1 2 3 4 5 6 -	SHEPPARD, MULLIN, RICHTER & HAMPTO A Limited Liability Partnership Including Professional Corporations LEO D. CASERIA, Cal. Bar No. 240323 THOMAS DILLICKRATH, (admitted pro hac v 2099 Pennsylvania Avenue, NW, Suite 100 Washington, D.C. 20006-6801 Telephone: 202.747.1900 Facsimile: 202.747.1901 E-mail: lcaseria@sheppardmullin.com tdillickrath@sheppardmullin.com	ice)		
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14 15 16 17	NINGBO SUNNY ELECTRONIC CO., LTD. UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION			
18 19 20 21 22 23 24 25 26 27	OPTRONIC TECHNOLOGIES, INC. d/b/a Orion Telescopes & Binoculars, a California corporation, Plaintiff, v. NINGBO SUNNY ELECTRONIC CO., LTD., SUNNY OPTICS, INC., MEADE INSTRUMENTS CORP., and DOES 1-25,, Defendant.	Case No. 5:16-cv-06370-EJD-VKD Assigned to: Honorable Edward J. Davila DEFENDANT NINGBO SUNNY ELECTRONIC CO., LTD'S OPPOSITION TO PLAINTIFF'S MOTION FOR ATTORNEYS' FEES AND COSTS PURSUANT TO 15 U.S.C. § 15(a) Compl. Filed: November 1, 2016 First Am. Compl. Filed: November 3, 2017 Trial Date: October 22, 2019 Partial Judgment Entered: December 5, 2019 Hearing Date: February 20, 2020 Time: 9:00 a.m.		
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SMRH:4837-1637-1123

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I. <u>INTRODUCTION</u>

Instead of carrying its burden to show that its claimed fees and costs are reasonable, Orion summarily asserts that they must be because Defendants purportedly (1) billed more, and (2) engaged in "dilatory tactics" in the course of litigation. Pl.'s Mot. for Attorneys' Fees & Costs ("Pl.'s Mot." or "Motion") at 10:7-12:14, ECF No. 558.¹ This argument is not a substitute for the evidence Orion was required to produce, and did not, in support of its Motion.

Orion's request for attorneys' fees fails because Orion has not provided documentation to support the reasonableness or necessity of any of the fees it claims. In addition, with respect to Orion's claims for contract attorney, paralegal, and legal assistant time, Orion did not provide evidence of the prevailing hourly rate for such services in this District. Orion's request for attorneys' fees also fails because Orion did not meet and confer as required by Civil Local Rule 54-5.

Orion's request for costs is equally unavailing for largely the same reasons, namely that Orion failed to (1) provide "[a]ppropriate documentation to support each item" of costs it claims, *see* N.D. Cal. Civ. L.R. 54-1(a); and (2) meet and confer in compliance with the Local Rules, *id*. Moreover, even if the Court were to examine the cost report appended to the Hagey Declaration, ECF No. 558-1, it appears that the majority of Orion's claimed costs are impermissible as a matter of law.

For each and all of these reasons, Ningbo Sunny respectfully requests that the Court deny Orion's request for fees and costs.

II. ORION MISREPRESENTS THE PROCEDURAL HISTORY OF THIS CASE

As a preliminary matter, Orion argues *ad hominem* that its fees and costs must be reasonable because of "Defendants' dilatory tactics[,]" in producing discovery and providing responses to written discovery. Pl.'s Mot. at 10:22-11:12:14. This argument is irrelevant to satisfying Orion's burden in the instant Motion even if it were true, which it is not. But since this argument is the primary support Orion relies upon to establish the reasonability of its fees, it is

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¹ All pin cites to ECF-filed documents are to the page numbers that appear in the ECF header.

