by pulling apart the products. *Id.*

According to Respondents, the KISS Accused Products are not made with heat fusion. RIB at 17. Respondents write:

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*Id.* They assert that Dr. Wanat's tests confirm the lack of heat fusion in the KISS Accused Products, while Dr. Iezzi's analysis is unreliable because he did not perform any control tests on known glue-only or heat fused only products. *Id.* at 19-21.

In addition, Respondents submit that Dr. Wanat performed solvent testing on each KISS Accused Product and five control samples that shows that individual fibers in the KISS Accused Products are not connected after the glue is removed. *Id.* According to Respondents, Dr. Wanat used a variety of control samples, including only heat fused, only glued, and both heat fused and glued products. *Id.* at 22. Respondents assert that tests on the control samples known to be heat fused confirm that mineral spirits do not dissolve or remove heat fused connections. *Id.* In contrast, Respondents contend that each of the KISS Accused Products was tested using the same solvent test procedure, which demonstrated no signs that even a single hair was heat fused. *Id.* In fact, Respondents claim that the KISS Accused Products behaved exactly like the control sample that was glued together with no heat applied. *Id.* at 24.

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Respondents argue that Lashify's cross-sectional images of the KISS Accused Products are unreliable and contradictory. *Id.* at 29. Respondents assert that Dr. Iezzi incorrectly alleges that the halos/rings in some of the images are signs of heat fusion. *Id.* Respondents explain that two different techniques were used to prepare the cross-sections: (i) polishing down the base and (ii) ultramicrotomy, which cuts through the base with a sharp blade without polishing. *Id.* Respondents contend that the overlapping halos/rings that Dr. Iezzi points to in the polished sample are missing from the same product prepared by ultramicrotomy. *Id.* at 29-30. According to Respondents, "Dr. Iezzi discarded these exculpatory results without explanation, while admitting at the hearing that polishing creates friction causing heat, that polishing requires applying pressure to the surface of the cross-section using a circular rotating tool, and that in addition diamond particles are used in a solution to physically wear away the surface of the cross-section." *Id.* at 30. Respondents further argue that polishing is not an appropriate method to prepare cross-sections of PBT because it can cause smearing and other artifacts on the surface being polished. *Id.*; *see also* RRB at 7.

Respondents explain that Dr. Wanat asked Microtrace to create its own cross-sections of the KISS Accused Products as well as various control samples.<sup>9</sup> CIB at 31. Respondents contend that ultramicrotomy is the "preferred method" for cross-sectioning because of the softness of the fibers and glue. *Id.* Respondents claim that the results showed no signs of heat fusion in the KISS Accused Products. *Id.* at 31-32. Again, Respondents contend that the KISS Accused Products behaved exactly like the control sample that was glued together with no heat applied. *Id.* at 33.

Staff agrees with Respondents that the KISS Accused Products do not satisfy the "heat fused" claim element. SIB at 19. Staff explains that the KISS Accused Products [REDACTED]

[REDACTED]

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<sup>9</sup> According to Respondents, Microtrace cross-sectioned products known to be heat fused, products known to be glued, and products known to be both heat fused and glued. *Id.* at 31.

[REDACTED] *Id.* Specifically, Staff explains that the KISS Accused Products [REDACTED]

[REDACTED] [REDACTED] *Id.* at 20. Because

neither the adhesive nor the base string are artificial hairs, Staff argues that the KISS Accused Products do not satisfy limitations that require artificial hairs to be directly heat fused together. *Id.*

Staff asserts that Dr. Iezzi's infringement opinions are "overreaching and inconsistent with a more reasonable and conservative interpretation of the images and testing, particularly where his testing protocols damaged the samples during a mechanical polishing step." *Id.* at 20-21. Moreover, Staff points out that Dr. Iezzi did not include any control samples. *Id.* at 21. Staff therefore argues that Dr. Iezzi's testing is unreliable and not persuasive. *Id.* On the other hand, Staff explains that Dr. Wanat obtained images of the KISS Accused Products along with several control samples. *Id.* Staff submits that Dr. Wanat conducted solvent testing, which confirmed that there was no heat fusion in the KISS Accused Products. *Id.*

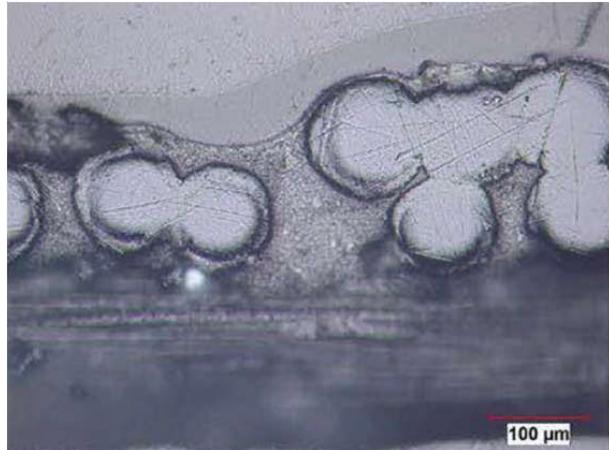
According to Staff, the solvent testing performed by Dr. Wanat is the "'gold standard' for determining whether 'heat fused' connections exist to create a 'single entity' that cannot easily be separated in the absence of adhesive." *Id.* at 21-22. Staff contends that in contrast to the testing of glue-based samples, Dr. Wanat found that the heat fused control samples showed a melted region around the fibers made from additional PBT material from the fiber that has melted, forming a base that fused the whole area together. *Id.* at 24. Staff explains that the heat fused fibers did not have visible boundaries in the heat fused area, or in other words, did not have clear demarcation between two fibers. *Id.* Staff contends that Dr. Wanat did not find a single instance where a cluster or multiple hairs were heat fused together in any of the KISS Accused Products. *Id.* at 25. Staff

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explains that after the glue was removed from the KISS Accused Products, the lash fibers were entirely and easily separated from one another and were not connected. *Id.*

In contrast, Staff asserts that Lashify “cherry picked” the best exemplary cross-sectional image that it had for the KFCL02 Accused Product in an attempt to argue for heat fused connections in all of the KISS Accused Products. *Id.* Staff, however, contends that Dr. Iezzi’s witness statement shows this image along with several other cross-sectional images of the KFCL02 that clearly do not show merging of the material of one fiber with the material of an adjacent fiber. *Id.* at 26-27. Staff contends that comparing images of polished samples to images of samples prepared using ultramicrotomy by Microtrace shows that the discrepancy in Dr. Iezzi’s images is not an isolated occurrence. *Id.* at 27-28. Staff therefore concludes that Dr. Iezzi’s analysis and opinions on the “heat fused” limitations “are flawed and incorrect, and that Lashify’s heat fusion testing cherry-picked a non-representative image of KFCL02, and was unreliable, misleading, and not dispositive of whether there is heat fusion.” *Id.* at 30.

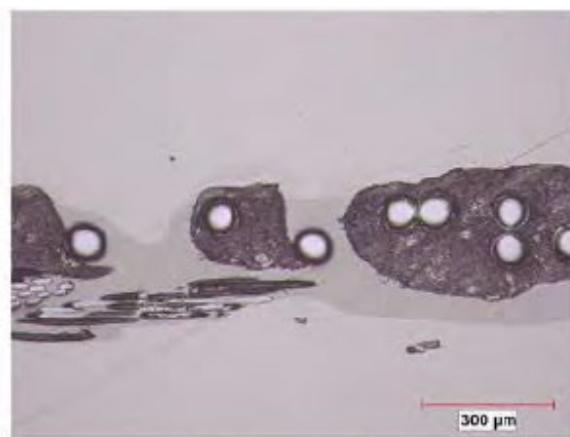
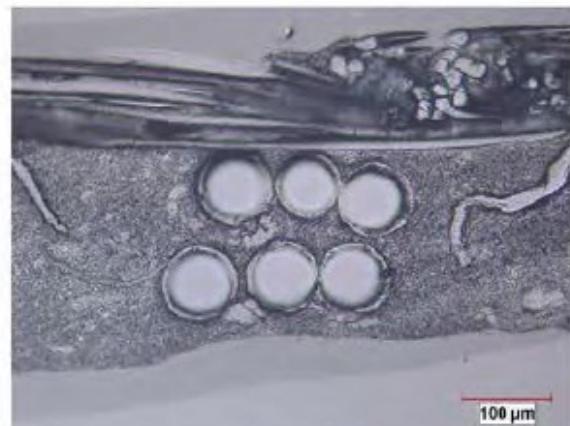
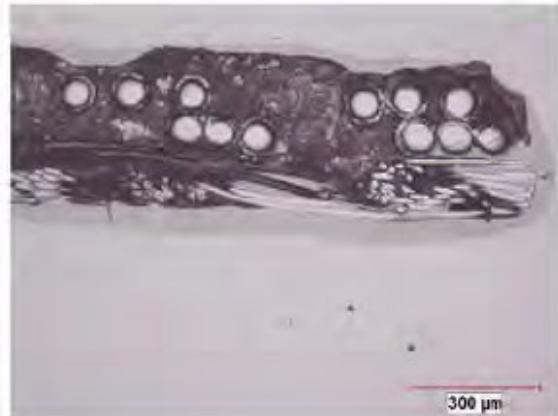
The undersigned finds that the KISS Accused Products do not meet the “heat fused” limitations. Lashify’s brief points to an “exemplary image” of the KFLC02 Accused Product (reproduced below) that allegedly shows “a plurality of hairs/fibers that have been joined, using heat, to the adjacent fibers to form a single entity.” *See* CIB at 31.



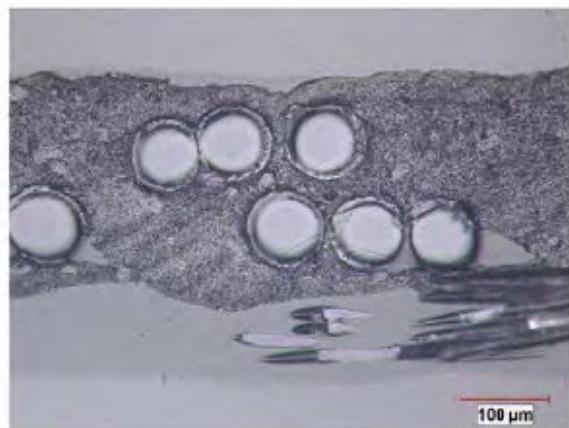
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CX-2095C at Q/A 492. This image, however, appears in Dr. Iezzi's witness statement along with other cross-sectional images of the KFCL01, KFCL02, and KFCL03 Accused Products, as shown below.

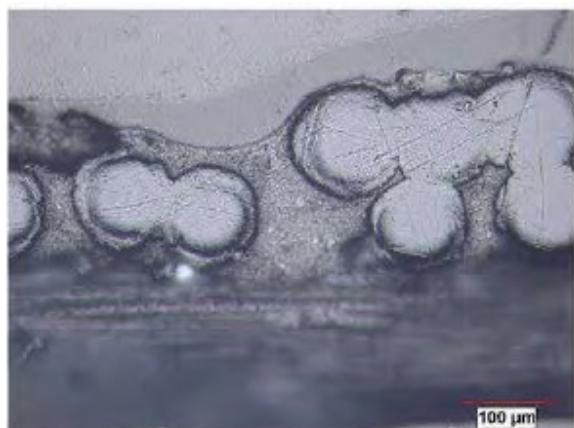
**KFCL01**



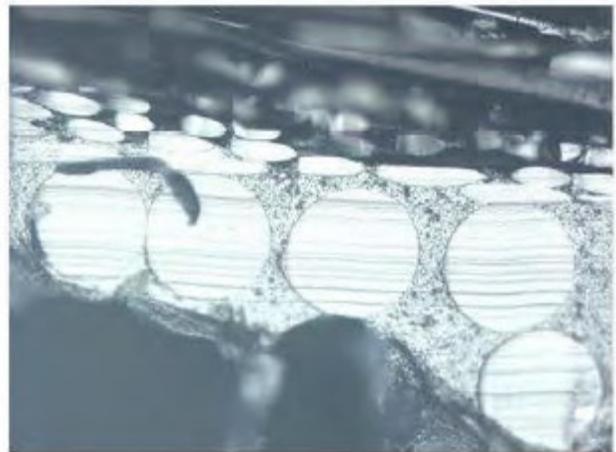
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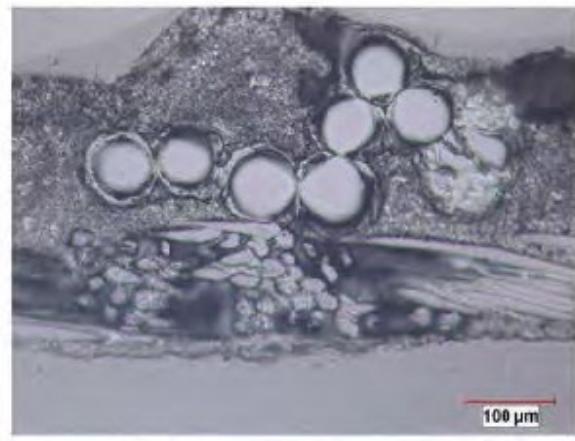
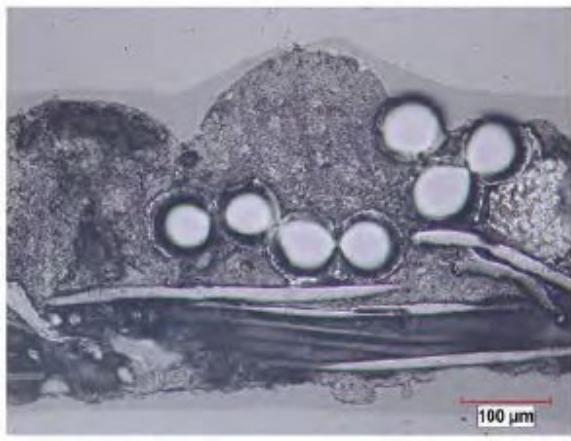
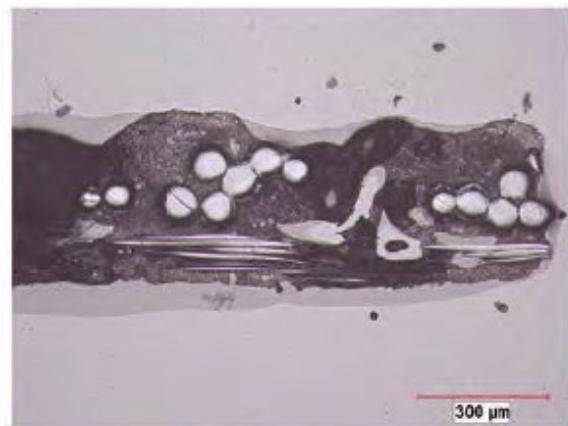
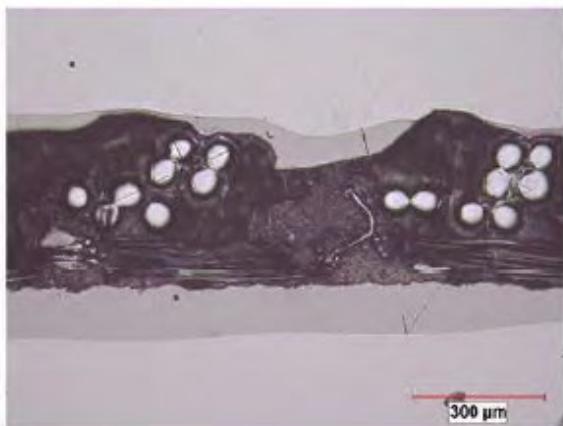
KFCL02

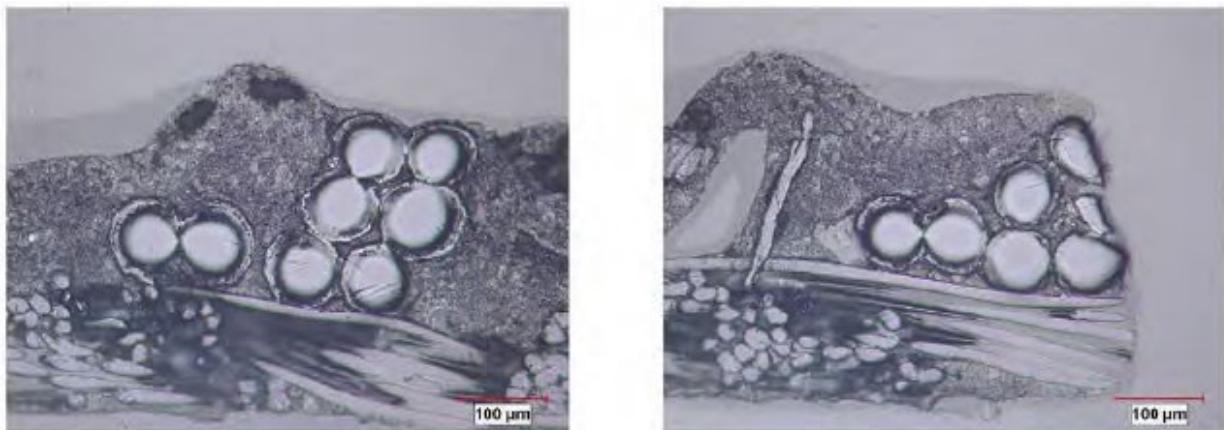


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KFCL03





CX-2095C at Q/A 492.

While some of those images could arguably show the material of one fiber beginning to merge with the material of an adjacent fiber, other images clearly do not show any merging. *See id.* At best, these images provide inconclusive evidence of whether the fibers are joined to form a single entity.<sup>10</sup> Nor does Dr. Iezzi explain why the inconsistent images support his theory of infringement. *See id.* He merely states, for example, that “[t]he fibers in the images are shown as white circles; in some images, the white fiber circles are surrounded in haloes/rings-these haloes/rings are joined outer surfaces of the fibers themselves,” “[t]he fibers are joined as a single entity from the application of heat during the manufacture process,” and that “[t]he joined fibers are visible in the visual inspection.” *Id.* He does not explain why haloes/rings may be visible in same samples and not others. Without explaining how the inconsistent images lead to the same conclusion, the undersigned finds Dr. Iezzi’s analysis is incomplete and not persuasive.

On the other hand, Respondents present cross-sectional images of the KISS Accused Products that effectively rebut Dr. Iezzi’s analysis. First, while the alleged haloes/rings can be seen in some of Dr. Iezzi’s samples prepared by polishing, they are not found in samples prepared by

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<sup>10</sup> Moreover, Lashify’s characterization of Dr. Iezzi’s testimony further confuses its position because Lashify appears to emphasize the fibers also joining with the glue matrix. *See CIB at 31 n.221.*

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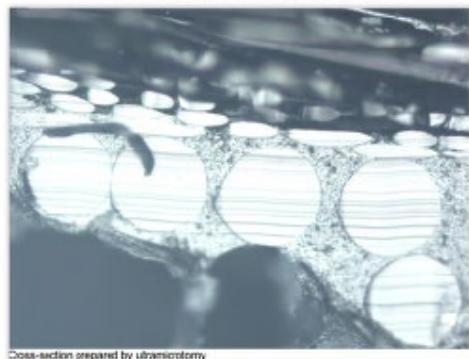
ultramicrotomy. See RX-1688C at Q/A 295. For example, as shown below, Dr. Wanat compares various images of the KFCL01, KFCL02, and KFCL03 Accused Products prepared either by polishing or ultramicrotomy.

### Cross Sections of KFCL02

Prepared by polishing

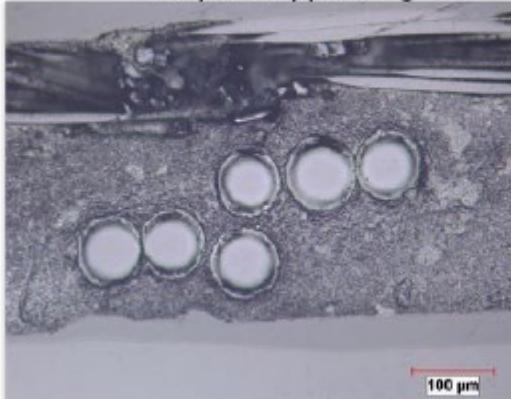


Prepared by microtomy

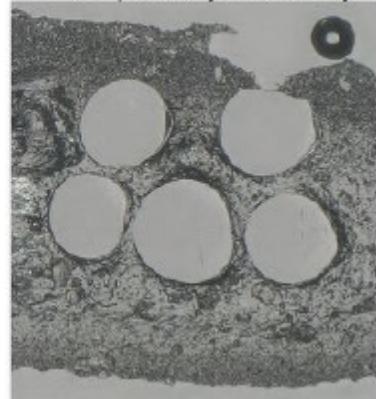


### Cross Sections of KFCL01

Prepared by polishing



Prepared by microtomy



### Cross Sections of KFCL02

Prepared by polishing



Prepared by microtomy

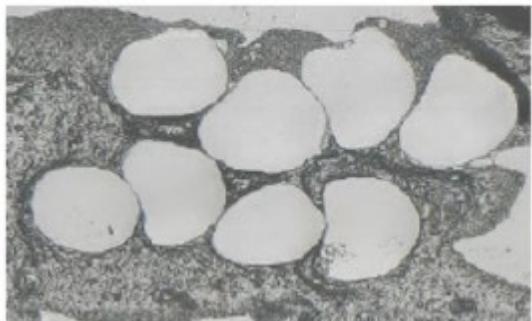


**Cross Sections of KFCL03**

Prepared by polishing

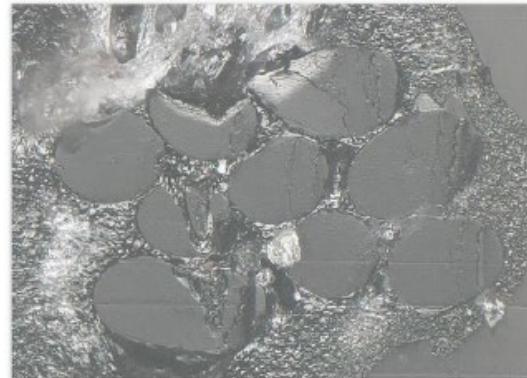
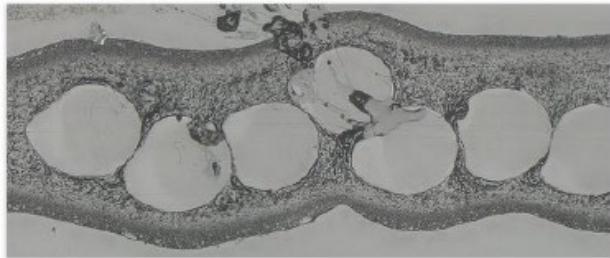


Prepared by microtomy



RX-1688C at Q/As 295, 297, 300, 303. While some of the images on the left (prepared by polishing) show the alleged haloes/rings, the images on the right (prepared by ultramicrotomy) clearly do not. *See id.* As Dr. Wanat explains, Dr. Iezzi's images are not reliable because the polishing step can create smearing and artifacts that damage the samples. *See RX-1688C at Q/As 299, 302, 305-06* ("The process of polishing these samples involves a mechanical rubbing of the surface of the samples, which by definition disturbs the physical surface of the exposed fibers and causes movement of minute amounts of material across the surface being polished. In ultramicrotomy, there is no need for polishing, because the cutting is done with an extremely fine cutting tool."); Wanat, Tr. at 571:3-15; Iezzi, Tr. at 56:14-58:17.

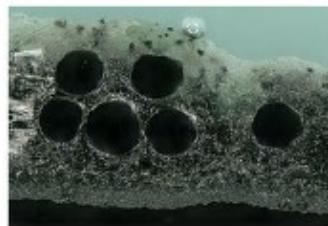
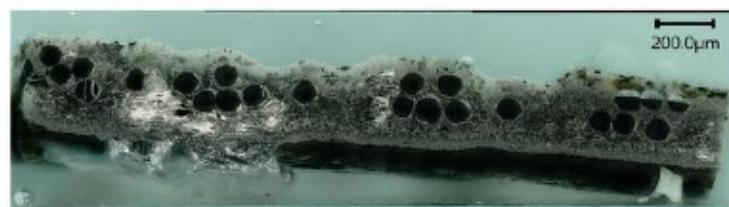
To further demonstrate that polishing causes disturbances in the fibers that ultramicrotomy does not, Dr. Wanat prepared and analyzed various control samples. For example, he prepared control samples where fibers were glued together and were not exposed to heat. RX-1688C at Q/As 307-314. Cross-sectional images of those control samples prepared by ultramicrotomy (as shown below) show fibers with well-defined edges – *i.e.*, no haloes/rings.



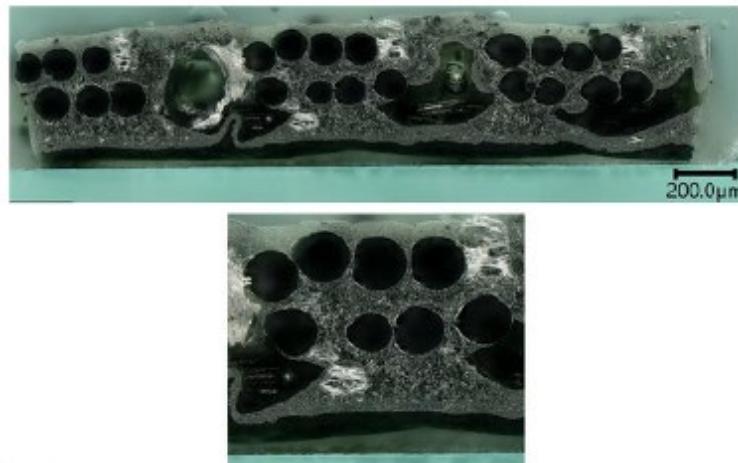
RX-1688C at Q/As 310, 313.

Similarly, cross-sectional images of the KFCL01, KFCL02, and KFCL03 Accused Products (as shown below) prepared by ultramicrotomy show fibers with well-defined boundaries and no haloes/rings.

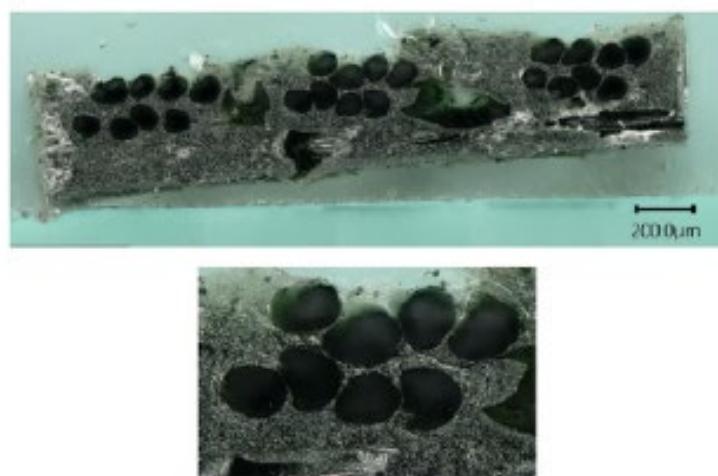
**Cross Sections of KFCL01**



**Cross Sections of KFCL02**



**Cross Sections of KFCL03**

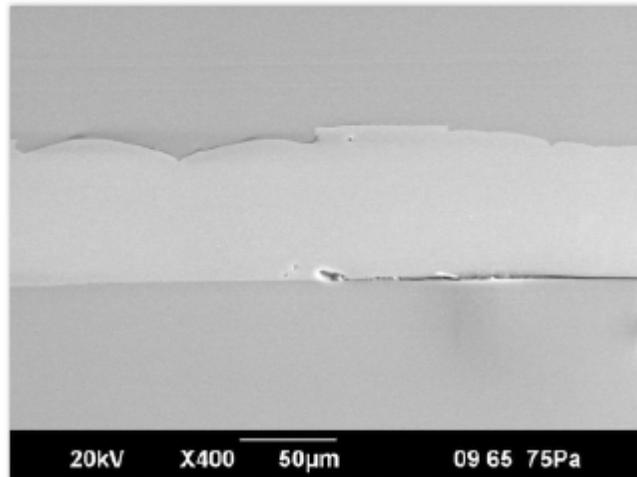


RX-1688C at Q/As 298, 301, 304. As can be seen above, these images do not show any merging of the material of one fiber with the material of an adjacent fiber. Thus, there is no evidence of the fibers being heat fused or joined to form a single entity.

Moreover, these images are in stark contrast with those of a known heat fused product – the PUIE lashes.<sup>11</sup> Reproduced below is a cross-sectional image of the PUIE lash.

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<sup>11</sup> Dr. Iezzi confirmed that the PUIE is a heat fused product. Iezzi, Tr. at 67:10-14.



RX-1688C at Q/As 319-21. This image shows that in a known heat fused product, the fibers have been completely melted and fused together to form one entity.<sup>12</sup> *See id.* In fact, one cannot discern any individual fibers in this image. *See id.* None of the cross-sectional images of the KISS Accused Products even remotely resemble this resulting structure.<sup>13</sup>

In addition, Dr. Wanat performed solvent testing, which supports the conclusion that there is no heat fusion in the KISS Accused Products. Dr. Wanat immersed the products in mineral spirits<sup>14</sup> overnight for approximately 12 hours. *See RX-1688C at Q/A 191.* After removing the products from the mineral spirits and wiping away excess liquid, Dr. Wanat then probed the base of the product and tried to slowly pull the glue base away, and if able to, then probed the remaining fibers to confirm that there were no connections between the fibers. *Id.* at Q/A 191.

Dr. Wanat's solvent testing of the KFCL01 Accused Product shows that the fibers are only connected by glue and that there are no heat fused connections. *See RX-1688C at Q/As 196-204.*

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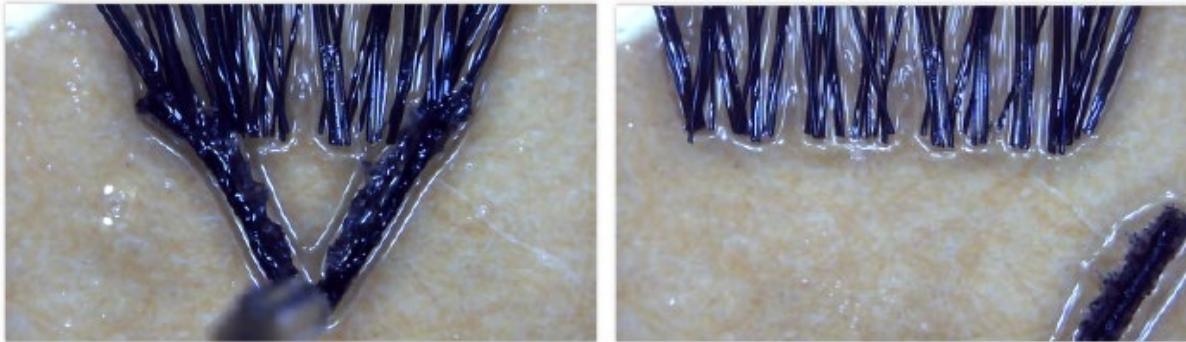
<sup>12</sup> The same is true for the cross-sectional image of a control sample that Dr. Wanat prepared using heat sealing. *See RX-1688C at Q/As 315-18.*

<sup>13</sup> Dr. Iezzi, on the other hand, did not analyze any control samples, such as known glue-only or heat fused-only products. *See Iezzi, Tr. at 66:17-67:17, 201:25-203:6.*

<sup>14</sup> Dr. Wanat used mineral spirits "because PBT and PET have great chemical resistance to mineral spirits." RX-1688C at Q/A 192. Thus, "when the mineral spirits softens and removes the glued base, it does not react with, attack, dissolve, or deform the PBT/PET fibers (i.e., it would not destroy any heat fused connections between fibers or between fibers and other materials capable of heat fusion in the base)." *Id.*

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For example, as shown in the images below, after the KFCL01 is soaked in mineral spirits, the glue base is removed by applying minimal force. *See id.* at Q/As 197-98. And once the base is removed, what remains is individual fibers that are no longer connected. *See id.* at Q/As 199-202.



*Id.* at Q/As 198-99. The KFCL02, KFCL03, KFCM01, and KFCM03 Accused Products demonstrated similar results. *See id.* at Q/As 205-240. This shows that after the glue is removed from the KISS Accused Products, the individual fibers are no longer connected to any other fibers. Thus, there is no heat fusion because nothing other than the glue is holding the fibers together and they are not joined to form a single entity. *See RX-1688C at Q/A 190.*

To validate this solvent testing, Dr. Wanat then performed control tests. *See RX-1688C at Q/A 193.* Specifically, Dr. Wanat performed solvent testing on control samples with PBT fibers that were heat fused together (Control 1 and 2), control samples that he glued together (Control 3), a known heat fused PUIE lash (Control 4), and a known heat fused Hollyren product (Control 5). *See id.* The base of the heat fused control samples (Control 1, 2, 4, and 5) could not be easily removed after soaking in mineral spirits. *See id.* at Q/As 241-55, 265-79. Even when Dr. Wanat pulled hard enough to break the base, the fracture left fibers on both sides of the base, showing that the fibers were heat fused together. *See id.* These results show that in the known heat fused samples, the mineral spirits does not remove the heat fused connections. *See id.* at Q/As 248, 255, 272, 279. In contrast, for the glued sample (Control 3), the glue base was easy to remove and left

individual unconnected fibers, similar to the KISS Accused Products. *See id.* at Q/As 256-64. The undersigned therefore finds that Respondents' solvent testing is persuasive evidence that the KISS Accused Products do not have heat fused connections.

The undersigned further finds that this conclusion is consistent with the description of the manufacturing process for the KISS Accused Products. The Parties agree that during manufacturing, the KISS Accused Products [REDACTED]

[REDACTED] *See RX-1688C at*

Q/As 53-54; CX-2095 at Q/A 87. The evidence, however, confirms that neither PBT nor PET will heat fuse at 120°C under those manufacturing conditions. Semi-crystalline polymers like PBT have a melting temperature (T<sub>m</sub>) of about 225°C and a glass transition temperature (T<sub>g</sub>) of about 55°C.<sup>15</sup> *See RX-1688C at Q/As 68, 70; RX-0007C at Q/As 97-99; 102, 105; CX-2095C at Q/A 55.* Exceeding the glass transition temperature will cause the non-crystalline regions to become more flexible, but the crystalline regions remain rigid. *See RX-1688C at Q/A 67; RX-0007C at Q/As 98, 101.* At the glass transition temperature, the material can bend more easily, but remains solid. *See RX-1688C at Q/As 68, 72.* If the temperature is increased to reach the melting temperature, the crystalline regions will then melt. *See id. at Q/A 70.* Thus, at temperatures at or above the melting temperature, the polymer will flow and can fuse to other pieces of polymer. *See id.* The evidence therefore shows that, absent other conditions, PBT and PET must reach their melting temperature in order to be joined to form a single entity. *See RX-1688C at Q/A 73.* However, because the manufacturing process for the KISS Accused Products [REDACTED]

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<sup>15</sup> The evidence shows that amorphous PET has a T<sub>g</sub> of around 68-69°C and semi-crystalline PET has a T<sub>g</sub> of around 77-82°C. *See RX-0007C at Q/A 102; RX-1298; CX-2095C at Q/A 55.* The evidence also shows that PET has a T<sub>m</sub> of about 260°C. *See RX-0007C at Q/A 112.*

[REDACTED] this is further evidence that they are not joined by applying heat to form a single entity.

For these reasons, the undersigned finds that the KISS Accused Products do not meet the “heat fused” limitations.

