

NITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

**CERTAIN BALANCED ARMATURE
DEVICES, PRODUCTS CONTAINING
SAME, AND COMPONENTS
THEREOF**

Investigation No. 337-TA-1186

**NOTICE OF A COMMISSION DETERMINATION
FINDING A VIOLATION OF SECTION 337; ISSUANCE OF A GENERAL
EXCLUSION ORDER AND CEASE AND DESIST ORDERS; TERMINATION OF THE
INVESTIGATION**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to affirm, on modified grounds, a summary determination (“ID”) (Order No. 50) of the presiding administrative law judge (“ALJ”) finding a violation of section 337. The Commission has determined that the appropriate remedy is a general exclusion order (“GEO”) and cease and desists orders (“CDO”) to certain respondents. The Commission terminates the investigation.

FOR FURTHER INFORMATION CONTACT: Amanda Pitcher Fisherow, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street S.W., Washington, D.C. 20436, telephone (202) 205-2737. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: On November 29, 2019, the Commission instituted this investigation based on a complaint filed by Knowles Corporation and Knowles Electronics, LLC of Itasca, Illinois, and Knowles Electronics (Suzhou) Co., Ltd. of Suzhou, China (collectively, “Knowles”). 84 FR 65840 (Nov. 29, 2019). The complaint, as supplemented, alleged violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, due to the importation into the United States, sale for importation, or sale in the United States after importation of certain balanced armature devices, products containing same, and components

thereof by reason of misappropriation of trade secrets, the threat or effect of which is to destroy or substantially injure a domestic industry. *Id.* The notice of investigation named twelve (12) respondents, including Shenzhen Bellsing Acoustic Technology Co. Ltd. of Shenzhen, China, Suzhou Bellsing Acoustic Technology Co. Ltd. of Suzhou, China, Dongguan Bellsing Precision Device Co., Ltd. of Dongguan, China, and Bellsing Corporation of Lisle, Illinois (collectively, “Bellsing”); Liang Li (a/k/a Ryan Li) of Suzhou City, China (“Mr. Li”); Dongguan Xinyao Electronics Industrial Co., Ltd. of Dongguan, China (“Xinyao”); Soundlink Co., Ltd. of Suzhou, China (“Soundlink”); Magnatone Hearing Aid Corporation d/b/a Persona Medical and InEarz Audio of Casselberry, Florida (“Persona”); Jerry Harvey Audio LLC of Orlando, Florida (“Harvey”); Magic Dynamics, LLC d/b/a MagicEar of Clearwater, Florida (“MagicEar”); Campfire Audio, LLC of Portland, Oregon (“Campfire”); and Clear Tune Monitors, Inc. of Orlando, Florida (“Clear Tune”). *Id.* The Office of Unfair Import Investigations (“OUII”) is also a party in this investigation. *Id.*

Xinyao, Soundlink, MagicEar, CampFire, Persona, Clear Tune, and Harvey were all terminated from the investigation based on the issuance of consent orders. *See* Order Nos. 37-40, *unreviewed by* Comm’n Notice (Nov. 23, 2020); Order Nos. 34-35, *unreviewed by* Comm’n Notice (Nov. 19, 2020); and Order No. 28, *unreviewed by* Comm’n Notice (Sept. 20, 2020).

On January 14, 2021, the presiding ALJ issued an ID (Order No. 46), granting-in-part and denying-in-part Knowles’ motion for sanctions (“Sanctions ID”). As to Bellsing, the Sanctions ID found that Bellsing failed to disclose spoliation of evidence, that its failure to do so was in bad faith, and that the appropriate sanction was default. Sanctions ID at 18-46. The Sanctions ID denied Knowles’ motion as to Mr. Li, and denied Knowles’ request for monetary sanctions. *Id.* at 17-18, 46-47. No one petitioned for review of the Sanctions ID. Nevertheless, on February 16, 2021, the Commission determined to review the Sanctions ID in its entirety. Comm’n Notice (Feb. 16, 2021). On March 17, 2021, the Commission issued its final determination on the Sanctions ID, affirming the Sanctions ID, with modification, finding Bellsing in default. Sanctions ID at 47 (Jan. 14, 2021), *aff’d with modification*, Comm’n Notice (Mar. 17, 2020).

On June 1, 2021, the ALJ issued the subject ID. On June 11, 2021, Bellsing and Mr. Li filed a joint petition for review. On June 21, 2021, OUII and Knowles filed responses.

On August 2, 2021, the Commission determined to review the ID in part. Specifically, the Commission determined to review (1) whether Bellsing can participate in briefing on remedy and bonding before the ALJ (ID at 4) and in briefing on remedy, the public interest, and bonding before the Commission notwithstanding its default; (2) importation; (3) use by Mr. Li of Representative Trade Secret Nos. (“RTS”) 1-10 (ID at 35-36, 41-42, 49, 56-57, 61, 72-73, and 84-85); (4) all findings related to RTS No. 6; and (5) domestic industry. 86 FR 43270 (Aug 6, 2021). The Commission also reviewed the issues raised in the parties’ arguments relating to due process, comity, and collateral estoppel. *Id.* at 43270-71. The Commission requested briefing on the issues under review, remedy, bonding, and the public interest. *Id.* at 43271. On August

16, 2021, Respondents, Knowles, and OUII each filed their initial responses to the Commission's notice of review. On August 23, 2021, Respondents, Knowles, and OUII each filed their replies.

Having considered the record, including the ID, the ALJ's recommended determination on remedy and bonding, and the parties' submissions, the Commission has determined that a violation has occurred as to Mr. Li. Bellsing had previously been found in default, and the Commission finds a violation has occurred as to Bellsing. Specifically, the Commission finds that (1) Mr. Li has met the importation requirement on modified grounds, and affirms the ID's remaining findings on importation; (2) Mr. Li has used and/or disclosed each of RTS Nos. 1-10; (3) RTS No. 6 has been misappropriated; and (4) affirms the IDs findings on domestic industry. All findings in the ID that are not inconsistent with the Commission's determination are affirmed.

Accordingly, the Commission finds that there is a violation of section 337. The Commission has determined that the appropriate remedy is a GEO and CDOs directed to each of the Bellsing respondents and Mr. Li. These orders bar Bellsing and Mr. Li's unfair acts for a duration of twenty-six (26) years. The Commission has also determined that the public interest factors enumerated in subsections 337(d)(1) and (f)(1) (19 U.S.C. 1337(d)(1), (f)(1)) do not preclude the issuance of the GEO and CDOs. The GEO is directed to covered products that are made by, for, or on behalf of Bellsing and/or Mr. Li. The GEO reaches downstream products incorporating the covered products. The GEO includes a provision requiring any importer seeking to import the covered products (or products containing them or the components thereof) manufactured by or for Bellsing and/or Mr. Li or their affiliates or successors, to obtain a ruling from the Commission prior to the importation of the articles, finding that they are not subject to the GEO. The Commission has set the bond at one hundred percent (100%) of the value of the entered products imported by or on behalf of Bellsing and/or Mr. Li and sets a zero percent (0%) bond (*i.e.*, no bond) for downstream products or components thereof. The investigation is terminated.

The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

The Commission vote for this determination took place on October 4, 2021.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR Part 210).

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: October