1	important to note that Orion strategically omits that Judge DeMarchi already rejected the same
2	arguments about Defendants' conduct in denying the vast majority of relief Orion sought in its
3	motion for sanctions. See Order (1) Granting in Party and Denying in Part Pl.'s Mot. for
4	Sanctions; (2) Denying as Moot Defs.' Mot. to File Sur-Reply/Mot. to Strike, ECF No. 189. In
5	that Order, Judge DeMarchi acknowledged that Defendants provided supplemental responses to
6	written discovery shortly after Orion raised issues with same, prioritized production according to
7	Orion's demands, and repeatedly requested search terms from Orion to facilitate the collection and
8	production of ESI, which Orion stymied. <i>Id.</i> at 4:7-14; <i>id.</i> at 5:4-7:5. Judge DeMarchi ultimately
9	held that "Defendants appear to have cooperated in discovery in a number of respects, and the
10	Court finds no basis to conclude that they have acted in bad faith." <i>Id.</i> at 7:6-7:7; <i>id.</i> at 4:26-27.
11	Setting aside this red herring, Orion's Motion is meritless because Orion has not provided

the requisite support to demonstrate the reasonability, necessity, or legal validity of *any* of its claimed fees and costs, as discussed below.

III. ARGUMENT

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- Α. Orion's Request for Attorneys' Fees Should Be Denied.
 - 1. Orion's Request for Attorneys' Fees Should Be Denied Because Orion Has Failed to Produce Records to Support Its Request.

Courts in the Ninth Circuit calculate attorneys' fees using the lodestar method, whereby a court multiplies "the number of hours the prevailing party reasonably expended on the litigation by a reasonable hourly rate." Camacho v. Bridgeport Fin., Inc., 523 F.3d 973, 978 (9th Cir. 2008). "The party petitioning for attorneys' fees 'bears the burden of submitting detailed time records justifying the hours claimed to have been expended." In re Washington Pub. Power Supply Sys. Sec. Litig., 19 F.3d 1291, 1305 (9th Cir. 1994) (quoting Chalmers v. City of Los Angeles, 796 F.2d 1205, 1210 (9th Cir.1986)) (explaining fee applicant "bore the risk of failing to provide adequate back-up documentation for its fee request"). "In calculating the number of hours reasonably expended, a district court is to exclude hours that are 'excessive, redundant, or otherwise unnecessary." Tahara v. Matson Terminals, Inc., 511 F.3d 950, 955 (9th Cir. 2007). The court may also reduce hourly rates for tasks that could have been performed for less-skilled

1	personnel. MacDougal v. Catalyst Nightclub, 58 F. Supp. 2d 1101, 1105 (N.D. Cal. 1999)
2	(citation omitted) ("[T]he Court does not approve of '[t]he wasteful use of highly skilled and
3	highly priced talent for matters easily delegable to non-professionals or less experienced
4	associates A Michelangelo should not charge Sistine Chapel rates for painting a farmer's
5	barn."). At bottom, a trial court is correct to "refuse[] to accept uncritically plaintiffs' counsel's
6	representations concerning the time expended." Frank Music Corp. v. Metro-Goldwyn-Mayer
7	Inc., 886 F.2d 1545, 1557 (9th Cir. 1989) (citing Sealy, Inc. v. Easy Living, Inc., 743 F.2d 1378,
8	1385 (9th Cir.1984)).
9	Orion has not provided any time records here, or any other "appropriate documentation for
10	the Court to review" supporting its request for attorneys' fees. See Nov. 26, 2019 Trial Tr. at
11	2830:11-14 (Davila, J.). It has only provided the Hagey Declaration, which lists names, an
12	overview of the general categories of work attorneys, paralegals, and legal assistants were
13	involved in throughout the case, and the aggregate number of hours each person billed. Courts in
14	this District have found such documentation to be "inadequate to support an award of fees." E.g.,
15	Van v. Language Line, LLC, No. 14-CV-03791-LHK, 2016 WL 5339805, at *13 (N.D. Cal. Sept.
16	23, 2016), aff'd sub nom. Van v. Language Line Servs., Inc., 733 F. App'x 349 (9th Cir. 2018)
17	("[T]he general description of the hours spent does not permit the Court to determine whether the
18	hours expended are reasonable, and the limited information provided about the attorneys is
19	insufficient to justify the requested rates. Accordingly, Plaintiff fails to meet her burden to show
20	that the requested rates and hours are reasonable.").
21	As in Van, Orion has not provided the Court with adequate information to evaluate the
22	reasonableness or necessity of <i>any</i> of the hours it claims. But even with the minimal information
23	provided in Orion's Motion and the Hagey Declaration, it is apparent that Orion is seeking
24	attorneys' fees that are not recoverable. For instance, Orion admits that it is seeking
25	reimbursement for its "lengthy investigation prior to filing the Complaint" in this action, Pl.'s
26	Mot. at 8:25, including attorneys' fees for Ms. Schueller's "extensive prefiling research and
27	investigation of Orion's claims, including interviewing witnesses, fact-gathering, researching the
28	telescope market, and researching numerous legal and factual issues in support of Orion's