**ii) “cluster”; “first base”; “second base”; “the first and the second base are included in a common base”; “spaced apart”**

According to the language of claim 1, the limitations “cluster,” “first base,” “second base,” “the first and the second base are included in a common base,” and “spaced apart” all relate to the “heat fused” limitations. *See JX-0002, cl. 1.* However, because the undersigned found that the KISS Accused Products do not meet the “heat fused” limitations, they cannot meet the “cluster,” “first base,” “second base,” “the first and the second base are included in a common base,” and “spaced apart” limitations of claim 1 for at least the same reasons.

**iii) Conclusion**

Accordingly, for the reasons set forth above, the undersigned finds that the KISS Accused Products do not infringe claim 1 of the ’984 patent.

**b) Claim 23**

While not identical to claim 1, independent claim 23 also recites the term “heat fused.” JX-0002, cls. 1, 23. Therefore, for at least the same reasons as set forth above with respect to claim 1, the undersigned finds that Lashify has failed to prove that the KISS Accused Products meet the limitations in claim 23. Accordingly, the undersigned finds that the KISS Accused Products do not infringe claim 23 of the ’984 patent.

**c) Claims 9 and 27**

Claim 9 depends from independent claim 1, and claim 27 depends from independent claim 23. JX-0002, cls. 1, 9, 23, 27. Because the undersigned has found that independent claims 1 and

23 are not infringed by the KISS Accused Products, it is not necessary to determine whether dependent claims 9 or 27 are infringed. *See Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1552 n.9 (Fed. Cir. 1989) (“One who does not infringe an independent claim cannot infringe a claim dependent on (and thus containing all the limitations of) that claim.”).

**2. Hollyren Accused Products<sup>16</sup>**

Lashify asserts that the Hollyren Accused Products infringe claims 1, 9, 13, 23, and 27-28 of the '984 patent. CIB at 39. Respondents disagree and assert that the Hollyren Accused Products do not infringe the asserted claims. RIB at 42. Staff agrees with Respondents. SIB at 33-39.

**a) Claim 1**

Lashify argues that the Hollyren Accused Products meet each and every limitation of claim 1. CIB at 39-42. Respondents argue that the Hollyren Accused Products do not meet limitations 1[a]-[e]. RLUL at 1. Respondents, however, do not dispute that the following portions of those limitations are met: “a plurality of first artificial hairs,” “a common base,” “the common base,” and “forming a lash extension configured to be attached to a user.” *Id.* Staff contends that the Hollyren Accused Products do not meet the following limitations: “heat fused,” “a first base,” “a second base,” “a common base,” and “spaced apart.” SIB at 33-39.

**i) “heat fused” (Limitations 1[a] and 1[b])**

Lashify asserts that Dr. Iezzi analyzed the Hollyren Accused Products using the same process as the KISS Accused Products. CIB at 39. According to Lashify, “[v]isual inspection showed that the fibers have been joined together to form a single entity, as indicated by deformation or surface characteristics of the fibers, including a change in their diameter.” *Id.* Lashify asserts that an exemplary image of the Hollyren DD702 shows the white fiber cores

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<sup>16</sup> Staff submits that while Hollyren sells heat-bonded products, the DD702 to DD707 Hollyren Accused Products are Hollyren's glue-based products manufactured using Method One. SIB at 32; *see also* RIB at 42.

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surrounded in haloes/rings, which are joined outer surfaces of the fibers themselves. *Id.* at 39-40. Lashify argues that “Dr. Mays’ solvent testing does not prove the lack of heat fusion, but instead proves that the lash products were heat fused prior to him destroying the lashes.” *Id.* at 40.

Lashify contends that the solvent Dr. Mays used (acetone) is chemically incompatible with the polymer materials in the products. CRB at 19. Lashify argues that the acetone actually dissolved the base polymer itself, destroying the heat-fused connections. *Id.* Lashify also claims that for other samples that did not result in separated fibers, Dr. Mays pulled the base away from the product, destroying them in the process. *Id.* On the other hand, Lashify asserts that Dr. Iezzi’s images show deformed and connected fibers, demonstrating heat fusion. *Id.* at 20.

Respondents submit that the Hollyren Accused Products are not made with heat fusion, but rather are made by [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

RIB at 42.

Respondents assert that Dr. Mays’ solvent testing proves a lack of heat fusion. *Id.* at 43. According to Respondents, for the DD702, DD704, and DD706 Hollyren Accused Products, the solvent softened the glue so that individual fibers came apart with little force, if any. *Id.* at 43-44. Respondents contend that the fibers were not deformed or squished, as would be the case if there were heat fusion. *Id.* at 44. Respondents submit that Dr. Mays performed similar solvent testing on heat-bonded products, which demonstrated that much more force was required to pull those products apart after using solvent. *Id.* In addition, Respondents note that the acetone did not dissolve any heat fused connections between PBT fibers because PBT is not soluble in acetone. RRB at 17.

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Respondents argue that the Hollyren Accused Products [REDACTED]

[REDACTED] RIB at 44.

Respondents contend that for PBT, which is a semi-crystalline polymer, it cannot be heat fused except at or above the melting temperature. *Id.* at 44-45. Respondents also assert that the Hollyren Accused Products are similar to the Lilac Doe, which Lashify admits does not infringe. *Id.* at 45-46; RRB at 17. In addition, Respondents contend that, when comparing images of the Hollyren Accused Products before and after curling, the connections between fibers do not differ, establishing that the curling process does not result in heat fusion. RIB at 46.

Staff argues that the Hollyren Accused Products do not practice these limitations. SIB at 33. Staff explains that the Hollyren Accused Products are exposed to [REDACTED] *i.e.*,

[REDACTED] *Id.* at 33-34. Staff contends that at that temperature, there is no adhesion between PBT fibers. *Id.* Staff claims that Dr. Mays examined the product samples before and after the curling process, and found that the curling process does not physically change the connections between the fibers, which indicates that it does not cause heat fusion. *Id.*

Moreover, Staff claims that Dr. Iezzi's testing results are unreliable because he did not include control samples. *Id.* Staff criticizes Dr. Iezzi's testing because, without attempting to first remove the glue in the base, he instructed the laboratory to pull out individual fibers from the product using tweezers. *Id.* Staff asserts that “[t]he failure to remove the glue base means that the results could have been caused by other factors, such as the forceful pulling of the fibers from the hardened glue.” *Id.* Staff explains that any alleged deformation or broken fibers could be due to the fracture of hardened glue. *Id.* at 34-35. On the other hand, Staff contends that Dr. Mays' solvent testing showed a lack of heat fused connections. *Id.* at 35. Staff asserts that Dr. Mays used

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acetone, which dissolved the base and the adhesive used to bond individual fibers together for the exemplary DD703, DD705, and DD707 Hollyren Accused Products, but did not affect the PBT fibers. *Id.* Staff claims that after removal of the acetone, only separated individual fibers could be seen. *Id.* For the DD702, DD704, and DD706 Hollyren Accused Products, Staff similarly argues that the solvent did not dissolve the glue, but softened it so that individual fibers came apart easily. *Id.* at 36. Staff also explains that for the heat-bonded control samples, much more force was required to pull apart the artificial hairs, and in fact, when attempting to pull out individual fibers, Dr. Mays pulled out three fibers connected together. *Id.*

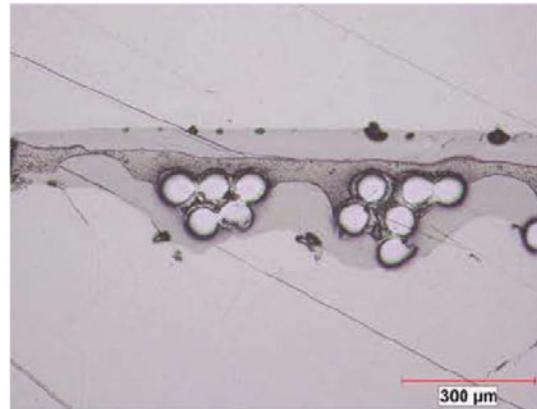
Staff submits that Dr. Iezzi's cross-sectional photos of the Hollyren Accused Products are not persuasive evidence of heat fusion. SIB at 36-38. Staff instead points to Dr. Mays' opinion that the images are typical of what one would expect to see for glued PBT artificial lashes. *Id.* at 37. Staff also criticizes Lashify's use of an "exemplary" image of the DD702 Hollyren Accused Product because "the presence of adhesive coupled with gaps in between several fibers undermine any conclusion that 'merging' has occurred, much less merging of each and every fiber to at least one other adjacent fiber in the same cluster of artificial hairs." *Id.* at 38.

Similar to the KISS Accused Products, the undersigned finds that the Hollyren Accused Products do not meet the "heat fused" limitations. Like before, Lashify's brief points to an "exemplary image" of the DD702 Hollyren Accused Product (reproduced below)<sup>17</sup> that allegedly shows "a plurality of hairs/fibers, and each of the fibers have been joined, using heat, to the adjacent fibers to form a single entity." *See* CIB at 39.

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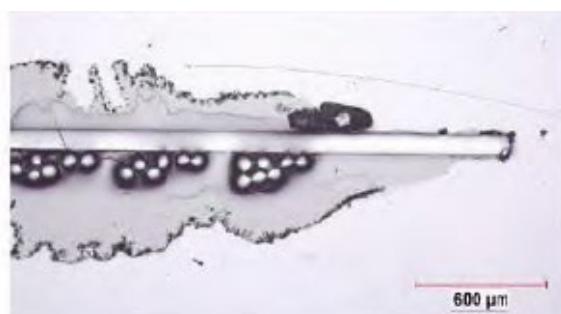
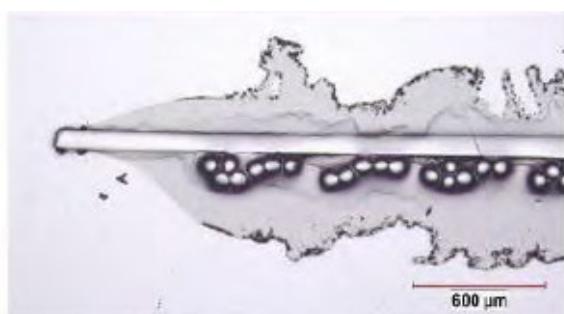
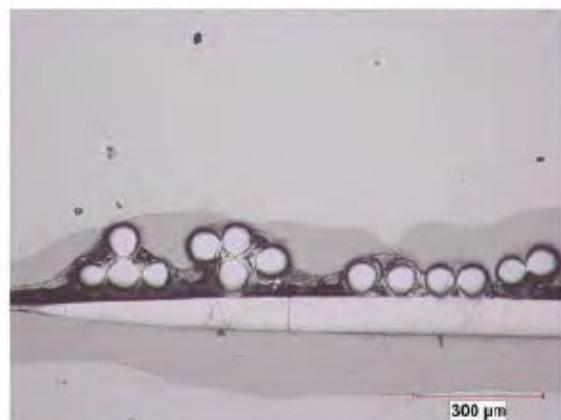
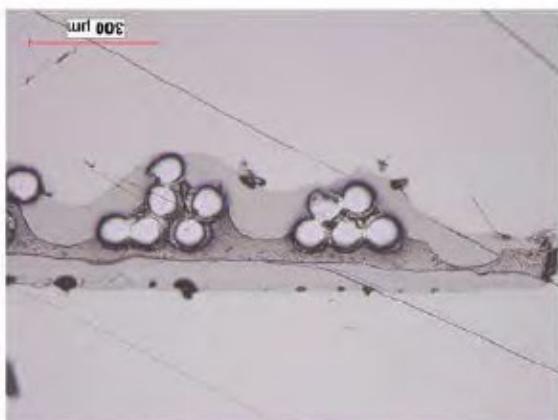
<sup>17</sup> Although rotated in a different orientation, the undersigned believes that the image in Lashify's brief is the top left image of the DD702, as presented in Dr. Iezzi's witness statement. *Compare* CIB at 39, with CX-2095 at Q/A 541.

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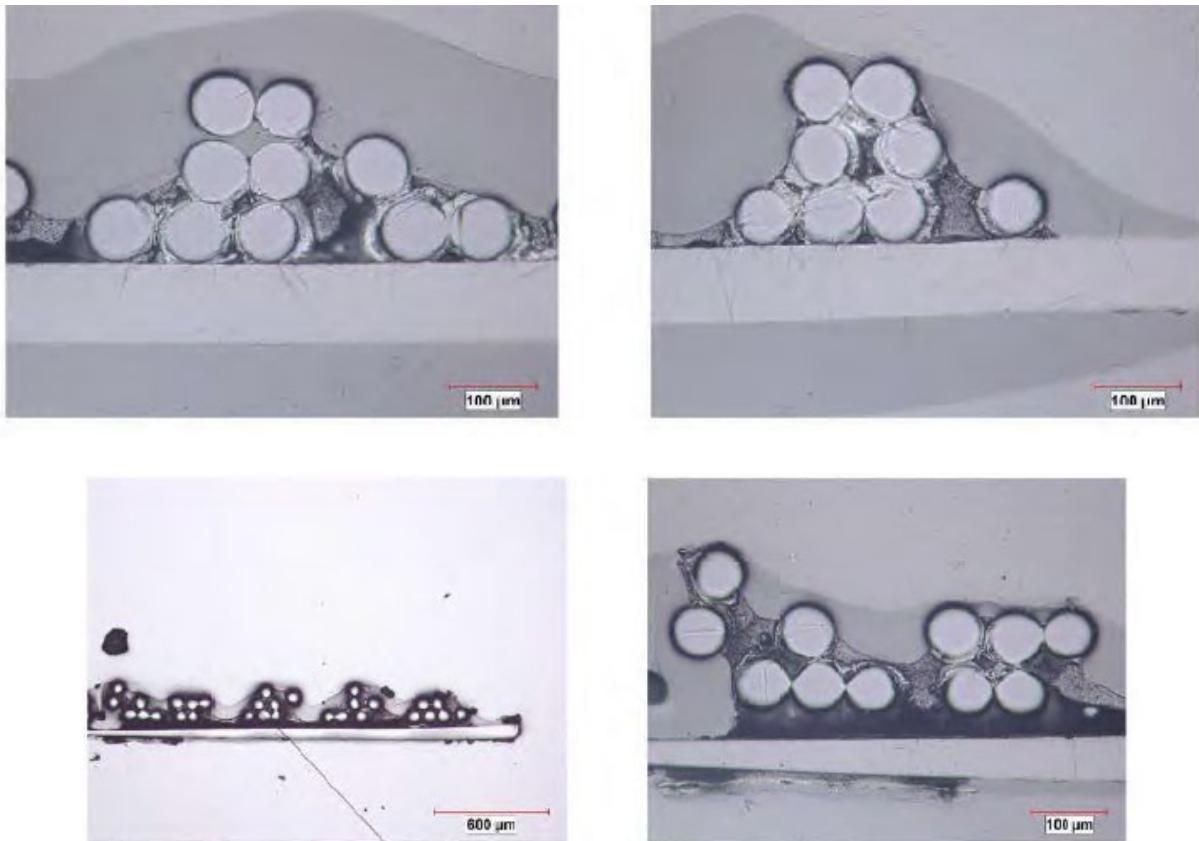


CX-2095C at Q/A 541. This image, however, appears in Dr. Iezzi's witness statement along with other cross-sectional images of the DD702 Hollyren Accused Products, as shown below.

**DD702**

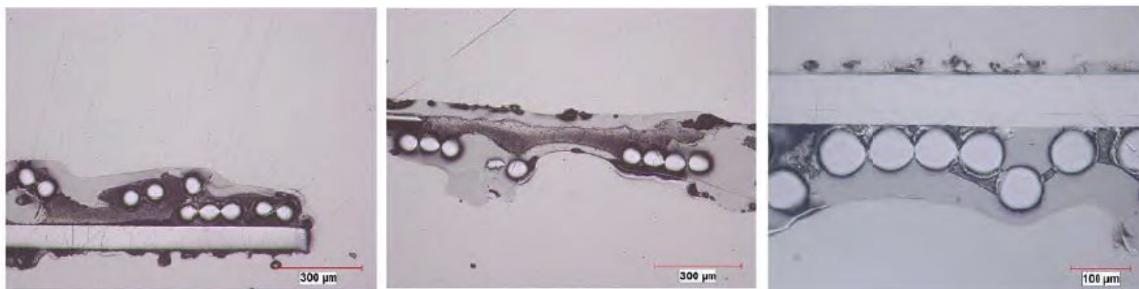


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*Id.* Similarly, Dr. Iezzi's witness statement includes cross-sectional images of the other Hollyren Accused Products. *See id.*

While some of these images could arguably show the material of one fiber merging with the material of an adjacent fiber, other images clearly do not show any merging. *See id.* In fact, several of these images (examples shown below) show fibers with well-defined boundaries.

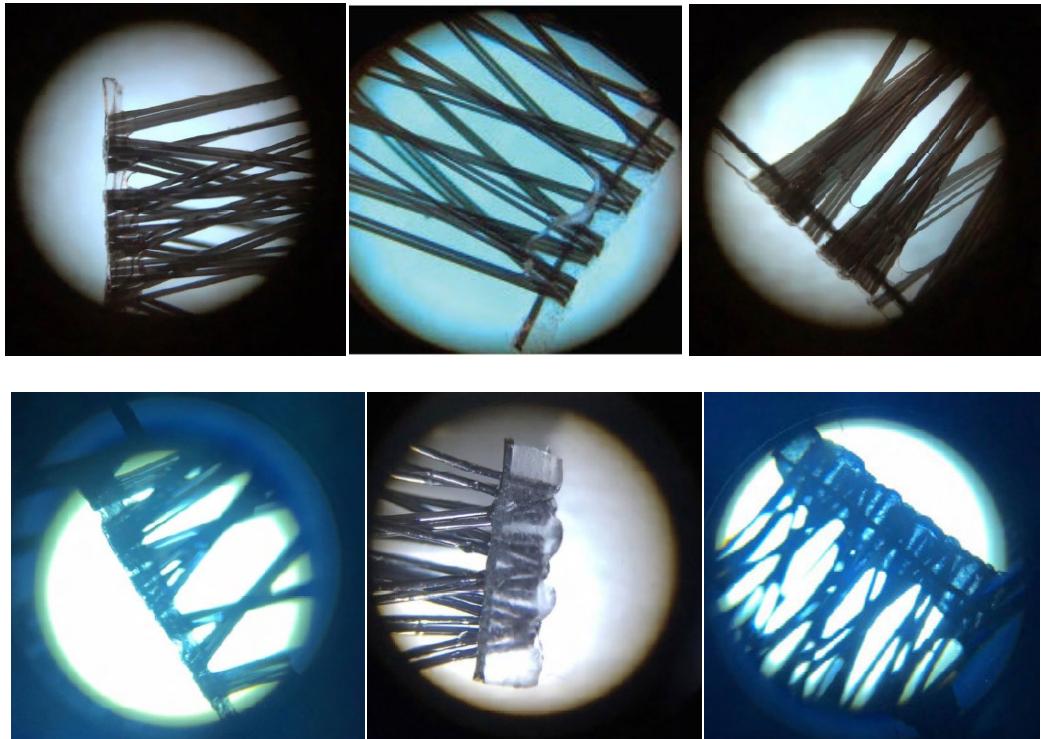


*See id.* Thus, contrary to Lashify's assertion, these images provide inconclusive evidence of whether the fibers are joined to form a single entity. Nor does Dr. Iezzi explain the inconsistencies

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in the images. *See id.* He merely states, for example, that “[t]he fibers are joined as a single entity from the application of heat during the manufacture process,” and that “[t]he joined fibers are visible in the visual inspection, and in the enhanced Eurofins images, they are not joined by glue, but by applying heat to the fibers so that they changed form and merged with each other.” *Id.* Without explaining how the inconsistent images lead to the same conclusion, the undersigned finds Dr. Iezzi’s analysis is incomplete and not persuasive. In contrast, Dr. Mays presents convincing testimony that these images are typical of what one would expect to see for glued PBT artificial lashes. *See RX-0007C at Q/As 175-78.* For example, Dr. Mays explained that PBT does not exist as a melt at room temperature, and thus, even if it were melted above 225°C, it “will crystallize on returning to room temperature.” *See id.* (explaining that the images would not show a ring because PBT is a thermoplastic that will retain its shape and form when the temperature cools down).

Close up images of the Hollyren Accused Products (reproduced below: top row from left to right – DD702, DD703, DD704; bottom row from left to right – DD705, DD706, DD707) also show that the fibers are glued together.



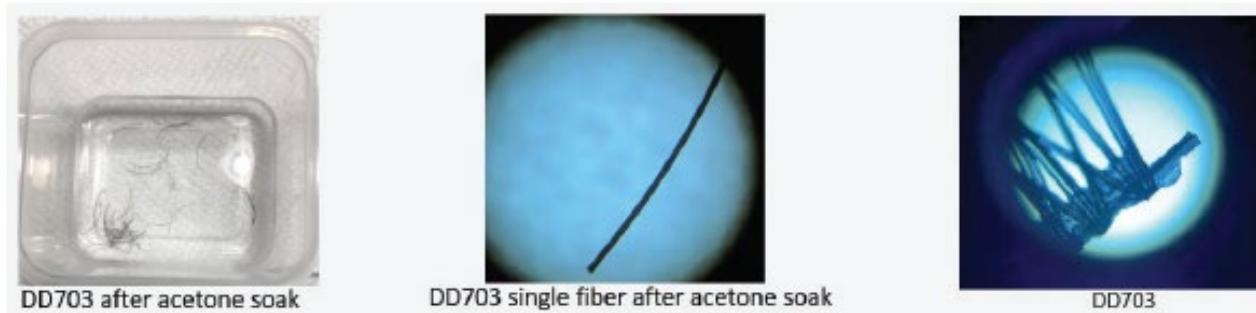
RX-1355 at 8, 21, 31, 35, 48; RX-0007C at Q/A 173.

In addition, Dr. Mays performed solvent testing, which supports the conclusion that there is no heat fusion in the Hollyren Accused Products. Dr. Mays immersed the products in acetone or xylene.<sup>18</sup> *See RX-0007C at Q/As 132-45; RX-1355.* For the DD703, DD705, and DD707 Hollyren Accused Products, the acetone dissolved the glue after only 15-20 minutes. *See RX-0007C at Q/As 137, 139.* For example, below are images of the DD703 Accused Product showing that individual fibers had separated after being soaked in acetone.

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<sup>18</sup> PBT and PET are not soluble in either acetone or xylene and thus “the fibers are unaffected by exposure to this solvent.” *See RX-0007C at Q/As 137, 144.* Lashify incorrectly asserts that Dr. Mays admitted that acetone dissolved PBT and PET. *See CIB at 33 n.230.* Rather, Dr. Mays consistently testified that PBT fibers are unaffected by exposure to acetone. *See RX-0007 at Q/As 130, 137, 144.* In addition, while Lashify criticizes Dr. Mays for not citing any literature supporting his position, Lashify does not cite any literature showing that PBT will dissolve in acetone. The only document mentioned by Lashify refers to chemical resistance, which Dr. Mays testified is different from solvent. Mays, Tr. at 372:2-10, 403:24-404:5. Nor does Lashify present any testimony from its own expert opining that acetone can dissolve PBT.

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*Id.* at Q/A 140.

For the DD702, DD704, and DD706, the xylene softened the glue such that individual fibers came apart. *See id.* Below are images of those products showing that individual fibers came apart easily (with gentle agitation from tweezers or fingers) after being soaked in xylene.



RX-1355 at 6, 20, 34; RX-0007C at Q/A 137. Dr. Mays' solvent testing therefore showed that the fibers are only connected by glue and that there are no heat fused connections. *See id.* at Q/A 132-145. In other words, there is no heat fusion because nothing other than the glue is holding the fibers together and they are not joined to form a single entity. *See id.*

To validate this solvent testing, Dr. Mays performed control tests on the heat-bonded Worldbeauty TGSS and TSD lashes. *See RX-0007C at Q/A 142.* For those products, Dr. Mays

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was not able to pull out an individual lash after soaking in acetone. *See id.*; RX-1355 at 63-73. Testing on the heat-bonded PUIE lash also showed that those fibers were not affected after an acetone soak. *See* Mays, Tr. at 401:1-403:24; RX-1355 at 53-59. The undersigned therefore finds that Respondents' solvent testing is persuasive evidence that the Hollyren Accused Products do not have heat fused connections.

The undersigned further finds that this conclusion is consistent with the description of the manufacturing process for the Hollyren Accused Products.<sup>19</sup> The evidence shows that the Hollyren Accused Products [REDACTED]

[REDACTED]  
[REDACTED] *See* RX-0007C at Q/As 52, 59. As discussed above with respect to the KISS Accused Products, the evidence confirms that [REDACTED]

*See supra* at V.B.1.a.i. Thus, [REDACTED] this is additional evidence that those products are not joined by applying heat to form a single entity. *See* RX-0007C at Q/As 148, 150-52.

Accordingly, the undersigned finds that the Hollyren Accused Products do not meet the "heat fused" limitations.

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<sup>19</sup> Lashify criticizes Hollyren's manufacturing information, alleging that it did not produce any documents describing the manufacturing process. CRB at 18 (complaining that Dr. Mays relies on Hollyren's interrogatory responses). Dr. May's testimony, however, cites to exhibits in evidence. *See, e.g.*, RX-0007C at Q/As 59-61. In addition, if Lashify needed additional information regarding Hollyren's manufacturing process to prove infringement, it was Lashify's responsibility to pursue that during discovery.

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### **ii) “cluster”; “first base”; “second base”; “the first and the second base are included in a common base”; “spaced apart”**

According to the language of claim 1, the limitations “cluster,” “first base,” “second base,” “the first and the second base are included in a common base,” and “spaced apart” all relate to the “heat fused” limitations. *See JX-0002*, cl. 1. However, because the undersigned found that the Hollyren Accused Products do not meet the “heat fused” limitations, they cannot meet the “cluster,” “first base,” “second base,” “the first and the second base are included in a common base,” and “spaced apart” limitations of claim 1 for at least the same reasons.

### **iii) Conclusion**

Accordingly, for the reasons set forth above, the undersigned finds that the Hollyren Accused Products do not infringe claim 1 of the ’984 patent.

#### **b) Claims 23 and 28**

While not identical to claim 1, independent claims 23 and 28 also recite the term “heat fused.” JX-0002, cls. 1, 23, 28. Therefore, for at least the same reasons as set forth above with respect to claim 1, the undersigned finds that Lashify has failed to prove that the Hollyren Accused Products meet those limitations in claims 23 and 28. Accordingly, the undersigned finds that the Hollyren Accused Products do not infringe claims 23 or 28 of the ’984 patent.

#### **c) Claims 9, 13, and 27<sup>20</sup>**

Claims 9 and 13 depend from independent claim 1, and claim 27 depends from independent claim 23. Because the undersigned has found that independent claims 1 and 23 are not infringed by the Hollyren Accused Products, it is not necessary to determine whether dependent claims 9, 13, or 27 are infringed. *See Wahpeton Canvas Co.*, 870 F.2d at 1552 n.9.

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<sup>20</sup> For claim 13, Respondents assert that “the term ‘the base’ lacks antecedent basis, and thus this claim is invalid as indefinite.” RIB at 48. However, because Respondents did not previously raise this issue during the *Markman* proceedings, it is hereby waived. *See* Ground Rule 6.

**3. Worldbeauty Glue-Based Accused Products<sup>21</sup>**

Lashify asserts that the Worldbeauty Accused Products<sup>22</sup> infringe claims 1, 9, 13, 23, and 27-28 of the '984 patent. CIB at 45. Respondents disagree and assert that the Worldbeauty Glue-Based Accused Products do not infringe the asserted claims. RIB at 49. Staff agrees with Respondents. SIB at 41-47.

**a) Claim 1**

Lashify argues that the Worldbeauty Accused Products meet each and every limitation of claim 1. CIB at 45-49. Respondents argue that the Worldbeauty Glue-Based Accused Products do not meet limitations 1[a]-[e]. RLUL at 1. Respondents, however, do not dispute that the following portions of those limitations are met: "a plurality of first artificial hairs," "a common base," "the common base," and "forming a lash extension configured to be attached to a user." *Id.* Staff contends that the Worldbeauty Glue-Based Accused Products do not meet the "heat fused" limitation. SIB at 41-43.

**i) "heat fused" (Limitations 1[a] and 1[b])**

Lashify claims that Dr. Iezzi confirmed, through visual inspection, that the fibers have been joined together to form a single entity because of deformation or surface characteristics of the fibers. CIB at 45. According to Lashify, exemplary images of the DIY C3 and GPC S3 show the material of each fiber merged with the adjacent fiber. *Id.* at 46. Lashify argues that "Lilac has also marketed its products, which are produced by Worldbeauty, as being bonded with 'innovative heat

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<sup>21</sup> Worldbeauty sells two types of eyelash products: (i) glue-based, which are manufactured using Method One ("Worldbeauty Glue-Based Accused Products"), and (ii) heat-bonded, which are manufactured using Method Two ("Worldbeauty Heat-Bonded Accused Products"). RIB at 49; SIB at 40. The Worldbeauty Glue-Based Accused Products are the DIY, GPB, and GPC product lines. *Id.* The Worldbeauty Heat-Bonded Accused Products are the TGSS and TSD (E Lash). *Id.*

<sup>22</sup> In its briefing, Lashify does not differentiate between the two types of Worldbeauty Accused Products. See CIB at 45-51.

fuse technology.”” *Id.* at 46-47. In response to Dr. Mays’ solvent testing, Lashify claims that it merely proves that the lash products were heat fused prior to him destroying the lashes. *Id.* at 47.

Respondents claim that Dr. Mays’ solvent testing showed that the Worldbeauty Glue-Based Accused Products are not heat fused.<sup>23</sup> RIB at 50. According to Respondents, after being exposed to acetone for up to 12 hours, the glue in the samples either dissolved or softened, and the fibers were easily pulled out. *Id.* Respondents assert that images of the Worldbeauty Glue-Based Accused Products show that they are similar to the Lilac Doe product that Lashify admits does not infringe. *Id.* Respondents criticize Lashify’s infringement allegations as inconsistent because they accuse the Worldbeauty C1 and not the Lilac Doe, even though they are the same product. *Id.* at 50-51.

Staff submits that, like the KISS and Hollyren Accused Products, the Worldbeauty Glue-Based Accused Products are not heat fused. SIB at 41. Staff explains that [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] *Id.* According to Staff, after 12 hours in solvent, the glue softened and individual PBT fibers could be pulled out from the adhesive and separated from the bottom of the product. *Id.* at 42. Staff points to the GPC-S3 “where the artificial hairs fell apart from their glued base after soaking in acetone.” *Id.* Similarly, Staff claims that in the DIY C5, acetone softened the glue and the single fibers were gently removed to show no deformation. *Id.* Staff argues that Lashify chose the best exemplary cross-sectional image for one Worldbeauty Glue-Based Accused Product to argue that there are heat fused connections in all of the Worldbeauty Glue-Based Accused Products. *Id.* at 43. However, Staff points out that even in this exemplary image, “the presence of adhesive coupled with a large gap between four fibers in the top row and two fibers in the bottom

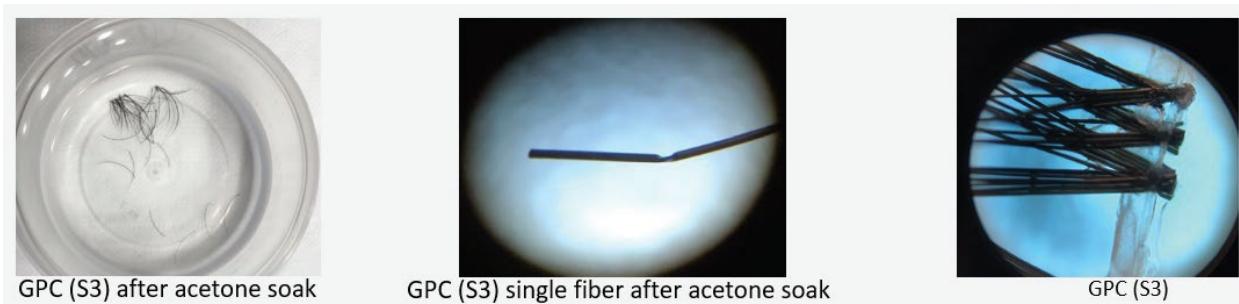
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<sup>23</sup> Respondents submit that [REDACTED]

[REDACTED] IB at 51.

row undermine any conclusion that ‘merging’ has occurred, much less merging of each and every fiber to at least one other adjacent fiber in the same cluster of artificial hairs.” *Id.* Staff also submits that Lashify admitted that the Lilac Doe/C1 has “sole adhesive connections.”<sup>24</sup> *Id.* In addition, Staff argues that if the Lilac Doe (which is the same as Worldbeauty’s C1 product) is non-infringing, then the other Worldbeauty Glue-Based Accused Products are similarly non-infringing. SRB at 19.

Similar to the Hollyren Accused Products, the undersigned finds that the Worldbeauty Glue-Based Accused Products do not meet the “heat fused” limitations. As with his testing of the Hollyren Accused Products, Dr. Mays conducted solvent testing on the Worldbeauty Glue-Based Accused Products. *See RX-0007C at Q/As 138-45; RX-1355 at 74-107, 122-45, RX-1356 at 2-18, 39-148.* He exposed the samples to acetone, causing the glue to either dissolve or soften such that the fibers could easily be pulled out. *See id.* Below are images of the GPC Worldbeauty Glue-Based Accused Product after soaking in acetone.



RX-0007C at Q/A 140. These images demonstrate that there are no heat fused connections in the Worldbeauty Glue-Based Accused Products. Moreover, [REDACTED]

[REDACTED]

<sup>24</sup> The Lilac Doe is the Worldbeauty C1 Glue-Based Accused Product renamed and sold by Lilac. *See SRB at 19; RX-0007C at Q/As 90, 169-72.* While Lashify criticizes Respondents’ comparison of the Accused Products to the Lilac Doe, Lashify does not present any evidence that the Lilac Doe is not the same product as the Worldbeauty C1 Glue-Based Accused Product. *See CRB at 21.*

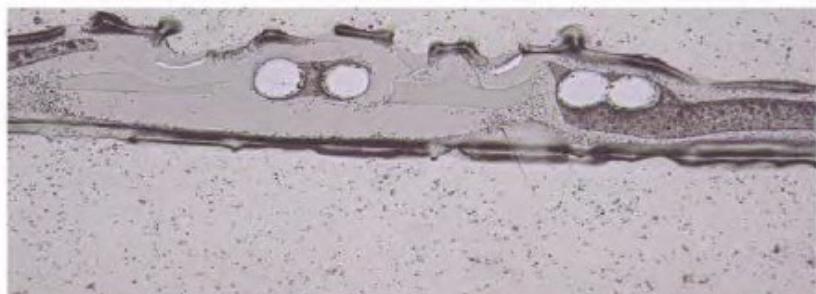
[REDACTED] As discussed above, because [REDACTED]

[REDACTED] this is further evidence that the Worldbeauty Glue-

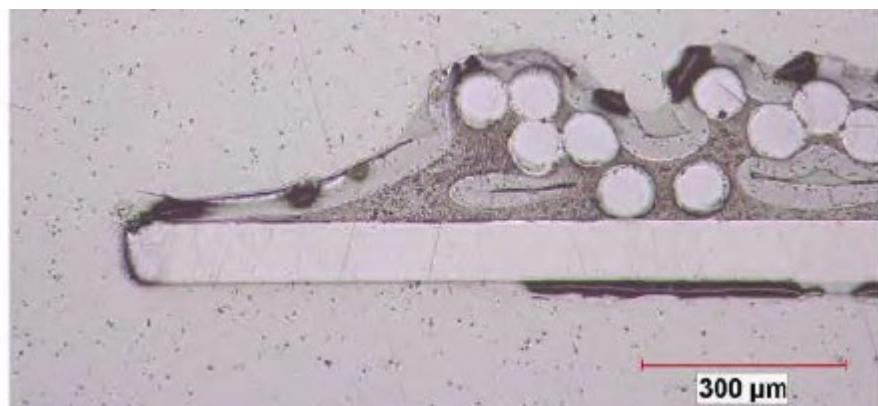
Based Accused Products are not joined by applying heat to form a single entity. *See RX-0007C at Q/As 147-52.*

In addition, the images in Dr. Iezzi's report do not show fibers that have been joined to form a single entity. For example, below are some images of the Worldbeauty Glue-Based Accused Products from Dr. Iezzi's witness statement.

