IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SMART LOCK, LLC,

Plaintiff,

v.

THE PARTNERSHIPS AND UNINCORPORATED ASSOCIATIONS IDENTIFIED IN SCHEDULE A,

Defendants.

Civil Action No. 1:21-cv-6261

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Smart Lock, LLC ("Smart Lock" or "Plaintiff") files this original complaint against the Partnerships and Unincorporated Associations identified in Schedule A attached hereto (collectively, "Defendants") and alleges as follows:

JURISDICTION AND VENUE

1. This is an action for infringement of a United States patent arising under 35 U.S.C. §§ 271, 281, and 284–85, among others. This Court has original subject matter jurisdiction of the action under 28 U.S.C. §§ 1331 and 1338(a).

2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defendants since each of the Defendants directly targets business activities toward consumers in the United States, including Illinois, through at least the fully interactive, commercial Internet stores operating under the Amazon Storefronts identified in Schedule A attached hereto (collectively, the "Amazon Storefronts"). Specifically, Defendants are reaching out to do business with Illinois residents by operating one or more commercial, interactive Amazon Storefronts through which Illinois residents can purchase

products within the scope of Plaintiff's patent. Each of the Defendants has targeted sales from Illinois residents by operating online stores that offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, has sold products within the scope of Plaintiff's patent to residents of Illinois. Each of the Defendants is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused Plaintiff substantial injury in the State of Illinois.

THE PARTIES

3. Smart Lock is a limited liability company formed under the laws of the State of Texas, with a principal place of business in Tyler, Texas.

4. Smart Lock is the owner of United States Patent No. 7,012,503 ("the '503 patent"). Smart Lock's patent technology has been licensed to numerous U.S. and European manufacturers of electronic key locking systems.

5. Defendants are individuals and business entities who, upon information and belief, reside in the People's Republic of China or other foreign jurisdictions. Defendants conduct business throughout the United States, including within the State of Illinois and this Judicial District, through the operation of the fully interactive, commercial online marketplaces operating under the Defendant Internet Stores. Each Defendant targets the United States, including Illinois, and has offered to sell, and, on information and belief, has sold and continues to sell Infringing Products to consumers within the United States, including the State of Illinois.

6. On information and belief, Defendants are an interrelated group of infringers working in active concert to knowingly and willfully make, use, offer for sale, sell, and/or import into the United States for subsequent sale or use products that infringe directly and/or indirectly the '503 Patent in the same transaction, occurrence, or series of transactions or occurrences. Tactics used by Defendants to conceal their identities and the full scope of their operation make it

virtually impossible for Plaintiff to learn Defendants' true identities and the exact interworking of their network. In the event that Defendants provide additional credible information regarding their identities, Plaintiff will take appropriate steps to amend the Complaint.

7. Smart Lock has not licensed or authorized Defendants to use the invention claimed in the '503 Patent, and none of the Defendants are authorized retailers of Smart Lock's Products.

8. Defendants go to great lengths to conceal their identities and often use multiple fictitious names and addresses to register and operate their network of Defendant Internet Stores. On information and belief, Defendants regularly create new online marketplace accounts on various platforms using the identities listed in **Schedule A** to the Complaint, as well as other unknown fictitious names and addresses. Such Defendant Internet Store registration patterns are one of many common tactics used by the Defendants to conceal their identities, the full scope and interworking of their operation, and to avoid being shut down.

9. Even though Defendants operate under multiple fictitious names, there are numerous similarities among the Defendant Internet Stores. The Defendant Internet Stores include notable common features, including the same product images, accepted payment methods, check-out methods, meta data, illegitimate SEO tactics, lack of contact information, identically or similarly priced items and volume sales discounts, the same incorrect grammar and misspellings, similar hosting services, and the use of the same text and images, including content copied from Plaintiff's original product listings.

10. In addition to operating under multiple fictitious names, Defendants in this case and defendants in other similar cases against online infringers use a variety of other common tactics to evade enforcement efforts. For example, infringers like Defendants will often register new online marketplace accounts under new aliases once they receive notice of a lawsuit. Infringers also

typically ship products in small quantities via international mail to minimize detection by U.S. Customs and Border Protection.

