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

SHANGHAI XINQI ELECTRONIC TECHNOLOGY CO., LTD. Plaintiff, v. The Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations and Foreign Entities Identified on Schedule A to the Complaint, Defendants.	Case No.: 1:24-cv-11538 **JURY DEMANDED**

VERIFIED COMPLAINT

Shanghai Xinqi Electronic Technology Co., Ltd. ("Xinqi" or "Plaintiff"), by and through its attorneys, hereby brings the present action against the Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations and Foreign Entities identified on Schedule A attached hereto (collectively, "Defendants") and alleges as follows.

JURISDICTION AND VENUE

1. This Court has original subject matter jurisdiction over Plaintiff's claims pursuant to the provisions of the [redacted], 28 U.S.C. § 1338(a)-(b) and 28 U.S.C. § 1331.

2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defendants because Defendants structure their business activities so as to target consumers in the United States, including Illinois, through at least the fully interactive e-commerce stores operating under the aliases identified on Schedule A

attached hereto (the "Seller Aliases"). Specifically, Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, sell products using infringing versions of Plaintiff's [redacted] (collectively, the "Unauthorized Products") to residents of Illinois. Each of the Defendants is committing tortious acts in Illinois, engaging in interstate commerce, and wrongfully caused Plaintiff substantial injury in Illinois.

3. Joinder of the Defendants is proper pursuant to 35 U.S.C. § 299 as the Defendants are all offering for sale the same or substantially identical infringing product and this case will involve common questions of fact to all Defendants and the Defendants' infringing acts arise out of the same transaction, occurrence, or series of transactions or occurrences related to the making, using, importing into the United States, offering for sale, or selling of the same or similar accused product or process.

INTRODUCTION

4. Plaintiff, Xinqi, holds the [redacted]

5. Plaintiff's [redacted] is attached here as **Exhibit 1**.

6. Among the exclusive rights granted to Plaintiff under the [redacted].

7. Since their first publication, and in an effort to draw customers to its products, Plaintiff includes Plaintiff's [redacted].

PARTIES

8. Plaintiff Shanghai Xinqi Electronic Technology Co., Ltd. is a Chinese company founded on March 28, 2018. Its principal place of business is at Room 126, Building 1, No. 1158, Zhongxin Road, Jiuting Town, Songjiang District, Shanghai, China.

9. Xinqi has been engaged in the business of designing, sourcing, and marketing selling products including, but not limited to, [redacted] for home use. Xinqi Products can be purchased from e-commerce platforms, such as Alibaba.com, as well as from retailers, resellers, and/or importers selling Xinqi Products on Amazon, eBay, AliExpress, Temu, Alibaba, Walmart, Target, and/or other websites. Since at least 2022, Xinqi, on its own and/or via retailers, resellers, and/or importers, has marketed, advertised, promoted, exported, and/or sold Xinqi Products to consumers in the United States, which also included the [redacted].

10. [redacted] are loved by customers at least because of its unique [redacted]

11. Plaintiff's Products are distributed and sold to consumers throughout the United States.

12. Defendants are individuals and business entities who own and/or operate one or more e-commerce stores under the Seller Aliases identified on Schedule A and/or other seller aliases. On information and belief, Defendants reside and/or operate in foreign jurisdictions or redistribute products from the same or similar sources in those locations. Defendants have the capacity to be sued pursuant to Federal Rules of Civil Procedure 17(b).

13. On information and belief, Defendants, either individually or jointly, operate one or more e-commerce stores under the Seller Aliases listed in Schedule A attached hereto. 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 infringement network. If Defendants provide additional credible information regarding their identities, Plaintiff will take appropriate steps to amend the Complaint.

14. The success of Plaintiff has resulted in significant copying of [redacted]. Because of this, Plaintiff has implemented an anti-infringement program that involves investigating suspicious websites and online marketplace listings identified in proactive Internet sweeps. Recently, Plaintiff has identified many fully interactive e-commerce stores offering Unauthorized Products on online marketplace platforms like Amazon.com, Inc. ("Amazon"), including the e-commerce stores operating under the Seller Aliases. True and correct copies of screenshot printouts showing the active e-commerce stores operating under the Seller Aliases reviewed are attached as **Exhibit 2**.

15. The Seller Aliases target consumers in this Judicial District and throughout the United States. According to a report prepared for The Buy Safe America Coalition, most infringing products now come through international mail and express courier services (as opposed to containers) due to increased sales from offshore online infringers. *The Counterfeit Silk Road:*

Impact of Counterfeit Consumer Products Smuggled Into the United States, prepared by John Dunham & Associates (**Exhibit 3**).

16. Because infringing products sold by offshore online infringers do not enter normal retail distribution channels, the U.S. economy lost an estimated 300,000 or more full-time jobs in the wholesale and retail sectors alone in 2020. *Id*. When accounting for lost jobs from suppliers that would serve these retail and wholesale establishments, and the lost jobs that would have been induced by employees re-spending their wages in the economy, the total economic impact resulting from the sale of infringing products was estimated to cost the United States economy over 650,000 full-time jobs that would have paid over $33.6 billion in wages and benefits. *Id*. Additionally, it is estimated that the importation of infringing goods costs the United States government nearly $7.2 billion in personal and business tax revenues in the same period. *Id*.