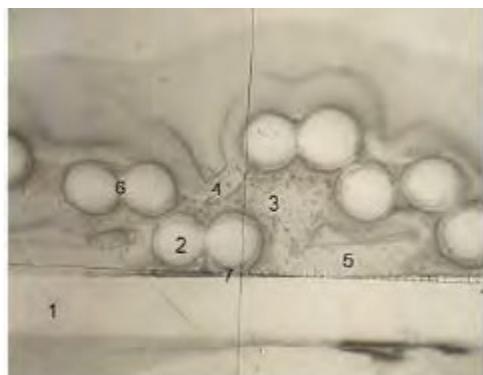
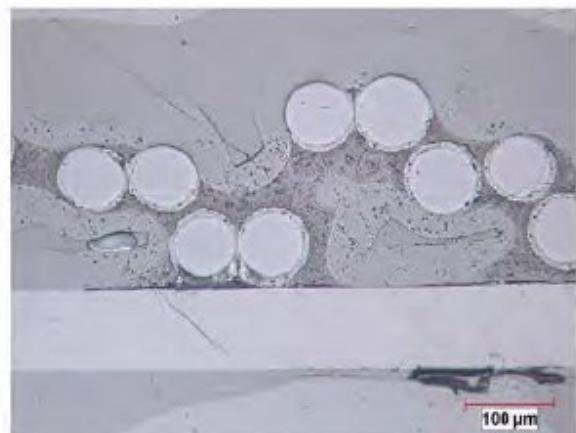
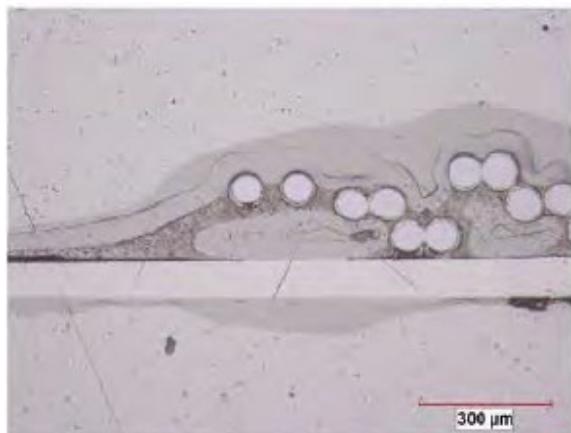
DIY C1



PUBLIC VERSION



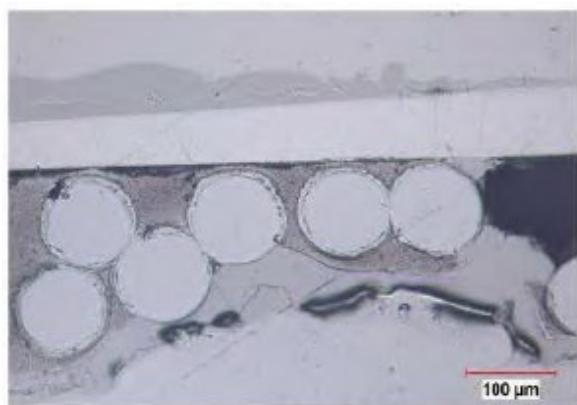
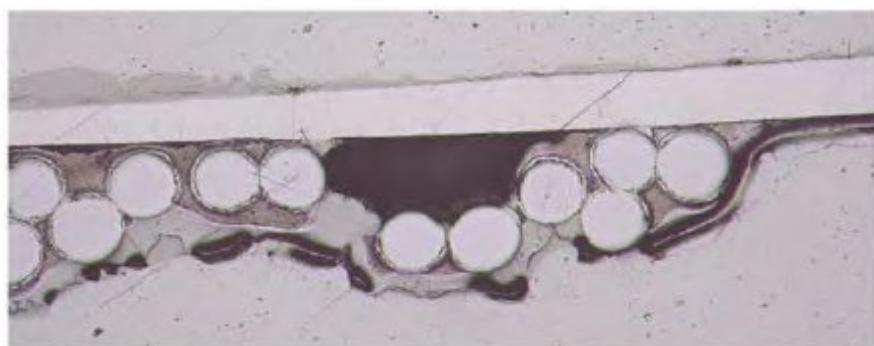
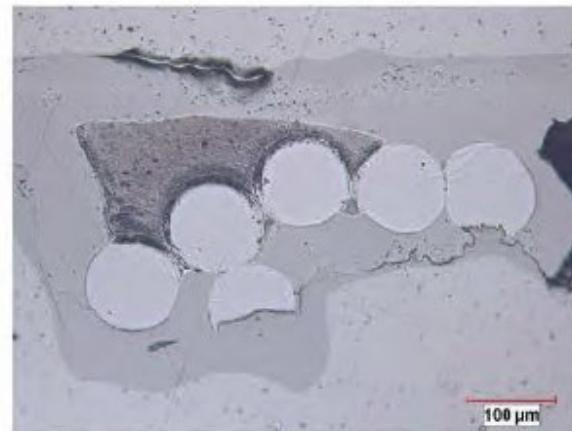
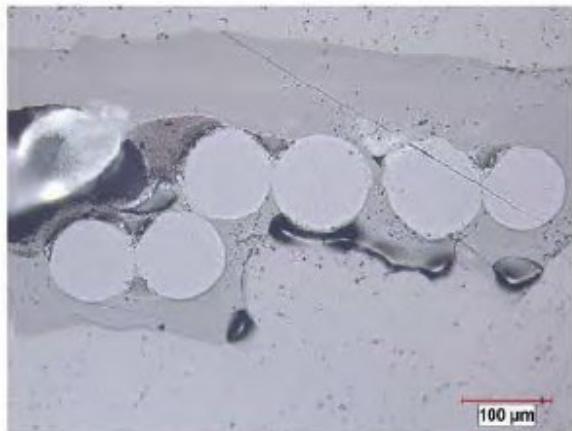
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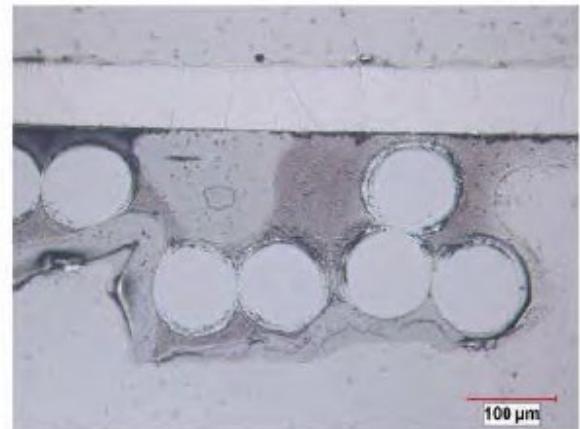
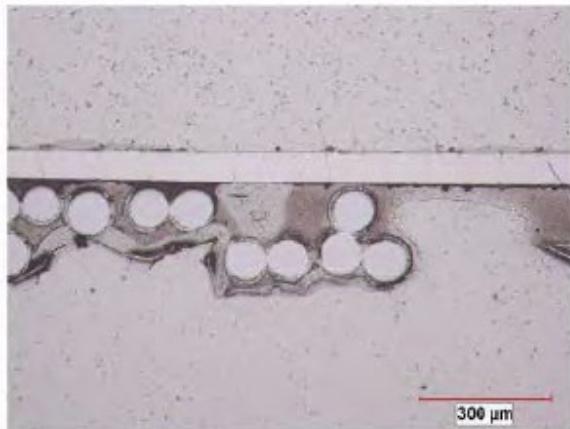


DIY C3



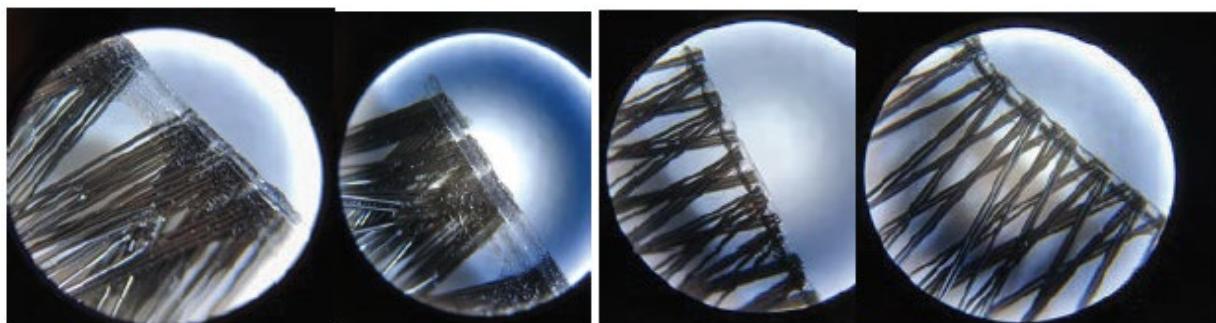
PUBLIC VERSION





CX-2095C at Q/A 571. As can be seen in these images, many of the fibers have well-defined boundaries and are not merged with the adjacent fiber. *See id.*

Close up images of the Worldbeauty Glue-Based Accused Products (reproduced below) also show that the fibers are glued together.

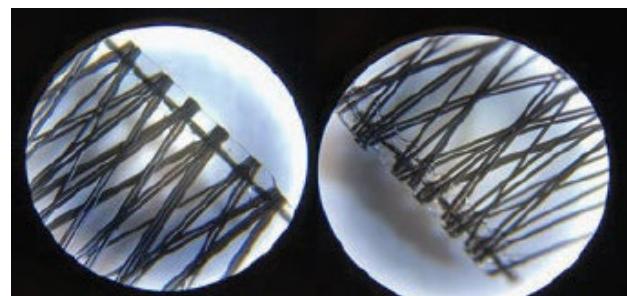


GPC (Dec. 18)

GPC S13 (Mar. 24)

GPB S21 (Mar. 24)

GPB (Dec 18)

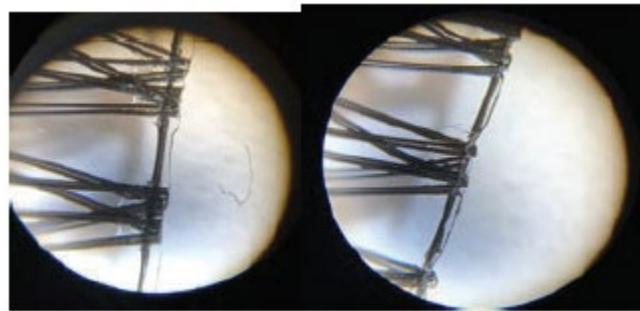


DYI C3 (Mar. 24)      DIY (Dec. 18)

RX-0007C at Q/A 89; *see also id.* at Q/As 172-73.

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Lashify undercuts its position by admitting that the Lilac Doe does not have heat fused connections and has sole adhesive connections. *See RX-1277C at 11-12; RX-1285C at 8.* The Lilac Doe is the same as the Worldbeauty DIY C1 Glue-Based Accused Product. *See RX-0007C at Q/As 90, 169-72.* For example, Dr. Mays presents close up images (reproduced below) of the Lilac Doe (left) and Worldbeauty DIY C1 Glue-Based Accused Product (right) showing they are the same and that both have solely adhesive connections.



RX-0007C at Q/As 169-71. Lashify provides no explanation for why the Worldbeauty DIY C1 Glue-Based Accused Product would infringe when the Lilac Doe does not.

Accordingly, the undersigned finds that the Worldbeauty Glue-Based Accused Products do not meet the “heat fused” limitations.

### **ii) Conclusion**

Accordingly, for the reasons set forth above, the undersigned finds that the Worldbeauty Glue-Based Accused Products do not infringe claim 1 of the ’984 patent.

### **b) Claims 23 and 28**

While not identical to claim 1, independent claims 23 and 28 also recite the term “heat fused.” JX-0002, cls. 1, 23, 28. Therefore, for at least the same reasons as set forth above with respect to claim 1, the undersigned finds that Lashify has failed to prove that the Worldbeauty Glue-Based Accused Products meet those limitations in claims 23 and 28. Accordingly, the

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undersigned finds that the Worldbeauty Glue-Based Accused Products do not infringe claims 23 or 28 of the '984 patent.

### **c) Claims 9, 13, and 27**

Claims 9 and 13 depend from independent claim 1, and claim 27 depends from independent claim 23. Because the undersigned has found that independent claims 1 and 23 are not infringed by the Worldbeauty Glue-Based Accused Products, it is not necessary to determine whether dependent claims 9, 13, or 27 are infringed. *See Wahpeton Canvas Co.*, 870 F.2d at 1552 n.9.

## **4. Worldbeauty Heat-Bonded Accused Products<sup>25</sup>**

### **a) Claim 1**

Lashify argues that the Worldbeauty Accused Products<sup>26</sup> meet each and every limitation of claim 1. CIB at 45-49. Respondents argue that the Worldbeauty Heat-Bonded Accused Products do not meet limitations 1[a]-[e]. RLUL at 1. Respondents, however, do not dispute that the following portions of those limitations are met: “having a first heat fused connection,” “a plurality of first artificial hairs,” “a common base,” “the common base,” and “forming a lash extension configured to be attached to a user.” *Id.* Staff contends that the Worldbeauty Heat-Bonded Accused Products do not meet the “second cluster” limitation. SIB at 44-47.

#### **i) “first cluster” and “second cluster” (Limitations 1[a]-[e])**

Lashify argues that Dr. Iezzi’s images show separate clusters of artificial fibers in the Worldbeauty Heat-Bonded Accused Products. CIB at 47. Lashify claims that Dr. Mays admitted

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<sup>25</sup> Respondents argue that [REDACTED] Worldbeauty does not infringe.” RIB at 55. Respondents present this cursory argument in one paragraph of its initial post-hearing brief. *See id.* In addition, the only evidence presented by Respondents is testimony that [REDACTED]

[REDACTED] *ee* JX-0059C at 129:4-130:14; RX-1214C; RX-1231C RX-1232C, RX-1233C, RX-1234C. The undersigned finds that [REDACTED] evidence is insufficient to prove that [REDACTED]

<sup>26</sup> As previously mentioned, Lashify does not differentiate between the two types of Worldbeauty Accused Products.

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that he pulled out clusters during his solvent testing. CRB at 23. Lashify explains that it does not matter that the products have up to 90 fibers. *Id.* at 24. Rather, Lashify asserts that the layout of the hairs matters, and images of the products show group of fibers. *Id.*

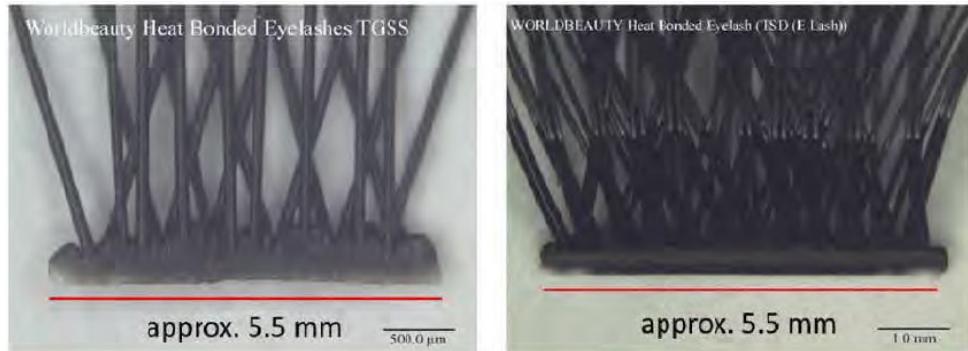
Respondents assert that the Worldbeauty Heat-Bonded Accused Products contain separate clusters not connected to each other. RIB at 51. Respondents explain that the [REDACTED]

[REDACTED] which Ms. Lotti acknowledged were single clusters. *Id.* at 51-52. Respondents submit that the TGSS and TSD have up to 90 fibers within a single cluster, which is the typical range for a cluster as described in the '984 patent. *Id.* at 52. In addition, Respondents assert that the TGSS and TSD are similar to the PUIE and RR-0.05-20D, which Ms. Lotti admitted are single separate clusters. *Id.* at 53. Moreover, Respondents assert that Dr. Iezzi could not even determine how many clusters are in the TGSS or TSD. *Id.* at 54-55.

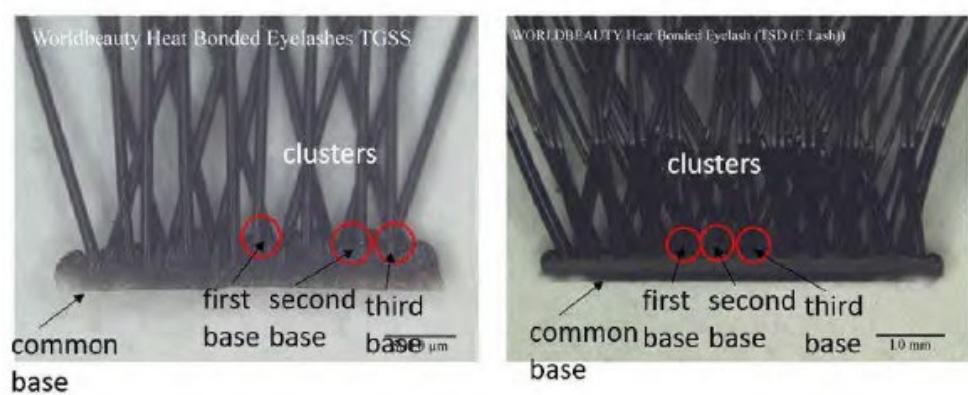
Staff contends that the Worldbeauty Heat-Bonded Accused Products are structurally similar to the non-accused Worldbeauty Wispies, which Ms. Lotti admitted were single clusters. SIB at 44-45. According to Staff, each cluster of the TGSS has about 20 hairs and each cluster of TSD (E Lash) has more than 20 but less than 90 hairs. *Id.* at 45. Staff asserts that this is within the typical range described in the specification of the '984 patent for a single cluster. *Id.* Thus, Staff concludes that the TGSS and TSD (E Lash) are “single clusters, albeit with thicker and denser artificial hairs.” *Id.* Staff asserts that the Worldbeauty Heat-Bonded Accused Products are similar to Wispies, Hollyren’s RR-0.05-20D, and the PUIE lash disclosed in Figure 1 of the '984 patent, which are all single clusters. *Id.* Staff notes that even Dr. Iezzi could not determine how many clusters are in the Worldbeauty Heat-Bonded Accused Products. *Id.*

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The undersigned finds that the Worldbeauty Heat-Bonded Accused Products have both a first cluster and a second cluster.<sup>27</sup> See JX-0002, cl. 1. The term “cluster(s)” was construed as “group(s) [of artificial hairs/eyelashes/fibers].”<sup>28</sup> Order No. 26 at 25. Close up images of the TGSS and TSD (as shown below) show at least two clusters or groups of fibers in each product.



CX-2095C at Q/A 584. For example, Dr. Iezzi annotates images of the Worldbeauty Heat-Bonded Accused Products to show where clusters can be found (as shown below).<sup>29</sup>



<sup>27</sup> Respondents and Staff argue that the prosecution history supports their positions because Lashify allegedly relinquished subject matter directed to single heat fused clusters. See RIB at 54; SIB at 46-47. However, because the undersigned finds that the Worldbeauty Heat-Bonded Accused Products are not single clusters, this argument is moot.

<sup>28</sup> While the Parties refer to the number of fibers in the Worldbeauty Heat-Bonded Accused Products to support their positions, the undersigned notes that neither claim 1 nor the construction for the term “cluster(s)” limits the first or second clusters to having a specific number of fibers. See JX-0002, cl. 1.

<sup>29</sup> Although Dr. Iezzi testified that one cannot determine how many total clusters there are (see Iezzi, Tr. at 120:11-121:6), that does not mean that one cannot identify at least a first and second cluster in each of these products.

*Id.* at Q/A 571. The undersigned therefore finds that Lashify has proven, by a preponderance of the evidence, that the Worldbeauty Heat-Bonded Accused Products meet these limitations.<sup>30</sup>

**ii) The Remaining Limitations**

Lashify asserts that each of the first artificial hairs is connected to at least one adjacent artificial hair to form a cluster, and that this connection defines a base of the first cluster. CIB at 47. Lashify contends that the clusters of artificial fibers protrude or extend away from the common base. *Id.* at 48. According to Lashify, the bases/roots of the clusters are included in the overall base of the lash extension. *Id.* Lashify also asserts that the clusters are placed at intervals and arranged with distance between them. *Id.* at 48-49. In addition, Lashify states that “the Worldbeauty products include many clusters that are ‘spaced apart’ from each other along the common base, including even the leftmost cluster and the rightmost cluster in the product.” *Id.* at 49.

Respondents assert that, “[s]imilar to the [Hollyren Products], the accused Worldbeauty products do not have ‘a first base,’ ‘a second base,’ and ‘a common base,’ because the alleged bases have no third dimension and have no discernible boundaries.” RIB at 55. Respondents also argue that images also show that the Worldbeauty Heat-Bonded Accused Products do not have clusters spaced apart. *Id.*

Staff contends that like the KISS Accused Products and Hollyren Accused Products, the Worldbeauty Heat-Bonded Accused Products do not meet the “a first base,” “a second base,” and “a common base” limitations. SIB at 47. Staff explains that since the Worldbeauty Heat-Bonded

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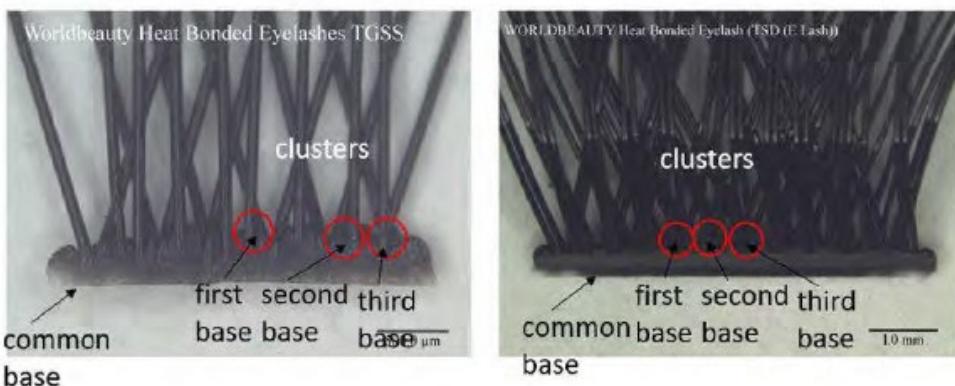
<sup>30</sup> Respondents’ comparison between the TGSS/TSD lashes and the Wispies lashes is not persuasive. Respondents assert that [REDACTED] See RIB at 51-52. However, [REDACTED]

[REDACTED] oreover, Respondents provide no information about the manufacturing process for the TGSS/TSD that dictates that [REDACTED]

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Accused Products are single clusters, “each cluster necessarily will not have a second base, a common base, and spaced apart first and second clusters.” *Id.*

The undersigned found above that the Worldbeauty Heat-Bonded Accused Products have a first cluster and a second cluster. In addition, the heat fused connections that form the first and second clusters also define the “first base” and “second base,” as shown in the images below. *See* JX-0002, cl.1.



CX-2095C at Q/A 571. Those images show that the “first base” and “second base” are included in the “common base” and that the “first cluster” and “second cluster” extend from the “common base.” *See id.* at Q/As 571-73. Further, the images show that the “first cluster” and “second cluster” are “spaced apart from each other along the common base.” *See id.* at Q/As 571, 574. In other words, the clusters are arranged with distance between them. *See id.* The undersigned therefore finds that the Worldbeauty Heat-Bonded Accused Products meet the remaining limitations of claim 1.

### iii) Conclusion

Accordingly, the undersigned finds that Lashify has met its burden to prove that the Worldbeauty Heat-Bonded Accused Products infringe claim 1 of the '984 patent.

**b) Claim 9**

Claim 9, which depends from independent claim 1, recites the additional limitation “wherein each of the first artificial hairs or each of the second artificial hairs is formed of a polybutylene terephthalate (PBT).” JX-0002, cl. 9. Respondents do not dispute that Worldbeauty Heat-Bonded Accused Products meet the additional limitations of claim 9. *See* RLUL at 1; *see also* CX-1781C at 22-23. However, Lashify presents evidence that while the TSD is made of PBT, the TGSS is made of PET. *See* CX-2095C at Q/As 48, 576; CDX-0003 at 12. Thus, the undersigned finds that the TSD Worldbeauty Heat-Bonded Accused Product infringes claim 9 of the '984 patent, but that the TGSS Worldbeauty Heat-Bonded Accused Product does not.

**c) Claim 13**

Claim 13, which depends from independent claim 1, recites the additional limitation “wherein the base has a thickness between about 0.05 millimeters and about 0.15 millimeters.” JX-0002, cl. 13. Lashify argues that the TSD has a measured thickness within the 0.05-0.15 mm range. CIB at 49. Respondents contend that “the measurement is wrong because it measured only the narrow end that is not representative of the thickness of the base.” RIB at 56. Staff agrees with Respondents that Dr. Iezzi’s measurements are not accurate. SIB at 47-48.

The undersigned agrees with Staff and Respondents. Dr. Iezzi’s measurement appears to be of the string at the end of the lash, not necessarily the thickness of the base. *See* CX-2095C at Q/A 577. Accordingly, the undersigned finds that the Worldbeauty Heat-Bonded Accused Products<sup>31</sup> do not infringe claim 13.

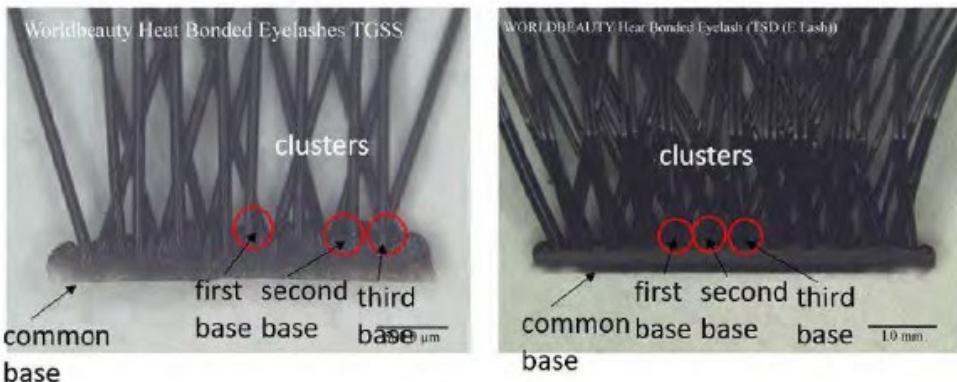
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<sup>31</sup> In addition, the undersigned notes that Dr. Iezzi only measured the TSD Worldbeauty Heat-Bonded Accused Product, not the TGSS. *See* CX-2095C at Q/A 577.

**d) Claim 23**

Lashify asserts that the Worldbeauty Accused Products infringe claim 23. CIB at 49-51. Respondents argue that the Worldbeauty Heat-Bonded Accused Products do not infringe claim 23 for the same reasons as claim 1. RIB at 56. However, Respondents do not dispute the following limitations: “a plurality of first artificial hairs having a plurality of first proximal end portions and a plurality of first distal end portions, the first proximal end portions being heat fused together,” “a common base,” and “forming a lash extension that is configured to be attached to a user.” RLUL at 1. Staff agrees with Respondents that the Worldbeauty Heat-Bonded Accused Products do not infringe claim 23. SIB at 48.

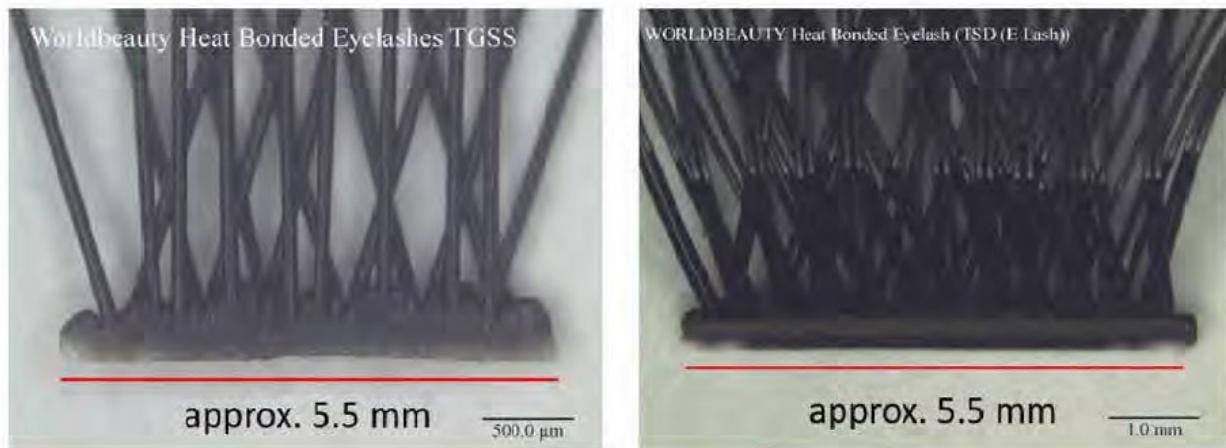
The undersigned found above that the Worldbeauty Heat-Bonded Accused Products meet the “first cluster,” “second cluster,” and “spaced apart” limitations of claim 1. In addition, the images below show that the “first cluster” and “second cluster” are heat fused to a “common base.”



CX-2095C at Q/A 571. Accordingly, for the reasons above, and at least for the same reasons as claim 1, the undersigned finds that the Worldbeauty Heat-Bonded Accused Products infringe claim 23 of the '984 patent.

e) **Claim 27**

Claim 27, which depends from claim 23, recites the additional limitation “wherein the base has a length in a range between about 4 millimeters and about 8 millimeters.” JX-0002, cl. 27. Respondents do not dispute that the Worldbeauty Heat-Bonded Accused Products meet the additional limitations of dependent claim 27. *See* RLUL at 1. As shown below, Lashify presents evidence that the Worldbeauty Heat-Bonded Accused Products meet this limitation.



CX-2095C at Q/As 584, 591. Thus, the undersigned finds that the Worldbeauty Heat-Bonded Accused Products infringe claim 27 of the '984 patent.

f) **Claim 28**

While Lashify asserts that the Worldbeauty Accused Products infringe claim 28, Dr. Iezzi only presented evidence related to the TSD product. *See* CIB at 51; CX-2095C at Q/As 592-97.

Respondents argue that the Worldbeauty Heat-Bonded Accused Products do not infringe claim 28 for the same reasons as claim 13. RIB at 56. However, Respondents do not dispute the following limitations: “a base,” “heat fused artificial hairs,” and “forming a lash extension that is configured to be attached to a user.” RLUL at 1. Staff agrees with Respondents that the TSD Worldbeauty Heat-Bonded Accused Product does not infringe claim 28. SIB at 48.

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The undersigned found above that the Worldbeauty Heat-Bonded Accused Products do not meet the “wherein the base has a thickness between about 0.05 millimeters and about 0.15 millimeters” limitation of claim 13. Thus, the Worldbeauty Heat-Bonded Accused Products also do not meet that limitation in claim 28. Accordingly, for at least the same reasons as claim 13, the undersigned finds that the Worldbeauty Heat-Bonded Accused Products do not infringe claim 28 of the ’984 patent.

### **5. Lilac Accused Products**

Lashify asserts that the Lilac Accused Products<sup>32</sup> infringe claims 1, 23, and 27 of the ’984 patent. CIB at 51. Respondents disagree and assert that the Lilac Accused Products do not infringe the asserted claims. RIB at 56-59. Staff agrees with Respondents. SIB at 48-50.

#### **a) Claims 1, 23, and 27**

The Lilac Accused Products are sourced from Worldbeauty and are made using the same Method One process. RIB at 56-57; SIB at 48. Thus, at least for the same reasons as the Worldbeauty Glue-Based Accused Products, the Lilac Accused Products do not meet the “heat fused” limitations. *See supra* at Section V.B.3.a.i. Accordingly, the undersigned finds that the Lilac Accused Products do not infringe claims 1, 23, or 27 of the ’984 patent.

#### **b) Induced Infringement**

Lashify alleges that “Lilac’s actions . . . induced its supplier, Worldbeauty, to directly infringe the asserted claims of the ’984 patent, including by making and importing the infringing lashes into the United States.” CIB at 54. However, the undersigned has found hereinabove that none of the Lilac Accused Products directly infringe the ’984 patent. Lashify therefore cannot, as

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<sup>32</sup> The Lilac Accused Products (*i.e.*, Lilac Lash and Originals) are the same as the Worldbeauty C3 and S21 Glue-Based Accused Products. CIB at 52. In addition, the Lilac Feather is the same as the Worldbeauty C2 Glue-Based Accused Product. *See* CIB at 52; RIB at 6; SIB at 48; CX-2095C at Q/A 141.

a matter of law, prove indirect infringement. *See Novartis Pharm. Corp. v. Eon Labs Mfg. Inc.*, 363 F.3d 1306, 1308 (Fed. Cir. 2004) (“When indirect infringement is at issue, it is well settled that there can be no inducement or contributory infringement absent an underlying direct infringement.”).

**C. Technical Prong of the Domestic Industry Requirement<sup>33</sup>**

Lashify asserts that its Domestic Industry Products<sup>34</sup> (“DI Products”) satisfy the technical prong of the domestic industry requirement for claims 1, 9, 13, 23, and 27-28 of the ’984 patent. CIB at 54. Respondents contend that Lashify has failed to show that its DI Products satisfy the “heat fused” limitation of the ’984 patent. RIB at 59. Staff agrees with Respondents that the technical prong is not satisfied by the DI Products. SIB at 2, 52-58.

**1. Claim 1**

Lashify argues that the DI Products practice claim 1. CIB at 55-59. Respondents argue that the DI Products do not practice the “heat fused” limitation of claim 1. RIB at 59. Respondents, however, do not dispute that the DI Products meet the following limitations: “a plurality of first artificial hairs,” “a common base,” “the common base,” and “forming a lash extension configured to be attached to a user.” RLUL at 1. Staff agrees with Respondents that the DI Products are not “heat fused.” SIB at 52.

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<sup>33</sup> Both Staff and Respondents assert that Lashify failed to demonstrate that the DI Products analyzed by Dr. Iezzi were representative of the other DI Products. *See* SIB at 50-51; SRB at 21-24; RRB at 24-25. However, because the undersigned finds below that the evidence presented by Lashify fails to prove that the DI Products practice any claims of the ’984 patent, this argument is moot.