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pleadings[,]" Hagey Decl. ¶ 34. But in this Circuit, the Court may only "award attorneys' fees for pre-litigation work that is *necessary* to the filing of an action. This requires the court to determine what is necessary and *exclude that which may be merely relevant*." *Sierra Club v. U.S. E.P.A.*, 625 F. Supp. 2d 863, 870 (N.D. Cal. 2007) (emphases added); *cf. Albany Bank & Tr. Co. v. Exxon Mobil Corp.*, 310 F.3d 969, 975 (7th Cir. 2002) (prelitigation costs are not recoverable at all).

Without Orion's billing records, it is impossible for the Court to determine what investigation was actually "necessary" to *this case*—especially because Orion's counsel has made it known that it investigated a potential class action claim (not involving Orion), *see* Caseria Decl. ¶ 4, as well as potential claims against Celestron and Suzhou Synta relating to their compliance with the Settlement Agreement (to which Defendants are not parties). Indeed, during trial, Orion's counsel and witnesses acknowledged that they were engaged in separate efforts to enforce the terms of that agreement against the Synta Entities. *See, e.g.*, Trial Tr. 1745:8-1748:5 (Mr. Hagey discussing the "analysis of the cost overcharges and the issues that Orion has [had] with Synta"); TX 1409 (describing Orion's investigation into harm to its margins given Synta's purported conduct). There may be additional unrelated matters reflected in Orion's billing records, as there are in its request for costs (*see infra* at 7).

Similarly, Orion seeks paralegal and legal assistant fees for "tasks like managing the uploading of documents into our e-discovery systems, . . . categorizing and tracking documents as requested by attorneys, assisting with court filings, . . . and preparing and organizing voluminous documents for trial, hearings, and depositions." Hagey Decl. ¶ 51. Such clerical work is not compensable, however, as it "should be 'subsumed in firm overhead rather than billed at paralegal rates." *LaToya A. v. San Francisco Unified Sch. Dist.*, No. 3:15-CV-04311-LB, 2016 WL 344558, at *9 (N.D. Cal. Jan. 28, 2016) (citations omitted); *see also Yates v. Vishal Corp.*, No. 11-cv-00643-JCS, 2014 WL 572528, at *6 (N.D. Cal. Feb. 4, 2014) (finding tasks such as posting letters for mail, photocopying, three-hole punching, internal filing, calendaring, and preparing the summons and complaint for filing to be "purely clerical").

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Should Be Denied Because Orion Has Not Provided Any Evidence of a Reasonable Hourly Rate. Orion has the burden of demonstrating that its request for between \$175 and \$275 per hour

