UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

| Shenzhen Langmi Technology Co., Ltd., | |) |
|----------------------------------------|-------------|-------------------------------------|
| V. | Plaintiff, |)) Case No.: 1:25-cv-01966) |
| v. | |) |
| The Partnerships and Unincorporated | | ý |
| Associations Identified on Schedule A, | |) |
| | |) |
| | Defendants. |) |

<u>Complaint</u>

NOW COMES Shenzhen Langmi Technology Co., Ltd. ("Plaintiff"), by and through its undersigned counsel, and for its complaint against the Partnerships and Unincorporated Associations Identified on Schedule A alleges as follows:

Introduction

- This action has been filed by Plaintiff, a purveyor of personal hair care products, to combat online copyright infringers and particularly the Defendants, identified in Schedule A hereto, who are selling products using Plaintiff's copyrighted images, or components or derivative works thereof, without authorization.
- 2. In an effort to make money and profit from the creative content of the Plaintiff's visual media, Defendants have created numerous Defendant Internet Stores and designed them to appear to be selling authorized, legitimate products produced and sold by Plaintiff.

Jurisdiction and Venue

- **3.** This Court has original subject matter jurisdiction over the claims in this action pursuant to The U.S. Copyright Act, 17 U.S.C. § 501, et seq., and 28 U.S.C. §§ 1331, 1338(a)-(b).
- 4. 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 consumers in

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the United States, including Illinois, through at least the fully interactive commercial internet stores operating under the Defendant aliases and/or the online marketplace accounts identified in Schedule A attached hereto (collectively, the "Defendant Internet Stores"). Specifically, Defendants are reaching out to do business with Illinois residents by operating one or more commercial, interactive internet stores through which Illinois residents can view product listings being displayed bearing and purchase products bearing infringing versions of Plaintiff's copyrighted works. Each of the Defendants has targeted 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, have sold products bearing infringing versions of Plaintiff's federally registered copyrighted works 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.

Parties

- Plaintiff is a Chinese limited company that is in the business of producing and marketing cosmetic products, namely, remedial and corrective hair shampoos ("Plaintiff Products").
- **6.** Genuine Plaintiff Products have become very popular, driven by Plaintiff's elevated quality standards, attractive packaging, and effective ingredients.
- 7. Genuine Plaintiff Products have been distributed, promoted and sold through distributors throughout the world, including the United States. Plaintiff's sales of authorized Plaintiff Products have been significant.
- 8. Plaintiff has invested substantial resources, time, money, and commercial efforts to promote and establish the goodwill of the Plaintiff Products, including the creation and production of promotion images concerning the Plaintiff Product and its use and characteristics. Plaintiff is the owner of U.S. Copyright Registration Nos. VA 2-383-395 and Vau 1-504-640, true copies of

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which, along with the underlying works (the "Plaintiff Works"), are attached hereto as **Exhibit** 1.

- **9.** The success of Plaintiff's business enterprise is dependent upon and a result of Plaintiff's effort to market and advertise within e-commerce. As a result of these efforts and the quality of the Plaintiff Products, the members of the public have become familiar with the Plaintiff Products and associate them exclusively with Plaintiff.
- 10. Plaintiff has made efforts to protect Plaintiff's interests in and to the Plaintiff Works. No one other than Plaintiff and Plaintiff's licensees are authorized to reproduce or display the Plaintiff Works in association with the sale of hair care products without the express written permission of Plaintiff.
- 11. Defendants are individuals, partnerships, and business entities who, upon information and belief, predominantly 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 Defendant Internet Stores which operate on commercial online marketplaces. Each Defendant targets the United States, including Illinois and this Judicial District, 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 and this Judicial District.
- 12. On information and belief, Defendants are an interrelated group of pirates working in concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell products in association with the unauthorized reproduction and display of the Plaintiff Works 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 infringing operation make it virtually impossible for Plaintiff to learn Defendants' true identities and the exact interworking of their

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infringing network at the outset of the case. In the event that Defendants provide additional credible information regarding their identities, Plaintiff will take appropriate steps to amend the Complaint.

