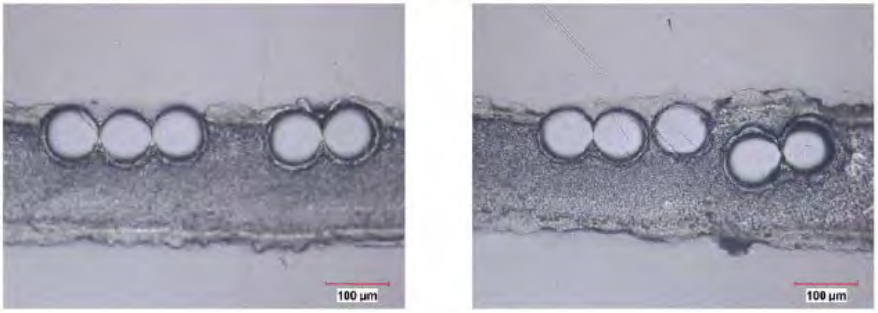
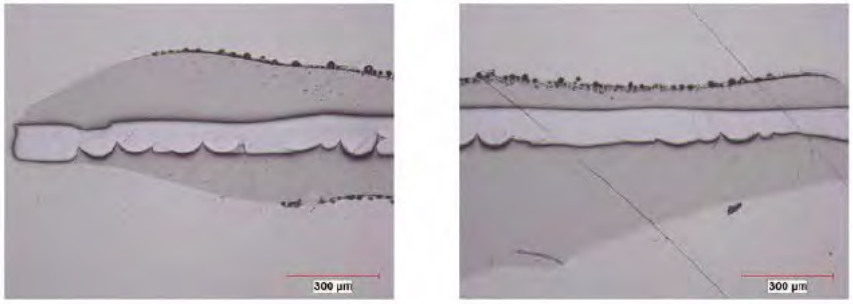


CX-2095C at Q/A 649. The undersigned therefore finds that Lashify has failed to prove that the Prismatics DI Product meets the "heat fused" limitations.

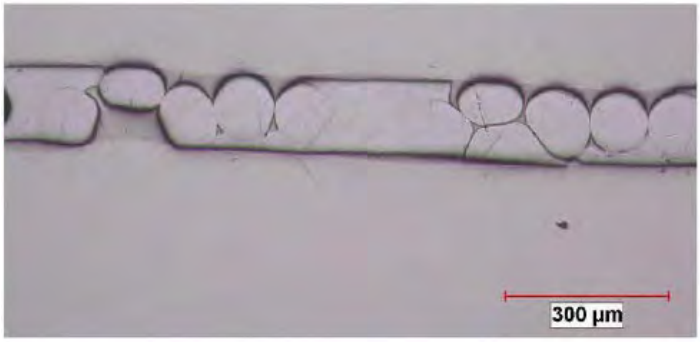
Similarly, for the F10 DI Products, none of Ms. Lotti's testimony regarding the manufacturing steps prove that there would be heat fused connections. For example, [redacted][redacted].[36] *See* CX-2091C at Q/A 110. Then, the [redacted]. *Id*. at Q/As 111-12. Again, because the manufacturing of the F10 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.