11. Further, infringers such as Defendants typically operate multiple credit card merchant accounts and PayPal accounts behind layers of payment gateways so that they can continue operation in spite of Plaintiff's enforcement efforts, such as take down notices. On information and belief, Defendants maintain off-shore bank accounts and regularly move funds from their PayPal accounts or other financial accounts to off-shore bank accounts outside the jurisdiction of this Court. Indeed, analysis of PayPal transaction logs from previous similar cases indicates that offshore infringers regularly move funds from U.S.-based PayPal accounts to China-based bank accounts outside the jurisdiction of this Court.

12. Defendants, without any authorization or license from Plaintiff, have knowingly and willfully offered for sale, sold, and/or imported into the United States for subsequent resale or use products that infringe directly and/or indirectly the '503 Patent. Each Defendant Internet Store offers shipping to the United States, including Illinois, and, on information and belief, each Defendant has sold Infringing Products into the United States, including Illinois.

13. At least some of the Defendants were previously notified by Plaintiff of their infringement. Defendants' infringement of the '503 Patent in the offering to sell, selling, or importing of the Infringing Products was willful.

14. Defendants' infringement of the '503 Patent in connection with the offering to sell, selling, or importing of the Infringing Products, including the offering for sale and sale of Infringing Products into Illinois, is irreparably harming Plaintiff.

THE ’503 PATENT

15. On March 14, 2006, United States Patent No. 7,012,503 (“the ’503 patent”) was duly and legally issued by the United States Patent and Trademark Office for an invention titled “Electronic Key Device a System and a Method of Managing Electronic Key Information.” Attached hereto as Exhibit A.

16. The ’503 Patent is valid and enforceable under United States Patent Laws.

17. The ’503 Patent generally covers systems and methods for controlling access to a location using an electronic key device which has the ability to store and transmit user-editable access codes to a corresponding lock control unit, which in turn operates a lock mechanism.

18. The ’503 Patent recognized several problems with existing locking mechanisms where individuals require the ability to control access to specific individuals and even specific days and/or times. The prior art systems required “manually entering some sort of user identification code allowing the lock to check whether the identified user is on the list of authorized users. However, a manual entering of such a code is a lengthy process, in particular if the code is sufficiently long enough to provide sufficient security.” Ex. A at 2:33-40. Furthermore, the prior art systems required “time, and in some cases of erroneous entering of a code, access may be denied requiring a repetition of the manual entering.” *Id.* at 2:40-43.

19. The inventions of the ’503 Patent solved the problems by providing “an efficient method and a system for controlling access to a location secured by a lock mechanism controlled by e lock control unit”. *Id.* at 2:43-47. The advantages of the inventions of the ’503 Patent allowed “each lock control unit [to be] provided with a specific set of valid access codes for that particular lock control unit” including “different security levels for a given building, self-destructive access codes, conditioned access codes, access codes for limited periods of times, etc.” *Id.* at 2:21-28.

20. A further advantage of the inventions of the '503 Patent is "that the access right profile of individual electronic key devices and lock control units may be changed on short notice or in regular or random time intervals in order to increase security of the access control." *Id.* at 2:28-33.

21. Smart Lock is the owner of the '503 Patent with all substantive rights in and to that patent, including the sole and exclusive right to prosecute this action and enforce the '503 Patent against infringers, and to collect damages for all relevant times.

22. The '503 Patent is set to expire by its own terms on August 27, 2021. Therefore, Smart Lock seeks all recoverable damages up to and including August 27, 2021.