13. The Defendant Internet Stores share design elements and similarities of the unauthorized personal care products offered for sale, establishing a logical relationship between them and, logically suggesting that Defendants' operations arise out of the same transaction, occurrence, or series of transactions or occurrences. Defendants use aliases to avoid liability by going to great lengths to conceal both their identities as well as the full scope and interworking of their network. Despite the risk of platform takedowns and administrative penalties, the inherent anonymity of online reselling enables infringers to evade authorities.

Defendants' Unlawful Conduct

- 14. Marketplaces like Amazon, among others, allow merchants to quickly "set up shop" and flood the market with unauthorized goods which displace actual sales manufacturers would otherwise enjoy.
- 15. It has been estimated that e-commerce intellectual property infringement costs merchants in the U.S. alone nearly \$41 billion¹ with Department of Homeland Security seizures of infringing goods increasing more than 10-fold between 2000 and 2018² and a street value of seized goods increasing 246% from 2017 to 2022.³

¹ The National Bureau of Asian Research, The Report of the Commission on the Theft of American Intellectual Property, at 9, Pub. The Commission on the Theft of American Intellectual Property 2017, available at https://www.nbr.org/wp-content/uploads/pdfs/publications/IP_Commission_Report.pdf, last accessed February 25, 2025

² U.S. Department of Homeland Security, *Combating Trafficking in Counterfeit and Pirated Goods Report to the President of the United States*, January 24, 2020.

³ U.S. Customs and Border Protection Office of Trade, FY 2022 Fact Sheet Intellectual Property Rights, available at https://www.cbp.gov/sites/default/files/assets/documents/2023-

Mar/IPR%20Fact%20Sheet%20FY2022%20Final%20Draft%20%28508%29%20%28004%29%20%282%29 .pdf, last accessed February 25, 2025

- 16. U.S. Customs and Border Protection ("CBP") reported that for Fiscal Year 2023, 90% of all CBP intellectual property seizures were smaller international mail and express shipments (as opposed to large cargo containers) and 84% of CBP seizures originated from mainland China and Hong Kong.⁴
- 17. Infringing and pirated products account for billions in economic losses, resulting in tens of thousands of lost jobs for legitimate businesses and broader economic losses, including lost tax revenue.
- 18. Third party service providers or e-commerce platforms like those used by Defendants do not robustly subject new sellers to verification and confirmation of their identities, allowing infringers to "routinely use false or inaccurate names and addresses when registering with these e-commerce platforms."⁵
- **19.** DHS has observed that "at least some e-commerce platforms, little identifying information is necessary for [an infringer] to begin selling" and recommending that "[s]ignificantly enhanced vetting of third-party sellers" is necessary. Infringers hedge against the risk of being caught and having their websites taken down from an e-commerce platform by preemptively establishing multiple virtual storefronts.⁶
- **20.** Since platforms generally do not require a seller on a third-party marketplace to identify the underlying business entity, infringers can have many different profiles that can appear unrelated even though they are commonly owned and operated.⁷

⁴ U.S. Customs and Border Protection Office of Trade, Intellectual Property Rights Fiscal Year 2023 Seizure Statistics, *available at*, https://www.cbp.gov/sites/default/files/2024-06/ipr-seizure-stats-fy23-508.pdf, last accessed February 25, 2025

⁵ Daniel C.K. Chow, *Alibaba, Amazon, and Counterfeiting in the Age of the Internet*, 40 NW. J. INT'L L. & BUS. 157, 186 (2020).

⁶ Combating Trafficking in Counterfeit and Pirated Goods Report to the President of the United States, at p. 22.

⁷ <u>Id</u>., at p. 39.