<sup>34</sup> Dr. Iezzi explains that Lashify’s Domestic Industry Products include the following: (1) Lashify Control Kit; (2) Lashify’s Gossamer Lash Extensions: Amplify (A), Bold (B), Curl (C), Drama (D), Extreme (E), Extra Extreme (EE), Fluffy (F), and their variations, such as Prismatics; (3) Lashify’s Fuse Control Wands; (4) Lashify’s Bonds; and (5) Lashify’s Removers. *See* CX-2095C at Q/A 21; CDX-0003 at 8.

a) “heat fused” (Limitations 1[a] and 1[b])

Lashify submits that one of its manufacturers, [REDACTED], uses [REDACTED] to heat fuse lashes a [REDACTED] CIB at 54-55. Lashify also submits that its other manufacturer, [REDACTED], uses a technique that includes [REDACTED]  
[REDACTED]  
[REDACTED]” *Id.*

at 55. According to Lashify, visual inspection shows that the fibers in the DI Products have been joined together to form a single entity. CIB at 56. Lashify asserts that Dr. Iezzi’s images show a plurality of hairs/fibers that have been joined using heat. *Id.* Lashify claims that the images show white cores of the fibers surrounded by haloes/rings that are joined outer surfaces of the fibers. *Id.* at 56-57. Lashify argues that Respondents’ solvent testing is unreliable because it suggests that the DI Products manufactured by [REDACTED] are not heat fused, when [REDACTED]  
[REDACTED] *Id.* at 57.

Respondents argue that Dr. Wanat tested the PBT fibers used in the DI Products by heating them and confirmed that they do not heat fuse at the temperatures used to make the DI Products. RIB at 59. Respondents argue that Dr. Iezzi failed to test any control samples and failed to compare his results to known glue-only or known heat fused products. *Id.* at 60. In contrast, Respondents contend that Dr. Wanat conducted solvent testing on various DI Products (A-14, B-10, C-12)<sup>35</sup> showing no evidence of heat fusion. *Id.* at 60-61. Respondents explain that Dr. Wanat also tested control samples and the DI Products “all behaved exactly like Control Sample 3, which was glued together but with no heat at all applied.” *Id.* at 61. Respondents assert that for those samples, the mineral spirits removed the glue without damage to the individual fibers, and there was no

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<sup>35</sup> Respondents assert that the A, B, C, and D DI Products are all made by a substantially identical manufacturing process. RIB at 61.

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connection between the individual fibers. *Id.* Respondents criticize Lashify's reliance on [REDACTED] [REDACTED] g because Dr. Iezzi admitted that [REDACTED] is the application of [REDACTED], not heat. *Id.* at 61-62.

As for the E, EE, and F DI Products manufactured by [REDACTED], Respondents argue that none of the manufacturing steps identified by Dr. Iezzi indicate that any melting would take place. *Id.* at 62; RRB at 23. Respondents also assert that the ultramicrotomy images of the various DI Products, as compared to control samples, do not show any heat fusion RIB at 62-63. In fact, Respondents contend that "the tested DI Products behaved exactly like Control Sample 1, which was glued together but with no heat at all applied." *Id.* at 63. Respondents explain that there were no haloes/rings around the fibers, the fibers had well-defined boundaries, and there were no signs of heat fused connections. *Id.*

Staff argues that not every one of the DI Products practices the "heat fused" limitation. SIB at 52. As with the Accused Products, Staff asserts that Dr. Iezzi's testing is unreliable. *Id.* Staff disputes Lashify's claim that for some of the DI Products manufactured by [REDACTED], [REDACTED] [REDACTED] amounts to heat fusion. *Id.* Rather, Staff argues that [REDACTED] is not the application of heat, but instead, is the application of [REDACTED] energy that causes friction that results in heat. *Id.*

As for other DI Products manufactured by [REDACTED], Staff asserts that none of the manufacturing steps indicate that any melting would take place. *Id.* at 53. Staff contends that Dr. Wanat's solvent testing confirms a lack of heat fusion. *Id.* at 54. For example, Staff explains that solvent tests on the Gossamer A14 showed that the fibers are only connected via glue. *Id.* at 54-56. According to Staff, the evidence is similar for other exemplary Gossamer B and C DI Products. *Id.* at 56-57. In addition, Staff argues that images created using ultramicrotomy also show no heat

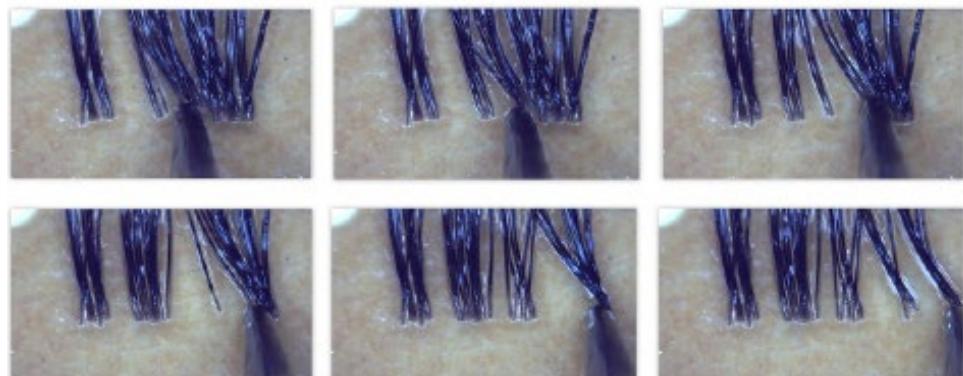
**PUBLIC VERSION**

fusion. *Id.* at 57. For example, Staff submits that images of the A-14, B-10, C-10, and Prismatic DI Products show fibers that are separated with well-defined boundaries, just like the non-heat fused control samples. *Id.* at 57-58.

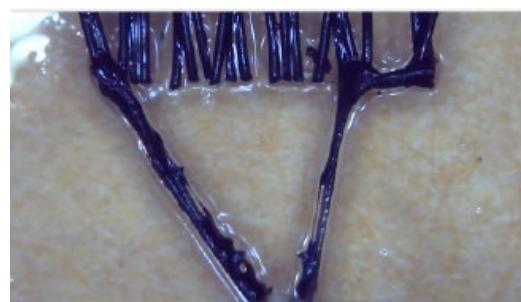
As to the C10 DI Product manufactured by [REDACTED], the undersigned finds that the [REDACTED] process does not amount to heat fused connections. The term “heat fused” was construed at “joined by applying heat to form a single entity.” *See* Order No. 26 at 18. [REDACTED] [REDACTED] is not applying heat, but rather, is applying [REDACTED] energy. *See* RX-1688C at Q/A 561; RX-0479 at 7 [REDACTED] [REDACTED] *see also* CX-2095C at Q/A 74. Moreover, while [REDACTED] could cause friction, which could result in heat, the evidence does not show that the [REDACTED] performed by [REDACTED] results in heat that would cause the fibers to join to form a single entity.

This is confirmed by solvent testing performed by Dr. Wanat on the A14, B10, and C12 DI Products. *See* RX-1688C at Q/As 564-94. For example, as shown in the images below, after being soaked in mineral spirits, the glued base of the A14 DI Product softened, allowing it to be removed from the fibers. Once removed, there were no heat fused connections between individual fibers.

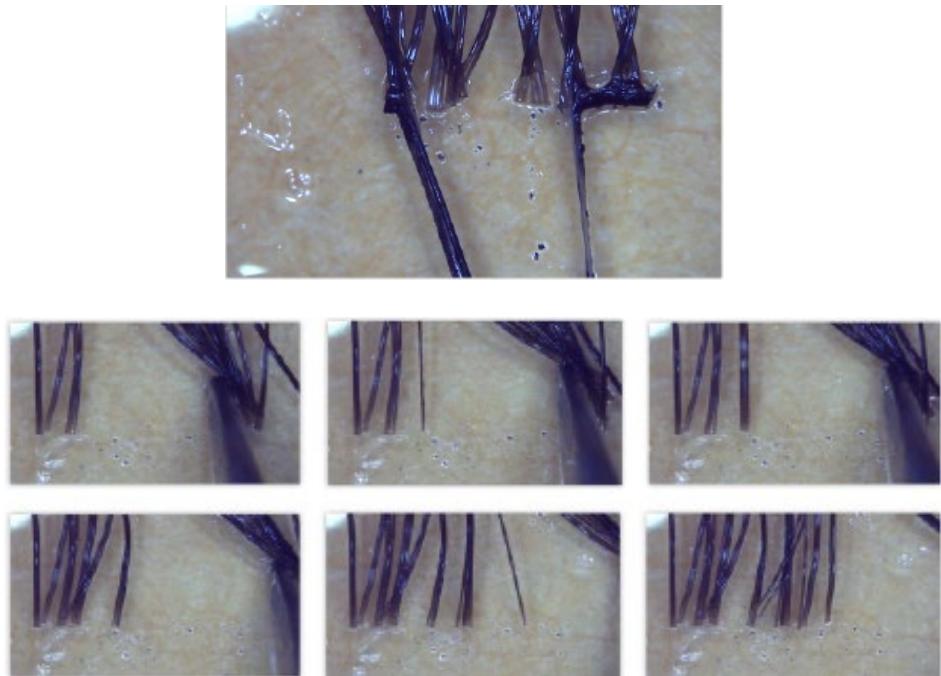
**PUBLIC VERSION**



RX-1688C at Q/As 564-74. Similar results can be seen for the B10 and C12 DI Products, as shown in the images below.



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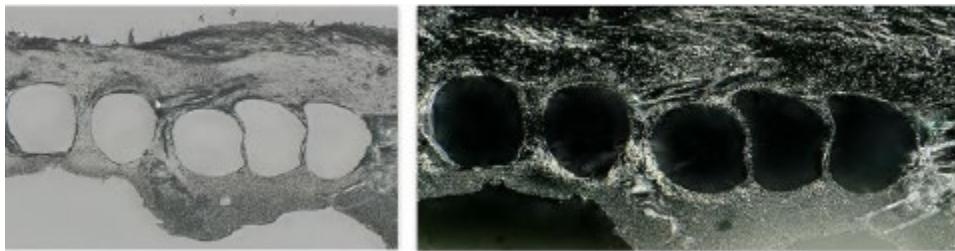
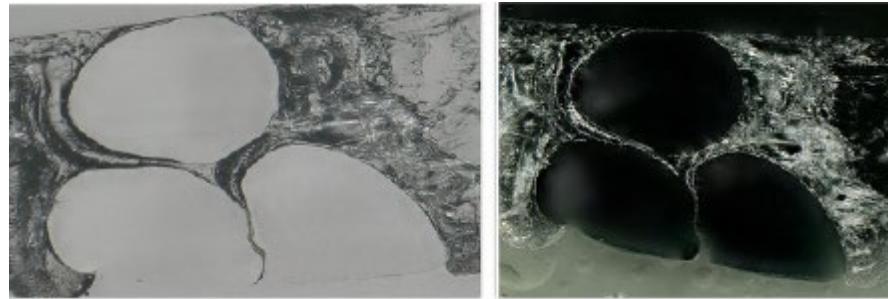
RX-1688C at Q/As 575-94.

In addition, ultramicrotomy images of the A14, B10, and C10 DI Products show a lack of heat fusion. *See RX-1688C at Q/As 322-32.* For example, as shown in the image below, the A14 DI Product has separate fibers with well-defined boundaries.



RX-1688C at Q/As 322-23. Similarly, images of the B10 and C10 DI Products also show separate fibers with well-defined boundaries.

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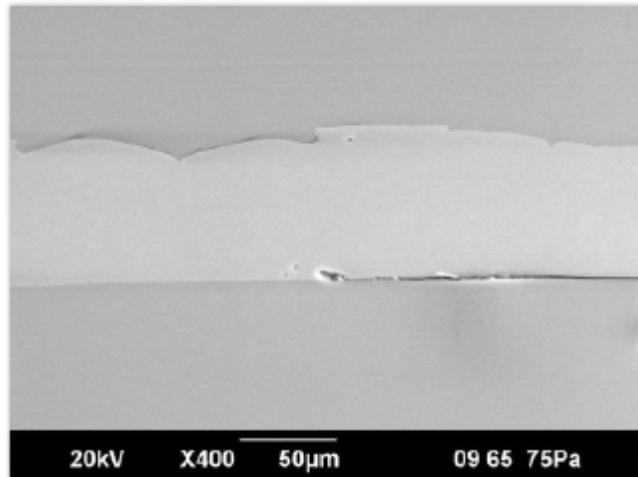
RX-1688C at Q/As 324-25. Moreover, even some of Dr. Iezzi's images of the C10 show separate individual fibers.



See CX-2095C at Q/A 649.

As previously discussed with respect to the KISS Accused Products, these images are in stark contrast with those of a known heat fused product – the PUIE lashes. Reproduced below is a cross-sectional image of the PUIE lash showing that in a known heat fused product, the fibers have been completely melted and fused together to form one entity.

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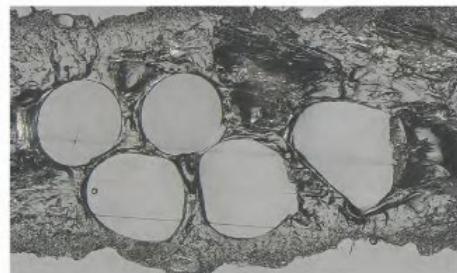
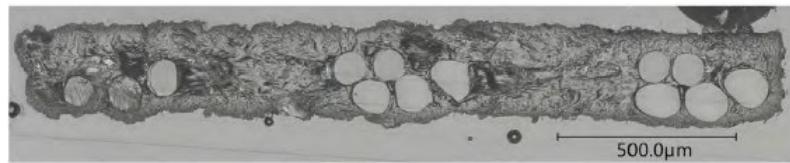
RX-1688C at Q/As 319-21. Unlike the images of the A14, B10, and C10 DI Products, one cannot discern any individual fibers in this image. *See id.* Thus, the undersigned finds that Lashify fails to prove that the C DI Products meet the “heat fused” limitations.

As to the F10 and C12 Prismatics DI Products manufactured by [REDACTED], they are made by [REDACTED] [REDACTED]. *See* CRB at 29-30; CX-2091C at Q/As 88-107, 110-13. For the [REDACTED] [REDACTED]. *See* CX-2091C at Q/A 110.

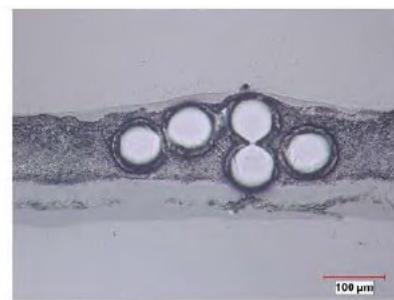
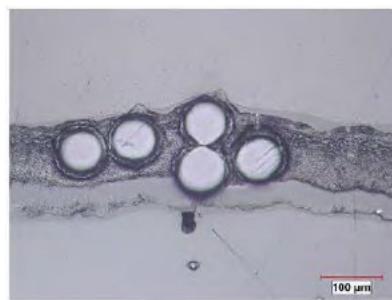
For the C12 Prismatics, none of Ms. Lotti’s testimony regarding the manufacturing steps indicate that there would be heat fused connections. For example, the evidence shows that [REDACTED] [REDACTED] heats the lashes in the [REDACTED] at around [REDACTED] CX-2091C at Q/A 111. However, as previously discussed, semi-crystalline polymers like PBT, which have a Tm of about 225°C, must reach their melting temperature in order to be joined to form a single entity, absent other conditions. *See supra* at Section V.B.1.a.i. Thus, because the manufacturing process for the C12 Prismatics DI Products only [REDACTED], this is evidence that they are not joined by applying heat to form a single entity.

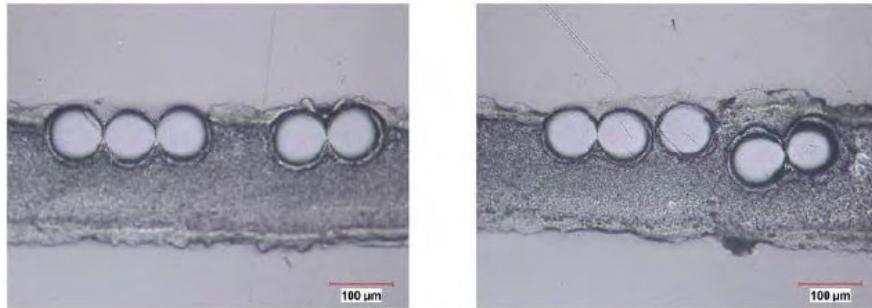
## PUBLIC VERSION

This conclusion is confirmed by images of the C12 Prismatics DI Product (reproduced below) that show individual separate fibers that are not connected.



RX-0215 at 82. Even Dr. Iezzi's images of the Prismatics shows individual fibers with well-defined boundaries.





CX-2095C at Q/A 649. The undersigned therefore finds that Lashify has failed to prove that the Prismatics DI Product meets the “heat fused” limitations.

Similarly, for the F10 DI Products, none of Ms. Lotti’s testimony regarding the manufacturing steps prove that there would be heat fused connections. For example, [REDACTED]

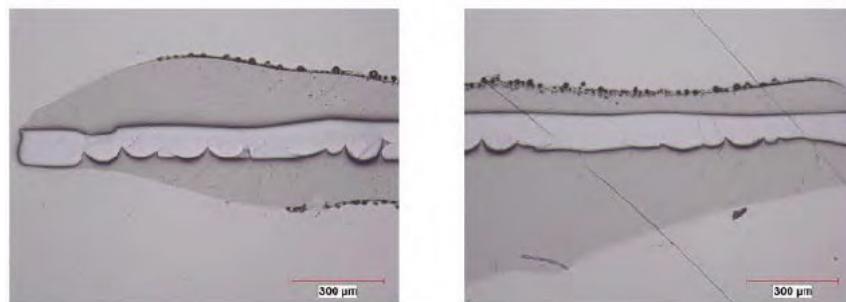
<sup>36</sup>

See CX-2091C at Q/A 110. Then, the [REDACTED]

[REDACTED]. *Id.* at Q/As 111-12. Again, because the manufacturing of the F10 DI Products only heats them at [REDACTED] (absent other conditions), at most, this is evidence that they are not joined by applying heat to form a single entity.

In addition, the images of the F10 presented by Dr. Iezzi are contradictory. For example, some of the images of the F10 DI Products (reproduced below) show fibers that may be merging with each other.

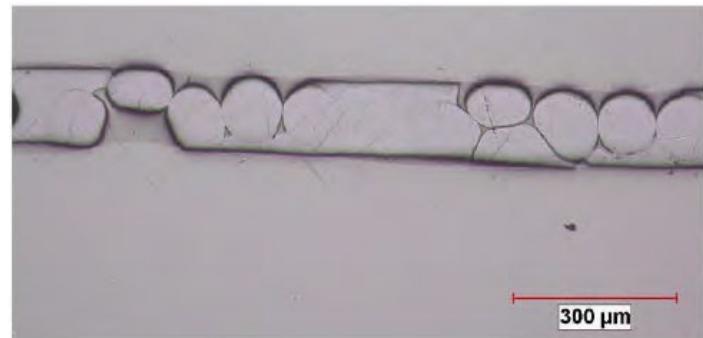
F10



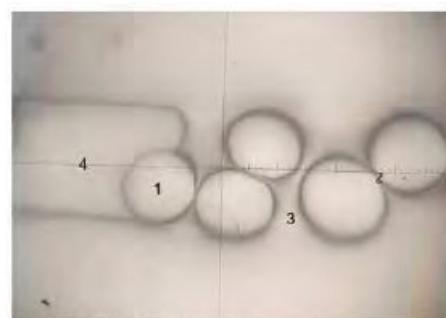
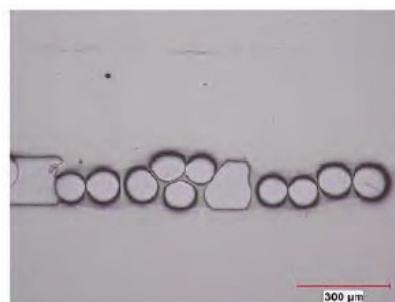
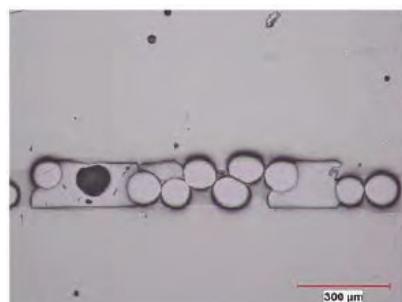
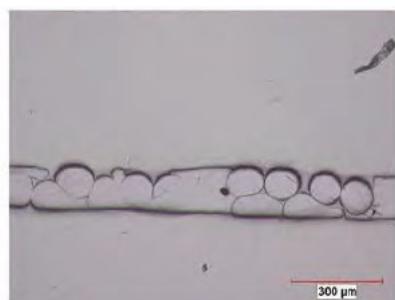
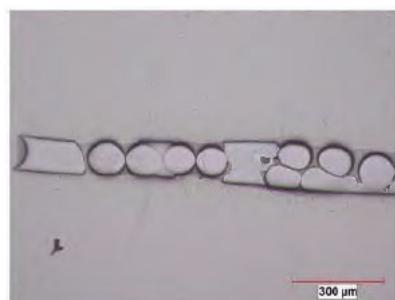
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<sup>36</sup> There is no indication of what, if any, pressure is applied [REDACTED]. See CX-2091C at 110.

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CX-2095C at Q/A 649. On the other hand, other images of the F10 (reproduced below) show individual separate fibers with well-defined boundaries.



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CX-2095C at Q/A 649. Coupled with the evidence regarding manufacturing temperatures, the undersigned finds that Lashify has failed to prove that the F10 DI Product meets the “heat fused” limitations.

Accordingly, the undersigned finds that Lashify has failed to prove by a preponderance of the evidence that any of the DI Products meet the “heat fused” limitations.

### **b) Conclusion**

Accordingly, for the reasons set forth above, the undersigned finds that the DI Products do not practice claim 1 of the '984 patent.

### **2. Claims 23 and 28**

While not identical to claim 1, independent claims 23 and 28 also recite the term “heat fused.” JX-0002, cls. 1, 23, 28. Therefore, for at least the same reasons as set forth above with respect to claim 1, the undersigned finds that Lashify fails to prove that the DI Products meet those limitations in claims 23 and 28. Accordingly, the undersigned finds that the DI Products do not practice claims 23 or 28 of the '984 patent.

### **3. Claims 9, 13, and 27**

Claims 9 and 13 depend from independent claim 1, and claim 27 depends from independent claim 23. The undersigned found hereinabove that the DI Products do not practice claims 1 or 23. Accordingly, the DI Products also do not practice claims 9, 13, or 27 of the '984 patent.

### **D. Validity**

Respondents argue that the asserted claims of the '984 patent are invalid under 35 U.S.C. § 103. RIB at 65-78. Respondents also assert that the claims of the '984 patent are invalid under 35 U.S.C. § 112 for lack of enablement and written description. *Id.* at 79-84.

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### 1. Obviousness<sup>37, 38</sup>

Respondents contend that the asserted claims<sup>39</sup> of the '984 patent are rendered obvious by U.S. Patent No. 4,299,242 ("Choe") or 10,791,782 ("Nakamura"), either alone, or in combination with U.S. Patent No. 10,433,607 ("Ahn"), the Quattro product<sup>40</sup>, U.S. Patent No. 8,225,800 ("Byrne"), or U.S. Patent No. 3,900,038 ("Masters"). RIB at 65-78. Lashify argues that the asserted claims are not obvious. CIB at 62-74. Lashify, however, "does not dispute that the prior art identified by Respondents disclose a 'lash extension' with a 'plurality' of 'hairs' and a 'base.'" CLUL at 1. Staff agrees with Lashify that the asserted claims are not obvious. SIB at 61.

#### a) Choe<sup>41</sup>

##### i) Claim 1: "first cluster" and "second cluster"

Respondents argue that Choe discloses the "first artificial hairs" forming a "first cluster," which are a group of hairs that were knotted together onto support string 12. RIB at 67-68. Respondents highlight certain fibers in Figure 4 of Choe as allegedly disclosing the "plurality of first artificial hairs" and the "plurality of second artificial hairs." *Id.*

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<sup>37</sup> The '984 patent claims priority to a provisional application filed on July 28, 2016. *See* JX-0002. All of Respondents' obviousness references predate that asserted priority date for the '984 patent. *See* RX-0474; JX-0366; JX-0368; RX-0384; RX-0973; RX-0865.

<sup>38</sup> On August 10, 2021, the KISS Respondents filed a Notice of Supplemental Authority. *See* EDIS Doc. No. 749163. In that filing, the KISS Respondents highlight two decisions by the Patent Trial and Appeal Board ("PTAB") related to the '984 patent and the '388 patent. *See id.* In both instances, the PTAB decided to deny institution of post grant review. *See id.* at Exs. 1-2. Because the '388 patent is no longer at issue in this Investigation, the PTAB's decision as to the '388 patent is irrelevant. Moreover that decision was issued on August 2, 2021 and thus, its existence could have, and should have, been included in Respondents' reply post-hearing brief. *See id.*, Ex. 2. As to the '984 patent, the KISS Respondents acknowledge that "the PTAB denied institution solely under the discretionary 'Fintiv' factors and did not provide substantive decisions on the merits of KISS's invalidity challenges to the '984 patent." Accordingly, the PTAB's decision with respect to the '984 patent is not relevant to this Investigation. *See id.*, Ex. 1.

<sup>39</sup> The undersigned notes that Respondents do not present any arguments that claims 13 or 28 of the '984 patent are obvious. *See* RIB at 65-78. Thus, any arguments to that effect are hereby waived.

<sup>40</sup> The Quattro product is a type of false eyelash that has been sold by KISS since at least July 2015. *See* RX-0003C at Q/As 12-14.

<sup>41</sup> Choe was considered by the examiner during prosecution of the '984 patent. *See* JX-0002. Therefore, to establish invalidity over Choe is a "particularly heavy" burden. *See Impax Labs., Inc. v. Aventis Pharms., Inc.*, 545 F.3d 1312, 1314 (Fed. Cir. 2008) ("When the examiner considered the asserted prior art and basis for the validity challenge during patent prosecution, that burden becomes particularly heavy.") (citing *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1467 (Fed. Cir. 1990)).

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According to Lashify, Choe discloses a method of manufacturing two types of lashes; (i) uniformly-spaced strip lashes, and (ii) individual, cluster lashes. CIB at 62. Lashify therefore argues that Choe does not disclose clusters connected to a common base, but rather, that Choe only discloses individual clusters. *Id.* at 64. Lashify asserts that Choe discloses that its strip lash includes hairs with uniform spacing, not grouped in any clusters. *Id.* In addition, Lashify argues that “Choe teaches away from the notion of multiple clusters connected to a common base by disclosing a common base for its ‘strip lashes,’ which use evenly spaced artificial lash material rather than the clusters, and individual clusters, which lack a common base.” *Id.* at 65.

Staff asserts that Choe describes a method of making individual clusters, but never discloses the intention of grouping individual clusters together. *Id.* at 61. According to Staff, Choe provides a method of removing knotted cluster bases, not combining them into one base. *Id.* In addition, Staff contends that Choe does not disclose a finished lash with more than one cluster connected to a common base. *Id.* Rather, Staff explains that Choe discloses two types of lashes: (i) strip lashes with evenly-spaced lashes and thus, no first and second clusters, and (ii) individual lashes that are single clusters, not connected to a second cluster. *Id.*

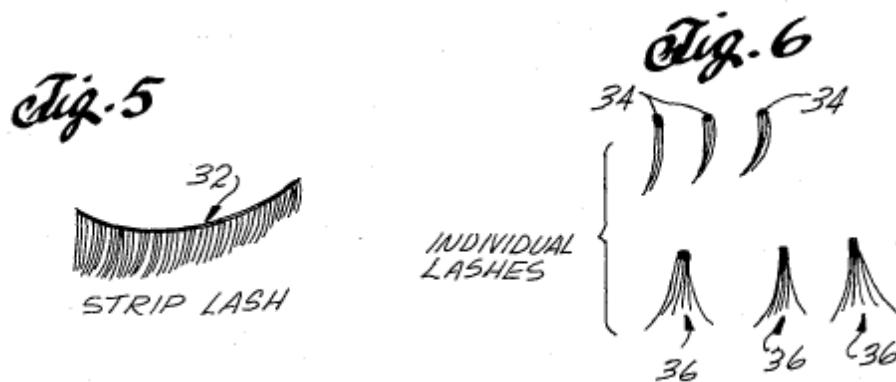
Choe is directed to a method of making strip lashes and cluster lashes by removing knots. RX-0474 at Abstract. For example Choe states:

When the lashes according to the present invention are prepared in a strip with a plurality of strands knotted on a support and bunched closely together, the result is a strip lash in which the knotted end of the lashes has been completely eliminated. Likewise, when the method of the present invention is utilized to tie a single strand or a limited number of strands in separate and discrete bunches, the result is a cluster lash, likewise, characterized by the complete absence of the knot heretofore required.

*Id.* at 2:27-36. Choe explains that when producing strip lashes, “the strands of lash material are tied close together with uniform spacing.” *Id.* at 3:9-11. Thus, the strip lashes in Choe cannot be

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said to teach or disclose multiple clusters. *See id.; see also id.* at Fig. 5. In addition, Choe discloses that when clusters are produced, “individual or multiple strands of lash material are tied together in discrete groupings with significant spacing between adjacent clusters.” *Id.* at 3:11-15. Choe further explains that to complete manufacturing, “the strip 32 of lashes can be separated into clusters, such as clusters 34 as shown in FIG. 6.” *Id.* at 3:54-59. Choe therefore teaches a method of manufacturing individual clusters. Choe does not teach multiple clusters within one lash.<sup>42</sup> *See id.* at Fig. 6. Indeed, Figures 1-4 of Choe, which Respondents allege show multiple clusters, illustrate steps during the manufacturing process, while Figures 5-6 (reproduced below) illustrate the resulting strip lash and clusters produced according to the manufacturing process.



*See id.* at 2:46-60, 3:54-59, Figs. 1-6. The undersigned therefore finds that Respondents have not met their burden to prove that Choe renders these claim limitations, and therefore claim 1, obvious.

### ii) Choe in combination with Ahn, the Quattro product, Byrne, or Masters

Respondents argue that Ahn, the Quattro product, Byrne, and Masters disclose multiple clusters of artificial hairs spaced apart along a common base. RIB at 69. Respondents contend that

<sup>42</sup> The examiner also recognized this deficiency in Choe, stating in the Reasons for Allowance, “[t]he closest prior art of reference, Choe teaches artificial lash clusters to be tied to a base. The clusters are individually heat fused together and severed from the base and applied to a user as individual clusters. Choe does not teach heat fusing clusters together to form a base to be applied to a user.” *See JX-0006.3 at 37.*

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“[a] POSITA would have been motivated to combine Choe with any of those references to make such multi-cluster designs using Choe’s knot-free technique to avoid the bulkiness created by the knots, especially based on Choe’s suggestion and teaching to avoid such bulkiness.” *Id.* at 70. Respondents also contend that one of ordinary skill would have been motivated to use Choe’s two-step process to make a lash extension with multiple clusters spaced apart along a common base because that design has the advantage of being easier and faster to apply than individual clusters, and provides more flexibility than full-length strip lashes. *Id.*

Lashify argues that one of ordinary skill would not combine Choe with Ahn because both references describe methods of removing knots in distinct and incompatible ways. CIB at 69. Lashify also argues that one of ordinary skill would not combine Choe with the Quattro product because the Quattro product is made with human hair that cannot be heat fused. CIB at 69. Lashify contends that using Choe’s heat fusion on the Quattro product would “lead to its destruction.” *Id.* In addition, Lashify argues that combining Choe with the Quattro product is “nothing but hindsight” because a skilled artisan would need to change both the Quattro product’s structure and its material. *Id.* at 69-70. Lashify argues that one of ordinary skill would not have combined Choe with Masters because Choe already discusses cutting a lash into pieces. *Id.* at 70. Lashify also asserts that one of ordinary skill in the art would not have combined Choe and Byrne because Byrne’s disclosure “does not remedy Choe’s shortcomings of not being able to manufacture a lash with multiple clusters.” *Id.*

Staff contends that because the Quattro product used human hairs, one of ordinary skill in the art would not have been motivated to combine it with Choe because the human hairs would have disintegrated under Choe’s heating method. SIB at 62. Staff asserts that both Choe and Ahn teach methods for removing knotted bases at the same location – one using heat plus bonding, and

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one using adhesives and layering. *Id.* Staff therefore submits that combining the two at the same location would have unpredictable results and thus, one of ordinary skill in the art would not have been motivated to combine the two references to achieve the heat fused clusters of the '984 patent. *Id.* As for Byrne, Staff claims that it does not describe heat fusing separate clusters, but rather, it teaches using a string to connect multiple sub-lash clusters. *Id.* In addition, Staff asserts that Choe teaches away from multiple clusters on a single base. *Id.*

The undersigned finds that Respondents have failed to show why a person of ordinary skill in the art would have a reason to combine Choe with either Ahn, the Quattro product, Byrne, or Masters. As an initial matter, as discussed above, Choe discloses a method of manufacturing either strip lashes with uniform spacing or individual clusters. *See RX-0474 at 3:9-11, 3:54-59, Figs. 5-6.* Thus, Choe teaches away from having multiple clusters on a single base/lash, and therefore, one of ordinary skill in the art would not have had a reason to combine Choe with any of the above-cited references to achieve multiple clusters. In addition, one of ordinary skill in the art would not have had a reason to combine Choe with any of the references for the additional reasons discussed below.

Like Choe, Ahn is directed to a method for removing knots from artificial lashes. *See JX-0368 at Abstract, 2:40-41.* Because they address the same issue, there is no reason why one of ordinary skill in the art would combine Choe and Ahn. Indeed, Respondents claims that “[a] POSITA would have been motivated to combine Choe with any of those references to make such multi-cluster designs using Choe’s knot-free technique to avoid the bulkiness created by the knots, especially based on Choe’s suggestion and teaching to avoid such bulkiness.” *See RIB at 70.* Yet Respondents do not explain why one of ordinary skill in the art would have a reason to combine Choe’s knot-free technique with Ahn’s knot-free technique.

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As for the Quattro product, it is made with human hair that cannot be heat fused. *See* Wanat, Tr. at 496:3-497:5; CX-2097C at Q/As 63, 76. In fact, human hair, when heated, decomposes and does not melt. *See* CX-2097C at Q/A 76. Therefore, one of ordinary skill in the art would not have been motivated to combine Choe with the Quattro product because the heating process in Choe would have destroyed the human hairs of the Quattro product. *See id.* at Q/A 152. Respondents provide no explanation to the contrary. Moreover, Respondents fail to provide any explanation for why one skilled in the art would have a reason to change the material of the Quattro product and then combine with Choe.

Masters is directed to a method of trimming lash fibers and cutting the base into a plurality of sections. *See* RX-0973 at Abstract. For example, Masters discloses that “[a]fter trimming, I cut the base of each false eyelash into a plurality of sections.” *Id.* at 3:30-31. Choe, however, already provides that a strip of lashes can be separated into individual clusters. *See* RX-0474 at 3:57-59. Thus, there is no reason why one of ordinary skill in the art would modify Choe to separate the base of the lash according to Masters. Moreover, even if Choe were combined with Masters, it would result in the strip lash of Choe being cut into sections. Those sections, however, would still have uniformly spaced fibers according to Choe’s disclosure.