17. Online marketplace platforms like those used by Defendants do not adequately 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." **Exhibit 4**, Daniel C.K. Chow, *Alibaba, Amazon, and Counterfeiting in the Age of the Internet*, 40 NW. J. INT'L L. & BUS. 157, 186 (2020); *see also* report on "Combating Trafficking in Counterfeit and Pirated Goods" prepared by the U.S. Department of Homeland Security's Office of Strategy, Policy, and Plans (Jan. 24, 2020), attached as **Exhibit 5**, and finding that on "at least some e-commerce platforms, little identifying information is necessary for a counterfeiter to begin selling" and that "[t]he ability to rapidly proliferate third-party online marketplaces greatly complicates enforcement efforts, especially for intellectual property rights holders." Infringers hedge against the risk of being caught and having their websites taken down from an e-commerce platform by establishing multiple virtual storefronts. **Exhibit 5** at p. 22. 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. **Exhibit 5** at p. 39. Further, "[e]-commerce platforms create bureaucratic or technical hurdles in helping brand owners to locate or identify sources of counterfeits and counterfeiters." **Exhibit 4** at 186-187. Specifically, brand owners are forced to "suffer through a long and convoluted notice and takedown procedure only [for the infringing seller] to reappear under a new false name and address in short order." *Id*. at p. 161.

18. Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers using one or more Seller Aliases, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, sell and/or offer for sale Unauthorized Products to residents of Illinois.

19. Defendants concurrently employ and benefit from similar advertising and marketing strategies. For example, Defendants facilitate sales by designing the e-commerce stores operating under the Seller Aliases so that they appear to unknowing consumers to be authorized online retailers, outlet stores, or wholesalers. E-commerce stores operating under the Seller Aliases appear sophisticated and accept payment in U.S. dollars in multiple ways, including via credit cards, Alipay, Amazon Pay, and/or PayPal. E-commerce stores operating under the Seller Aliases often include content and images that make it very difficult for consumers to distinguish their stores from an authorized retailer. Plaintiff has not licensed or authorized Defendants to [redacted], and none of the Defendants are authorized retailers of Plaintiff's [redacted] Products.

20. E-commerce store operators like Defendants commonly engage in fraudulent conduct when registering the Seller Aliases by providing false, misleading and/or incomplete

information to e-commerce platforms to prevent discovery of their true identities and the scope of their e-commerce operation.

21. E-commerce store operators like Defendants regularly register or acquire new seller aliases for the purpose of offering for sale and selling Unauthorized Products. Such seller alias registration patterns are one of many common tactics used by e-commerce store operators like Defendants to conceal their identities and the full scope and interworking of their operation, and to avoid being shut down.

22. Even though Defendants operate under multiple fictitious aliases, the e-commerce stores operating under the Seller Aliases often share unique identifiers, such as templates with common design elements that intentionally omit contact information or other information for identifying Defendants or other Seller Aliases they operate or use. E-commerce stores operating under the Seller Aliases include other common features, such as registration patterns, accepted payment methods, check-out methods, keywords, advertising tactics, similarities in price and quantities, the same incorrect grammar and misspellings, and/or the use of the same text and images. Additionally, Unauthorized Products for sale by the Seller Aliases bear similar irregularities and indicia of being infringing to one another, suggesting that the Unauthorized Products were manufactured by and come from a common source and that Defendants are interrelated.

23. E-commerce store operators like Defendants communicate with each other through QQ.com chat rooms and utilize websites, like sellerdefense.cn, that provide tactics for operating multiple online marketplace accounts and evading detection by brand owners. Websites like sellerdefense.cn also tip off e-commerce store operators like Defendants of new intellectual property infringement lawsuits filed by brand owners, such as Plaintiff, and recommend that e-

commerce operators cease their infringing activity, liquidate their associated financial accounts, and change the payment processors that they currently use to accept payments in their online stores. In fact, there are companies and agencies in China that inform foreign sellers of methods to avoid infringement and protect their accounts. They are highly savvy and knowledgeable about how to hide from and evade enforcement actions like this.

24. One way to evade is for infringers, such as Defendants, to operate under multiple seller aliases and payment accounts so that they can continue operating despite Plaintiff's enforcement. E-commerce store operators, like Defendants, maintain offshore bank accounts and regularly move funds from their financial accounts to offshore accounts outside the jurisdiction of this Court to avoid payment of any monetary judgment awarded to plaintiffs.