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- **21.** Further, "E-commerce platforms create bureaucratic or technical hurdles in helping brand owners to locate or identify sources of [infringement]."⁸
- **22.** The ability of e-commerce sellers to effectively hide their identities makes it very difficult for intellectual property enforcement and policing actions to be undertaken by Plaintiff because simply taking advantage of platform takedown procedures to remove infringing products would be an endless game of whack-a-mole. Sadly, a significant number of infringers have decided to trade upon Plaintiff's reputation, goodwill, and valuable copyrights by selling and/or offering for sale products in connection with the reproduction, distribution, and display of Plaintiff's imagery. The aggregated effect of the mass piracy that is taking place has overwhelmed Plaintiff and Plaintiff's ability to police Plaintiff's rights against the many unknown defendants who are selling personal care products of unknown provenance.
- **23.** A recent report from the U.S. Department of Homeland Security elaborated on the operation of cooperative pirating networks and the advantages such networks have over standalone retailers, noting that "counterfeits are being trafficked through vast e-commerce supply chains in concert with marketing, sales, and distribution networks" and "[t]he ability of e-commerce platforms to aggregate information and reduce transportation and search costs for consumers provides a big advantage over brick-and-mortar retailers.⁹ The report also found that [t]he ability to rapidly proliferate third-party online marketplaces greatly complicates enforcement efforts, especially for intellectual property rights holders" because it "allows counterfeiters to hop from one profile to the next even if the original site is taken down or blocked."¹⁰

⁸ Alibaba, Amazon, and Counterfeiting in the Age of the Internet, 40 NW. J. INT'L L. & BUS. at 186-187.

⁹ Department of Homeland Security, Combating Trafficking in Counterfeit and Pirated Goods,

Jan. 24, 2020, at 10, available at https://www.dhs.gov/publication/combating-trafficking-counterfeit-andpiratedgoods, last accessed February 25, 2025.

¹⁰ <u>Id</u>. at 5, 12.

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- 24. Defendants may operate several stores simultaneously, using fictitious identities such as those listed in Schedule A, as well as other fictitious names and addresses. Moreover, infringers like Defendants will often register new store accounts under new fictitious names when they receive notice that one or more stores have been the subject of a lawsuit. The use of these store registration schemes is one of several ways in which Defendants, to avoid being shut down, conceal their true identities and the inner workings of their infringement operations.
- **25.** Infringers like Defendants will typically ship infringing products in small quantities via international mail to mitigate detection by U.S. Customs and Border Protection. Further, they will typically operate multiple credit card merchant accounts or use layers of payment gateways to forestall their cashflow being interrupted due to trademark enforcement efforts. On information and belief, Defendants utilize offshore bank accounts and routinely move funds from U.S.-based merchant accounts (*e.g.*, within China) outside the jurisdiction of this Court.
- 26. Defendants, without any authorization or license, have knowingly and willfully pirated the Plaintiff Works in connection with the advertisement, distribution, offering for sale, and sale of hair care products into the United States and Illinois over the Internet. Each Defendant Internet Store offers shipping to the United States, including Illinois, and, on information and belief, each Defendant has offered to sell or has sold Infringing Products into the United States, including Illinois.
- **27.** Plaintiff has been and continues to be irreparably harmed through loss of control over Plaintiff's reputation, goodwill, and the quality of goods associated with the Plaintiff Works.

Count I - Copyright Infringement - 17 U.S.C. § 501

28. Plaintiff repeats and incorporates by reference herein the allegations contained in the above paragraphs of this Complaint.

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- **29.** The Plaintiff Works have significant value and have been created and produced at significant expense.
- **30.** Plaintiff is the owner of the Plaintiff Works registered and contained in **Exhibit 1**.
- **31.** Among the rights granted to Plaintiff are the exclusive right to reproduce and display the Plaintiff Works and make derivative works thereof.
- **32.** Upon information and belief, Defendants, who compete with Plaintiff to sell hair care products in e-commerce, had access to the works in **Exhibit 1** through viewing Plaintiff's neighboring online sales of genuine Plaintiff Products for which Plaintiff utilized the Plaintiff Works. After accessing the Plaintiff Works, Defendants wrongfully created copies of the Plaintiff Works without Plaintiff's consent and engaged in acts of widespread infringement through the reproduction and display of those images, posting the images via online websites and digital markets and offering to sell and/or selling products bearing the Plaintiff Works.
- **33.** Each Defendant, without the permission or consent of the Plaintiff, has sold and continues to sell products bearing and/or advertised under the Plaintiff Works and reproduce, display, and distribute the Plaintiff Works online without authorization and in violation of Plaintiff's exclusive rights under 17 U.S.C. § 106.
- **34.** As a direct result of their acts of copyright infringement, Defendants have obtained direct and indirect profits they would not otherwise have realized but for their infringement of the copyrighted Plaintiff Works.
- **35.** Defendants knew their acts constituted copyright infringement and Defendants' conduct was willful within the meaning of the Copyright Act.
- **36.** As a result of their wrongful conduct, Defendants are liable to Plaintiff for copyright infringement pursuant to 17 U.S.C. § 501.

