Juul Labs Files New Action Against Infringing and Illicit Black-Market Products

COMPANY NEWS, UNDERAGE USE PREVENTION

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Today, Juul Labs filed its third action with the U.S. International Trade Commission (ITC), directed at all importers of unauthorized “Juul-compatible pods” that copy Juul Labs’ patented product designs without authorization. The action seeks a General Exclusion Order barring the importation of any infringing, unauthorized pod-based product designed to be used with the JUUL System, including compatible flavored pods and refillable pods, effectively eliminating a sector of illicit products that seek to circumvent federal policy, can present additional health and safety risks to adult consumers, and undercut underage-prevention measures. Additionally, Juul Labs is asking the ITC to issue orders stopping the distribution, marketing, and sale of all such products already in the country.

This patent enforcement action builds off previous actions Juul Labs pursued at the ITC, targeting a broad range of importers of unauthorized Juul-compatible products, including Eonsmoke and Ziip Labs. Past actions have successfully resulted in stopping the ongoing importation of more than 40 brands of illicit and unauthorized Juul-compatible pods and products.
With this new action, Juul Labs seeks an even larger impact with a remedy that will not only bar the pod products named in the complaint, but will also bar all other infringing pod products that copy Juul Labs’ patented designs.

This new ITC action, if successful, would provide the additional public benefit of helping rid the market of unauthorized Juul-compatible products that can be modified by the user, such as empty and refillable pods, or those containing substances such as THC for which the JUUL system was not designed.

This is Juul Labs’ latest initiative in its global enforcement program to disrupt the illicit trade of vapor products and to create a more responsible marketplace for current adult users while addressing underage use. As a leader in vapor technology, it is our job to act responsibly as we strive to reset the vapor category in the United States and earn a license to operate in society.

*Public-Health Impact of Illicit, Unauthorized Juul-Compatible Products*

Over the past three years, Juul Labs has actively fought to leverage its investment in its intellectual property to protect the public from infringers. In addition, Juul Labs has supported regulators and law enforcement to ensure a more responsible market for vapor products by aggressively enforcing against manufacturers and distributors who misuse Juul Labs’ intellectual property to sell illicit products.

Unauthorized Juul-compatible products began to flood the U.S. market in the years following Juul Labs’ commercial launch. These are third-party products designed, manufactured, marketed, and sold to be used with authentic JUUL products without Juul Labs’ authorization. These unauthorized products include pods that have been marketed with e-liquid formulations containing nicotine and other substances, including THC and CBD, and other pods that are sold empty for the user to fill and refill with their own e-liquids.
These types of illicit products can present additional health and safety risks to adult consumers because they are produced under unknown quality controls and manufacturing standards; may contain harmful chemicals or constituents that are not present in other products; and can be designed to allow modifications by users, including being filled and refilled with unknown and untested liquids.

Sellers of such products also may undermine underage-prevention measures because they are typically obtained through nontraditional retail channels — such as social sources and online without adequate age-verification requirements — and often are marketed in “youth-appealing” flavors and packaging.

Unauthorized Juul-compatible pods not only pose potential significant risks to users, but are being marketed illegally. They came to the market after FDA’s deeming date (August 8, 2016) without premarket authorization, and now are sold in a variety of flavors that are restricted by FDA’s “Guidance for Industry: Enforcement Priorities for Electronic Nicotine Delivery Systems (ENDS) and Other Deemed Products on the Market Without Premarket Authorization.” Their deceptive marketing, often including unauthorized use of Juul Labs’ trademarks and marketing materials, may lead unaware adult users to assume such products come from or were authorized by Juul Labs, when they are not.

There was a significant uptick in the volume of unauthorized Juul-compatible products being sold in the United States in November 2018, after Juul Labs’ voluntarily restricted its product offerings in response to reports of increased underage use of vapor products. Juul Labs’ suspension of the sales and distribution of non-tobacco, -menthol, and -mint flavored JUUL products to brick-and-mortar retail outlets led to increased unscrupulous sales of unauthorized Juul-compatible pods in an array of flavors, from both existing and new manufacturers.
For example, Eonsmoke was selling nearly 500,000 packs of unauthorized Juul-compatible pods on a weekly basis through much of 2019.

**Juul Labs’ Past Actions Against Unauthorized Juul-Compatible Products**

In October and November 2018, Juul Labs filed two patent enforcement actions at the U.S. ITC and several related actions in various federal district courts in the United States and in several courts in Europe.

The first action targeted a number of importers of products infringing Juul Labs’ patents, including Eonsmoke, an entity based in Clifton, New Jersey, that imported and sold both Eonsmoke and 4X-branded products. By the time the ITC issued its Final Determination on April 20, 2020, all of the targets had settled except for Eonsmoke. And so, the ITC found Eonsmoke’s unauthorized Juul-compatible pods, including all 4X pods, infringed on Juul Labs’ valid patent claims. Eonsmoke was ordered to immediately stop importing into the U.S. all such infringing products and to stop selling, marketing, advertising, and distributing any such products already in the U.S.

The second action, filed on November 20, 2018, asserted a different set of Juul Labs patents against manufacturers, importers, and resellers of
unauthorized Juul-compatible cartridges or pods. This included pods from Ziip Labs, which was the market-leading manufacturer and seller of such illicit, infringing products at the time. As with the first ITC action, most of the named targets settled with Juul Labs before trial. Though five targets went to trial in September 2019, all five settled just after the opening statements were completed. In fact, after opening statements were presented, Ziip Lab agreed to stop importing all of their more than 25 brands of unauthorized Juul-compatible pods from China, where its factory is located. On April 7, 2020, the ITC issued its Final Determination against several of the targets that took earlier Consent Orders or that had defaulted, barring them from importing infringing products into the United States or otherwise selling such products already in the country.

Juul Labs continues to work towards protecting adult consumers from illicit vapor products and will aggressively enforce against manufacturers that actively infringe on its intellectual-property rights and undermine public health.