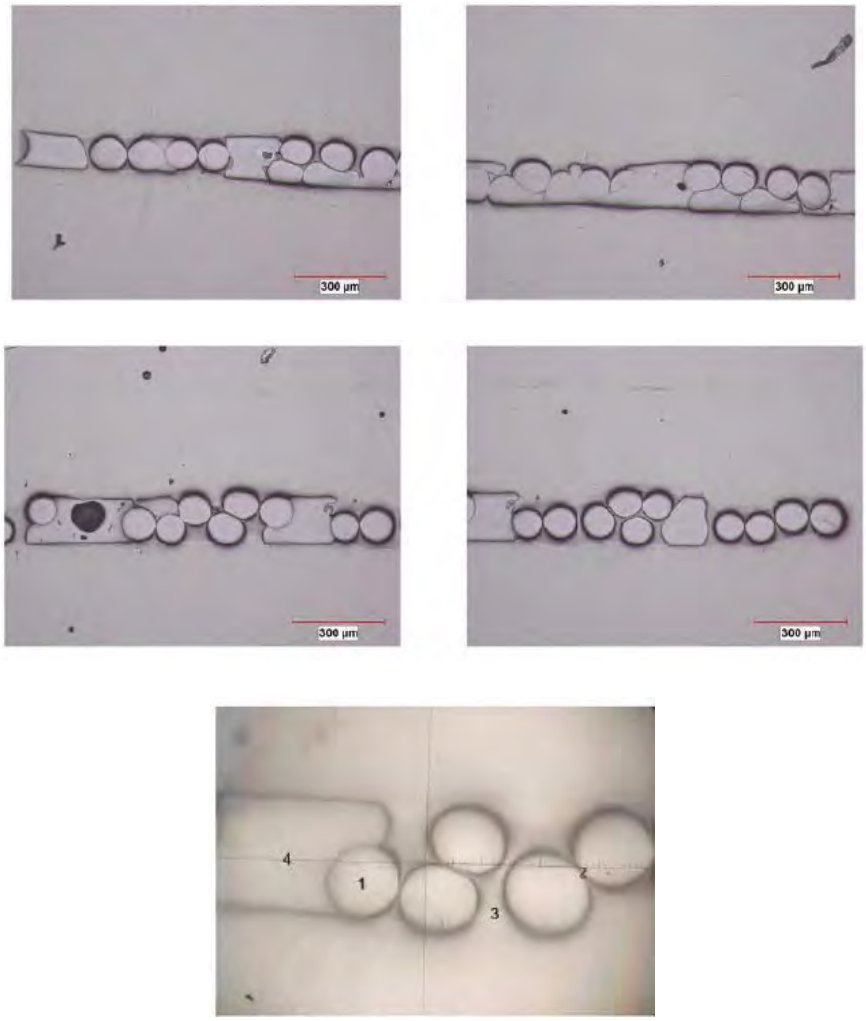
F10



[36] There is no indication of what, if any, pressure is applied [redacted]. *See* CX-2091C at 110.



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.



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.

1. Obviousness[37, 38]

Respondents contend that the asserted claims[39] 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[40], 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[41]

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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[37] 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.

[38] 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.

[39] 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.

[40] 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.

[41] 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)).

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.

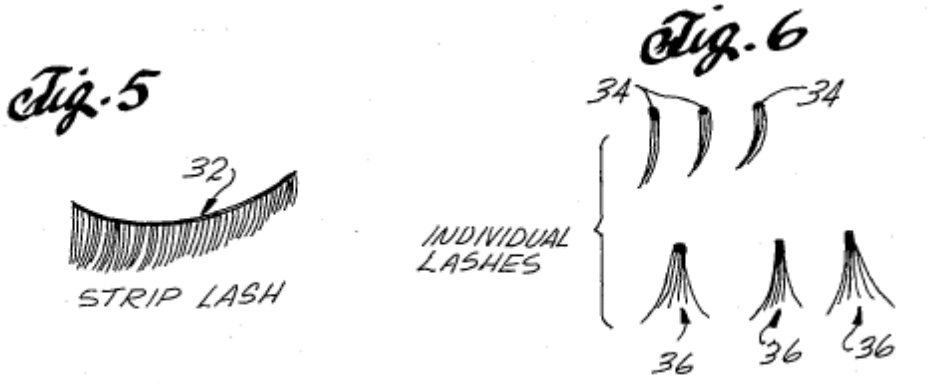
Staff asserts that Choe describes a method of making individual clusters, but never discloses the intention of grouping individual clusters together. *Id*. at 61. According to Staff, Choe provides a method of removing knotted cluster bases, not combining them into one base. *Id*. In addition, Staff contends 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

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.[42] *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

[42] 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.

"[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

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.

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

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 unform 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

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

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

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.

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.

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

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

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

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.[43] 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

[43] 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.

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.[44] *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.[45] *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.[46] *See LizardTech, Inc.*, 424 F.3d at 1345 ("That is, a recitation

[44] 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.

[45] 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.

[46] Respondents claim that the Federal Circuit has repeatedly invalided 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

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:

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.