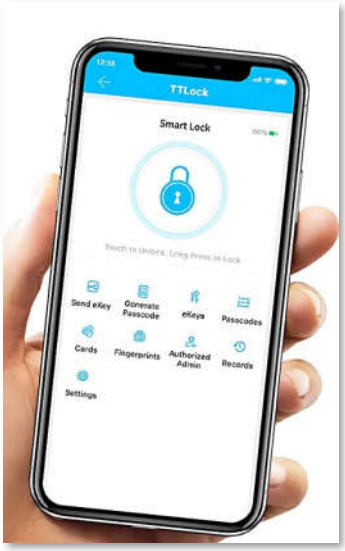
COUNT I – INFRINGEMENT OF U.S. PATENT NO. 7,012,503

23. Smart Lock repeats and realleges the allegations of paragraphs 1 through 22 as if fully set forth herein.

24. Defendants, without authority from Smart Lock, made, had made, used, imported, provided, supplied, distributed, sold, and/or offered for sale various access-control systems and other products which use electronic key devices to store and transmit user-editable access codes to a corresponding lock control unit, which in turn operates a lock mechanism. When placed into operation by Defendants or its end user customers, these acts constitute direct infringement, literally and/or under the doctrine of equivalents, under 35 U.S.C. § 271(a). Defendants' infringement is ongoing.

25. The infringing products include various smart door locks having Bluetooth and/or wifi unlocking functionality operating with an accompany smartphone App (the "Accused Products"). The respective Accused Products operate in the same or similar manner and use the same unlocking application. The Accused Products and methods infringe at least claims 1, 2, 4, 6,

7, 8, 10, 11, 12, 13, 14, 20 and 21 of the '503 Patent. Each of the Accused Products uses the same smart phone application for storing keys.



26. For example, the Accused Products infringe claim 1 of the '503 Patent. When placed into operation by Defendant or its end users, the Accused Products perform a method of controlling access to a location secured by a lock mechanism controlled by a lock control unit having a first memory, the method comprising the steps of: storing a first access code in the first memory, the first access code being indicative of a predetermined access right to the location; storing a second access code in a second memory of an electronic key device; using the electronic key device for requesting access to the location by transmitting the second access code from the electronic key device to the lock control unit; comparing the transmitted second access code with the first access code stored in the first memory; if the first access code corresponds to the second access code, initiating operation of the lock mechanism; said step of storing the second access code in the second memory including storing a plurality of access codes for a plurality of respective locations in the second memory of the electronic key device, said step of storing the plurality of

access codes including storing a plurality of access code data items, each access code data item having an identifier identifying a corresponding lock control unit for which the access code is valid; and initiating, by a user, transmission of a selected one of the plurality of stored access codes to the lock control unit, said user being enabled to edit and rearrange the plurality of stored access codes. *See* Ex. A-1 at Figs. 1 - 22.

27. When placed into operation by Defendant or its end user customers, the Accused Products performs the method of claim 2. For example, they meet the limitations of claim 1 and further, wherein the electronic key device is a mobile communications device. *See* Ex. A-1 at Figs. 1 - 22.

28. When placed into operation by Defendant or its end user customers, the Accused Products perform the method of claim 4. For example, they meet the limitations of claim 1 and further, wherein the step of transmitting the second access code from the electronic key device to the lock control unit includes transmitting the second access code via wireless data communication. *See* Ex. A-1 at Figs. 1 - 22.

29. When placed into operation by Defendant or its end user customers, the Accused Products perform the method of claim 6. For example, they meet the limitations of claim 1 and further, wherein the method further comprises the step of transmitting, via a communications network, at least one access code from an access code management system to a selected one of the electronic key device and the lock control unit. *See* Ex. A-1 at Figs. 1 - 22.

30. The Accused Products infringe claim 12 of the ’503 Patent. The Accused Products contain an access control system for controlling access to a location secured by a lock mechanism, the access control system comprising: an electronic key device including a first transmitting element adapted to transmit a first control signal indicative of a request for granting a

predetermined access right; and a lock control unit including a first receiving element adapted to receive said first control signal from the electronic key device, a first processing unit adapted to perform a verification of the received request, and a control unit adapted to initiate operating the lock mechanism depending on the result of the verification; said electronic key device further including a memory adapted to store a plurality of access codes identifying a plurality of predetermined access rights, enabling a user to initiate transmitting a selected one of the stored access codes to the lock control unit and enabling a user to edit and rearrange the plurality of stored access codes, said memory being configured to store a plurality of access code data items, each access code data item having an identifier identifying a corresponding lock control unit for which the access code is valid. *See* Ex. A-1 at Figs. 1 - 22.