Orion's Request for Contract Attorney, Paralegal, and Legal Assistant Fees

for paralegal and legal assistant time, as well as between \$225 and \$450 an hour for contract attorney time, reflects the prevailing community rates for similar services. See Carson v. Billings Police Dep't, 470 F.3d 889, 891 (9th Cir. 2006); Hawaii Annuity Tr. Fund for Operating Engineers v. Kauai Veterans Express Co., Ltd., No. CV 16-00615 JMS-RT, 2019 WL 3916492, at *4 (D. Haw. July 31, 2019), report and recommendation adopted, No. CV 16-00615 JMS-RT, 2019 WL 3892404 (D. Haw. Aug. 19, 2019) (citing Sorenson v. Mink, 239 F.3d 1140, 1145 (9th Cir. 2001)). Orion has submitted no evidence to support its requested rates for such assistance. Nor has Orion provided the qualifications of these staff members. These are each grounds for denying Orion's request for such fees. See, e.g., Makaeff v. Trump Univ., LLC, No. 10CV0940 GPC WVG, 2015 WL 1579000, at *6 (S.D. Cal. Apr. 9, 2015) (collecting authorities) ("[B]ecause Makaeff has failed to carry her burden to demonstrate that the staff attorney and paralegal hourly rates are reasonable, the Court DENIES Makaeff's request for staff attorney and paralegal fees."); Beauford v. E.W.H. Grp. Inc., No. 1:09-CV-00066-AWISMS, 2009 WL 3162249, at *6 (E.D. Cal. Sept. 29, 2009) ("Plaintiff has not met her burden of production and all fee requests attributed to associate Patrick McManaman and paralegal Barbara Kosinski are denied.").

> 3. Orion's Request for Attorneys' Fees Should Be Denied Because Orion Failed to Meet and Confer.

Civil Local Rule 54-5(a) requires that counsel for the respective parties "meet and confer for the purpose of resolving all disputed issues relating to attorney's fees before making a motion for award of attorney's fees." Local Rule 54-5(b) further requires that a motion for attorney's fees be supported by a declaration "that counsel have met and conferred for the purpose of attempting to resolve any disputes . . . or a statement that no conference was held, with certification that the applying attorney made a good faith effort to arrange such a conference, setting forth the reason the conference was not held." Discussions of a forthcoming attorneys' fees motion without "the amount or type of fees that [a plaintiff's] attorney may seek" are not sufficient to satisfy the

requirement. See Van, 2016 WL 5339805, at *12.

The required meet and confer never occurred here. Mr. Hagey's declaration *falsely* states that Messrs. Borden and Fisher conferred with counsel for Defendants on December 12, 2019 regarding the substance of Orion's motion. *See* Hagey Decl. ¶ 66. However, the meet and confer that took place on December 12, 2019 only concerned a briefing schedule for post-trial motions, as requested by the Court, not the substance of those motions. *See* Caseria Decl. ¶¶ 2-3. This is clearly reflected in Orion's same-day email memorializing the meet and confer. *See id.* ¶ 2, Ex. A.

"Such a violation of the meet and confer requirement 'is a permissible ground for the denial of a motion for attorney's fees." *Van*, 2016 WL 5339805, at *12 (collecting cases); *Johannson v. Wachovia Mortg.*, *FSB*, No. C 11-02822 WHA, 2012 WL 2793204, at *2 (N.D. Cal. July 9, 2012) ("Defendant failed to comply with the local rules governing the filing of a motion for attorney's fees. Thus, the motion is DENIED.").

B. Orion's Request for Costs Should Be Denied.

"Orion seeks \$778,117.02 in costs relating to experts, jury consultants, translation services, court reporters and videographers, transportation, lodging, meals, and other expenses[,]" which Orion claims is detailed in the cost report attached as Exhibit 1 to the Hagey Declaration. Pl.'s Mot. at 7:2-5 (citing Hagey Decl., Ex. 1). As the party seeking costs, Orion has the burden "to establish the amount of compensable costs and expenses to which it is entitled." *Miele v. Franklin Res., Inc.*, No. 15-CV-00199-LB, 2019 WL 1517720, at *2 (N.D. Cal. Apr. 8, 2019) (internal quotations omitted) (quoting *City of Alameda v. Nuveen Mun. High Income Opportunity Fund*, No. C 08–4575 SI, 2012 WL 177566, at *1 (N.D. Cal. Jan. 23, 2012)). Orion has failed to carry its burden for at least three reasons.