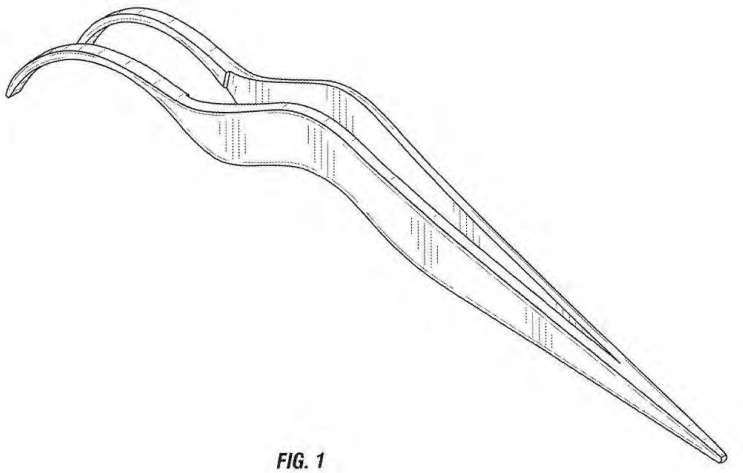


FIG. 1

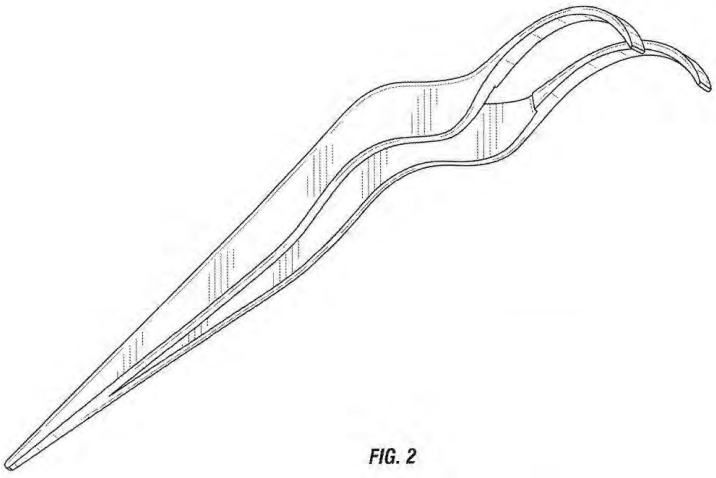


FIG. 2

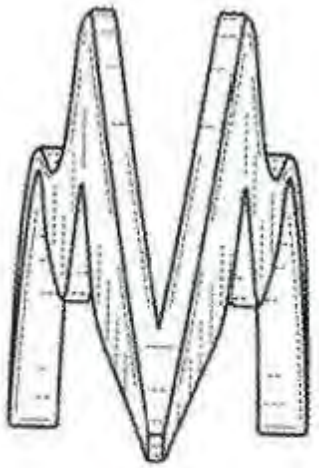


FIG. 3

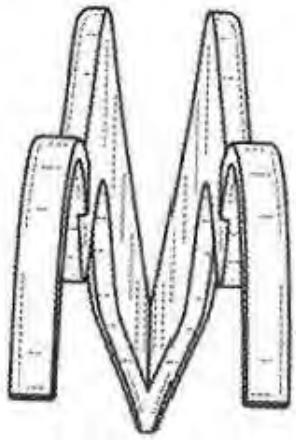


FIG. 4

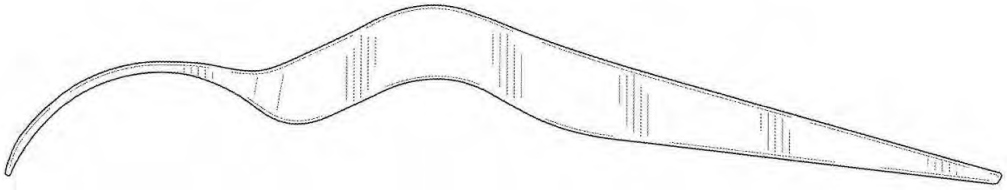


FIG. 5

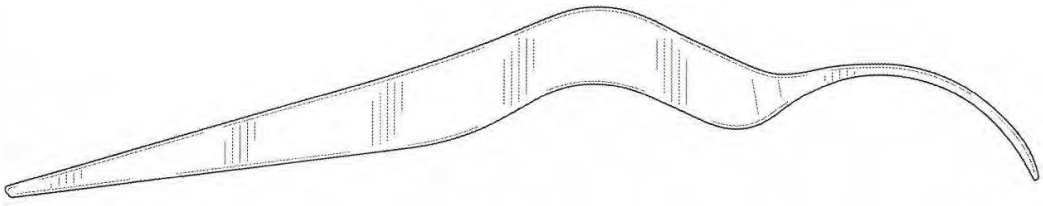
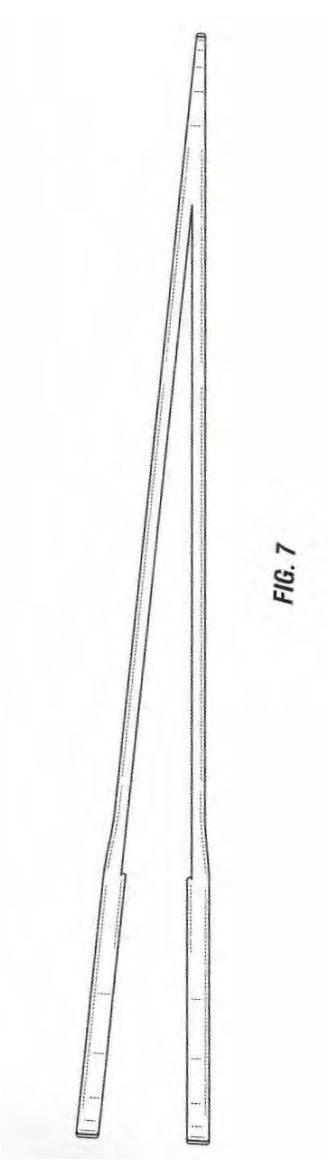
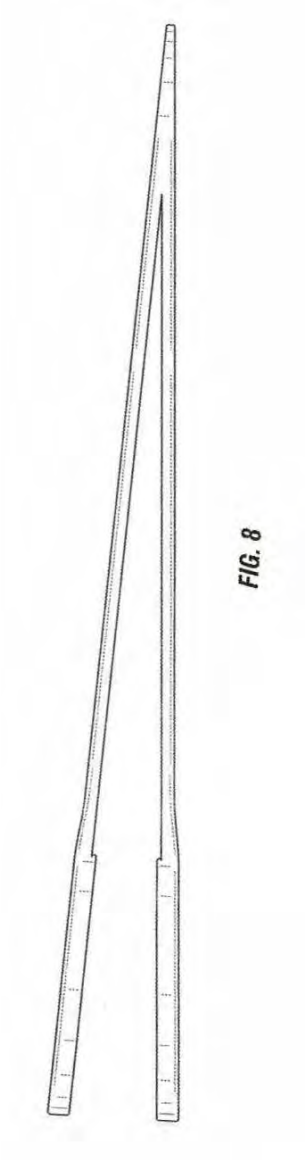


FIG. 6





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.