31. The Accused Products infringe claim 13. For example, they meet the limitations of claim 12 and further, wherein the electronic key device further includes an input device for receiving data items identifying predetermined access rights. *See* Ex. A-1 at Figs. 1 - 22.

32. The Accused Products infringe claim 14. For example, they meet the limitations of claim 13 and further, wherein the electronic key device is a portable communications device. *See* Ex. A-1 at Figs. 1 - 22.

33. The Accused Products infringe claim 20. For example, they meet the limitations of claim 12 and further, wherein the electronic key device further includes an input device for receiving data items identifying predetermined access rights. *See* Ex. A-1 at Figs. 1 - 22.

34. The Accused Products infringe claim 21. For example, they meet the limitations of claim 12 and further, wherein the first control signal is a wireless data communications signal. *See* Ex. A-1 at Figs. 1 - 22.

35. Smart Lock has been damaged as a result of the infringing conduct by Defendants as alleged above. Thus, Defendants are liable to Smart Lock in an amount that adequately compensates Smart Lock for such infringements, which, by law, cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

36. Smart Lock and/or its predecessors-in-interest have satisfied all statutory obligations required to collect pre-filing damages for the full period allowed by law.

37. On approximately July 27, 2021, Smart Lock notified some of the Defendants via Amazon.com infringement reports that the Defendants were infringing the '503 Patent. The Defendants infringement has been willful

COUNT II
INDUCED INFRINGEMENT OF THE '503 PATENT

38. Defendants have been and/or currently are active inducers of infringement of the '503 Patent under 35 U.S.C. § 271(b).

39. Defendants have had knowledge of alleged infringement of the '503 Patent by the Accused Products since at least the filing of the Amazon Report Infringement Forms on July 27, 2021, and at the latest since the filing of this complaint.

40. Despite such notice, Defendants have continued to provide the Accused Products to its customers and, on information and belief, instructions to use the Accused Products in an infringing manner.

41. Therefore, Defendants have knowingly and intentionally encouraged and aided at least their end-user customers to directly infringe the '503 Patent. *See* https://manuals.plus/aibocn/electronic-keypad-deadbolt-lock-manual.pdf.

42. Defendants' end-user customers directly infringe at least one or more claims of the '503 Patent by using the Accused Products in their intended manner to infringe. Defendants induce

such infringement by providing the Accused Products with instructions to enable and facilitate infringement while knowing of or being willfully blind to the existence of the '503 Patent. On information and belief, Defendants specifically intend that their actions will result in infringement of one or more claims of the '503 Patent, or subjectively believe that their actions will result in infringement of the '503 Patent.

43. Defendant's infringement of the '503 Patent is exceptional and entitles Smart Lock to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

44. Smart Lock is in compliance with any applicable marking and/or notice provisions of 35 U.S.C. § 287 with respect to the '503 Patent.

45. Smart Lock is entitled to recover from Defendants all damages that Smart Lock has sustained as a result of Defendants' infringement of the '503 Patent, including, without limitation, a reasonable royalty.

PRAYER FOR RELIEF

WHEREFORE, Smart Lock respectfully requests:

A. That Judgment be entered that Defendants have infringed at least one or more claims of the '503 Patent, directly and/or indirectly, literally and/or under the doctrine of equivalents;

B. An award of damages sufficient to compensate Smart Lock for Defendants' infringement under 35 U.S.C. § 284, including an enhancement of damages on account of Defendants' willful infringement;

C. That the case be found exceptional under 35 U.S.C. § 285 and that Smart Lock be awarded its reasonable attorneys' fees;

D. Costs and expenses in this action;

E. An award of prejudgment and post-judgment interest; and

F. Such other and further relief as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Smart Lock respectfully demands a trial by jury on all issues triable by jury.

Dated this 22nd day of November, 2021.

Respectfully submitted,

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