Thus, the undersigned finds that Respondents have not met their burden to prove that the proposed combinations render claim 1 obvious.

### **iii) Choe in combination with Nakamura**

Respondents assert that “[t]o the extent Lashify contends Choe does not disclose heat fusion . . . , heat fusion for false eyelashes was obvious in light of Nakamura.” However, as discussed above, Choe does not render the “first cluster” and “second cluster” limitations obvious. Thus, Nakamura does not cure the deficiencies of Choe. Accordingly, the undersigned finds that

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Respondents have not met their burden to prove that the combination of Choe and Nakamura renders claim 1 obvious.

### **iv) Claims 9, 23, and 27**

Independent claim 23 includes the same “first cluster” and “second cluster” limitations as claim 1 and thus, is not rendered obvious by Choe, either alone, or in combination with Ahn, the Quattro product, Byrne, Masters, or Nakamura for at least the same reasons as claim 1.

Claims 9 and 27 depend from independent claims 1 and 23, respectively. Because claims 1 and 23 are not rendered obvious by Choe, either alone, or in combination with Ahn, the Quattro product, Byrne, Masters, or Nakamura, then claims 9 and 27 are also not rendered obvious by those prior art combinations.

### **b) Nakamura**

#### **i) Claim 1: “first cluster” and “second cluster”**

Respondents contend that Nakamura discloses these limitations. RIB at 75. For example, Respondents’ expert asserts that Nakamura discloses “fixing the axial thread 10 and the wefts 32 contacting the axial thread 10 by fusion, to form a weaving having an ear part.” *See id.*; RX-0003C at Q/As 890-91. In fact, Respondents argue that Nakamura teaches that more than one thread can be woven, resulting in clusters. RRB at 32. Respondents also assert that even where Nakamura allegedly teaches away from clusters, it actually describes creating knotted groups of artificial hairs, *i.e.*, clusters. *Id.* at 34.

Lashify contends that Nakamura does not disclose multiple clusters, but rather, discloses a method of manufacturing strip lashes with uniform spacing via a knitting structure. CIB at 66. In fact, Lashify asserts that ‘Nakamura discourages clusters because they create an ‘unattractive appearance’ and ‘do not look natural.’’’ *Id.* Lashify disputes Dr. Wanat’s claim that the wefts in

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Nakamura will form pairs or triplets that become a cluster because it contradicts Nakamura's teaching of evenly spaced eyelash materials. *Id.* at 66-67. Lashify asserts that Nakamura expressly disclaims Dr. Wanat's interpretation by stating that "the false eyelashes pertaining to the present invention use knit structures to achieve constant intervals between the eyelash materials." *Id.* at 67.

Staff asserts that Nakamura discloses a weaving and melting method that results in evenly-spaced lashes. SIB at 60. According to Staff, Nakamura teaches creating lashes that are more akin to the knotted Quattro lash, rather than artificial hairs directly heat fused together without needing glue or a base string. *Id.* In addition, Staff contends that "Nakamura's weaving process requires an axial thread in the final product that is equivalent to the conventional use of a base string, which the '984 Patent teaches is undesirable and contrary to achieving the thin and weightless benefits of the '984 Patent's heat fused lash fusions." *Id.* at 63.

Nakamura is directed to a method of manufacturing false eyelashes by weaving a knit structure and fixing the materials by thermal bonding. *See JX-0366 at Abstract; 3:51-63.* One goal of Nakamura is to have lashes that "look natural with the eyelash materials placed evenly without creating sparse areas and dense areas." *See id.* at 1:50-54. Moreover, Nakamura specifically refers to an undesirable prior art method of manufacture where "the eyelash materials cannot be bound evenly relative to the axial thread, resulting in an unattractive appearance characterized by sparse areas and dense areas, in which case the eyelashes do not look natural." *See id.* at 1:19-36. Contrary to Respondents' assertions, nothing in Nakamura teaches or suggests making a lash with multiple groups of hairs. In fact, as described above, Nakamura actually teaches away from clusters by explaining that uneven eyelash materials are not advantageous. The undersigned therefore finds

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that Respondents have not met their burden to prove that Nakamura renders these claim limitations, and therefore claim 1, obvious.

### **ii) Nakamura in combination with Ahn, the Quattro product, Byrne, or Masters**

Respondents argue that Nakamura, in combination with Ahn, the Quattro product, Byrne, or Masters, renders the “first cluster” and “second cluster” limitations obvious. RIB at 75-76. According to Respondents, one of ordinary skill in the art “would have been motivated to make such multi-cluster designs using Nakamura’s heat fusion technique to create fashionable eyelash extensions because Nakamura’s fusion technique can be applied to connect multiple clusters together.” *Id.* at 76.

Lashify argues that a skilled artisan would not have combined Nakamura with Ahn, the Quattro product, Byrne, or Masters. CIB at 73. First, Lashify asserts that Nakamura and Ahn are at odds with one another because Nakamura describes a specific type of beneficial knot while Ahn describes a method to remove knots. *Id.* Lashify contends that a skilled artisan would not have combined Nakamura with the Quattro product or Masters for the same reasons he or she would not have combined them with Choe. *Id.* In addition, Lashify asserts that Byrne discloses the unrelated concept of lash sub-assemblies. *Id.*

Staff asserts that combining Nakamura and Ahn would not be logical because “the primary teaching of Ahn is to remove knotted clusters while the primary teaching of Nakamura is to create interwoven knots.” SIB at 63. Staff claims that one of ordinary skill would not combine Nakamura with a product using human hairs, like the Quattro product. *Id.* Moreover, Staff argues that one of ordinary skill would not have been motivated to untie a product with a knotted base, like the Quattro product, and then weave the unknotted strands in accordance with Nakamura’s weaving design. *Id.* Staff also contends that Nakamura and Masters are inapposite because Masters teaches

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a feathering and cutting process on knotted artificial lashes while Nakamura teaches a melting of weaved or knitted lashes to create a strip lash. *Id.* at 64. Staff claims that combining Byrne's disclosure of attaching knotted clusters to a string with Nakamura's weaving and heating would not teach heat fused clusters attached to a common base. *Id.*

The undersigned finds that Respondents fail to show why a person of ordinary skill in the art would have a reason to combine Nakamura with either Ahn, the Quattro product, Byrne, or Masters. As an initial matter, Nakamura discloses a method of manufacturing false eyelashes by weaving a knit structure to have lashes that "look natural with the eyelash materials placed evenly without creating sparse areas and dense areas." *See JX-0366 at Abstract, 3:51-63, 1:50-54.* As previously discussed, Nakamura teaches away from clusters by explaining that uneven eyelash materials are not advantageous. *See id.* at 1:19-36. One of ordinary skill in the art would therefore not have had a reason to combine Nakamura with any of the above-cited references to achieve multiple clusters or with any of the references for the additional reasons discussed below.

As previously discussed, Ahn is directed to a method for removing knots from artificial lashes. *See JX-0368 at Abstract, 2:40-41.* Nakamura, on the other hand, is directed to a method of creating knots using a specific weaving technique. *See JX-0366 at Abstract; 1:59-2:22, Figs. 1-4.* Given these competing objectives, one of ordinary skill in the art would not have any reason to combine Nakamura with Ahn. Indeed, Respondents merely claim that "[a] POSITA would have been motivated to make such multi-cluster designs using Nakamura's heat fusion technique to create fashionable eyelash extensions because Nakamura's fusion technique can be applied to connect multiple clusters together." *See RIB at 70.* Respondents do not explain why one of ordinary skill in the art would have a reason to combine Nakamura's weaving technique with Ahn's knot-free technique.

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As discussed above, the Quattro product is made with human hair that cannot be heat fused. *See* Wanat, Tr. at 496:3-497:5; CX-2097C at Q/As 63, 76. Therefore, similar to Choe, one of ordinary skill in the art would not have been motivated to combine Nakamura with the Quattro product because the heating process in Nakamura would not work on the human hairs of the Quattro product. *See* CX-2097C at Q/A 171. Respondents provide no explanation to the contrary. Moreover, Respondents fail to provide any explanation for why one skilled in the art would have a reason to change the material of the Quattro product and then combine with Nakamura.

Masters is directed to a method of feathering and cutting a set of knotted lashes. *See* RX-0973 at Abstract, 2:5-22. While one can see groups of hairs in some of the figures of Masters, Respondents failed to explain why one of ordinary skill in the art would have a reason to combine Nakamura with Masters. Indeed, Respondents fail to explain why one of ordinary skill in the art would modify Nakamura to have the alleged clusters in Masters, particularly when Nakamura teaches away from clusters. *See* JX-0366 at 1:19-36. Moreover, even if Nakamura were combined with Masters, it would result in the evenly-spaced lash of Nakamura being feathered and cut into sections. Those sections, however, would still have uniformly spaced fibers according to Nakamura's disclosure.

Thus, the undersigned finds that Respondents have not met their burden to prove that the proposed combinations render claim 1 obvious.

### iii) Claims 9, 23, and 27

Independent claim 23 includes the same "first cluster" and "second cluster" limitation as claim 1 and thus, is not rendered obvious by Nakamura, either alone, or in combination with Ahn, the Quattro product, Byrne, or Masters for at least the same reasons as claim 1.

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Claims 9 and 27 depend from independent claims 1 and 23, respectively. Because claims 1 and 23 are not rendered obvious by Nakamura, either alone, or in combination with Ahn, the Quattro product, Byrne, or Masters, then claims 9 and 27 are also not rendered obvious by those prior art combinations.

### **c) Conclusion**

Accordingly, the undersigned finds that Respondents have not met their burden to prove that any of the prior art combinations render any asserted claim of the '984 patent obvious.

### **d) Secondary Considerations**

Secondary considerations of nonobviousness may rebut a *prima facie* case of obviousness. Here, where Respondents have not made out a *prima facie* case of obviousness, there is no showing to rebut. Accordingly, the undersigned need not consider any secondary considerations of nonobviousness.

## **2. Enablement and Written Description**

Respondents argue that the asserted claims are invalid for lack of enablement and written description. RIB at 79. Respondents assert that heat fusion of PBT cannot occur at the temperature range disclose in the patent – *i.e.*, 55-110°C. *Id.* at 80. Rather, Respondents contend that at temperatures below 200°C (which Respondents refer to as “cold fusion”), PBT fibers do not heat fuse and can be easily separated. *Id.* Respondents submits that testing by multiple experts confirms that cold fusion is not possible. *Id.* For example, Respondents claim that Dr. Wanat’s oven testing at various temperatures proves that PBT lash fibers will not heat fuse at the 55-110°C range. *Id.* In addition, Respondents assert that another set of Dr. Wanat’s tests show no heat fusion when fibers are held together in an oven for several minutes at 82°C, 120°C, or 150°C. *Id.* In fact, Respondents contend that Dr. Wanat could not achieve heat fusion between PBT fibers until 228°C, which is

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just above the melting temperature of PBT. *Id.* at 81. Respondents also argue that “Dr. Iezzi could not heat fuse at 55-110°C and he never even tried to test for heat fusion alone at that temperature without using pressure plates (even though he admitted he could have).” *Id.*

Respondents claim that textbooks and scholarly articles confirm that cold fusion is not possible. RIB at 81. Respondents explain that at temperatures even a few degrees below the melting temperature, trying to join PBT structures results in a bond strength of close to zero. *Id.* Respondents argue, for example, that a typical milk container (made of a “semi-crystalline polymer that behaves like PBT”) confirm that cold fusion is not possible. *Id.* In addition, Respondents contend that Dr. Iezzi did not cite any textbooks or scientific references, and did no testing that teaches that PBT can fuse between 55–110°C. *Id.*; RRB at 37. Respondents claim that because the term “heat fused” was construed according to its narrower claim construction, now, “the claims and specification lack § 112 support.” *Id.* at 83.

Lashify argues that the specification discloses a temperature range of 223°C to 275°C, and that Dr. Wanat admits that heat fused connections of PBT fibers can be achieved at those temperatures. CIB at 83. In addition, Lashify submits that Dr. Iezzi proved that artificial PBT lash fibers fuse at both 55°C and 110°C. *Id.* at 83-84. Lashify asserts that, in every test, including the lowest temperature (55°C) and pressure (2,000 pounds), the PBT fibers fused together. *Id.* at 84. Lashify disputes that the results of Dr. Iezzi’s testing could be from the pressure crushing the fibers together. *Id.* According to Lashify, “[i]f mechanical force caused the fibers to join, ‘they would be splintered’ and ‘pulverized almost into dust.’” *Id.* Lashify submits, however, that did not happen with Dr. Iezzi’s tests, and instead, the non-overlapping fibers remained intact. *Id.* As to Dr. Wanat’s testing, Lashify argues that at most, it “shows that PBT fibers cannot be fused in his

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kitchen oven when held together with a binder clip; it does not prove that PBT fibers cannot be fused at the exemplary temperature range in the specification.” *Id.* at 85.

Lashify asserts that the ’984 patent discloses specific examples of how to heat fuse, such as by hot melt and heat sealing. CRB at 38. Thus, Lashify contends that “[a] person of skill in the art would know not only how to form heat fused connections but would also understand that the applicant was in possession of the claimed invention.” *Id.* Lashify argues that it is irrelevant whether the specification supports the statement that PBT could be heat fused by being heated to approximately 55-110°C because that specific temperature range is not recited in the asserted claims. *Id.* In fact, Lashify submits that there is no Federal Circuit case that stands for the proposition that the specification must provide support for all embodiments. *Id.* at 39. Rather, Lashify argues that the claims must be supported, not embodiments in the specification. *Id.*

Staff contends that the ’984 patent sufficiently explains and discloses heat fusion. SIB at 65. According to Staff, the ’984 patent teaches a skilled artisan that PBT can be technically heat fused within the 55°C-110°C range when the conditions are optimized, such as when coupled with adequate pressure. *Id.* Staff argues that Dr. Iezzi’s heat sealing experiments, where he fused PBT fibers with added pressure at both 55°C and 110°C with minimal effort, prove that a skilled artisan would know how to, and could, practice the claimed invention by heating PBT to temperatures within the 55°C-110°C range. *Id.*

At issue is whether the ’984 patent is invalid for lack of written description and enablement with respect to the “heat fused” claim limitations. The specification of the ’984 patent includes many passages referring to how artificial hairs or clusters can be heat fused. *See, e.g.*, JX-0002 at 2:45-51 (“Clusters of artificial lashes are initially formed using, for example, a hot melt method in which artificial lashes are heated.”), 3:2-5 (“For example, the multiple clusters can be fused

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together (e.g., via a heat seal process) approximately 1-5 millimeters (mm) above the base via crisscrossing artificial hairs.”), 4:19-25, 4:37-45, 5:10-12, 7:21-45 (“In some embodiments, linear artificial hairs are heated at one end such that they begin to fuse to one another at that end, while in other.”), 7:51-62 (“For example, the multiple clusters could be connected together using a hot melt method substantially similar to the hot melt method used to form the individual clusters. As noted above, the hot melt method requires that the multiple clusters be heated to a temperature that is sufficient to cause the individual lashes to begin to melt. Thus, clusters made of PBT could be heated to approximately 55-110° C. (e.g., 65° C.) near one end.”). In addition, the specification mentions two specific and well-known methods of heat fusing artificial hairs or clusters together – the hot melt method and the heat seal method. *See id.*; *see also* CX-2096C at Q/As 35-44.

Respondents take issue with the specific temperature range disclosed in the patent, arguing that heat fusion of PBT cannot occur at that temperature range.<sup>43</sup> For example, the specification states:

The hot melt method requires that the multiple artificial hairs be heated to a temperature that is sufficient to cause the individual lashes to begin to melt. For example, artificial hairs made of PBT could be heated to approximately 55-110° C. at one end during a heat seal process (during which the heated ends begin to fuse to one another). Note, however, that clusters could include artificial hairs that consist of natural materials (e.g., silk or authentic mink hair) or synthetic materials (e.g., acrylic resin, PBT, or synthetic mink hair made of polyester). While clusters may include 10 to 90 artificial hairs, most clusters include 10 to 30 artificial hairs.

*See id.* at 7:21-45; *see also id.* at 7:51-62. However, “the patent specification is written for a person of skill in the art, and such a person comes to the patent with the knowledge of what has come before. Placed in that context, it is unnecessary to spell out every detail of the invention in the specification; only enough must be included to convince a person of skill in the art that the inventor

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<sup>43</sup> The undersigned notes that none of the claims of the '984 patent require a specific temperature range for the heat fused connections. *See JX-0002, cls. 1-28.*

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possessed the invention and to enable such a person to make and use the invention without undue experimentation.” *LizardTech, Inc. v. Earth Resource Mapping, Inc.*, 424 F.3d 1336, 1345 (Fed. Cir. 2005) (internal citations omitted). Indeed, Dr. Wanat admits that a person of ordinary skill in the art would know that the melting temperature of PBT is in the range of 200-271°C. *See RX-0003C* at Q/A 1204. The undersigned further finds that one of ordinary skill in the art would also understand that at temperatures lower than the melting temperature, other conditions, such as increased pressure would be needed to achieve “heat fused” connections. More specifically, one of ordinary skill in the art would understand that heat fusion requires the balance of three things – amount of heat, amount of force, and amount of time. *See CX-2096C* at Q/As 34-35. Thus, if more heat is applied, less force and time is needed to heat fuse the materials, or if less heat is applied, more force and time is needed to heat fuse the materials.<sup>44</sup> *See id.* Accordingly, after reading the ’984 specification, a person of ordinary skill in the art would understand that at the disclosed 55-110°C temperature range, a sufficient amount of force and time would be needed to heat fuse PBT fibers.<sup>45</sup> *See id.* at Q/A 45.

The undersigned therefore finds that the specification of the ’984 patent sufficiently describes how to make and use the full scope of the invention without undue experimentation. Likewise, the undersigned also finds that this is sufficient to demonstrate that the patentee had possession of the claimed invention.<sup>46</sup> *See LizardTech, Inc.*, 424 F.3d at 1345 (“That is, a recitation

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<sup>44</sup> For example, one of ordinary skill in the art would know that heat sealing, which is disclosed in the ’984 patent, is a process in which heat and force are applied to bond or join materials together. *See CX-2096C* at Q/A 36.

<sup>45</sup> The undersigned finds that, at most, Dr. Wanat’s experiments prove that he was not able to achieve heat fused connections under the specific conditions he used. They do not prove that one of ordinary skill in the art would not be able to achieve heat fused connections according to the ’984 specification. Indeed, Respondents’ position is directly contradicted by Dr. Iezzi’s testing. Dr. Iezzi performed tests at temperatures within the range disclosed in the patent (*i.e.*, 55°C and 110°C) and was able to heat fuse PBT fibers. *See CX-2096* at Q/As 46-67.

<sup>46</sup> Respondents claim that the Federal Circuit has repeatedly invalidated claims under § 112 when the patent purports to claim an invention that conflicts with ordinary experience and established scientific principles. RIB at 82. Respondents contend that *In re Swartz* is directly on point because the Federal Circuit affirmed invalidity under § 112 because the alleged cold fusion was not reproducible as of the filing date and those skilled in the art would reasonably doubt the

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of how to make and use the invention across the full breadth of the claim is ordinarily sufficient to demonstrate that the inventor possesses the full scope of the invention, and vice versa.”). Accordingly, the undersigned finds that Respondents have failed to prove, by clear and convincing evidence, that the asserted claims of the ’984 patent are invalid for lack of enablement or written description.

### **VI. U.S. DESIGN PATENT NO. D867,664**

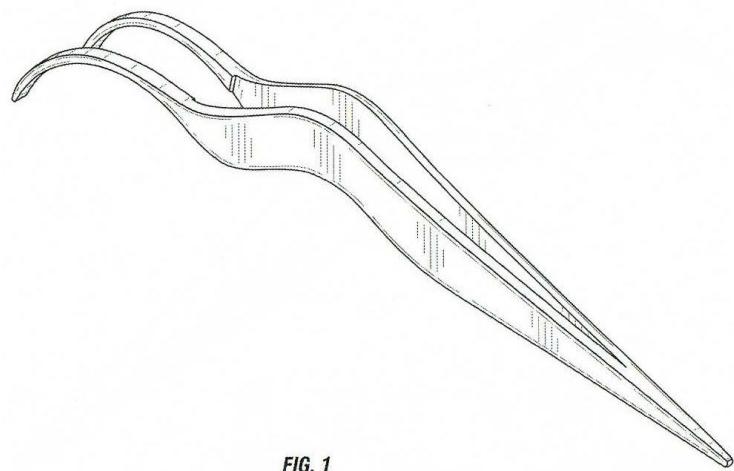
#### **A. Overview**

The D’664 patent, entitled “Applicator for Artificial Lash Extensions,” issued on November 19, 2019 to Sahara Lotti. Lashify, Inc. is the named assignee. JX-0004. The D’664 patent claims an ornamental design for an applicator for artificial lash extensions, as shown and described in the patent:

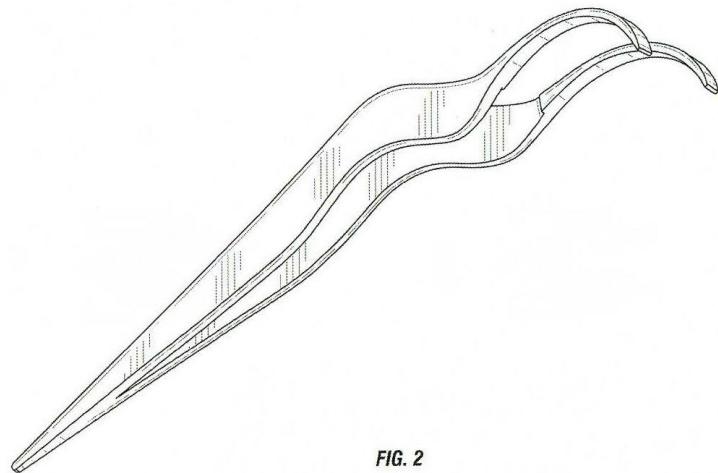
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asserted operability of cold fusion. *Id.* The undersigned disagrees with Respondents’ assertion that *In re Swartz* is directly on point. First, there is no evidence that the “cold fusion” referenced in that case is in any way similar to the “heat fused” limitation in the ’984 patent. See *In re Swartz*, 50 Fed. Appx. 422 (Fed. Cir. 2002). Moreover, the Federal Circuit in *In re Swartz* found that the claims were directed to the accomplishment of an unattainable result. See *id.* at 424. That is not the case here, as demonstrated by Dr. Iezzi’s testing. See CX-2096 at Q/As 46-67.

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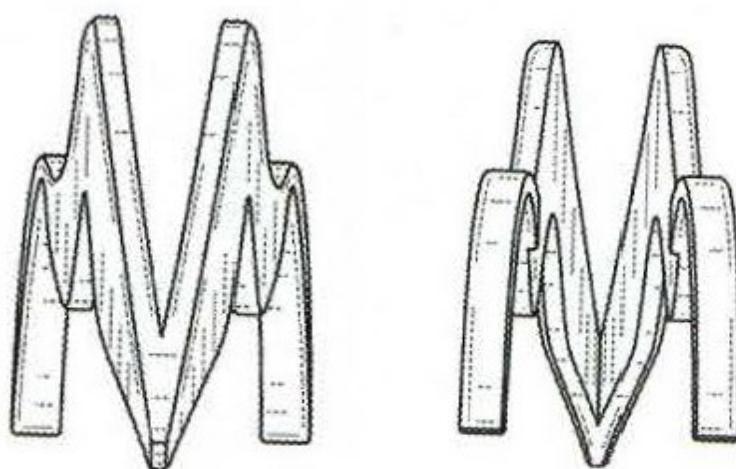


*FIG. 1*



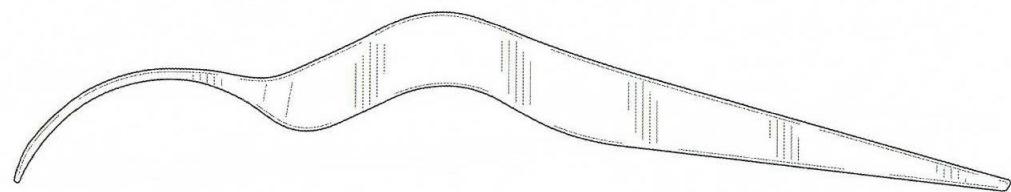
*FIG. 2*

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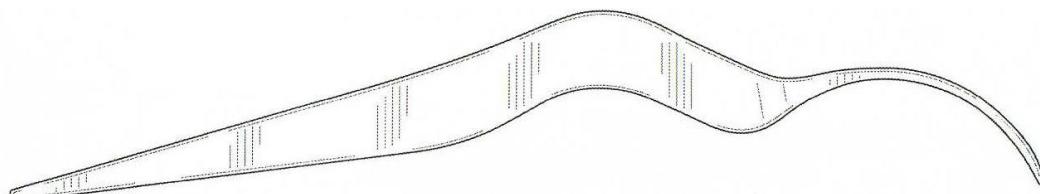


**FIG. 3**

**FIG. 4**



**FIG. 5**



**FIG. 6**

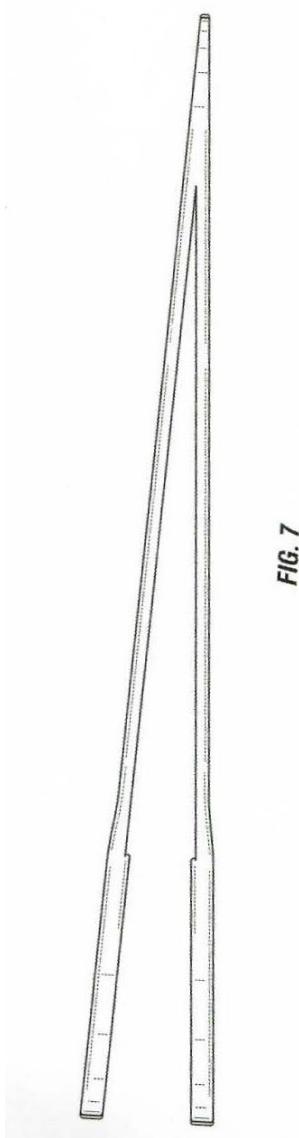


FIG. 7

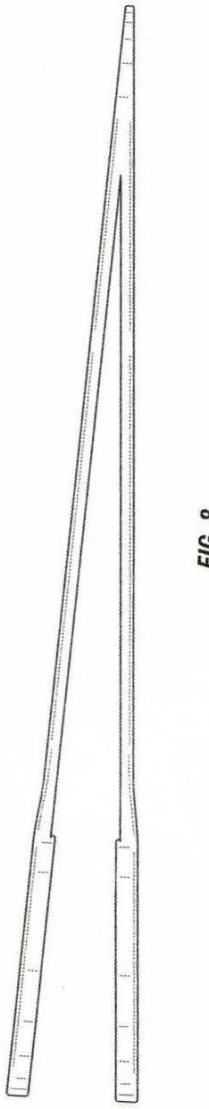


FIG. 8

*Id.* at Figs. 1-8.

Hollyren is the only respondent accused of infringing the D'664 patent. CIB at 85-86; RIB at 5.

#### **B. Infringement**

Lashify contends that Hollyren infringes the D'664 patent by importing, selling for importation, and/or selling in the United States after importation the Hollyren applicator Model No. CX1514 for use with Hollyren's Superfine Band Cluster lashes. CIB at 85-86. Staff agrees.

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SIB at 68-71. Hollyren initially contested Lashify's infringement allegations; however, Hollyren no longer disputes that it infringes the D'664 patent. *Compare* RPHB at 538, *with* RIB at 85-87.

Additionally, the evidence shows that Hollyren's applicator Model No. CX1514 infringes the D'664 patent. Lashify's expert on the design patents, Ms. Vivian Baker<sup>47</sup>, an Oscar-winning makeup artist with over 30 years of experience in makeup artistry and makeup production for film and television, testified that she reviewed the accused Hollyren applicators, as well as Hollyren's catalog and advertisements. CX-2098C at Q/A 102-107. Based on her review, Ms. Baker concluded that "the Hollyren applicator (Model No. CX1514) is of the ornamental design of the D'664 patent." *Id.* at Q/As 94, 108. She explained:

Both the '664 patent and the Hollyren applicator include two arms that meet at a point at one end of the applicator. The arms widen toward the middle of the applicator, and then include the same series of curves leading toward the opposite end of the applicator. Both designs also feature the same proportions along the length of the applicator.

*Id.* at Q/A 110.

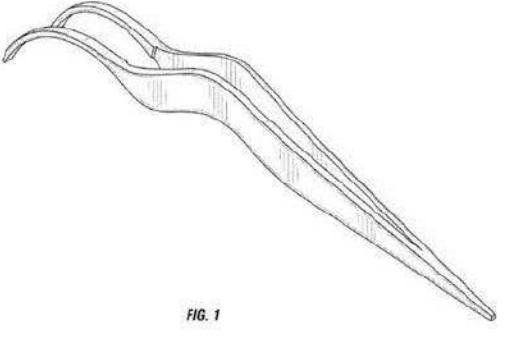
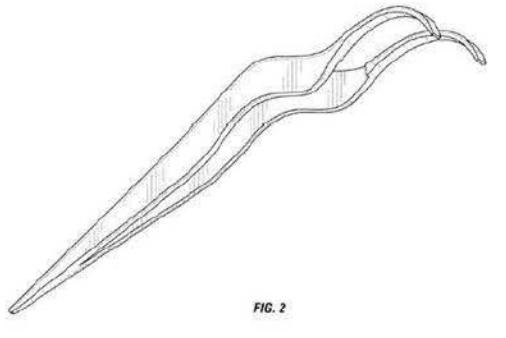
Exemplary images from Ms. Baker's analysis confirm that the accused Hollyren applicator is substantially similar, if not identical to the design of the D'664 patent:<sup>48</sup>

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<sup>47</sup> Respondents do not dispute that Ms. Baker is an expert in artificial eyelash products. *See generally* RIB at 84-87, 109; RRB at 38-40.

<sup>48</sup> The ordinary observer for the D'664 patent is a consumer or purchaser of an applicator for artificial eyelashes who has knowledge of available applicators (e.g., tweezers or wands), and other ways of applying artificial lashes, such as by hand. CX-2098C at Q/A 95.

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'664 Patent Figures	Hollyren Applicator (Model No. CX1514)
 <p data-bbox="437 572 479 593">FIG. 1</p>	
 <p data-bbox="507 1058 549 1079">FIG. 2</p>	

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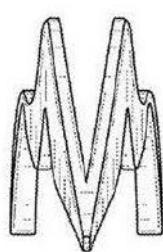


FIG. 3

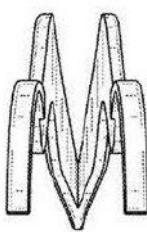


FIG. 4

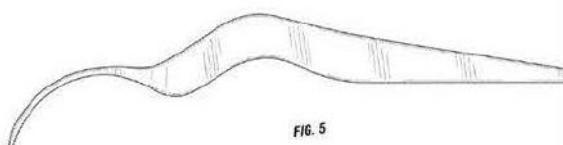


FIG. 5

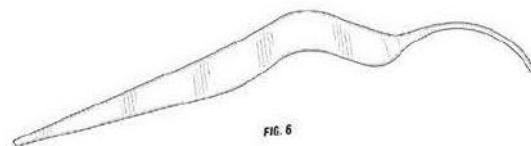
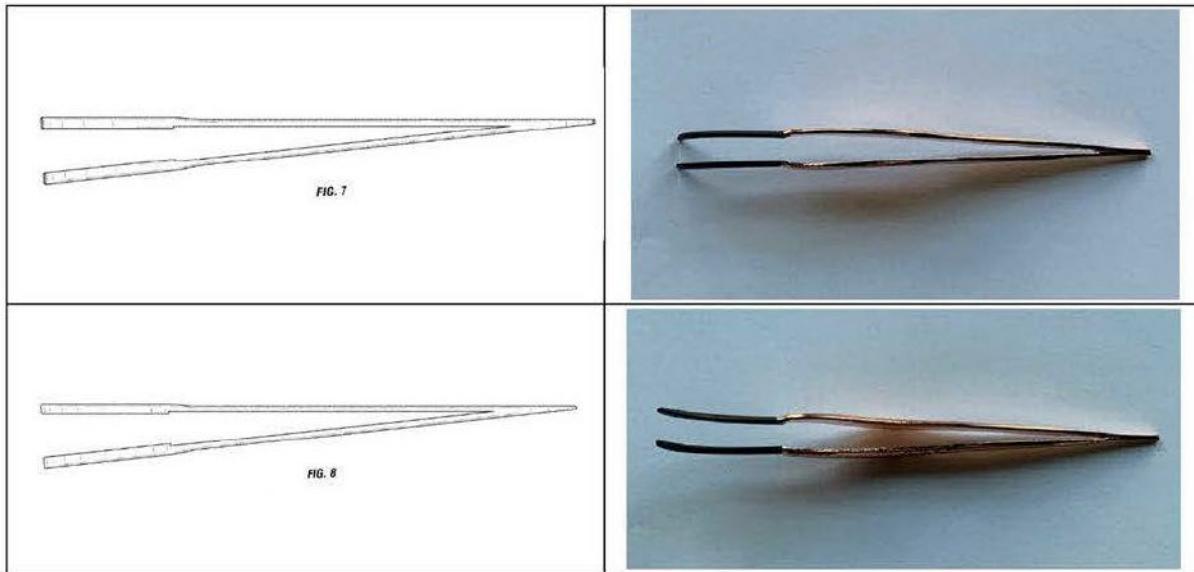


FIG. 6





CX-2098C at Q/A 109; *see also* CX-0193C; CX-0211C.

### C. Technical Prong of the Domestic Industry Requirement

Lashify asserts that the Lashify Fuse Control Wand and X Fuse Control Wand practice the ornamental design of the D'644 patent. CIB at 87. Hollyren did not address whether Lashify practices the D'644 patent in Respondents' briefs.<sup>49</sup> *See generally* RIB at 85; RRB at 39. Rather, Hollyren only argued that the domestic industry requirement is not met because "Lashify has failed to demonstrate that the economic prong . . . is satisfied for the D'664 Patent." RRB at 39; *see also* RIB at 85. Hollyren has therefore waived any arguments that the Lashify Fuse Control Wand and X Fuse Control Wand do not practice the D'644 patent. G.R. 13.1. In Staff's view, the evidence shows that Lashify practices the D'664 patent. SIB at 67; *see also id.* at 71-72.