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[47], 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:

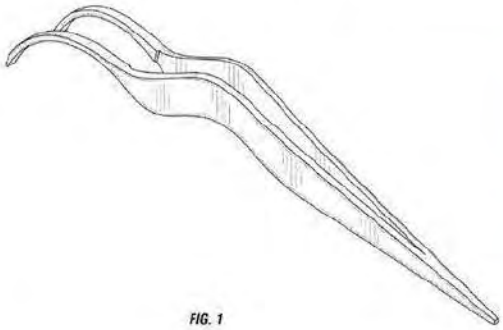
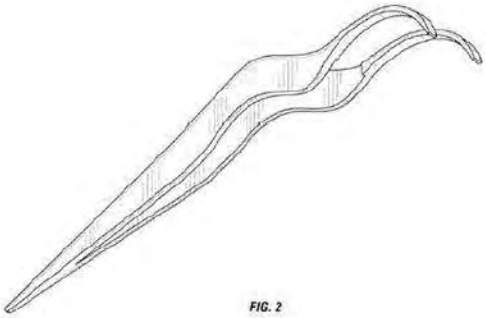
> Both the '664 patent and the Hollyren applicator include two arms that meet at a point at one end of the applicator. The arms widen toward the middle of the applicator, and then include the same series of curves leading toward the opposite end of the applicator. Both designs also feature the same proportions 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:[48]

[47] 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.

[48] 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.

’664 Patent Figures	Hollyren Applicator (Model No. CX1514)
 FIG. 1	
 FIG. 2	

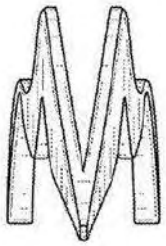


FIG. 3

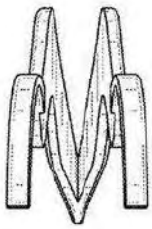


FIG. 4

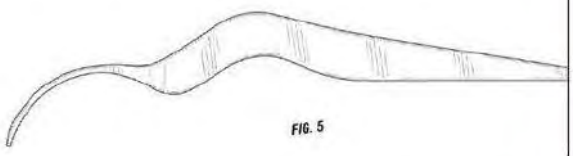


FIG. 5

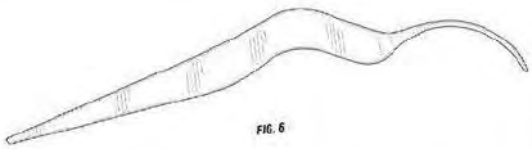
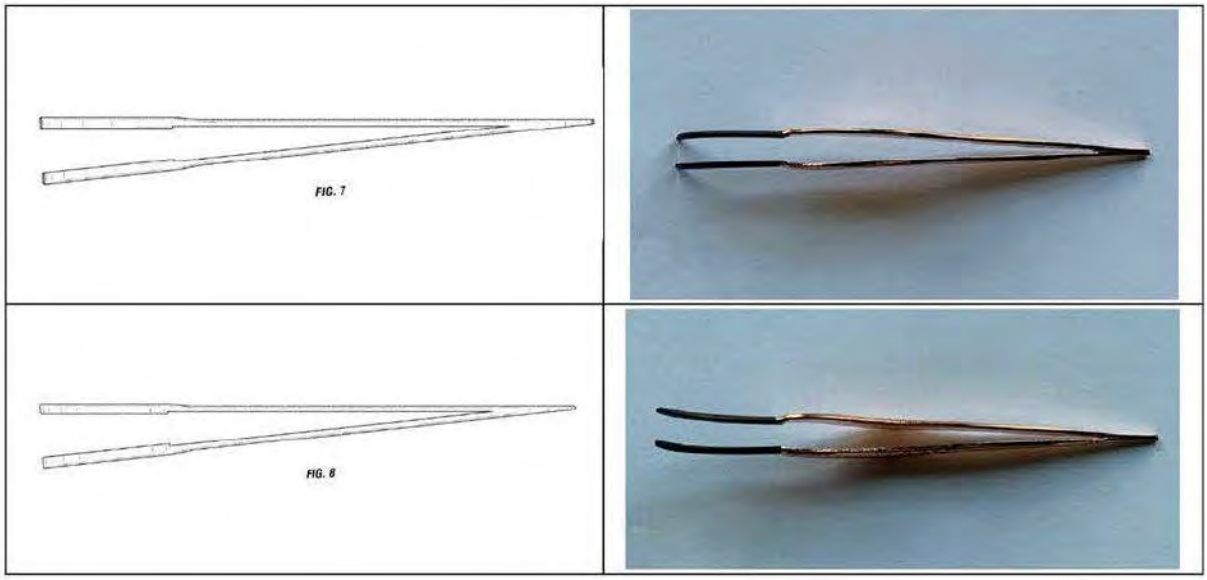


FIG. 6



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

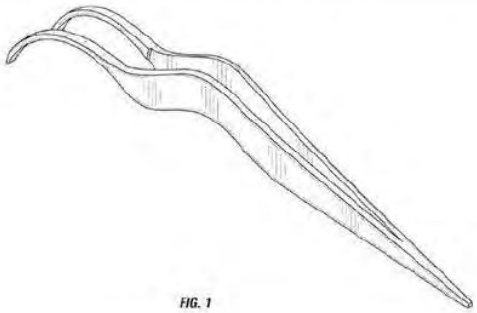
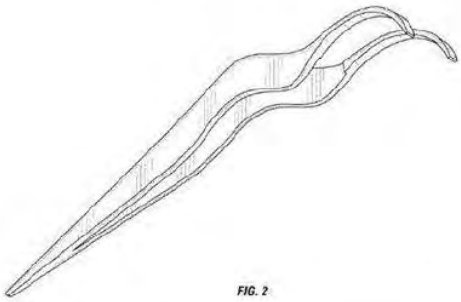
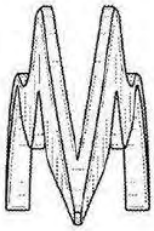
C. Technical Prong of the Domestic Industry Requirement