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- **37.** Plaintiff has suffered, and will continue to suffer, substantial losses, including but not limited to damage to its business reputation and goodwill as a direct result of Defendants' infringements.
- 38. Plaintiff is entitled to recover damages, which include its losses and any and all profits Defendants have made as a result of its wrongful conduct.
- **39.** As a result of each Defendant's infringement of Plaintiff's exclusive rights under copyright, Plaintiff is entitled to relief pursuant to 17 U.S.C. § 504 and to Plaintiff's attorneys' fees and costs pursuant to 17 U.S.C. § 505.
- 40. The conduct of each Defendant is causing and, unless enjoined and restrained by this Court, will continue to cause Plaintiff great and irreparable injury that cannot fully be compensated or measured in money. Plaintiff has no adequate remedy at law. Pursuant to 17 U.S.C. §§ 502 and 503, Plaintiff is entitled to injunctive relief prohibiting each Defendant from further infringing Plaintiff's copyrights and ordering that each Defendant destroy all unauthorized copies.

Prayer for Relief

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

- **A.** That Defendants, their affiliates, officers, agents, employees, attorneys, and all persons acting for, with, by, through, under, or in active concert with them be temporarily, preliminarily, and permanently enjoined and restrained from:
 - **a.** Using the Plaintiff Works or any reproductions, copies, or colorable imitations thereof in any manner in connection with the distribution, marketing, advertising, offering for sale, or sale of any product that is not an authorized Plaintiff Product or is not authorized by Plaintiff to be sold in connection with the Plaintiff Works;
 - passing off, inducing, or enabling others to sell or pass off any product or not produced under the authorization, control, or supervision of Plaintiff and approved by Plaintiff for sale under the Plaintiff Works;

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- c. further infringing the Plaintiff Works and damaging Plaintiff's goodwill;
- d. shipping, delivering, holding for sale, transferring or otherwise moving, storing, distributing, returning, or otherwise disposing of, in any manner, products or inventory not authorized by Plaintiff to be sold or offered for sale, and which directly use the Plaintiff Works, and which are derived from Plaintiff's copyrights in the Plaintiff Works; and
- e. using, linking to, transferring, selling, exercising control over, or otherwise owning the Defendant Internet Stores, or any other online marketplace account that is being used to sell products or inventory not authorized by Plaintiff which are derived from Plaintiff's copyrights in the Plaintiff Works;
- B. Entry of an Order that, upon Plaintiff's request, those in privity with Defendants and those with notice of the injunction, including any online marketplaces, social media platforms, Facebook, YouTube, LinkedIn, Twitter, internet search engines such as Google, Bing, and Yahoo, web hosts for the Defendant Internet Stores, shall:
 - a. disable and cease providing services for any accounts through which Defendants engage in the sale of products not authorized by Plaintiff which reproduce the Plaintiff Works or are derived from the Plaintiff Works, including any accounts associated with the Defendants listed on Schedule A;
 - b. disable and cease displaying any advertisements used by or associated with Defendants in connection with the sale of products not authorized by Plaintiff which are derived from the Plaintiff Works; and
 - c. take all steps necessary to prevent links to the Defendant accounts identified on
 Schedule A from displaying in search results, including, but not limited to, removing
 links to the Defendant accounts from any search index;

- **C.** For Judgment in favor of Plaintiff against Defendants that they have:
 - a. Willfully infringed Plaintiff's rights in Plaintiff's federally registered copyrights pursuant to 17 U.S.C. § 501; and
 - **b.** otherwise injured the business reputation and business of Plaintiff by Defendants' acts and conduct set forth in this Complaint;
- **D.** For Judgment in favor of Plaintiff against Defendants for actual damages or statutory damages pursuant to 17 U.S.C. § 504, at the election of Plaintiff, in an amount to be determined at trial;
- E. That Plaintiff be awarded Plaintiff's reasonable attorneys' fees and costs; and
- F. Award any and all other relief that this Court deems just and proper.

Dated this February 25, 2025

Respectfully Submitted,

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