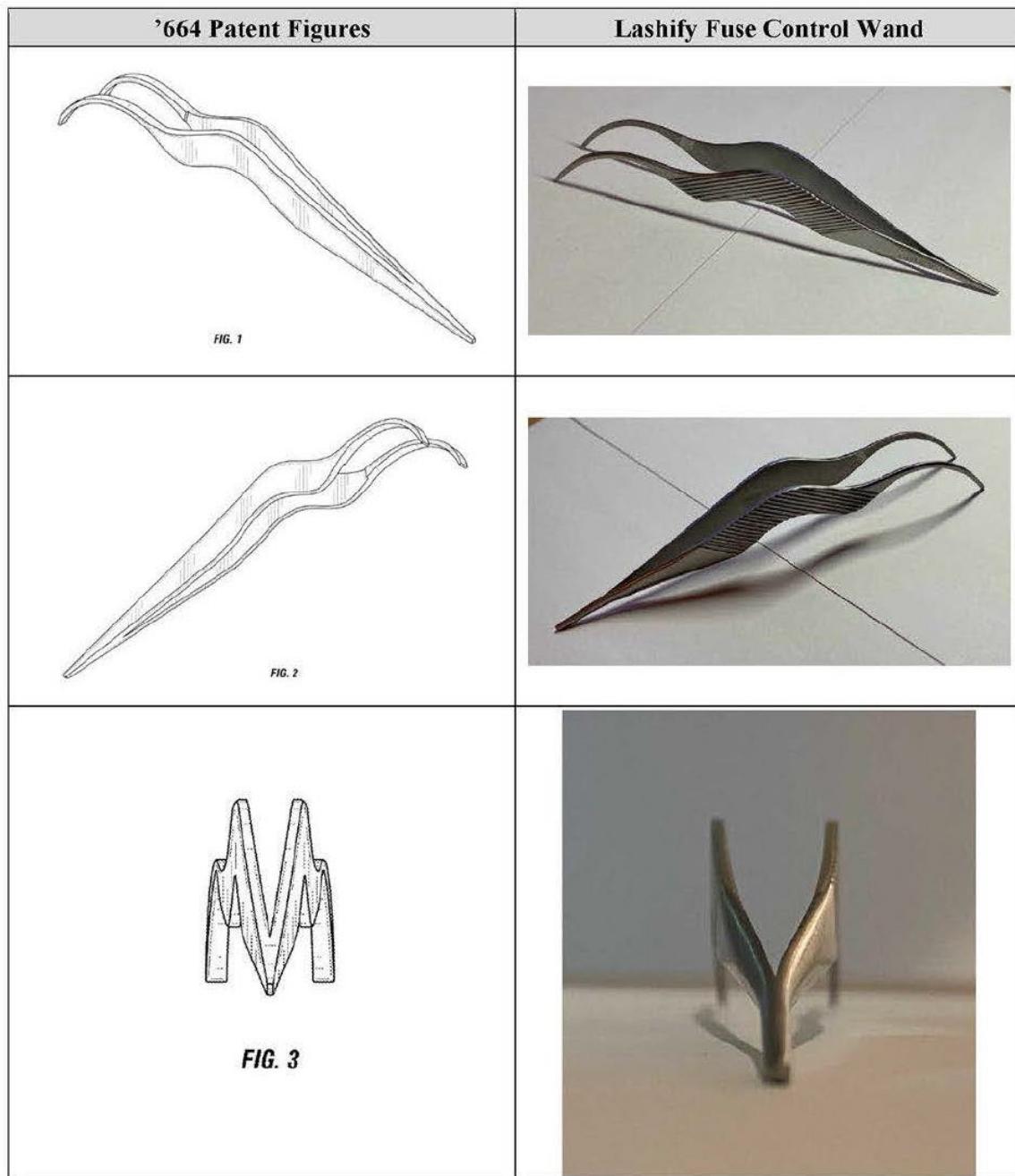
The evidence demonstrates that the Lashify Fuse Control Wand and X Fuse Control Wand practice the ornamental design of the D'644 patent. Ms. Baker testified that comparisons of the Lashify products to the figures of the D'664 patent show that the shape of the Fuse Control Wand

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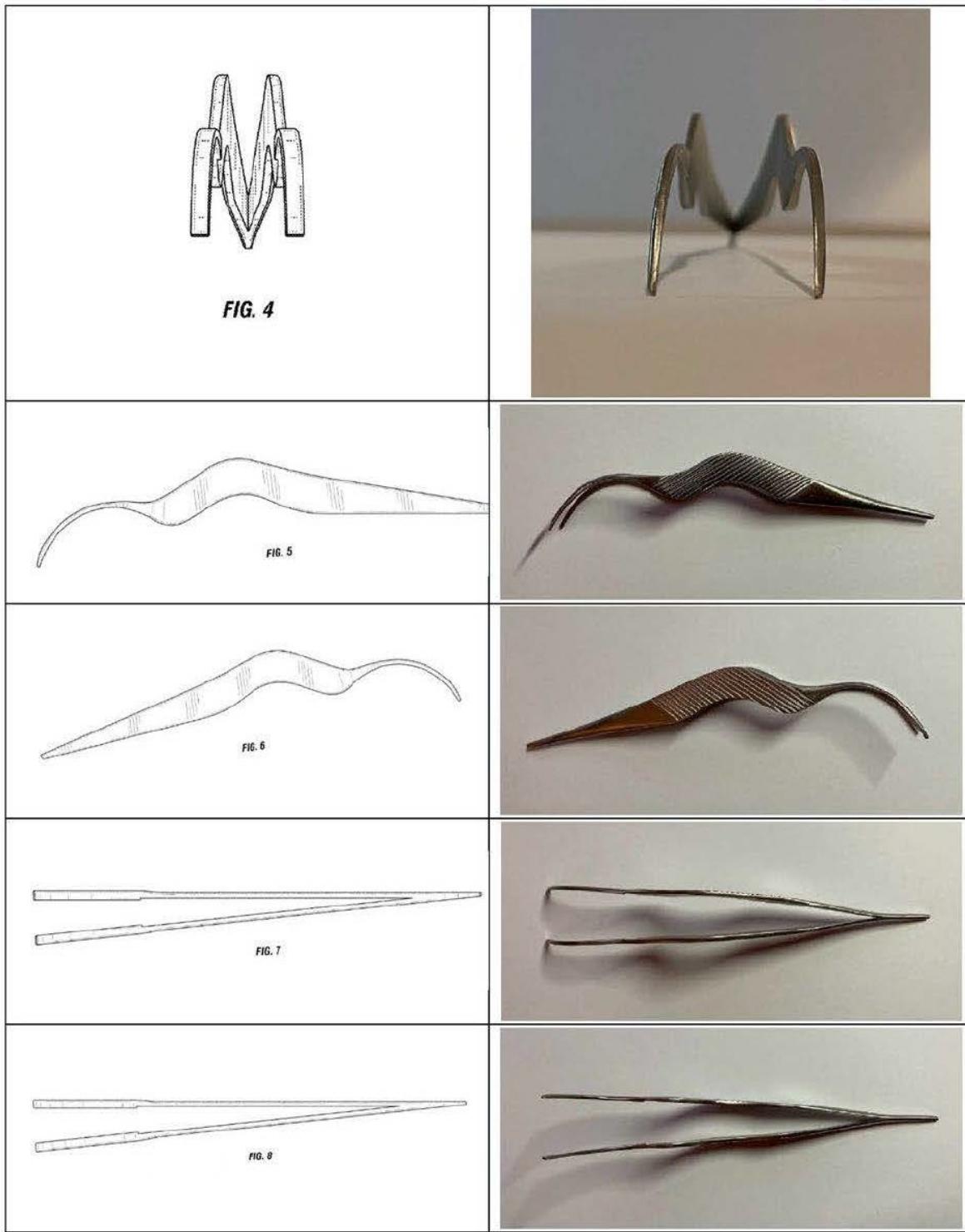
<sup>49</sup> According to Lashify, "Hollyren has not asserted that Lashify's products do not practice the '664 patent." CIB at 87.

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and X Fuse Control Wand are “substantially similar, if not identical” to the design of the D’664 patent. CX-2098C at Q/As 8, 96-101; CPX-0019.



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CX-2098C at Q/A 97; *see also id.* at Q/A 100 (testifying that the X Fuse Control Wand bears a substantially similar design to the D'664 patent and the Fuse Control Wand). As can be seen in the

chart above, both designs include two arms that meet at a point at one end of the applicator and widen toward the middle of the applicator. *Id.* at Q/A 97. Both designs also include the same series of curves leading toward the opposite end of the applicator and feature the same proportions along the length of the applicator. *Id.* In light of these similarities and the designs as a whole, Ms. Baker concluded that an ordinary observer would find the design of Lashify's Fuse Control Wand and X Fuse Control Wand to be substantially similar to the design of the D'664 patent.<sup>50</sup> *Id.* at Q/A 101.

Accordingly, the undersigned finds that Lashify has satisfied the technical prong of the domestic industry requirement for the D'664 patent.

**D. Validity**

Hollyren contends that D'664 patent is invalid as functional. RIB at 85-87; *see also* RRB at 39-40 (“The D'664 patent represents a functionally designed tool to apply eyelashes and is not an appropriate subject for a design patent.”). Hollyren argues that “the device consists of two horizontal arms that are functional because they deliver force to attach the artificial eyelashes” and “has a curve shape at the end of each arm that is functional because the curve follows the curvature of a person's natural eyelid, which allows the device to grasp an entire set of lash extensions simultaneously.” *Id.* Hollyren also asserts that “another curved feature near the center of each arm is . . . functional, because it indicates the position for the fingers to apply the force and it curves around the nose.” *Id.*

Lashify disputes that the design of the D'664 patent is functional. CIB at 87-88; CRB at 41. Lashify explains that “while applicators for artificial lashes serve a purpose—they hold and apply artificial lashes—there are many different types of applicators for artificial eyelashes, each

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<sup>50</sup> The Fuse Control Wand includes lines in the middle portion of the applicator as an additional design element. The D'664 patent figures do not include these lines. Ms. Baker testified that “[t]his distinction does not detract from the overall similarities in the two designs, including the fact that the Fuse Control Wand shares the same, recognizable silhouette as the design of the '664 patent.” CX-2098C at Q/A 98. The undersigned agrees.

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with its own design, curvature, and proportions.” CIB at 87. Thus, Lashify argues, the fact that the design as a whole may be used for a purpose does not render the design functional. *Id.* Staff concurs. SIB at 72. Staff submits that “the functionality described by Respondents is not the primary aspect of the design, and there is no clear and convincing evidence to render the claim of the D’664 Patent invalid.” *Id.*

The Federal Circuit applies a stringent standard for invalidating a design patent on the grounds on functionality. *Rosco, Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1378 (Fed. Cir. 2002). Specifically, the design of a useful article is deemed functional where “the appearance of the claimed design is ‘dictated by’ the use or purpose of the article.” *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993). Invalidity of a design patent must be established by clear and convincing evidence. *Rosco*, 304 F.3d at 1378; *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2242 (2011).

Hollyren has not provided any fact or expert testimony to support its assertion that the D’664 patent is invalid. Rather, Hollyren relies primarily on attorney argument. “Attorney argument is not evidence,” however. *Elcommerce.com, Inc. v. SAP AG & SAP America, Inc.*, 745 F.3d 490, 506 (Fed. Cir. 2014). Furthermore, the fact that an applicator serves a functional purpose does not render its design invalid. *See Sport Dimension, Inc. v. Coleman Co.*, 820 F.3d 1316, 1320 (Fed. Cir. 2016) (“[A]s long as the design is not primarily functional, the design claim is not invalid, even if certain elements have functional purposes.”) (internal quotation marks omitted). The relevant inquiry is whether the design is “governed solely by function.” *Seiko Epson Corp. v. Nu-Kote Int’l, Inc.*, 190 F.3d 1360, 1368 (Fed. Cir. 1999).

The evidence adduced at trial confirms that the ornamental design of the D’664 patent is not purely functional. As Ms. Baker testified, there are many different types of applicators for

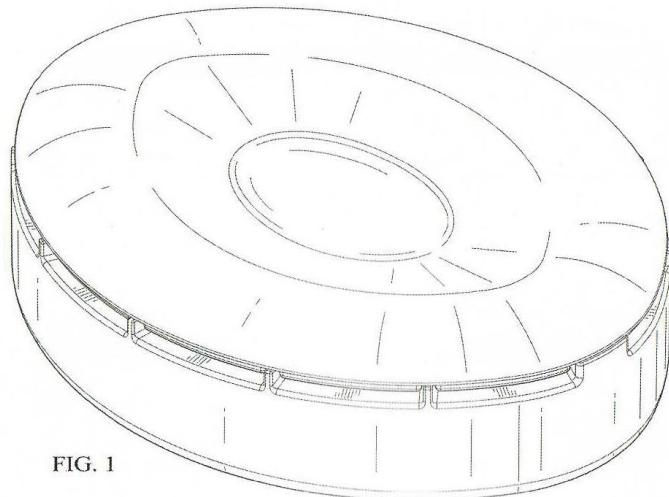
## PUBLIC VERSION

artificial eyelashes, including designs sold by Respondents.<sup>51</sup> CX-2098C at Q/As 116-117; *see also* CX-0211C; CX-0328. “[E]ven two applicators having the same design may have different functionalities.” *Id.* at Q/A 117. “When there are several ways to achieve the function of an article of manufacture, the design of the article is more likely to serve a primarily ornamental purpose.” *L.A. Gear*, 988 F.2d at 1123; *see also Rosco*, 304 F.3d at 1378 (“[I]f other designs could produce the same or similar functional capabilities, the design of the article in question is likely ornamental, not functional.”). For these reasons, the undersigned finds that Hollyren has failed to show that the D’664 patent is invalid as functional.

## VII. U.S. DESIGN PATENT NO. D877,416

### A. Overview

The D’416 patent, entitled “Storage Cartridge for Artificial Eyelash Extensions,” issued on March 3, 2020 to Sahara Lotti. Lashify, Inc. is the named assignee. JX-0003. The D’416 patent claims an ornamental design for a storage cartridge for artificial eyelash extensions, as shown and described in the patent:



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<sup>51</sup> Ms. Baker’s testimony on this issue is unrebutted.

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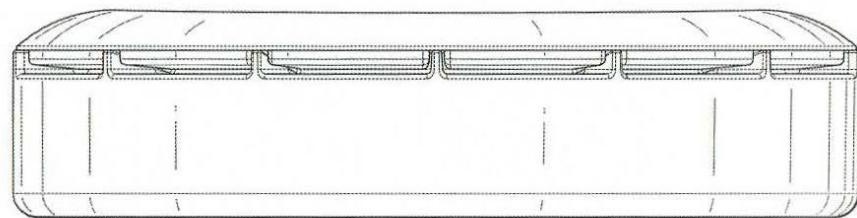


FIG. 2

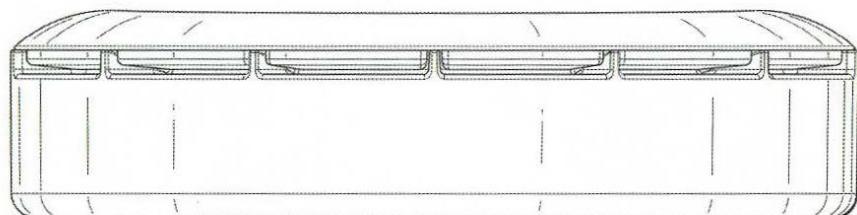


FIG. 3

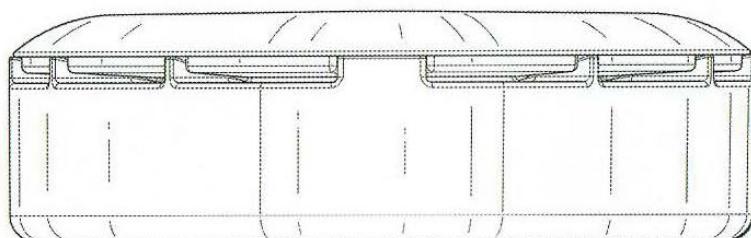


FIG. 4

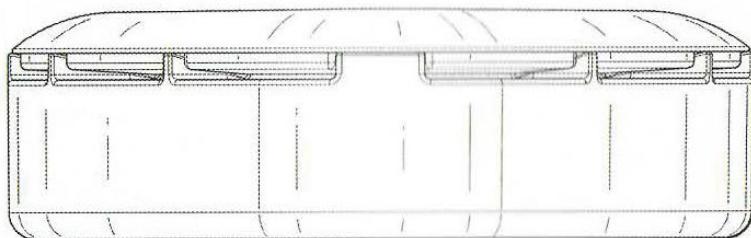
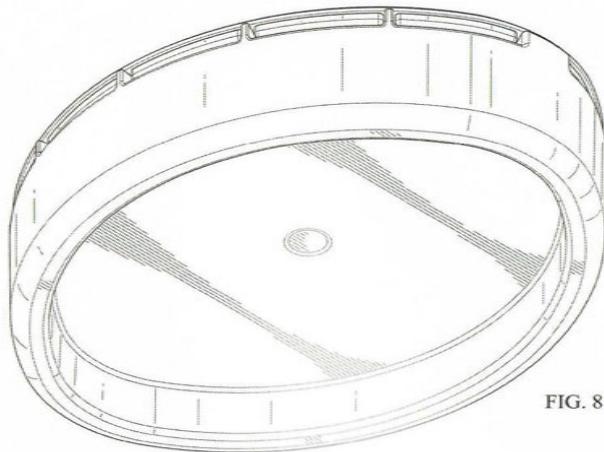
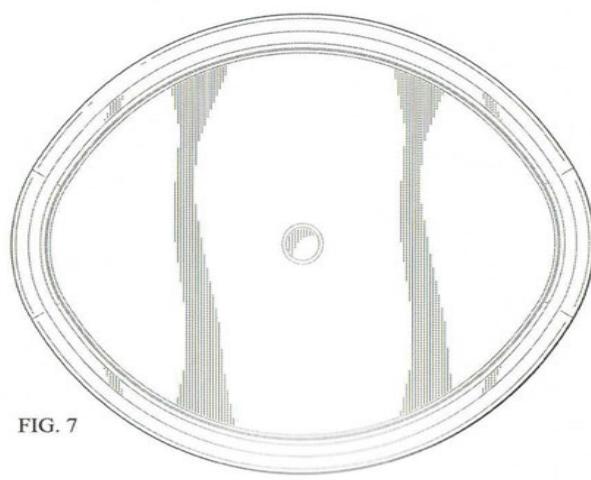
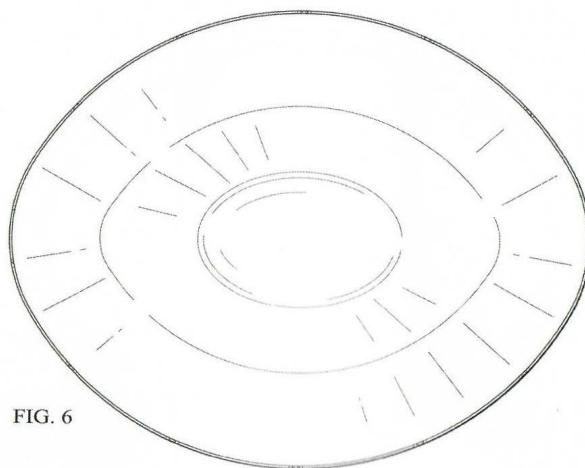


FIG. 5

**PUBLIC VERSION**



*Id.* at Figs. 1-8.

Lashify has only accused Respondent Hollyren of infringing this patent. CIB at 88-90; RIB at 5.

**B. Infringement**

Lashify asserts that Hollyren infringes that D'416 patent by importing, selling for importation, and/or selling in the United States after importation the storage cartridge, Model No. DX02059G0004, with Hollyren's Superfine Band Cluster lashes. CIB at 88-90. According to Lashify, "both designs include the same silhouette from each angle, including the lozenge-shaped design from the top and bottom views, as well as similar slots along the upper one-third of the perimeter of the products." *Id.* at 89.

Hollyren argues its storage cartridge does not infringe the D'416 patent because the designs are "distinctively different." RRB at 38. Hollyren contends that its storage cartridge is flat at the top, does not look like an eye, and has no slots at the side, whereas the D'416 patent shows a top cover with a concave shape designed to mimic the look of a human eye and a side wall with slots on two sides. RIB at 84-85. Hollyren also contends that its storage cartridge has two magnets at the bottom, which is "substantially different from the claimed design that has an aperture." *Id.*

In Staff's view, the evidence shows that the D'416 patent is infringed by Hollyren. SIB at 72-75.

The test for determining infringement of a design patent is the "ordinary observer" test. *Egyptian Goddess*, 543 F.3d at 678. Here, an ordinary observer for the D'416 patent would be a user of artificial eyelashes. CX-2098C at Q/A 120. This ordinary observer would have knowledge of ways of storing artificial eyelashes, such as clear plastic boxes with vacuform to hold the artificial eyelashes or plastic and/or cardboard packaging in which the strip lashes or other type of lashes are arranged around a half-circle in the shape of the lower half of an eye. *Id.* "The ordinary

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observer test applies to the patented design in its entirety, as it is claimed.”

*Crocs, Inc. v. Int'l Trade Comm'n*, 598 F.3d 1294, 1303 (Fed. Cir. 2010). Lashify's expert<sup>52</sup> applied this understanding during her review of the Hollyren product, and determined that Hollyren's storage cartridge, Model No X02059G0004, practices the design of the D'416 patent.<sup>53</sup>

*Id.* at Q/As 119, 132-134. Ms. Baker explained:

[B]oth designs include the same silhouette from each angle, including the lozenge or eye-shaped design from the top and bottom views. Both designs also include similar slots along the upper perimeter of the products. The slots in both designs are located in the upper one-third of the products—in other words, toward the top of the products—when the products are sitting flat on a surface. . . . The overall proportions of the Gossamer storage cartridge and the Hollyren storage cartridge are also the same, including the height of the two products.

*Id.* at Q/A 134.

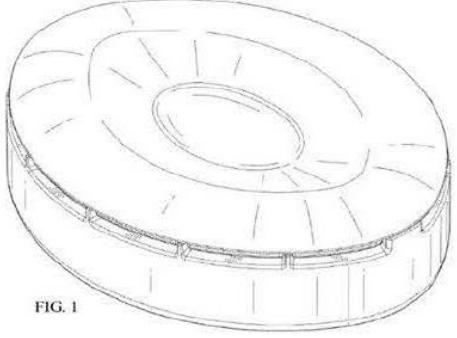
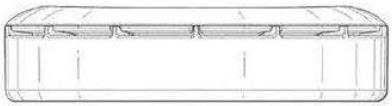
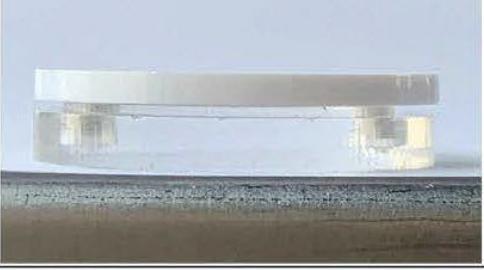
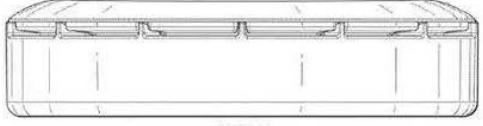
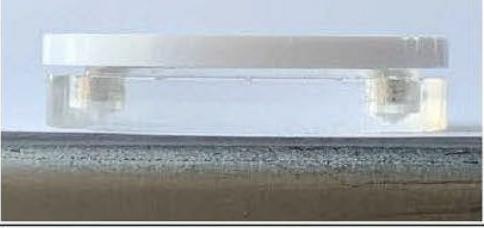
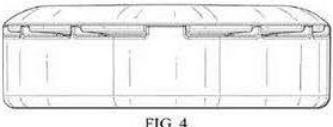
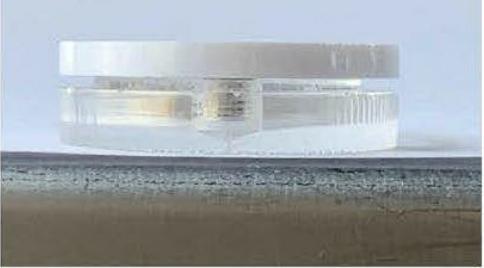
A comparison of the Hollyren storage cartridge with the figures from the asserted patent confirms that the Hollyren cartridge is substantially similar to the ornamental design of the D'416 patent, as shown below:

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<sup>52</sup> Ms. Baker has experience with many forms of storage and packaging for artificial eyelashes in her over 30-year career as a makeup artist. CX-2098C at Q/A 121.

<sup>53</sup> Ms. Baker also reviewed other ways of storing artificial eyelashes as part of her analysis. *Id.* at Q/As 121-124, 137 (testifying that she is not aware of any prior art storage cartridge with a design like the D'416 patent); CX-0294; CX-0297; CX-0304 (YouTube video showing lashes stored in a plastic vacuform box and displayed in rows).

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'416 Patent Figures	Hollyren Storage Cartridge (Model No. DX02059G0004)
 FIG. 1	
 FIG. 2	
 FIG. 3	
 FIG. 4	

**PUBLIC VERSION**

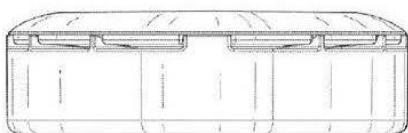


FIG. 5

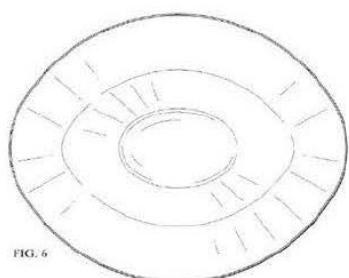


FIG. 6

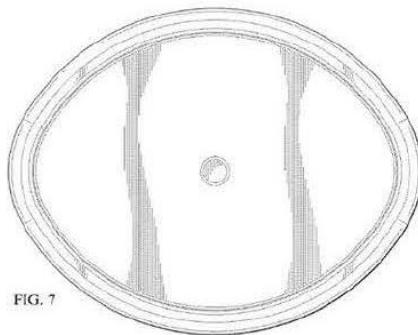
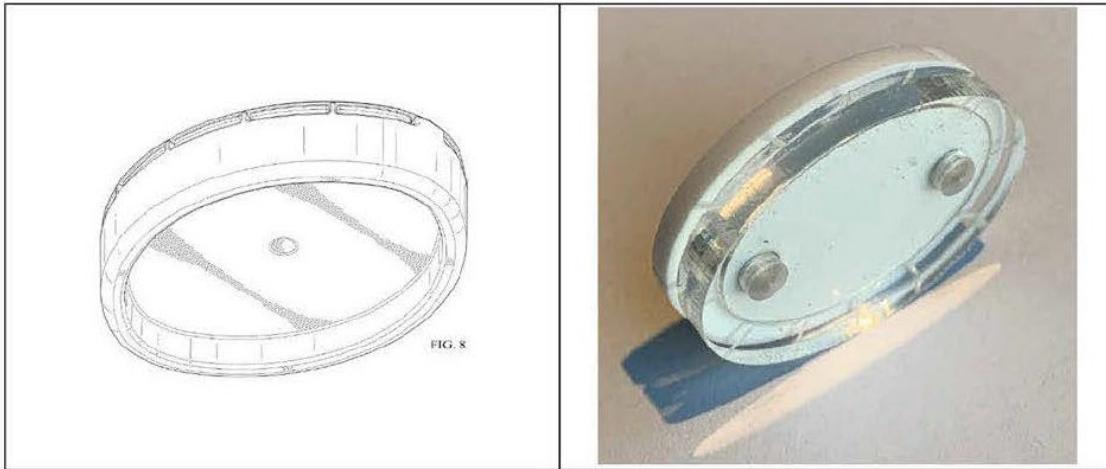


FIG. 7





*Id.* at Q/A 133; *see also id.* at Q/As 138-139; CX-2543C (describing Hollyren's storage cartridge as a "similar higher spec gossamer cassette").

Hollyren has argued that its storage cartridge is "sufficiently distinct" from the ornamental design of the D'416 patent. RIB at 84. The undersigned disagrees. As an initial matter, Hollyren has not cited to any testimony to support its noninfringement argument.<sup>54</sup> *See generally* RIB at 84-85 (failing to provide testimony from the perspective of an ordinary observer); RRB at 38. And, as noted above, attorney argument does not constitute evidence. *Elcommerce.com*, 745 F.3d at 506. As to the alleged differences, the undersigned finds that none of these differences detract from the substantial similarity of the designs. *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984) ("[M]inor differences between a patented design and an accused article's design cannot, and shall not, prevent a finding of infringement."). First, Hollyren's storage cartridge and the D'416 patent figures have the same silhouette. CX-2098C at Q/A 136; *see also* JX-0003; CPX-0028. Changing the slightly more angled design of the D'416 patent to the slightly more rounded oval of the Hollyren storage cartridge would therefore not cause an ordinary observer to believe

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<sup>54</sup> Hollyren's comparison of its storage cartridge to Lashify's Gossamer storage cartridge is improper. *See Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 990 (Fed. Cir. 1993) ("Proper application of the *Gorham* test requires that an accused design be compared to the claimed design, not to a commercial embodiment.").

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the products are different designs. *Id.* Second, the fact that the top and bottom surfaces of the Hollyren storage cartridge are not concave or indented is a minor difference and does not change the overall silhouette or proportions of the designs. *Id.* Third, Hollyren's storage cartridge includes slots that are substantially similar to those shown in Figures 1-5 and 8 of the D'416 patent. *Id; see also* JX-0003 at Figs. 1-5, 8. As Ms. Baker testified, "Hollyren's contention that Figures 4 and 5 of the '416 patent show 'no slots' on one edge of the product is, at most, a minor difference, because there is only a small amount of space between the slots shown in Figures 4 and 5 of the '416 patent." *Id.* Lastly, both designs have the same silhouette when viewed from the bottom. *Id.* Thus, Hollyren's design, which does not include a recessed bottom portion, is at most a minor difference.<sup>55</sup> *Id.*

In light of these similarities and the designs as a whole, the undersigned finds that the design of the Hollyren storage cartridge is substantially similar to the design of the D'416 patent. Accordingly, Lashify has shown by a preponderance of the evidence that Hollyren infringes the D'416 patent.

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<sup>55</sup> Hollyren does not dispute that Lashify's storage cartridge practices the D'416 patent. The undersigned notes that Lashify's Gossamer storage cartridge does not include the circle/hole shown in Figures 7 and 8 of the D'416 patent, thereby confirming that these are insubstantial differences.

**C. Technical Prong of the Domestic Industry Requirement**

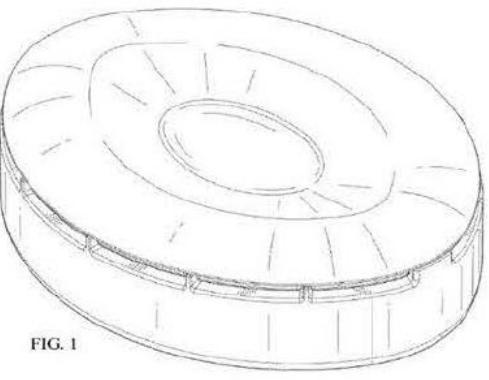
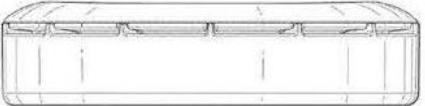
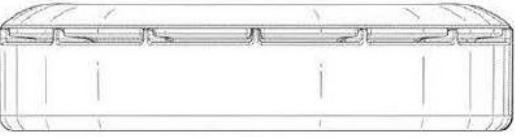
Lashify asserts that its Gossamer storage cartridge practices the ornamental design of the D'416 patent. CIB at 90-91. Hollyren does not address whether Lashify practices the D'416 patent in Respondents' post-hearing briefs.<sup>56</sup> *See generally* RIB at 85; RRB at 38-39. Hollyren only argues that there is no domestic industry because "Lashify has not identified any domestic investments in its storage cartridge that are appropriate to include in the domestic industry analysis for the D'416 Patent." RRB at 38-39. Hollyren has therefore waived any arguments that the Gossamer storage cartridge does not practice the D'416 patent. G.R. 13.1. Staff believes that Lashify practices the D'416 patent. SIB at 72, 76.

The evidence demonstrates that the Gossamer storage cartridge practices the ornamental design of the D'416 patent. Lashify's expert, Ms. Baker, testified that comparisons of the Gossamer storage cartridge to the figures of the D'416 patent show that "the shape of the Lashify Gossamer storage cartridge is substantially similar, if not identical" to the design of the D'416 patent. CX-2098C at Q/As 125-126; CPX-0020.

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<sup>56</sup> According to Lashify, "Hollyren has not asserted that the Gossamer® storage cartridge does not practice the '416 patent." CIB at 91.

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'416 Patent Figures	Lashify Gossamer Storage Cartridge
 FIG. 1	
 FIG. 2	
 FIG. 3	

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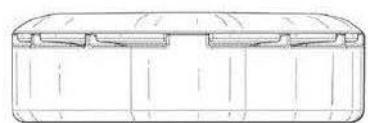


FIG. 4

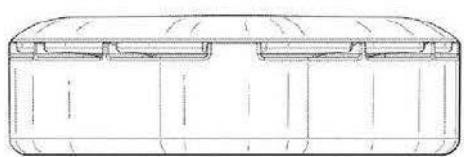


FIG. 5

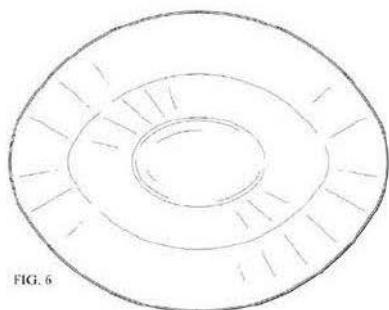


FIG. 6

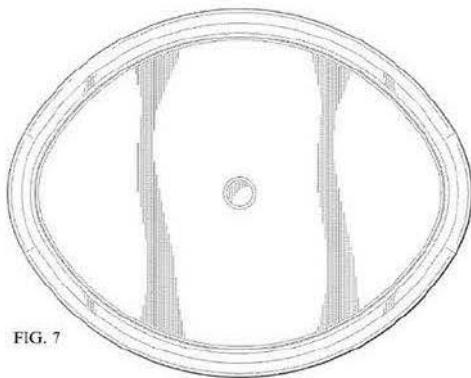
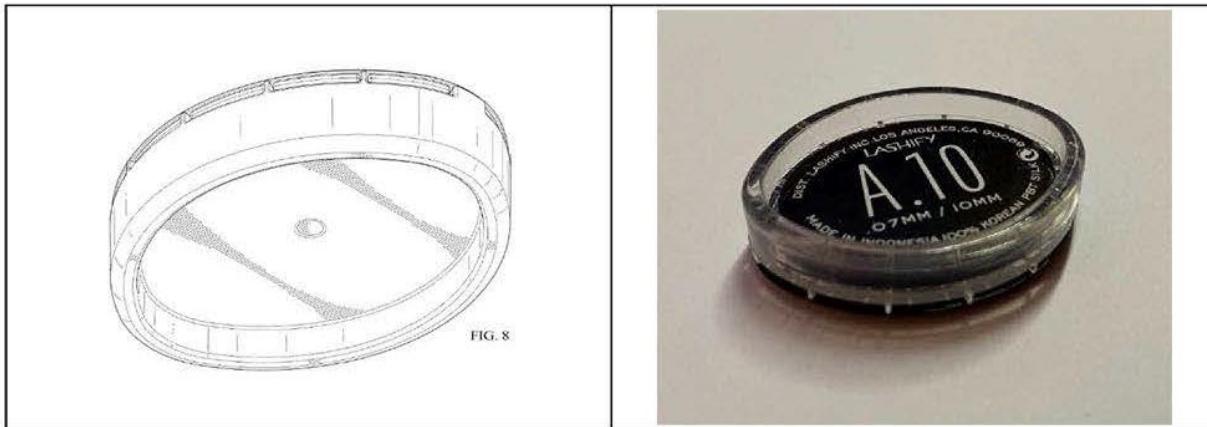


FIG. 7





CX-2098C at Q/A 126. As seen in the above chart, both designs have the same silhouette, as well as slots along the upper edge. *Id.* In light of these similarities and the designs as a whole, Ms. Baker concluded that an ordinary observer would find the design of Lashify's Gossamer storage cartridge to be substantially similar to the design of the D'416 patent. *Id.* at Q/A 127.