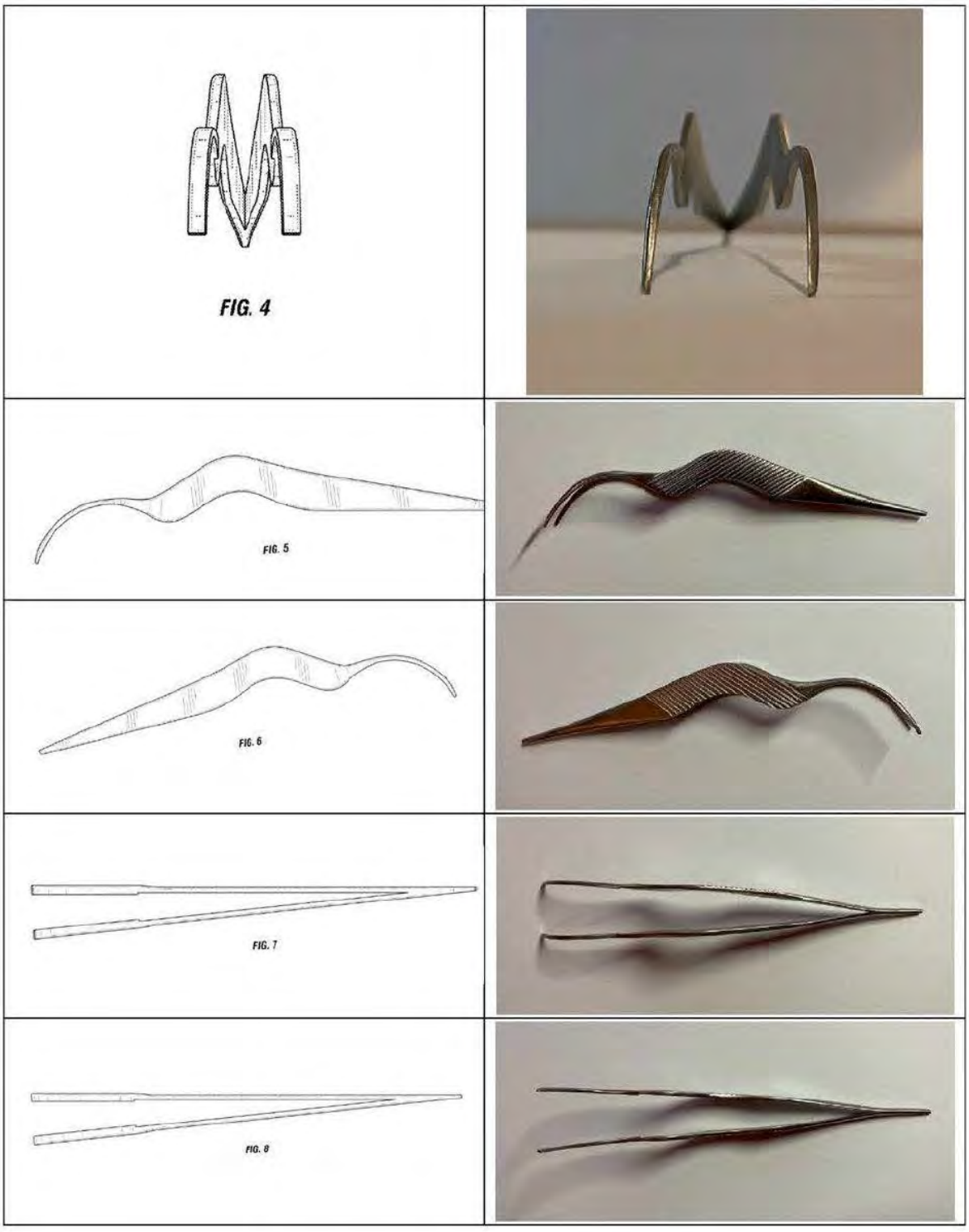
Lashify asserts that the Lashify Fuse Control Wand and X Fuse Control Wand practice the ornamental design of the D'644 patent. CIB at 87. Hollyren did not address whether Lashify practices the D'644 patent in Respondents' briefs.[49] *See generally* RIB at 85; RRB at 39. Rather, Hollyren only argued 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

[49] According to Lashify, "Hollyren has not asserted that Lashify's products do not practice the '664 patent." CIB at 87.

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.

'664 Patent Figures	Lashify Fuse Control Wand
 FIG. 1	
 FIG. 2	
 FIG. 3	



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.[50] *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

[50] 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.

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).