First, Orion has failed to provide "[a]ppropriate documentation to support each item claimed" as a recoverable cost. N.D. Cal. Civ. L.R. 54-1(a). Exhibit 1 to the Hagey Declaration underscores why such records are necessary, as the cost report contains several dubious costs that Orion is seeking, including (just to name a few):

1	an "ADR services" charge, and postage fees under Civ. L.R. 54-1(a) because plaintiff failed to
2	submit "[a]ppropriate documentation to support each item claimed"); Makreas v. Moore Law
3	Grp., A.P.C., No. C-11-2406 MMC, 2012 WL 1458191, at *1 (N.D. Cal. Apr. 26, 2012) (denying
4	plaintiff's request for all disputed costs where plaintiff "failed to offer any evidence to
5	demonstrate he actually incurred any of the additional expenses" he sought, and provide
6	"[a]ppropriate documentation to support each item claimed").
7	Second, Orion's request for costs fails from the outset because Plaintiff failed to file a bill
8	of costs as required by Civil Local Rule 54-1, which provides:
9	No later than 14 days after entry of judgment or order under which costs may be
10	claimed, <i>a prevailing party claiming taxable costs must serve and file a bill of costs</i> . The bill must state separately and specifically each item of taxable costs
11	claimed. <i>It must be supported by an affidavit</i> , pursuant to 28 U.S.C. §1924, that the costs are correctly stated, were necessarily incurred, and are allowable by law.
12	Appropriate documentation to support each item claimed must be attached to the bill of costs Any party who fails to file a bill of costs within the time period
13	provided by this rule will be deemed to have waived costs.
14	(Emphases added). Orion admits that it did not file a bill of costs or affidavit in compliance with
15	Local Rule 54-1, but claims it was not required to "[b]ecause Orion is entitled to all of its costs
16	under the Clayton Act's fee shifting provision" Pl.'s Mot. at 7 n.3. Not only does Orion
17	misrepresent the scope of the Clayton Act, ⁴ but Judge Freeman rejected a substantially similar
18	argument in <i>Lopez v. CIT Bank</i> , <i>N.A.</i> , No. 15-CV-00759-BLF, 2016 WL 3163175, at *10 (N.D.
19	Cal. June 7, 2016). There, plaintiffs argued that they were not required to comply with Local Rule
20	54-1 because "both the FCRA and the [CCRAA] allow[] for the recovery of expenses obviating
21	the need for a cost memo,' and that should the Court find the need for a bill of costs, Plaintiffs
22	should be granted leave to file one." <i>Id.</i> Judge Freeman rejected plaintiffs' argument, and
23	enforced the local rules. <i>Id.</i> at *11. Numerous courts are in accord. <i>See, e.g., Lytle v. Carl</i> , 382
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25	⁴ As explained by the court in <i>Twentieth Century Fox Film Corp.</i> , 328 F.2d at 224, "the only costs
26	recoverable by a successful plaintiff in a private antitrust suit are those which are normally

allowable under 28 U.S.C. § 1920 and Rule 54(d)"—not "all" costs as Orion claims. Cf. Pl.'s

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Mot. at 7 n.3.

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1	F.3d 978, 989 (9th Cir. 2004) (upholding district court's denial of plaintiff's request for costs		
2	where plaintiff failed to file timely bill of costs as required by local rule); Grove v. Wells Fargo		
3	Fin. Cal., Inc., 606 F.3d 577, 582 (9th Cir. 2010) (same); San Francisco Bay Area Rapid Transit		
4	Dist. v. Spencer, No. C 04-04632 SI, 2007 WL 1450350, at *14 (N.D. Cal. May 14, 2007) ("The		
5	Court finds that BART was required to file its bill of costs by April 6, 2007. BART did not file i		
6	bill of costs until April 12, 2007, and has shown no good cause for granting an extension to the		
7	time to file. Pursuant to Civil Local Rule 54-1, the Court deems BART to have waived costs, and		
8	hereby STRIKES BART's bill of costs."); Lazaro v. Lomarey Inc., No. C-09-02013 RMW, 2012		
9	WL 2428272, at *2 (N.D. Cal. June 26, 2012) ("Courts in this district have required plaintiffs to		
10	'make a request for taxable costs in strict compliance with the civil local rules Since		
11	plaintiffs' counsel is apparently familiar with the procedure for submitting a bill of costs, the cour		
12	finds no grounds for excusing his failure to do so. Thus, the court will not award any costs.");		
13	Stein v. Pac. Bell, No. C 00 2915 SI, 2007 WL 2221054, at *1 (N.D. Cal. Aug. 1, 2007)		
14	(defendant waived costs by failing to comply with N.D. Cal. Civ. L.R. 54-1). Indeed, courts have		
15	deemed costs waived merely for failing to comply with the affidavit requirement of Local Rule		
16	54-1. See, e.g., Jones v. City of Oakland, No. 11-CV-4725 YGR, 2013 WL 3793893, at *2 (N.D.		
17	Cal. July 18, 2013) ("[T]he City's costs should not be awarded. The City's Bill of Costs, though		
18	filed timely, did not comply with the affidavit requirement of [] Local Rule [54-1].").		
19	Third, in any event, most of the costs claimed in the cost report are barred either by Local		
20	Rule or by applicable law, including:		
21	• The costs of court reporters' transcripts unless obtained (1) for an appeal, (2) to prepare		
22	a formal order pursuant to a Judge's statement from the bench, or (3) pursuant to Court		
23	approval or stipulation (Civ. L.R. 54-3(b));		
24	• The expenses of counsel for attending depositions (Civ. L.R. 54-3(c)(2));		
25	The cost of reproducing copies of motions, pleadings, notices, and other routine case		
26	papers, to the extent claimed (Civ. L.R. 54-3(d)(3));		
27	• Expert witness fees beyond those permitted under 28 U.S.C. § 1821, <i>i.e.</i> , forty dollars		