Accordingly, the undersigned finds that Lashify has satisfied the technical prong of the domestic industry requirement for the D'416 patent.

#### D. Validity

Hollyren has not challenged the validity of the D'416 patent. *See generally* RIB at 84-85; *see also Lannom Mfg. Co., Inc. v. U.S. Int'l Trade Comm'n*, 799 F.2d 1572, 1580 (Fed. Cir. 1986.) (“We conclude, therefore, that Congress did not authorize the Commission to redetermine patent validity when no defense of invalidity has been raised.”)

## **VIII. ECONOMIC PRONG OF THE DOMESTIC INDUSTRY REQUIREMENT**

Lashify asserts that it satisfies the economic prong of the domestic industry requirement. CIB at 91. Respondents and Staff disagree. RIB at 87; SIB at 76. The two main disputes between the parties are: (1) what articles should be considered in the domestic industry analysis; and (2) what expenses should be excluded from the analysis.

### **A. Articles Protected by the Patent**

#### **1. '984 Patent**

It is undisputed that Lashify's Gossamer lashes are the articles that practice the '984 patent. *See, e.g.*, RIB at 88; SIB at 76. The parties disagree, however, as to whether the domestic industry should be broadened to cover not just the Gossamer lashes themselves, but *all* of the products in Lashify's system.<sup>57</sup>

Lashify explains that “[i]t is undisputed that Lashify's system components are sold together and work together as one system.” CIB at 96. According to Lashify, “[t]he inter-related components of Lashify's system are all designed, marketed, sold, and used with a single purpose, to enable a user to apply, wear, and remove the Gossamer lashes.” *Id.* at 98. “Thus, the various components of the system are central to enabling exploitation” of the articles protected by the '984 patent. *Id.* at 98-99.

Lashify argues that it is irrelevant that its products are not always sold together. *Id.* at 99. Lashify explains that “the existence of standalone sales of certain Lashify products does not negate the sales of Lashify's products in a bundled system kit.” *Id.* Lashify notes that, “between January

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<sup>57</sup> According to Lashify, “[t]he central component of Lashify's system is the Gossamer® eyelash.” CIB at 96. “Additional key components of the Lashify system include” the Fuse Control™ Wand, the Whisper Light™ dual-sided bond, and Glass. *Id.* at 96-97. These components are sold together as the Lashify Control Kit™. *Id.* at 97. Lashify's system also includes “a number of different bonds,” “a series of removers and cleaners,” “silicone tips . . . called 'Wandoms™,'” and “storage boxes specifically designed to cradle the patented cartridge design.” *Id.*

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2018 and February 2021, Lashify’s sales of bundled system kits that include the Gossamer® lashes made up approximately [REDACTED] of Lashify’s total sales.” *Id.* Lashify also disagrees that the evidence shows that Lashify’s products “can be used outside of the Lashify system with other brands and products.” *Id.*

Respondents argue that the domestic industry should be limited to the Gossamer lashes. RIB at 88. Respondents note that “[t]he Gossamer Lashes are sold and priced separately from the other products that Lashify relies on to support its domestic industry claim.” *Id.* Respondents further state that [REDACTED]

[REDACTED] *Id.* at 89.

Staff agrees with Respondents that “the article for purposes of the economic prong of the domestic industry requirement are the Gossamer Lash[es].” SIB at 77. Staff notes that “the evidence shows that the Gossamer Lashes are [REDACTED] (i.e., not with other required accessories, such as in an entire system).” *Id.* Staff explains that “Lashify’s non-eyelash products do not practice the Asserted Claims and are not critical to the practice of them.” *Id.* at 79. Staff also asserts that “each of the non-eyelash products is a staple article of commerce as the evidence shows that consumers frequently use them interchangeably with the products of third parties as well as those of the Respondents in this Investigation.” *Id.* at 79-80.

“The Commission has held that in certain circumstances, the realities of the marketplace require[] a modification of the principle that the domestic industry is defined by the patented article.” *Certain Magnetic Tape Cartridges & Components Thereof*, Inv. No. 337-TA-1058, Comm’n Op. at 48 (Apr. 9, 2019) (internal quotations and citations omitted). “Factors to consider regarding the realities of the marketplace analysis include whether the patented technology is sold as a separate entity or article of commerce; whether it is an essential component of the downstream

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product; and whether the domestic industry activities have a direct relationship to exploitation of the patented technology.” *Id.* “In sum, the Commission has credited domestic investments when they are made with respect to an ‘essential,’ ‘necessary,’ and/or ‘integral’ part of the article covered by the patent claims and/or is ‘central to enabling’ exploitation of the article covered by the patent claims.” *Id.* at 50.

The undersigned finds that the realities of the marketplace support broadening the domestic industry beyond the Gossamer lashes themselves. The evidence shows that customers need the components of the Control Kit to apply the Gossamer lashes. *See, e.g.*, CX-2091C at Q/A 118. The customer must use a bond, such as the Whisper Light Flexible Bond, prior to applying the Gossamer lashes, and then use the Fuse Control Wand after application. CX-0727 (instruction booklet for the Control Kit). As Ms. Lotti testified: “Had Lashify simply introduced the Gossamer lash, without the additional products, it would have been virtually impossible for users to figure out how to apply and wear the Gossamer lash effectively.” CX-2091C at Q/A 144; *see also id.* at Q/A 118 (“It is rare that a user starts simply with the Gossamer lashes, as you need far more than just the Gossamers in order to apply and wear the Gossamers.”)

Respondents attempt to cast doubt on this conclusion by writing: “Ms. Lotti admits that you could even apply the Gossamer Lashes with just your fingers.” RRB at 42. Ms. Lotti does indeed testify that one could pick up the Gossamer lashes “using [her] fingers.” CX-2091C at Q/A 59. Likewise, the instructions included with the Control Kit state that a user can “remove your GOSSAMER lashes from the base of the cartridge using your finger tips [sic].” CX-0727. These statements do not support a finding that the Gossamer lashes can be applied with fingers alone, however. The instructions also state that the customer must “[u]se the FUSE CONTROL WAND to place the GOSSAMER lash on the underside of your upper lashes” and then again “[u]se the

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curved end of the FUSE CONTROL™ WAND to ‘fuse’ the GOSSAMER lashes with your natural lashes.” *Id.* The instructions further instruct the user to apply the bond before applying lashes. *Id.*; *see also* CX-2091C at Q/A 119; CX-0723. Respondents do not point to any evidence which indicates that the Gossamer lashes can be applied using fingers alone – without any bond or the Fuse Control Wand.

Respondents also argue: “There is ample record evidence that Lashify consumers routinely use both the Gossamer Lashes and the non-patented portions of the ‘Lashify System’ interchangeably with the products of third parties.” RRB at 41. The undersigned disagrees. While there is evidence that some customers apply the Gossamer lashes using third-party products, the evidence does not show that most – or even many – customers do so. Respondents cite to only two customer statements<sup>58</sup> that suggest the possibility of using third-party products with the Gossamer lashes: (1) JX-0110 at 2 (“[Y]ou could buy similar lash tweezers for cheaper on Amazon if you didn’t have extra money to by [sic] the Lashify tweezers.”); and (2) *id.* at 4 (“I’m thinking about buying the Falscara kit and doing Lashify membership to the lashes every month and using the Lashify bonding product.”). Neither statement supports a finding of routine usage of third-party products to apply the Gossamer lashes.

Nor does the fact that the Gossamer lashes are sold separately compel a finding that the domestic industry should be limited to the lashes themselves. While this would generally weigh against expanding the domestic industry beyond the lashes, the realities of the marketplace do not lead to such a conclusion here. Rather, the evidence shows that, after purchasing a Control Kit, a

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<sup>58</sup> Respondents cite to several other customer statements, but these statements show only that some customers use Lashify’s other products (such as its adhesive) to apply third-party lashes. *See, e.g.*, JX-0104 at 3 (“[T]his works with ALL types of lashes . . .”); JX-0110 at 3 (“I. . . . used the falscara lashes with the lashify glue . . .”); RX-0321 at 11 (“I use this to apply and to help fuse . . . falscara lashes with Lashify adhesive”). These statements do not support Respondents’ assertion that customers use third-party products with the Gossamer lashes.

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user can order replacement lashes. *See, e.g.*, CX-2101C at Q/A 68 (“Individual components of the Lashify Control Kit are also sold separately, and Lashify members buy refills as needed after their first purchase.”); *see also* RX-0831 (indicating that customers “simply purchase refills [of Gossamer lashes] as needed”). As Lashify notes: “[M]uch like razor blades can be sold separately from the handle and sales of such razor blade refills would outpace sales for the entire system, the Gossamer lashes are essentially refills to the Lashify system.” CRB at 43. Accordingly, the fact that the lashes are sold separately does not indicate that the lashes can be used on their own.

For these reasons, the undersigned finds that it is appropriate to expand the domestic industry analysis beyond the Gossamer lashes themselves. The undersigned finds, however, that such expansion should be limited to Lashify’s Control Kit – and not the entire Lashify system. The evidence shows that the Control Kit contains all of the components that one needs to apply the Gossamer lashes. For example, Ms. Lotti testified that “[t]he Control Kit is typically the first product a consumer buys from Lashify.” CX-2091C at Q/A 118. She also acknowledged that the Control Kit “contains the basic components needed to start using the system.” *Id.* at Q/A 115; *see also id.* at Q/A 118; CX-2101C at Q/A 68 (“The Lashify Control Kit is typically a one-time purchase that comes with all the tools you need to customize your own salon-quality lashes in record time.”). In contrast, there is no evidence that the other components of the Lashify system are necessary or essential to using the Gossamer lashes.

Lashify’s expert, Mr. Thomas, applies three different allocations in his domestic industry analysis. The first is what he deems his “primary allocation,” which includes sales of numerous components of the Lashify system, including Bond Remover, Bondage Extra-Strength, Gossamer Lash Remover, Melt Away Gossamer Lash Remover, Night Bond, Pre-Cleanse, Storage Box, Storage Case, The Noir Set, The Perfect Start and Finish Set, and Wandoms. CX-2101C at Q/A

182. The undersigned rejects this allocation for including expenses for products other than the Gossamer lashes and the components necessary to use them.

Mr. Thomas's first alternative allocation includes, in part, the Control Kit, the Gossamer lashes, and Lashify's lash subscription service (Lashify X). CX-2101C at Q/A 187; CDX-0005C at Schedule 3.1. For the reasons set forth above, the undersigned finds that these products are appropriately considered in analyzing the economic prong. The first alternative allocation includes two additional products, however: The Get Intimate Set and the Vault. CDX-0005C at Schedule 3.1. The evidence shows that the Get Intimate set includes Gossamer lashes, as well as Bondage (a bond), Blow (a tool to set the bond), and Wandoms, and that the Vault is a \$300 limited-edition gift set that includes the Control Kit, as well as eight other products, including a "Black Magic Cleansing Puff" and a "Lashify Beauty Clutch." CX-2632; CX-2633. Unlike the Control Kit, there is no evidence in the record that the components of either the Get Intimate Set or the Vault are basic components that are essential to applying the Gossamer lashes themselves.<sup>59</sup> Neither Ms. Lotti nor Mr. Thomas provide any testimony as to these kits. Because Lashify has not established that all of the components of either the Get Intimate Set or the Vault should be included in the domestic industry analysis, the undersigned must also reject Lashify's first alternative allocation.<sup>60</sup>

Lashify's second alternative allocation includes "only the portion of the Control Kit represented by the component that specifically practices each Asserted Patent plus the standalone sales of those components." CX-2101C at Q/A 186. Because all of the products included in this

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<sup>59</sup> Lashify asserts: "To the extent a kit containing a protected article also contains a non-protected article, those products are ancillary to the analysis." CRB at 42 n.302. Lashify does not support this statement with any evidence. The undersigned cannot rely on this representation with any support.

<sup>60</sup> Prior to the filing of the Complaint, [REDACTED] See CDX 0005C at Schedule 13 (identifying [REDACTED])

]. Mr. Thomas did not explain what (if any) expenses related to these kits he included in his first alternative allocation. It is possible that Mr. Thomas's first alternative allocation only includes negligible expenses related to these kits. The undersigned must rely on the evidence presented, however, and cannot make assumptions as to what the evidence might have shown.

allocation are appropriately considered “articles protected by the patent,” the undersigned will use this allocation in the domestic industry analysis.

**2. The D’416 and D’664 Patents**

The parties do not dispute that the article protected by the D’416 patent is the storage cartridge and the article protected by the D’664 patent is the Fuse Control Wand.<sup>61</sup> *See* Sections VI.C.; VII.C. As with the ’984 patent, Lashify contends that the domestic industry analysis for the two design patents should be expanded beyond each of the articles protected by the patents. *See* CX-2101C at Q/A 182, 187; CDX-0005C at Schedule 3, 3.1. Unlike with respect to the ’984 patent, however, Lashify did not point to evidence that supports a finding that the domestic industry analysis should include more than just the protected products themselves. Even if Lashify had made such a showing, however, the undersigned would reject Mr. Thomas’s primary<sup>62</sup> and first alternative<sup>63</sup> allocations for the reasons set forth above. The undersigned will instead rely on Mr. Thomas’s second alternative allocation, which includes only “the standalone components of the Lashify system that practice [each of] the Asserted Patent[s] and the portion of the multi-component products that include the standalone component.” CDX-0005C at Schedule 3.1.

**B. Sales and Marketing Expenditures**

It is undisputed that Lashify does not manufacture its products in the United States. *See* CX-2101C at Q/A 123; CX-2091 at Q/A 88. The parties dispute whether sales and marketing

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<sup>61</sup> Lashify also asserts that the X Fuse Control Wand practices the D’664 patent. *See* Section IV.C. Lashify’s expert does not mention this product in his analysis. *See generally* CX-2101C (no mention of the X Fuse Control Wand).

<sup>62</sup> Mr. Thomas’s primary allocation is the same as that used for the ’984 patent. CX-2101C at Q/A 182. For this allocation, Mr. Thomas did not allocate investments per patent. *Id.*; *see also* CDX-0005C at Schedule 5.

<sup>63</sup> Mr. Thomas’s first alternative allocation includes the following: (1) For the D’416 patent, it includes the Get Intimate Set, the Vault, the Lashify Control Kit, the Gossamer lashes, and Lashify X, as well as the Storage Box and Storage Case; and (2) for the D’664 patent, it includes the Vault, the Lashify Control Kit, the Fuse Control Wand, and Wandoms. CDX-0005C at Schedule 3.1. Because Lashify did not introduce evidence that the other components, such as the Vault, are necessary to practice either of the design patents, the undersigned finds that this allocation is unreliable.

expenditures can be considered in the domestic industry analysis when, as here, the product is manufactured abroad.

Lashify asserts that “ITC precedent confirm[s] sales and marketing activities are appropriate for consideration in Lashify’s domestic industry.” CIB at 95; *see also* CRB at 44 (citing *Certain Loom Kits for Creating Linked Articles*, Inv. No. 337-TA-923, Comm’n Op. at 6-7 (June 26, 2015) (“*Certain Loom Kits*”)). According to Lashify, its marketing efforts “are designed to educate the market and potential customers about how to use Lashify’s innovative new system.” CIB at 95.

Respondents argue that “Lashify’s domestic sales and marketing are not cognizable domestic industry activities.” RIB at 90. Respondents note that Lashify’s activities include social media campaigns and [REDACTED]. *Id.* Respondents explain: “While it is true that such activities are sometimes considered part of a domestic industry in the presence of other cognizable activities, such as domestic manufacture, none exists here.” *Id.* at 90-91.

Staff asserts that “[i]n the absence of domestic manufacture of any Gossamer DI Products, Lashify’s . . . sales and marketing expenditures cannot be cognizable domestic industry activities.” SIB at 83. Staff notes: “These are similar costs incurred by any entity that imports and sells products manufactured abroad.” *Id.* at 84.

The Commission has not held that sales and marketing expenses must always be excluded from the domestic industry analysis if the articles protected by the patent are manufactured abroad.<sup>64</sup> Rather, the Commission looks to whether there are significant expenditures in other qualifying activities, such that sales and marketing expenditures should be considered. *Certain*

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<sup>64</sup> In fact, the Commission has included sales and marketing expenses in its analysis in such cases. *See Certain Loom Kits*, Comm’n Op. at 4, 6-7 (crediting booths at a “Craft and Hobby show” and “Novi Library,” as well as advertising and “[o]ther marketing efforts”); *see Certain Loom Kits*, Order No. 13, Initial Determination at 34 (Feb. 3, 2015) (indicating that the products were manufactured outside of the United States).

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*Collapsible Sockets for Mobile Elec. Devices & Components Thereof*, Inv. No. 337-TA-1056, Comm'n Op. at 19-20 (July 9, 2018) ("*Collapsible Sockets*") (explaining that the complainant "also provided evidence of significant expenditures in its employment of labor in other qualifying activities, such as engineering, product development, product assembly, supply chain and operation management, and customer service, as well as capital expenditures for fixtures, furniture, software, and equipment used for design, engineering, and operating management"); *see also Certain In Vitro Fertilization Prods., Components Thereof & Prods. Containing the Same*, Inv. No. 337-TA-1196, Comm'n Op. at 21 (Oct. 28, 2021), Comm'n Op. at 22-23 ("*In Vitro Fertilization Prods*") ("While some Commission decisions allowed consideration of marketing and sales expenses, the Commission did so in conjunction with crediting more traditional section 337(a)(3) expenses"). The Commission has, however, cautioned that "evidence of sales and marketing investments alone are not sufficient to demonstrate the existence of a domestic industry." *Certain Collapsible*, Comm'n Op. at 19.

As such, the undersigned declines to exclude sales and marketing expenses in their entirety. Rather, the undersigned addresses these expenses under each subsection to determine whether there are significant expenditures in other qualifying activities such that sales and marketing expenses can properly be considered.

### C. Plant and Equipment

Lashify asserts that it has made significant investments in plant and equipment under section 337(a)(3)(A). CIB at 104. Lashify explains that it "has [four]<sup>65</sup> facilities in the U.S., each of which was/is used for activities relating to Lashify's domestic industry system." *Id.* The four

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<sup>65</sup> Although Lashify asserts that it has five facilities, it also states that it "is not relying on investments in the Palisades facility as part of its quantification of its domestic industry because it opened after the complaint was filed." CIB at 105 n.690.

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facilities include [REDACTED] (the Sunset Plaza Facility and the New York Facility), a warehouse/storage facility (the Laurel Canyon Facility), and a warehouse (the Chandler Boulevard Facility). CX-2101C at Q/A at 155.

Mr. Thomas calculated Lashify's plant and equipment expenditures by performing a series of steps. *Id.* at Q/A 160. First, he "identified specific line items from Lashify's Profit and Loss statement . . . appropriately characterized as domestic industry plant and equipment expenditures." *Id.* Mr. Thomas concluded that, "from 2017 through September 9, 2020, Lashify's total plant and equipment expenditures for the domestic industry totaled approximately [REDACTED]." *Id.* at Q/A 166. Next, he "performed an allocation to remove the portion of these plant and equipment expenditures that are not associated with domestic industry activities." *Id.* at Q/A 160. Mr. Thomas concluded that "approximately [REDACTED], and [REDACTED] of Lashify's [expenditures for these four facilities] are for domestic industry activities in 2018, 2019, and 2020 (through September 9), respectively." *Id.* at Q/A at 173. Finally, Mr. Thomas "applied a sales-based allocation to these expenditures to calculate Lashify's domestic plant and equipment investments for the Lashify system." *Id.* Using his second alternative allocation, Mr. Thomas concluded that Lashify has plant and equipment expenses as follows: (1) [REDACTED] 984 patent; (2) [REDACTED] D'416 patent; and (3) [REDACTED] D'664 patent. *Id.* at Q/A 198.

Respondents and Staff do not specifically address subsection (A). Instead, they argue that certain categories of expenditures should be excluded from the domestic industry calculations under both subsections (A) and (B). *See* RIB at 90-95; SIB at 83-88. For example, Respondents assert that "Lashify's warehousing and distribution . . . are not cognizable domestic industry activities." RIB at 91. Respondents explain that "Lashify's artificial eyelash packages arrive in the United States either [REDACTED] or [REDACTED]

██████████.” *Id.* Respondents note: “Nothing else is required to make the eyelash products saleable.” *Id.*

Respondents also contend that expenditures related to quality control should be excluded. Respondents argue: “While quality control could qualify as cognizable domestic industry activity in certain instances, it does not where, as here, the only meaningful portion of these activities ██████████.”

*Id.* at 93. According to Respondents, “[a]t best, Lashify’s domestic quality control activities include ██████████.” *Id.*

Staff agrees that Lashify’s warehousing expenses should not be considered. Staff notes that “the Commission . . . considers expenditure relating to warehousing and distribution to be typical expenses incurred by any importer and has excluded them from the domestic industry analysis.” SIB at 84. Staff explains that, with respect to the Gossamer lashes, “activities that occur after importation, ██████████, add no quantifiable value to these products.” *Id.* at 85.

Staff argues that “Lashify’s secondary quality control is also not a cognizable domestic industry activity.” *Id.* Staff states that “[t]his activity primarily consists of ██████████ ██████████.” *Id.* According to Staff, “[t]his is no more than what ‘a normal importer would perform upon receipt.’” *Id.* (quoting *Schaper*, 717 F.2d at 1372-1373).

In response, Lashify notes that it “conducts critical fulfilment activities that include ██████████.” CIB at 94. Lashify also asserts that its “quality control involves far more than ██████████, such as ██████████.”

CRB at 45. Lashify notes that “the Lashify team does additional QC” and “Lashify ‘lay[s] eyes on every product going in and going out.’” *Id.* (quoting CX-2091C at Q/A 150).

The undersigned finds that Lashify has not met its burden to establish that it has made significant investments in plant and equipment. Specifically, the undersigned finds that the evidence does not support Mr. Thomas’s conclusion in the second step of his analysis that “approximately [REDACTED] and [REDACTED]” of Lashify’s expenses “are for domestic industry activities in 2018, 2019, and 2020 (through September 9).” CX-2101C at Q/A at 173.

To arrive at his conclusion, Mr. Thomas “first calculated the total gross pay for Lashify’s employees and contractors in each year from 2018 to Q3 2020.” *Id.* at Q/A 172. He “then excluded employees and contractors that are not housed at Lashify’s facilities” and also “removed the gross pay for employees and contractors that . . . are performing administrative and finance functions.” *Id.* Finally, he “divided the total gross pay for employees and contractors that perform domestic industry activities at Lashify’s facility by Lashify’s total gross pay for employees and contractors that are housed at Lashify’s facilities.” *Id.* In performing his calculations, however, Mr. Thomas did not exclude the salaries of individuals who perform certain activities that do not qualify toward a domestic industry.<sup>66</sup>

### **1. Warehousing/Distribution Costs**

The evidence shows that a large portion of both the Laurel Canyon and Chandler Boulevard Facilities are used for warehousing and distribution. Specifically, the evidence shows that “from approximately July 2018 until July 2020, Lashify operated the Laurel Canyon Facility primarily as a warehouse,” where it “performed finishing manufacturing, fulfillment, shipping, and product

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<sup>66</sup> Mr. Thomas did not allocate investments to the Asserted patents until his final step. *See* CX-2101C at Q/A 198. Accordingly, the undersigned’s conclusions that Mr. Thomas erred in including certain expenses in the second step of his analysis apply to each of the asserted patents, unless otherwise noted.

development activities.” CX-2101C at Q/A 148. Lashify now uses this facility “for storage.” *Id.* In July 2020, Lashify moved its warehouse operations to the Chandler Boulevard facility. *Id.* at Q/A 149.

While the record supports including at least some of these costs for the D’664 patent<sup>67</sup>, it does not support including these costs for the products protected by the ’984 patent.<sup>68</sup> The Gossamer lashes arrive in the United States [REDACTED] or as [REDACTED]. JX-0247C at 1; JX-0253C at 13. There are no additional steps required to make these products saleable. As such, expenditures relating to warehousing and distribution should not be considered. *See, e.g., Certain Sleep-Disordered Breathing Treatment Sys. & Components Thereof*, Inv. No. 337-TA-890, Initial Determination at 173 (Aug. 21, 2014) (finding that complainant’s “packaging and distribution operations . . . are analogous to activities that the Commission and the Federal Circuit have excluded from the domestic industry requirement”). Accordingly, Mr. Thomas should have removed these expenses when calculating Lashify’s plant and equipment for the ’984 patent and D’416 patent.

## **2. Quality Control**

Mr. Thomas likewise did not remove any expenses related to quality control in performing his analysis. The undersigned agrees with Respondents and Staff that Lashify’s quality control expenditures should not be included. *See In Vitro Fertilization Prods.*, Comm’n Op. at 21 (“In most cases, the Commission has declined to credit general quality assurance and logistics activities

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<sup>67</sup> Lashify conducts certain finishing steps on the Fuse Control Wand in the United States. CX-2101C at Q/A 110; CX-2091C at Q/A 76. Lashify’s expenses for conducting these steps are appropriately considered in the domestic industry analysis for the D’644 patent. *See Male Prophylactic Devices*, Comm’n Op. at 42 (noting that “if the product is not saleable without the domestic activities, this factor supports a finding of domestic industry”). Lashify does not, however, specifically identify the costs incurred to perform the finishing steps.

<sup>68</sup> The parties do not explicitly state whether the storage cartridge is manufactured outside of the United States. Thus, it is unclear if any costs related to warehousing and distribution can properly be considered in the analysis with respect to the D’416 patent. Accordingly, Lashify did not meet its burden to show that warehousing and distribution costs are qualifying expenses for the D’416 patent.

because these are expenditures that would be expected of any commercial purchaser.”) (internal quotations and citations omitted). Lashify conducts only cursory checks of its products to make sure that they were not damaged during shipment. As Staff notes, “[t]his is no more than what ‘a normal importer would perform upon receipt.’” SIB at 85; *see also Schaper Mfg. Co. v. U.S. Int’l Trade Comm’n*, 717 F.2d 1368, 1372-1373 (Fed. Cir. 1983) (finding that “Schaper has not shown its United States inspection activities to be substantially different from the random sampling and testing that a normal importer would perform upon receipt”). Accordingly, Mr. Thomas should have removed expenses related to quality control from his calculation for the ’984 patent when calculating Lashify’s plant and equipment expenses.

### **3. Sales and Marketing**

The evidence also shows that at least some portions of the Sunset Plaza and New York Facilities are used for sales and marketing.<sup>69</sup> *See* CX-2101C at Q/A 145 (testifying that the Sunset Plaza Facility “housed all of Lashify’s operations until July 2018” and is now used for “all non-warehouse activities . . . [REDACTED]”); CX-2091C at Q/A 151 (testifying that the New York Facility is used for [REDACTED] [REDACTED]). As noted above, in order to include the expenses allocated to sales and marketing in the analysis, Lashify would need to introduce evidence of significant expenditures in other qualifying activities. Lashify

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<sup>69</sup> The undersigned finds that Lashify’s customer service activities fall into the category of “sales and marketing.” As stated in *Certain Non-Volatile Memory Devices & Prods. Containing the Same*: “If a company is importing products from abroad, it needs a sales force in the United States to sell the products. If the company’s products are highly technical, the company needs a technically sophisticated cadre of marketers to sell them. When considered in the context of the marketplace or industry in question, the nature of the sales and marketing activities is no different than sales of marketing of products that are not technologically sophisticated.” Inv. No. 337-TA-1046, Initial Determination at 160 (Apr. 27, 2018), *rev’d on other grounds*, Comm’n Op. at 44 (Oct. 26, 2018) (“Non-Volatile Memory Devices”); *see Bone Cements*, Comm’n Op. at 23 n.22 (favorable citing of *Non-Volatile Memory Devices*’ conclusion).

did not do so. As such, the undersigned cannot rely on calculations that include Lashify's sales and marketing expenses.

**4. Personal Use**

Finally, Mr. Thomas concluded that nearly 100% of the four facilities were used for domestic industry activities, despite the fact that the Sunset Plaza and New York Facilities are also used by [REDACTED]. CX-2101C at Q/A 145 [REDACTED]

[REDACTED]"); *id.* at Q/A at 154 ("prior to approximately March 2020, [REDACTED] Given

the fact that [REDACTED], it is not credible to claim that almost 100% of the rent should be allocated to domestic industry activities. *See, e.g.*, RX-1690C at Q/A 89 (testimony from Respondents' expert that "it would be reasonable to assume that at least some portion of the [Sunset Plaza Facility] was used as [REDACTED], and that it should not be counted toward Lashify's alleged domestic industry"). Accordingly, Mr. Thomas's conclusion in the second step of his analysis that "approximately [REDACTED], [REDACTED], and [REDACTED] of Lashify's [expenditures for these four facilities] are for domestic industry activities" is unreliable.

**5. Conclusion**

Because Mr. Thomas's calculations improperly include certain warehouse, distribution, and quality control expenses, improperly include sales and marketing expenses without justification, and rest on an unsupported conclusion that the majority of expenses are attributable to domestic industry activities, despite the fact that two of the facilities were also used as [REDACTED] [REDACTED], the undersigned is unable to rely on his analysis. "Without an accurate assessment of the amount of economic activity properly allocated to activities covered under section 337, a determination that a significant domestic industry exists is impossible." *Non-Volatile Memory*

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*Devices*, Initial Determination at 186 (Apr. 27, 2018). Accordingly, the undersigned finds that Lashify has not established that it meets the domestic industry requirement under subsection (A).

### **D. Labor and Capital**

Lashify asserts that it has made significant investments in labor and capital under section 337(a)(3)(B). CIB at 105-106. Lashify asserts that its employees “conduct a wide range of activities related to its system” and that it also “employed significant capital.” *Id.* at 105, 106. Mr. Thomas calculated Lashify’s domestic labor and capital expenses by performing a series of steps similar to those he followed in his plant and equipment analysis. CX-2101C at Q/As 201, 225. Under its second alternative allocation, Lashify claims the following labor expenditures: (1) [REDACTED] [REDACTED] for the ’984 patent; (2) [REDACTED] for the D’416 patent; and (3) [REDACTED] for the D’664 patent. *Id.* at Q/A 224. Lashify also claims capital expenditures as follows: (1) [REDACTED] million for the ’984 patent; (2) [REDACTED] million for the D’416 patent; and (3) [REDACTED] million for the D’664 patent. *Id.* at Q/A 237.

Respondents do not specifically address subsection (B), but instead assert that certain categories of expenditures should be excluded from the analysis. *See* RIB at 90-95.

Staff likewise does not specifically address Lashify’s calculations with respect to labor. Staff does, however, address Lashify’s calculations with respect to its capital expenditures. SIB at 83-87. Staff notes that “Lashify’s proffered expenditures. . . can be grouped into five categories: (i) sales and marketing, (ii) warehousing and distribution, (iii) secondary quality control, (iv) customer support, and (v) R&D.” *Id.* at 83. Staff notes: “Most of these categories must be excluded as a matter of law based on Lashify’s status as a mere importer of the Gossamer DI Products.” *Id.* Staff concludes that only R&D is a cognizable expenditure, but argues that this expense “cannot be shown to be . . . quantitatively significant. *Id.*

**1. Labor**

Mr. Thomas notes that “Lashify employees and contractors in the United States perform, or have performed, at least the following activities: research and development, engineering, finishing, manufacturing, including sourcing and procurement, quality control, logistics, fulfillment, marketing and education, including customer service and support.” CX-2101C at Q/A 200. As noted above, expenses related to warehousing, distribution, and quality control are not appropriately considered in the analysis, at least as to the ’984 and D’416 patents.<sup>70</sup> Additionally, Lashify did not meet its burden to establish significant qualifying expenses in other areas, such that its sales and marketing expenses could be included in the analysis for any of the asserted patents. The undersigned is therefore unable to rely on Mr. Thomas’s analysis, which includes expenses related to warehousing, distribution, quality control, and sales and marketing for each of the asserted patents.<sup>71</sup> For these reasons, the undersigned cannot find that Lashify has met its burden to establish that it made significant investments in labor.

**2. Capital**

In determining Lashify’s amount of capital expenditures, Mr. Thomas included the following categories: (1) certain Processing Fees; (2) certain Shipping, Freight & Materials; (3) certain Marketing & Creative; (4) certain Meals/Entertainment; (5) certain Office/General Administrative, and (6) Research and Development. CX-2101C at Q/A 227. Certain of the

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<sup>70</sup> Additionally, Mr. Thomas does not specify how much labor is attributable to the finishing step performed on the Fuse Control Wand. Instead, he only calculates the labor expenses related to warehousing as a whole. *See* CX-2101C at Q/A 206; CDX-0005C at Schedule 7, 7.1. As such, the evidence does not show how much of the labor expense could appropriately be included in the analysis for the D’664 patent.

<sup>71</sup> As with respect to plant and equipment, Mr. Thomas did not allocate investments to the Asserted Patents until the final step of his analysis. *See* CX-2101C at Q/As 201, 224.

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expenses within these categories are non-qualifying expenses that should have been excluded from the analysis.<sup>72</sup>

The majority of these expenses relate to sales and marketing. Under the category “Marketing & Creative,” Mr. Thomas identifies [REDACTED] million in expenditures, the bulk of which are in [REDACTED]. See CDX-0005C at Schedule 8 (finding that [REDACTED] is attributable to [REDACTED]). Mr. Thomas identifies an additional [REDACTED] within the category of “Processing Fees,” related to the sale of the products online. *Id.* (identifying expense for [REDACTED] [REDACTED]).

As the Commission recently stated: “No Commission precedent allows complainant to rely substantially on . . . promotion, marketing, and sales expenses to satisfy section 337(a)(3).” *In Vitro*, Comm’n Op. at 23. Moreover, as noted above, sales and marketing expenditures can only be considered if Lashify can establish other significant qualifying expenditures. The undersigned finds that Lashify has not met this burden.

The next largest category of expenditures is “Shipping, Freight, & Materials.” For this category, Mr. Thomas included [REDACTED] for “outbound product freight,” [REDACTED] for “paid shipping” and [REDACTED] for “shipping insurance.” CDX-0005C at Schedule 8. Mr. Thomas also included [REDACTED] in expenses related to “[REDACTED]” under the “Office/General Administrative” expenses. *Id.* As noted above, costs related to warehousing and distribution are not qualifying expenditures for the ’984 patent. Accordingly, Mr. Thomas should have removed these expenses when calculating Lashify’s capital investments for the ’984 patent.

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<sup>72</sup> Mr. Thomas did not allocate expenses to each of the asserted patents until after conducting this step. CX-2101C at Q/A 225-227, 237. Accordingly, the undersigned findings that Mr. Thomas improperly included certain non-qualifying expenses impacts the analysis for each of the Asserted Patents.

Mr. Thomas also identifies expenses of [REDACTED] for “Meals.” Lashify has not demonstrated how “meals” constitute a qualifying domestic industry expenditure.

The final category is [REDACTED] in research and development expenses. While these expenses are properly considered in the analysis, as explained below, the undersigned finds that Lashify has not established that this investment is significant or substantial.

For these reasons, the undersigned cannot find that Lashify has met its burden to establish that it made significant investments in capital.

### **3. Conclusion**

Accordingly, the undersigned finds that Lashify has not established that it meets the domestic industry requirement under subsection (B).