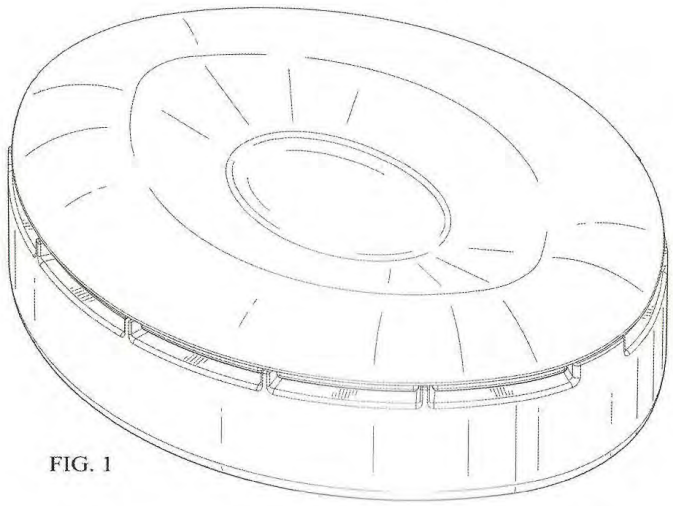
The evidence adduced at trial confirms that the ornamental design of the D'664 patent is not purely functional. As Ms. Baker testified, there are many different types of applicators for

artificial eyelashes, including designs sold by Respondents.[51] 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:



[51] Ms. Baker's testimony on this issue is unrebutted.