25. On further information and belief, Defendants are working in active concert to knowingly and willfully manufacture, import, distribute, offer for sale, and sell Unauthorized Products in the same transaction, occurrence, or series of transactions or occurrences. Defendants, without any authorization or license from Plaintiff have, jointly and severally, knowingly and willfully used and continue to use unauthorized copies of [redacted] in connection with the advertisement, distribution, offering for sale, and sale of Unauthorized Products into the United States and Illinois over the Internet.

26. Defendants' unauthorized [redacted] in connection with the advertising, distribution, offering for sale, and sale of Unauthorized Products, including the sale of Unauthorized Products into the United States, including Illinois, is likely to cause, and has caused, confusion, mistake, and deception by and among consumers and is irreparably harming Plaintiff.

COUNT I

[redacted]

[redacted]

27. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

28. Plaintiff's [redacted], *et seq*.

29. Plaintiff is the owner of [redacted]. Plaintiff's [redacted]. At all relevant times, Plaintiff has been, and still is, the owner of all rights, title, and interest in Plaintiff's [redacted], which has never been assigned, licensed, or otherwise transferred to Defendants.

30. Plaintiff's [redacted] is published on the internet and available to Defendants online. As such, based on information and belief, Defendants had access to Plaintiff's [redacted] via the internet.

31. Without authorization from Plaintiff, or any right under the law, Defendants have deliberately copied, displayed, distributed, reproduced, and/or made [redacted] on e-commerce stores operating under the Seller Aliases and the corresponding Unauthorized Products. Defendants' derivative works are virtually identical to and/or are substantially similar to the look and feel of Plaintiff's [redacted]. Such conduct infringes and continues to infringe Plaintiff's [redacted]. A side-by-side comparison of Plaintiff's [redacted] and the infringing copy by all Defendants is below:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

32. Defendants reap the benefits of the unauthorized copying and distribution of Plaintiff's [redacted] in the form of revenue and other profits that are driven by the sale of Unauthorized Products.

33. Defendants have unlawfully appropriated Plaintiff's protectable expression by taking the material of substance and value and creating Unauthorized Products that capture the total concept and feel of Plaintiff's [redacted].

34. On information and belief, the Defendants' infringement has been willful, intentional, purposeful, and in disregard of and with indifference to Plaintiff's rights.

35. Defendants, by their actions, have damaged Plaintiff in an amount to be determined at trial.

36. Defendants' conduct 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 [redacted] Plaintiff is entitled to a preliminary and permanent injunction prohibiting further infringement of Plaintiff's [redacted].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1) That Defendants, their affiliates, officers, agents, servants, employees, attorneys, confederates, 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. reproducing, distributing copies of, making derivative works of, or publicly displaying Plaintiff's [redacted] in any manner without the express authorization of Plaintiff;

b. passing off, inducing, or enabling others to sell or pass off products as Plaintiff's Products or any other product produced by Plaintiff, that is not Plaintiff's or not produced under the authorization, control, or supervision of Plaintiff and approved by Plaintiff for sale bearing Plaintiff's [redacted];

c. committing any acts calculated to cause consumers to believe that Defendants' Unauthorized Products are those sold under the authorization, control, or supervision of Plaintiff, or are sponsored by, approved by, or otherwise connected with Plaintiff;

d. further infringing Plaintiff's [redacted] and damaging Plaintiff's goodwill; and

e. manufacturing, shipping, delivering, holding for sale, transferring, or otherwise moving, storing, distributing, returning, or otherwise disposing of, in any manner, products or inventory not manufactured by or for Plaintiff, nor authorized by Plaintiff to be sold or offered for sale, and which bear any of Plaintiff's [redacted];

2) Entry of an Order that, upon Plaintiff's request, those with notice of the injunction, including without limitation, any websites and/or online marketplace platforms such as Amazon shall disable and cease displaying any advertisements used by or associated with Defendants in connection with the sale of infringing goods which bear Plaintiff's [redacted];

3) That Judgment be entered against Defendants finding that they have infringed upon Plaintiff's [redacted];

4) As a direct and proximate result of Defendants' infringement of Plaintiff's [redacted]

5) Alternatively, and at Plaintiff's election prior to any final judgment being entered, Plaintiff is entitled to the maximum amount of [redacted];

6) That Plaintiff be awarded its reasonable attorneys' fees and costs or bringing this action pursuant to [redacted]; and

7) Award any and all other relief that this Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

VERIFICATION

I, _Guodong Yao___________, hereby certify as follows:

1. I am the Chief Executive Officer for Shanghai Xinqi Electronic Technology Co., Ltd ("Xinqi"). As such, I am authorized to make this Verification on Xinqi's behalf.

2. I have read the foregoing Verified Complaint and, based on my personal knowledge and my knowledge of information reported to me by subordinates and colleagues who report to me, the factual allegations contained in the Verified Complaint are true.

3. I certify under penalty of perjury under the laws of the United States of America that the foregoing statements made by me are true and correct.

Executed in ______Shanghai___________________ on November _6___, 2024

Guodong Yao

Guodong Yao
Chief Executive Officer
Shanghai Xinqi Electronic Technology Co., Ltd.