#### **E. Research and Development**

Lashify asserts that it has made significant investments in research and development under section 337(a)(3)(C). CIB at 106. Lashify argues that it “has conducted, and continues to conduct, substantial domestic engineering, R&D, and design activities in the U.S. that enable exploitation of the Lashify system, and the components of the Lashify system specifically protected by the Asserted Patents.” *Id.* Under its second alternative allocation, Lashify claims the following R&D expenditures: (1) [REDACTED] for the ’984 patent; (2) [REDACTED] for the D’416 patent; and (3) [REDACTED] for the D’664 patent. *Id.*; *see also* CX-2101C at Q/A 258; CDX-0005C at Schedule 9.2. In order to calculate R&D expenditures, Mr. Thomas separated the expenses into the following categories: (1) Lashify’s domestic industry plant and equipment expenditures allocated to R&D; (2) Lashify’s labor allocated to R&D; and (3) isolated domestic R&D capital expenditures from Lashify’s profit & loss statement.” CX-2101C at Q/A 239.

Respondents argue that Lashify's R&D investments are insignificant and insubstantial. RIB at 95. Respondents note that R&D "accounts for [REDACTED] of Lashify's capitalized expenditures." *Id.* Respondents further note that "even if one accepts at face value all of the investments that Lashify has declared", Lashify's investments in R&D account for between [REDACTED] % and [REDACTED] % of its revenue in the Gossamer lashes. *Id.* at 95-97. Finally, Respondents argue that Lashify's R&D allocations are overstated and unreliable. *Id.* at 98.

Staff states that "while some of the proffered expenditures within the R&D category could qualify as domestic industry investments, these expenditures are neither quantitatively nor even qualitatively significant and/or substantial in the context of Lashify's operations, the marketplace, or the eyelash industry." SIB at 88. Staff also asserts that Lashify has failed to establish a nexus between its R&D investments and the '984 patent. *Id.* at 90.

### **1. Nexus**

As an initial matter, the undersigned finds that Lashify has not established that its R&D expenses have the required nexus to the Asserted Patents. Lashify asserts only that the R&D expenses "enable exploitation of the Lashify system," and does not link R&D to the articles protected by the patents. *See* CIB at 106-107. Nor does Mr. Thomas address nexus in his testimony. Although Mr. Thomas states that the R&D relates generally to the "Lashify system," he does not specify on which products Lashify conducts R&D. It is therefore possible that all of the R&D conducted by Lashify relates to products other than those appropriately considered in the domestic industry analysis.<sup>73</sup> Without additional information, the undersigned finds that Lashify has not met

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<sup>73</sup> Mr. Thomas's calculations begin in 2017 and do not include the research and development expenses incurred in the conception and initial design of the Gossamer lashes or Fuse Control Wand. *See* CX-2091C at Q/A 177 (testimony from Ms. Lotti that "the initial research and development of the Gossamer lashes and the Fuse Control Wand occurred before Lashify launched the domestic industry products"); *see also* RX-1690C at Q/As 61-62 (testifying that the products were launched in approximately November 2017 and that the evidence shows that [REDACTED] since that time).

its burden in establishing that the nexus requirement has been satisfied. *See Non-Volatile Memory Devices*, Comm'n Op. at 41 n.11 (“Subprong (C) requires ‘substantial’ domestic investments in the exploitation of the patent, which must be supported by a demonstration of ‘nexus’ between the investments and the patent right.”).

**2. Plant and Equipment**

For the domestic industry plant and equipment expenditures allocated to R&D, Mr. Thomas “determined that approximately [REDACTED] of Lashify’s plant and equipment expenditures [of [REDACTED]] are for engineering, research, and development domestic industry activities in 2018, 2019, and 2020 (through September 9), respectively.” CX-2101C at Q/A 241; *see also id.* at Q/A 240. Mr. Thomas therefore concluded that Lashify has invested [REDACTED] in plant and equipment, specifically related to R&D. *Id.* at Q/A 244; *see also* CDX-0005C at Schedule 9.

Mr. Thomas’s calculations make several assumptions which the undersigned finds unreliable. First, as noted above, Mr. Thomas starts with the assumption that nearly 100% of the rent for the Sunset Plaza Facility and New York Facility should be attributed to Lashify’s domestic industry activities. Given that these are [REDACTED], the undersigned finds that this assumption is unsupported.

Second, Mr. Thomas’s analysis assumes that R&D is conducted at each of the four facilities. Lashify has not established that this is true. Ms. Lotti herself testified that “[a]ll or nearly all of the efforts and investments I made to develop the products that comprise the Lashify System were made at the Sunset Plaza Facility.” CX-2091C at Q/A 145. Additionally the evidence shows that the Laurel Canyon Facility was primarily used for storage and warehousing. *Id.* at Q/A 147. As such, Mr. Thomas’s allocation of [REDACTED] of the Laurel Canyon Facility’s rent to R&D is not

supported by the evidence. *See also* RX-1690C at Q/A 87 (testimony from Respondents' expert

that approximately [REDACTED] total square feet can be allocated to R&D). For these reasons, the undersigned cannot rely on Mr. Thomas's calculations for plant and equipment expenditures allocated to R&D.<sup>74</sup>

### **3. Labor**

Mr. Thomas testified that “[b]ased on a conversation with Ms. Lotti . . . the employee and consulting employees associated with R&D activities on the Lashify system include [REDACTED]

[REDACTED]” CX-2101C at Q/A 247. Mr. Thomas concluded that the entirety of [REDACTED]

[REDACTED].<sup>75</sup> *Id.* Mr. Thomas “then divided the total gross pay for Lashify’s R&D employee activities and contractors by Lashify’s total gross pay for employees and contractors” and concluded that “approximately [REDACTED], [REDACTED], and [REDACTED] of Lashify’s domestic labor expenditures are for domestic industry R&D activities in 2018, 2019, and 2020 (through September 9), respectively.” *Id.* at Q/A 248. After applying these percentages to Lashify’s domestic labor expenditures, Mr. Thomas concluded that Lashify incurred [REDACTED] million in labor expenses allocated to R&D. *Id.* at Q/A 249; *see also* CDX-0005C at Schedule 9.

Mr. Thomas’s calculations are not supported by the evidence. Mr. Thomas relies on conversations with Ms. Lotti to calculate the amount of labor allocated to R&D. *See* CX-2101C at Q/A 246 (“[B]ased [on] information from Ms. Lotti, I calculated the gross pay for Lashify’s

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<sup>74</sup> Mr. Thomas did not allocate expenses to each of the Asserted Patents until the final step of his analysis. *See* CX-2101C at Q/A 239. As such, the undersigned’s conclusion that he improperly included certain expenses applies to each of the Asserted Patents.

<sup>75</sup> Mr. Thomas also testifies that “[REDACTED] time is spent on R&D for the Lashify system, and [REDACTED] time is spent on R&D for the Lashify system.” CX-2101C at Q/A 247.

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employees that perform R&D functions for the Lashify system.”); *see id.* at Q/A 247; CX-2091C at Q/A 138. Ms. Lotti does not provide any support for her estimates, however. Instead, she testifies that “[t]he estimates are based on personal knowledge and personal work done with those individuals in the areas of research and development of products.” CX-2101C at Q/A 134. She does not testify that she spoke to any of her employees to confirm the amount of time they spent on R&D, nor does Lashify cite to any testimony from the witnesses themselves.

Additionally, the evidence in the record contradicts Ms. Lotti’s statements. Despite testifying that [REDACTED] on R&D, Ms. Lotti also testifies that [REDACTED] [REDACTED] *Id.* at Q/A 136. Likewise, Ms. Lotti testifies that [REDACTED] is spent on R&D. *Id.* at Q/A 133. The evidence shows, however, that [REDACTED] [REDACTED] *Id.* at Q/As 4, 136; CX-2101C at Q/A 109; *see also* RX-1690C at Q/A 52. As such, it is inappropriate to include her salary, at least with respect to the ’984 patent.

Without additional information to support Mr. Thomas’s calculations, the undersigned cannot rely on his analysis with respect to Lashify’s investments in labor allocated to R&D.<sup>76</sup>

For these reasons, the undersigned finds Mr. Thomas’s calculations with respect to labor unreliable.

### 4. Capital

Mr. Thomas “identified capital expenditures on Lashify’s P&L . . . that are directly related to research and development activities. These expenditures include ‘Product Testing,’ ‘Software

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<sup>76</sup> Mr. Thomas did not allocate expenses to each of the Asserted Patents until the final step of his analysis. *See* CX-2101C at Q/A 239. As such, the undersigned’s conclusion that he improperly included certain expenses applies to each of the Asserted Patents.

Development,’ and ‘Research and Development.’ CX-2101C at Q/A 250. Mr. Thomas calculates that these expenditures total [REDACTED] *Id.* at Q/A 251.

Lashify has not demonstrated that [REDACTED] is a substantial investment.<sup>77</sup> Lashify argues only that its total R&D costs of [REDACTED] ('984 patent), [REDACTED] (D'416 patent), and [REDACTED] (D'664 patent) are substantial. *See* CIB at 109-110. It does not specifically argue that [REDACTED] is substantial. Without evidence to specifically place the [REDACTED] in context, the undersigned cannot find that the economic prong is met. *See Certain Carburetors & Prods. Containing Such Carburetors*, Inv. No. 337-TA-1123, Comm'n Op. at 17 (Oct. 28, 2019) (“The Commission must assess the relative importance of the domestic activities”).

Additionally, the evidence in the record suggests that this amount is not substantial. As Respondents and Staff note, the amount Lashify invested in R&D “accounts for just [REDACTED] [REDACTED] of Lashify’s capitalized expenditures (*i.e.*, [REDACTED] ÷ [REDACTED] = [REDACTED]).” RIB at 95 (citing CX-0005C at 36); *see also* SIB at 90. The undersigned finds that [REDACTED] is not “substantial.” Instead, as Staff notes, this [REDACTED] percentage is “consistent with what one would expect of a ‘mere importer.’” *Id.*

Accordingly, the undersigned finds that Lashify has not made substantial investments in capital expenditures related to R&D.

## **5. Conclusion**

Accordingly, the undersigned finds that Lashify has not established that it meets the domestic industry requirement under subsection (C).

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<sup>77</sup> The undersigned notes that this amount is not allocated among the Asserted Patents, but is instead the total investment. *See* CX-2101C at Q/A 239. Accordingly, this amount would be less when each patent is considered individually.

**F. Conclusion on Economic Prong**

For the above reasons, the undersigned finds that Lashify has not satisfied the economic prong of the domestic industry requirement.

**IX. CONCLUSIONS OF LAW**

1. The importation or sale requirement of section 337 has been satisfied.
2. The KISS Accused Products, Hollyren Accused Products, Worldbeauty Glue-Based Accused Products, and Lilac Accused Products do not infringe claims 1, 9, 13, 23, 27, or 28 of U.S. Patent No. 10,721,984.
3. The TSD Worldbeauty Heat-Bonded Accused Product infringes claims 1, 9, 23, and 27 of U.S. Patent No. 10,721,984.
4. The TSD Worldbeauty Heat-Bonded Accused Product does not infringe claims 13 or 28 of U.S. Patent No. 10,721,984.
5. The TGSS Worldbeauty Heat-Bonded Accused Product infringes claims 1, 23, and 27 of U.S. Patent No. 10,721,984.
6. The TGSS Worldbeauty Heat-Bonded Accused Product does not infringe claims 9, 13, or 28 of U.S. Patent No. 10,721,984.
5. Respondents Alicia Zeng d/b/a Lilac St. and Artemis Family Beginnings, Inc. do not induce infringement of U.S. Patent No. 10,721,984.
6. The technical prong of the domestic industry requirement for U.S. Patent No. 10,721,984 has not been satisfied.
7. The asserted claims of U.S. Patent No. 10,721,984 are not invalid under 35 U.S.C § 103 for obviousness.
8. The asserted claims of U.S. Patent No. 10,721,984 are not invalid under 35 U.S.C. § 112 for lack of enablement or written description.
9. The Hollyren storage cartridge, Model No. DX02059G0004, infringes U.S. Design Patent No. D877,416.
10. The technical prong of the domestic industry requirement for U.S. Design Patent No. D877,416 has been satisfied.
11. The Hollyren applicator Model No. CX1514 infringes U.S. Design Patent No. D867,664.

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12. The technical prong of the domestic industry requirement for U.S. Design Patent No. D867,664 has been satisfied.
13. U.S. Design Patent No. D867,664 is not invalid as functional.
14. The economic prong of the domestic industry requirement has not been satisfied for the Asserted Patents.

### **X. RECOMMENDED DETERMINATION ON REMEDY**

The Commission’s Rules provide that, subsequent to an initial determination on violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, the administrative law judge shall issue a recommended determination concerning the appropriate remedy in the event that the Commission finds a violation of section 337, and the amount of bond to be posted by respondents during Presidential review of the Commission action under section 337(j). *See* 19 C.F.R. § 210.42(a)(1)(ii). The Commission has broad discretion in selecting the form, scope, and extent of the remedy in a section 337 proceeding. *Viscofan, S.A. v. Int'l Trade Comm'n*, 787 F.2d 544, 548 (Fed. Cir. 1986).

#### **A. General Exclusion Order**

Section 337(d)(2) provides that a general exclusion order (“GEO”) may issue in cases where (a) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named respondents; or (b) there is a widespread pattern of violation of section 337 and it is difficult to identify the source of infringing products. 19 U.S.C. § 1337(d)(2). The statute essentially codifies Commission practice under *Certain Airless Paint Spray Pumps and Components Thereof*, Inv. No. 337-TA-90, Comm'n Op. at 18-19, USITC Pub. 119 (Nov. 1981) (“Spray Pumps”). *See Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing the Same*, Inv. No. 337-TA-372 (“Magnets”), Comm'n Op. on Remedy, the Public Interest and Bonding at 5 (USITC Pub. 2964 (1996)) (statutory standards “do not differ

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significantly” from the standards set forth in *Spray Pumps*). In *Magnets*, the Commission confirmed that there are two requirements for a general exclusion order: (1) a “widespread pattern of unauthorized use;” and (2) “certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles.” *Id.* The focus now is primarily on the statutory language itself and not an analysis of the *Spray Pump* factors. *Ground Fault Circuit Interrupters & Prods. Containing Same*, Inv. No. 337-TA-615, Comm’n Op. at 25 (Mar. 9, 2009).

Lashify submits that a GEO is appropriate in this Investigation. CIB at 111. Staff agrees and states: “If a violation is found, the evidence presented at trial demonstrates that both statutory criteria for the issuance of a [GEO] are satisfied.” SIB at 92.

Respondents disagree and argue that “Lashify has not and cannot satisfy the ‘heightened requirements of Section 337(d)(2)(A) or Section (d)(2)B’ necessary to obtain a GEO.” RIB at 112.

### **1. Circumvention of a Limited Exclusion Order**

Lashify argues that “[t]he undisputed evidence demonstrates circumstances and market realities that present a real and substantial risk that manufacturers and/or importers of the Accused Products could easily circumvent a limited exclusion order.” CIB at 111. Lashify asserts: (1) “there is both established and growing demand for the products at issue”; (2) “well-established marketing and distribution networks for the products at issue already exist”; (3) “there are numerous non-respondent foreign manufacturers”; (4) “circumvention is made easier by the low barriers to entry into the artificial eyelash market”; (5) “circumvention is made easier due to complex distribution channels and corporate structures, and prevalent practices to obscure the source of the accused products”; and (6) “entry of limited exclusion orders against Respondents will create a void in the

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U.S. market, incentivizing potential new market participants to fill that void, which can be done with ease, either by importing existing foreign inventory or having existing foreign manufacturers copy the Lashify products.” *Id.* at 111-112. Staff agrees with Lashify and cites the same factors. SIB at 92-93.

Respondents state that Lashify has presented “no evidence that Respondents have circumvented, or aim to circumvent, an LEO.” RIB at 107 (citing *Certain Semiconductor Chips Having Synchronous Dynamic Random Access Memory Controllers*, Inv. No. 337-TA-661, Comm’n Op. at 12 (Aug. 10, 2010)). According to Respondents, the Commission “should be particularly cautious” in circumstances such as the ones presented here. *Id.* at 108. Respondents note that “the facts here establish that circumvention is unlikely.” *Id.* Respondents explain that all of the respondents have either actively participated in this Investigation or, in the case of one respondent, entered into a consent order. *Id.* at 109. Respondents further assert that they “have no incentive to circumvent an LEO when they already have commercially viable non-accused and non-infringing products.” *Id.*

“Under section 337(d)(2)(A), the Commission considers whether conditions are ripe for circumvention of a limited exclusion order.” *Certain Toner Cartridges, Components Thereof, & Systems Containing Same*, Inv. No. 337-TA-1174, Comm’n Op. at 16 (Dec. 17, 2020). “In determining whether conditions are ripe for circumvention, the Commission has considered whether it is difficult to identify sellers or manufacturers, whether previous attempts to address infringement have been unsuccessful, and whether infringing operations could be easily replicated.” *Id.*

The undersigned agrees with Respondents that Lashify has not established that a GEO is necessary to prevent circumvention of an LEO. While the evidence shows that there are other non-

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respondent foreign manufacturers with the capability of manufacturing eyelashes, the evidence does not demonstrate that any of the named Respondents would turn to these manufacturers in an effort to circumvent the LEO. *See Certain Self-Cleaning Litter Boxes & Components Thereof*, Inv. No. 337-TA-625, Comm'n Op. at 57 (Apr. 28, 2009) ("*Self-Cleaning Litter Boxes*") ("The fatal shortcoming is the lack of correlative intent or likelihood of infringement by Respondents' manufacturers or any other foreign manufacturers – the indicia of evidence that would warrant a general exclusion order. The existence of an opportunity to make infringing products is simply not enough to satisfy the requirements of subparagraph A."). The undersigned further agrees that Lashify has not established that Respondents have an incentive to circumvent an LEO when there are already commercially viable products that are not accused of infringing Lashify's Asserted Patents. *See* RX-1277C at 11-12 (explaining that there are lash models not accused of infringement); RX-0651C at 282:6-287:14 (testimony that certain Hollyren tweezers do not infringe the D'664 patent).

For these reasons, the undersigned finds that a GEO is not necessary to prevent circumvention of an LEO directed to the Respondents.

### **2. Widespread Pattern of Unauthorized Use**

Lashify asserts that "Respondents and various third parties have ignored warnings to cease and desist their infringing activity by continuing to offer the infringing products for sale." CIB at 113. Lashify further argues: "Entry into the market for artificial eyelashes has been relatively easy, based on at least the ease of establishing new companies through which infringing products can be sold, . . . the low production cost of infringing products, . . . and the low barriers to market entry based on ease of assembly and inventory immediately available for importation." *Id.* at 113-114. Lashify notes that "[m]arket entry is made easier by Respondents' and suppliers' willingness to

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copy Lashify’s products” and that “there is a pattern of sales via online marketplaces.” *Id.* at 114. According to Lashify: “This pattern is exacerbated because identifying the source of the products is difficult as their relative size and cost allows them to be imported easily, including without detection from Customs.” *Id.* Staff agrees with Lashify. SIB at 93.

Respondents assert that Lashify has not established a pattern of violation because “identifying the source of infringing goods in this case appears straightforward.” RIB at 107 (quoting *Synchronous DRAM Controllers*, Comm’n Op. at 12). Respondents further argue that Lashify “did not show that any non-respondent imported and sold products that infringe the Asserted Patents.” *Id.* at 110.<sup>78</sup>

The undersigned agrees with Respondents that Lashify has not established that there is a widespread pattern of violation. In *Self-Cleaning Litter Boxes*, the Commission found that a GEO was not warranted because “the only evidence in the record of infringing imports is of Respondents’ products. That is, Respondents accounted for all of the infringing imported products. Complainants have failed to identify a single act of importation that is unrelated to one of the Respondents.” Comm’n Op. at 56. The Commission concluded: “Under the circumstances, this is not the sort of ‘pattern of violation of this section’ that paragraph B contemplates.” *Id.*

Here, Lashify did not argue that any entity other than the named Respondents imported and sold products that infringe the Asserted Patents. *See* CIB at 110-115. Indeed, for the two design patents, Lashify only accused one Respondent of importing infringing articles. *See* Section I.D.1. Thus, as Respondents note, “there is not even a pattern of violation as to those patents among the named Respondents.” RIB at 110. Accordingly, the undersigned cannot conclude that there is a widespread pattern of violation of section 337.

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<sup>78</sup> Respondents also assert that Lashify has waived its arguments with respect to widespread pattern of unauthorized use. RIB at 110. Based on a review of Lashify’s pre-hearing brief, the undersigned disagrees.

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### **3. Conclusion**

For the above reasons, the undersigned recommends against a GEO.

#### **B. Limited Exclusion Order**

Under section 337(d), if the Commission determines that there is a violation of section 337, the Commission may issue a limited exclusion order (“LEO”) directed to a respondent’s infringing products. 19 U.S.C. § 1337(d). A limited exclusion order instructs the U.S. Customs and Border Protection to exclude from entry all articles that are covered by the patent at issue that originate from a named respondent in the investigation. *Fuji Photo Film Co. Ltd. v. Int’l Trade Comm’n*, 474 F.3d 1281, 1286 (Fed. Cir. 2007).

The parties agree that, if a violation is found, a limited exclusion order should issue. CIB at 110; RIB at 107; SIB at 94. Respondents request that any LEO “contain a provision allowing Respondents to certify to U.S. Customs and Border Protection (‘CBP’) that the goods they seek to import are exempt.” RIB at 112. Neither Lashify nor Staff address this request. The undersigned notes, however, that, at the request of CBP, all exclusion orders now contain a certification provision. Respondents have not established that this standard certification provision is insufficient.

Accordingly, should the Commission determine there is a violation, the undersigned recommends the issuance of a limited exclusion order covering the products found to infringe the Asserted Patents.

#### **C. Cease and Desist Order**

Under section 337(f)(1), the Commission may issue a cease-and-desist order (“CDO”) in addition to, or instead of, an exclusion order. 19 U.S.C. § 1337(f)(1). The Commission generally issues a CDO directed to a domestic respondent when there is a “commercially significant” amount

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of infringing, imported product in the United States that could be sold, thereby undercutting the remedy provided by an exclusion order. *See Certain Crystalline Cefadroxil Monohydrate*, Inv. No. 337-TA-293 USITC Pub. 2391, Comm'n Op. on Remedy, the Public Interest and Bonding at 37-42 (June 1991); *Certain Condensers, Parts Thereof & Prods. Containing Same, Including Air Conditioners for Automobiles*, Inv. No. 337-TA-334 (Remand), Comm'n Op. at 26-28, 1997 WL 817767 at \*11-12 (U.S.I.T.C. Sept. 10, 1997).

Lashify requests issuance of a CDO “based on existing ‘commercially significant’ domestic inventory or the presence of and the ability to rapidly import, foreign inventory.” CIB at 110. Lashify notes that KISS, CVS, Ulta, Walmart, and Lilac maintain the following approximate days of inventory:

	Units	Approximate Value	Approximate Days of Inventory
Kiss Accused Products			
Kiss Accused Products (a)			
CVS Accused Products			
Ulta Accused Products			
Walmart Accused Products			
Lilac Accused Products			

**Fig. 8: Respondents’ Domestic Inventory**<sup>718</sup>

*Id.* Lashify further states that “CDOs are also appropriate for Worldbeauty and Hollyren” as they “maintain commercially significant foreign inventories.” *Id.* at 111. According to Lashify, Worldbeauty and Hollyren “also have existing relationships with foreign manufacturers or suppliers that maintain commercially significant inventory that can be imported into or sold in the U.S. with minimal effort.” *Id.*

Respondents asserts that “Lashify has not carried its burden” to establish that Respondents maintain inventories of Accused Products in the U.S. RIB at 113. Respondents state that “Lashify’s own calculations show that KISS’s and Ultra’s Falscara Eyelashes and Starter Kits are in inventory

for [REDACTED] *Id.* Respondents

further note that “Hollyren/Xizi and Worldbeauty maintain no inventory of the accused products in the United States.” *Id.* “Nor are they engaged in any domestic operations that could undercut the remedy provided by an exclusion order.” *Id.* Finally, Respondents assert that “Lashify has failed to carry its burden to demonstrate that Lilac holds commercially significant domestic inventory because it has not limited its analysis to Lilac’s inventory of Accused Products.” *Id.* at 113-114. Instead, “Mr. Thomas’s analysis sweeps in staple articles used with Lilac’s non-infringing lashes.” *Id.*

Staff asserts that “cease and desist orders are appropriate for each of the domestic Respondents – KISS, CVS, Ulta, Walmart, and Lilac.” SIB at 94. Staff explains that “the evidence shows that the domestic Respondents each maintain commercially significant inventories of allegedly infringing products in the U.S. or have established domestic operations that are used to fulfill sales to their U.S. customers.” *Id.* Staff argues, however, that Lashify has not shown that cease and desist orders should issue against the foreign Respondents. *Id.*

If the Commission finds a violation, the undersigned recommends that a CDO issue against the KISS Respondents. The evidence demonstrates that the KISS Respondents’ inventory of Accused Products in the United States is commercially significant. Specifically, the evidence shows that (1) “[a]s of approximately November 19, 2020, KISS had inventory of Accused Products on hand in the U.S. of [REDACTED] with a total value of approximately [REDACTED] (2) as of September 2020, “CVS has inventory of Accused Products on hand in the U.S. of [REDACTED] [REDACTED] for a retail price of [REDACTED] (3) as of November 15, 2020 “Ulta had inventory of Accused Products on hand in the U.S. of [REDACTED] for a retail price of [REDACTED] and (4) as of November 4, 2020, “Walmart had inventory of Accused Products on hand in the U.S. of [REDACTED] with

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a value of approximately [REDACTED] CX-2101C at Q/As 461 (KISS), 469 (CVS), 477 (Ulta), and 485 (Walmart).

Respondents do not dispute these numbers, but instead assert that this inventory would last “for approximately [REDACTED].” Respondents do not, however, support this argument with any evidence, other than the inventory numbers themselves.<sup>79</sup> In contrast, Mr. Thomas opines that the inventory is enough to last [REDACTED] [REDACTED] (KISS Accused Products), between [REDACTED] [REDACTED] (CVS), between [REDACTED] (Ulta), and at least [REDACTED] (Walmart). CX-2101C at Q/As 462-464 (KISS), 471-473 (CVS), 480-481 (Ulta), 487-488 (Walmart). As such, the undersigned finds that Lashify has met its burden to show that the inventory of the KISS Respondents is commercially significant.

The undersigned recommends against a CDO for the remaining Respondents. As for Hollyren/Xizi and Worldbeauty, the evidence shows that these Respondents do not maintain any inventory in the United States. *See* CX-2101C at Q/A 497. Lashify has also not asserted that these Respondents engage in any domestic operations that could undercut the remedy provided by the exclusion order. As such, the undersigned finds that it is not appropriate to issue a CDO against Hollyren/Xizi or Worldbeauty.

The undersigned also recommends against a CDO for Lilac. Lashify has not established that Lilac has a commercially significant inventory in the United States. Mr. Thomas states that, as of March 23, 2020, “Lilac had inventory of Accused Products on hand in the U.S. of [REDACTED] units” with a value of “approximately [REDACTED].” CX-2101C at Q/A 491. As Respondents point out, however, this figure includes articles other than the Accused Products, such as glue, lash applicators, and models of lashes not at issue (Doe, Volume, and Hollywood). RIB at 114 (citing

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<sup>79</sup> Respondents’ economic expert did not opine on CDOs.

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CDX-0005C at 71); *see also* RX-1277C at 2. Respondents note that, after removing these products, one is left with an inventory of only 5,148 Feather lashes. Lashify makes no assertion that such an amount is commercially significant. Without more, the undersigned finds that Lashify cannot meet its burden to show that it is entitled to a CDO against Lilac.

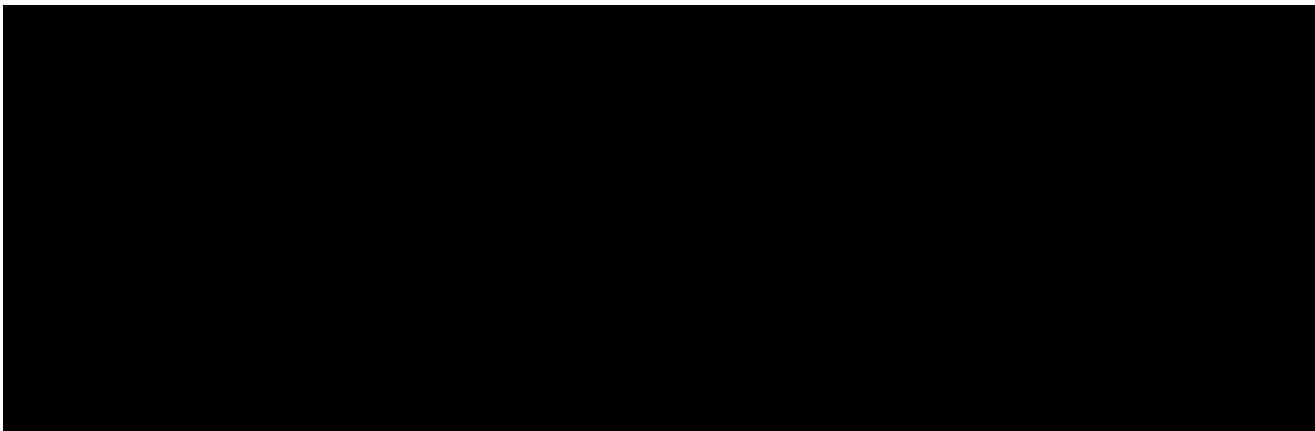
### **D. Bonding**

Pursuant to section 337(j)(3), the Administrative Law Judge and the Commission must determine the amount of bond to be required of a respondent during the 60-day Presidential review period following the issuance of permanent relief, in the event that the Commission determines to issue a remedy. 19 U.S.C. § 1337(j)(3). The purpose of the bond is to protect the complainant from any injury. 19 C.F.R. § 210.42(a)(1)(ii), § 210.50(a)(3).

When reliable price information is available, the Commission has often set the bond by eliminating the differential between the domestic product and the imported, infringing product. *See Microsphere Adhesives, Processes for Making Same, & Prods. Containing Same, Including Self-Stick Repositionable Notes*, Inv. No. 337-TA-366, USITC Pub. 2949, Comm'n Op. at 24 (Dec. 8, 1995). In other cases, the Commission has turned to alternative approaches, especially when the level of a reasonable royalty rate could be ascertained. *See, e.g., Certain Integrated Circuit Telecomm. Chips & Prods. Containing Same, Including Dialing Apparatus*, Inv. No. 337-TA-337, Comm'n Op. at 41, 1993 WL 13033517, at \*24 (U.S.I.T.C. June 22, 1993). A 100 percent bond has been required when no effective alternative existed. *See, e.g., Certain Flash Memory Circuits & Prods. Containing Same*, Inv. No. 337-TA-382, USITC Pub. No. 3046, Comm'n Op. at 26-27 (July 1997) (imposing a 100% bond when price comparison was not practical because the parties sold products at different levels of commerce, and the proposed royalty rate appeared to be *de minimis* and without adequate support in the record).

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Lashify asserts that the Commission “should set a bond based on the uncontested price differential between Respondents’ infringing products and Lashify’s domestic industry products, but no lower than 100%.” CIB at 115. Lashify states: “The necessary bond for the KISS Accused Products ranges between [REDACTED] when considering their prices to resellers such as CVS, Walmart, and Ulta, and ranges from [REDACTED] when considering their prices direct to consumers.” *Id.* For other Respondents, Lashify seeks a bond as set forth in the below chart:



*Id.*

Respondents assert that a 100% bond is appropriate. RIB at 114. Respondents disagree on the use of a price differential to calculate bond “because the DI Products are sold at different levels of commerce than the Accused Products.” *Id.* Respondents further note that “there are no licenses from which to derive a reasonable royalty rate.” *Id.* Respondents conclude: “In these circumstances, the bond rate should be set, at most, at 100%.” *Id.* at 114-115.

Staff recommends that a bond of 100% of the entered value of the infringing articles be imposed during the Presidential review period. SIB at 94.

The undersigned agrees that a 100% bond is appropriate. As Mr. Thomas acknowledges, “Lashify’s market prices are significantly higher than the market prices for Respondents’ Accused Products in the U.S.” CX-2101C at Q/A 263. As Respondents’ expert, Dr. Vander Veen, notes, “the magnitude of the difference in sales prices between the Asserted DI Products and the Accused

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Products indicates that these products are marketed towards different consumers.” RX-1690C at Q/A 139. Lashify is marketed as a “luxury” product. *Id.* at Q/A 140. “In contrast KISS sells its much lower-priced products to retailers such as Walmart, who emphasizes its focus on ‘price leadership,’ ‘everyday low prices,’ and helping consumers ‘save money and live better.’” *Id.*

Accordingly, if a violation of section 337 is found, the undersigned recommends that the Commission set the bond value at 100%.

### **XI. INITIAL DETERMINATION**

Based on the foregoing, it is the Initial Determination of the undersigned that Respondent Qingdao LashBeauty Cosmetic Co., Ltd. d/b/a Worldbeauty infringes claims 1, 9, 23, and 27 of U.S. Patent No. 10,721,984; and Respondent Qingdao Hollyren Cosmetics Co., Ltd. d/b/a Hollyren infringes U.S. Design Patent Nos. D877,416 and D867,664. The undersigned has also determined that U.S. Patent No. 10,721,984 and U.S. Design Patent No. D867,664 are valid and that the domestic industry requirement has not been satisfied for the Asserted Patents.

The undersigned hereby certifies to the Commission this Initial Determination and the Recommended Determination. The Parties’ briefs<sup>80</sup>, which include the final exhibits lists, are not certified as they are already in the Commission’s possession in accordance with Commission rules. 19 C.F.R. § 210.38(a).

The Secretary shall serve the confidential version of this Initial Determination upon counsel who are signatories to the Protective Order issued in this Investigation. A public version will be served at a later date.

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<sup>80</sup> Any arguments from the Parties’ pre-hearing briefs incorporated by reference into the parties’ post-hearing briefs are stricken, unless otherwise discussed herein, as an improper attempt to circumvent the page limits imposed for post-hearing briefing.

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Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall become the determination of the Commission unless a party files a petition for review pursuant to 19 C.F.R. § 210.43(a) or the Commission, pursuant to 19 C.F.R. § 210.44, orders on its own motion a review of the Initial Determination or certain issues therein.

Within ten days of the date of this document, the Parties must submit a statement to [Bullock337@usitc.gov](mailto:Bullock337@usitc.gov) stating whether they seek to have any portion of this document redacted from the public version. The Parties shall attach to the statement a copy of a joint proposed public version of this document indicating with red brackets any portion asserted to contain confidential business.<sup>81</sup> To the extent possible, the proposed redacting should be made electronically, in a PDF of the issued order, using the “Redact Tool” within Adobe Acrobat, wherein the proposed redactions are submitted as “marked” but not yet “applied.” The Parties’ submission concerning the public version of this document should not be filed with the Commission Secretary.

## SO ORDERED.



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Charles E. Bullock  
Chief Administrative Law Judge

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<sup>81</sup> If the Parties submit excessive redactions, they may be required to provide an additional written statement, supported by declarations from individuals with personal knowledge, justifying each proposed redaction and specifically explaining why the information sought to be redacted meets the definition for confidential business information set forth in Commission Rule 201.6(a). *See* 19 C.F.R. § 201.6(a).