per day per witness (Civ. L.R. 54-3(e); First Nat. Mortg. Co. v. Fed. Realty Inv. Tr.,

- 631 F.3d 1058, 1071 (9th Cir. 2011) ("[F]ederal law allows the plaintiff to recover only forty dollars per day per witness, 28 U.S.C. § 1821(b)."); *Crawford Fitting Co. v. J. T. Gibbons, Inc.*, 482 U.S. 437, 439 (1987) (applying prior version of Section 1821; in consolidated appeal arising in part from antitrust action, the Court held "when a prevailing party seeks reimbursement for fees paid to its own expert witnesses, a federal court is bound by the limit of § 1821(b), absent contract or explicit statutory authority to the contrary."));
- Jury consultant fees, including the \$97,259.80 paid to Bonora Rountree (*see Rimini St.*, *Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873, 878 (2019) (internal citations omitted) ("Our cases, in sum, establish a clear rule: A statute awarding 'costs' will not be construed as authorizing an award of litigation expenses beyond the six categories listed in §§ 1821 and 1920, absent an explicit statutory instruction to that effect And §§ 1821 and 1920 in turn do not authorize an award for expenses such as expert witness fees, ediscovery expenses, and jury consultant fees"));
- Costs associated with e-discovery hosting, which constitute approximately \$32,149.65 of Orion's claimed costs (*Linex Techs., Inc. v. Hewlett-Packard Co.*, No. 13-CV-00159-CW (MEJ), 2014 WL 5494906, at *4 (N.D. Cal. Oct. 30, 2014), adopted, No. C 13-159 CW, 2014 WL 6482602 (N.D. Cal. Nov. 18, 2014) (collecting cases) ("Importantly, e-discovery hosting costs and associated fees are not compensable."); *Ancora Techs., Inc. v. Apple, Inc.*, No. 11-CV-06357 YGR, 2013 WL 4532927, at *3-4 (N.D. Cal. Aug. 26, 2013) ("Costs incurred in hosting documents electronically . . . simply do not fit under Section 1920's narrow limit of 'exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case""));
- Courier fees and "postage and handling charges that exceed the rate of first-class mail plus handling" (*City of Alameda, Cal. v. Nuveen Mun. High Income Opportunity Fund*, No. C 08-4575 SI, 2012 WL 177566, at *3 (N.D. Cal. Jan. 23, 2012) (citing

1	IV.	CONCLUSION			
2		For the foregoing reasons, Nir	ngbo Sunny respectfully requests that the Court deny		
3	Plainti	Plaintiff's Motion.			
4					
5	Dated:	January 30, 2020			
6		S	HEPPARD, MULLIN, RICHTER & HAMPTON LLP		
7		В			
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9			NINGBO SUNNY ELECTRONIC CO., LTD.		
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