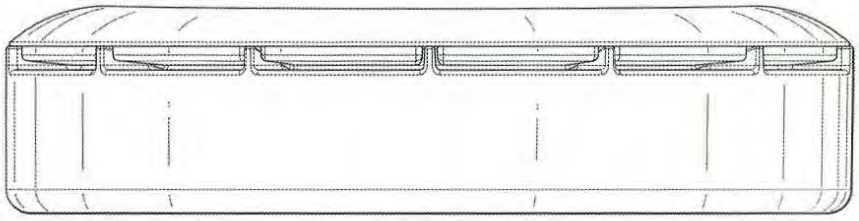


FIG. 2

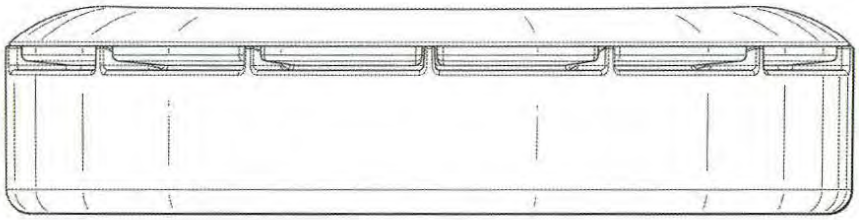


FIG. 3

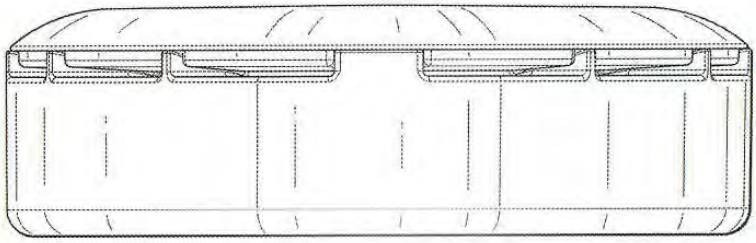


FIG. 4

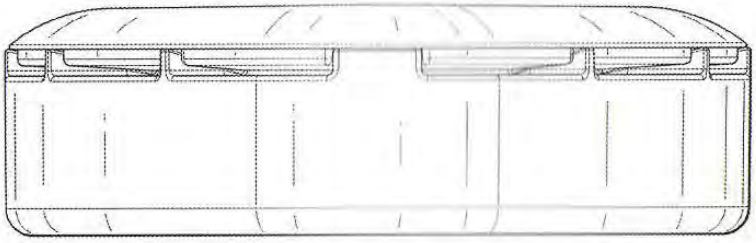


FIG. 5

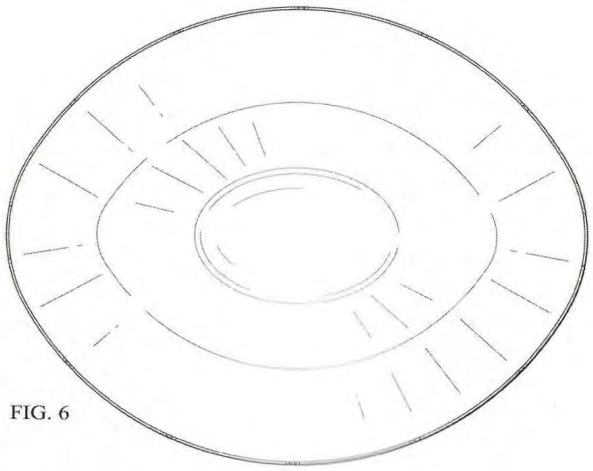


FIG. 6

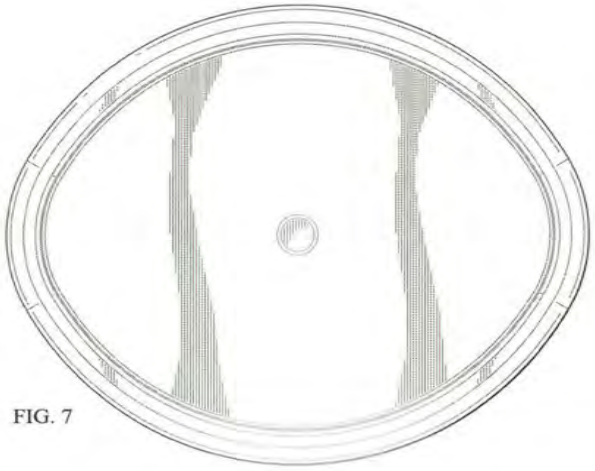


FIG. 7

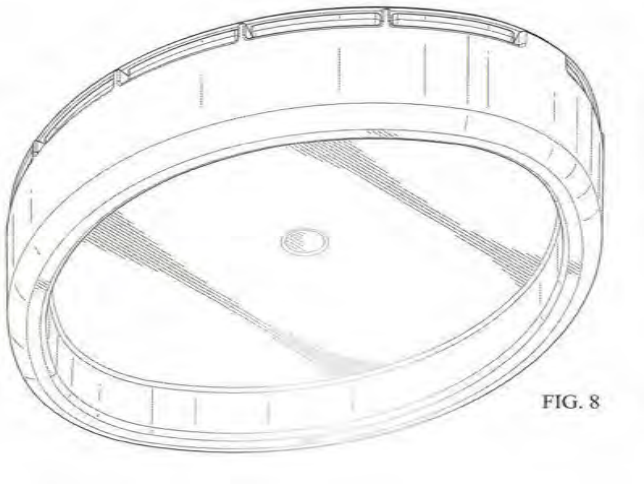


FIG. 8

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

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[52] 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.[53] *Id*. at Q/As 119, 132-134. Ms. Baker explained:

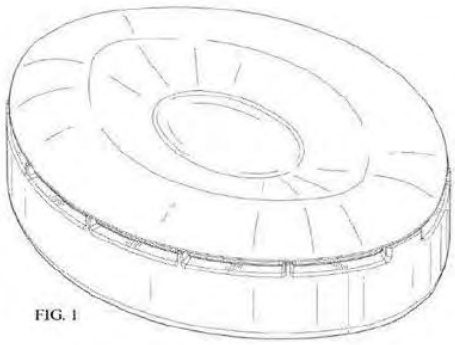
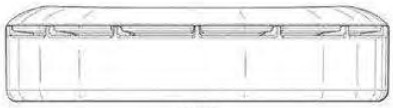
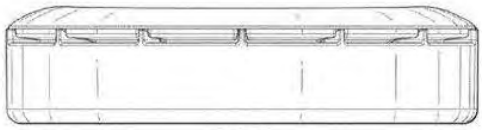
> [B]oth designs include the same silhouette from each angle, including the lozenge or eye-shaped design from the top and bottom views. Both designs also include similar slots along the upper perimeter of the products. The slots in both designs are located in the upper one-third of the products— in other 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:

[52] 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.

[53] 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).

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

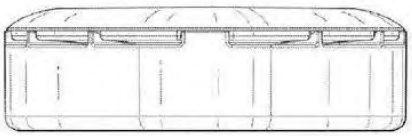


FIG. 5

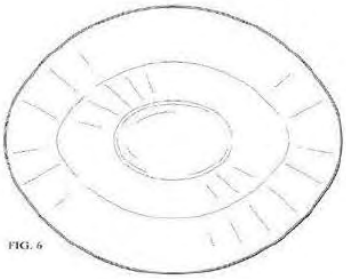


FIG. 6

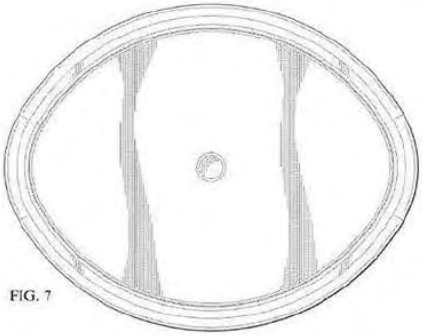
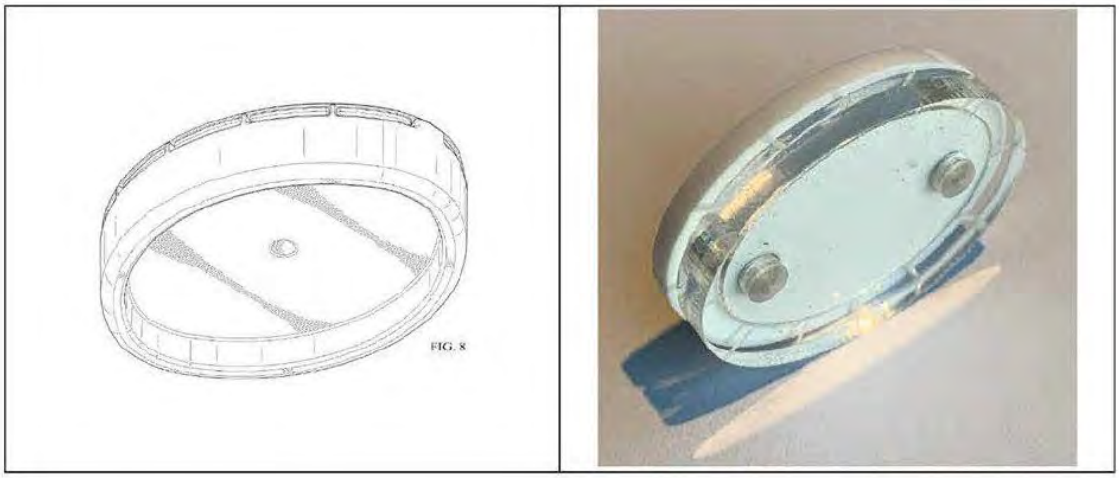


FIG. 7



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.[54] *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

[54] 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.").

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.[55] *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.

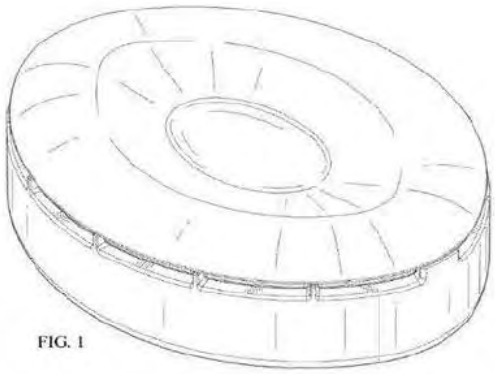
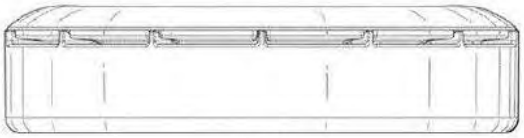
[55] Hollyren does not dispute that Lashify's storage cartridge practices the D'416 patent. The undersigned notes that Lashify's Gossamer storage cartridge does not include the circle/hole shown in Figures 7 and 8 of the D'416 patent, thereby confirming that these are insubstantial differences.

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.[56] *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.

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

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

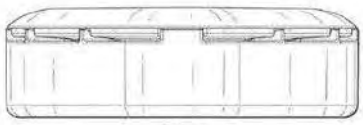


FIG. 4

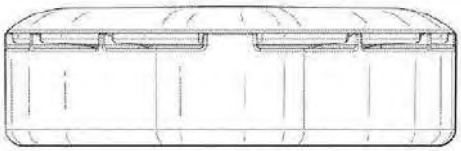


FIG. 5

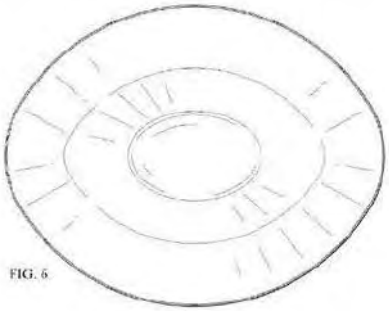


FIG. 6

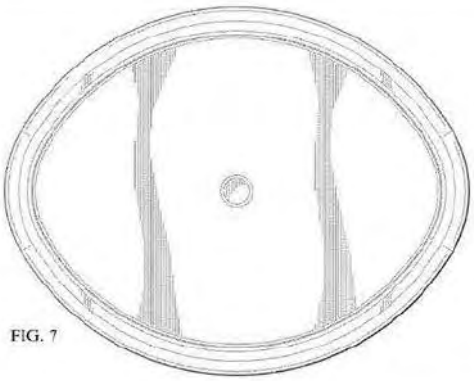
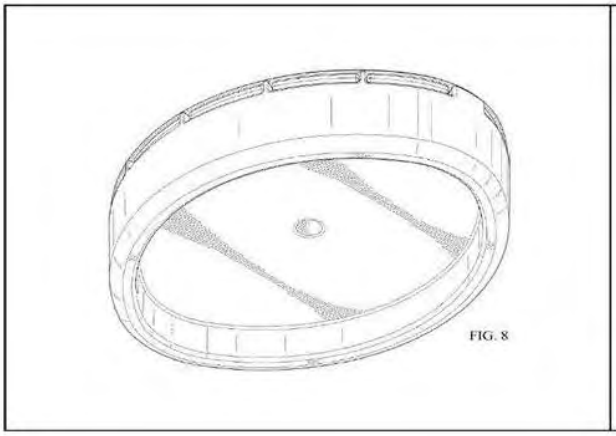


FIG. 7

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.[57]

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

[57] 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.*

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] *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

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

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[58] 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

[58] 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.

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.[59] 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.[60]

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

[59] 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 without any support.

[60] 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.[61] *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[62] and first alternative[63] 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

[61] 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).
[62] 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.
[63] 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.[64] Rather, the Commission looks to whether there are significant expenditures in other qualifying activities, such that sales and marketing expenditures should be considered. *Certain*

[64] 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).

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 Ferritization 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][65] facilities in the U.S., each of which was/is used for activities relating to Lashify's domestic industry system." *Id*. The four

[65] 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.

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]

[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 [redacted]." *Id.* at 93. According to Respondents, "[a]t best, Lashify's domestic quality control activities include [redacted]." *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, [redacted], 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 [redacted]." *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 [redacted]." CIB at 94. Lashify also asserts that its "quality control involves far more than [redacted], such as [redacted]."

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.[66]

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

[66] 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[67], it does not support including these costs for the products protected by the '984 patent.[68] 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

[67] 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.

[68] 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.[69] *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]). 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

[69] 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]"); *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 facilitates] 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], 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*

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] 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 . . . quantitively significant. *Id.*