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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 ZHEJIANG YUANZHENG AUTO &  
12 MOTORCYCLE ASSESSORIES CO.,  
13 LTD.

14 Plaintiff,

15 v.

16 AREX INDUSTRIES, INC.,

17  
18 Defendant.

Case No.:

**COMPLAINT FOR:**

- 1) **DECLARATORY JUDGEMENT OF  
NON INFRINGEMENT OF U.S.  
PATENT NO. D909,634;**  
2) **CALIFORNIA UNFAIR  
COMPETITION [CALIFORNIA  
BUSINESS AND PROFESSIONS  
CODE §17200, 17500, 17535]**  
3) **TRADE LIBEL**  
4) **TORTIOUS INTERFERENCE  
CONTRACT AND PROSPECTIVE  
ECONOMIC ADVANTAGE**

1 NOW COMES Plaintiff Zhejiang Yuanzheng Auto & Motorcycle  
2 Accessories Co., Ltd. (“Plaintiff” or “Yuanzheng Auto”), with knowledge as to its  
3 own action and events, and upon information and belief as to other matters, and  
4 alleges as follows against Defendant Arex Industries, Inc. (“Defendant”):

5 **NATURE OF THE ACTION**

6 1. This case is for unfair competition arising under federal patent laws  
7 35 U.S.C § 1 et seq. for declaratory judgment of noninfringement, California  
8 Business and Profession Code §§ 17200, §§ 17500, §§ 17535, and common law  
9 trade libel and tortious interference with economic advantage.

10 2. Plaintiff seeks a declaratory judgment under the federal patent laws  
11 that Plaintiff do not infringe Defendant’s U.S. Patent No. D909,634 (the “D’634  
12 Patent”). See **Exhibit 1** for U.S. Patent No. D909,634.

13 3. Plaintiff also brings this action, in part, under California law against  
14 Defendant for illegal conduct, specifically targeting Plaintiff, arising from  
15 Defendant’s acts of interference and unfair competition affecting the markets for  
16 car headlights (“Car Headlights Products”). As a result of Defendant’s  
17 anticompetitive conduct, Plaintiff has sustained injury for which it seeks monetary  
18 damages and other appropriate relief to compensate Plaintiff for the harm it  
19 suffered and injunction relief to end Defendant’s illegal conduct. Defendant’s  
20 intentional conduct has resulted in tortious inference with, and disruption of,  
21 Plaintiff’s business with the warehouses, and Plaintiff’s prospective business  
22 relations with existing and potential customers. Defendant’s unfounded claims of  
23 infringement have also resulted in increased costs and higher prices to Plaintiff,  
24 and has injured competition and consumers in California, and elsewhere, with  
25 attendant increased prices for the aforementioned products.

26 4. Plaintiff has had valuable business relationships with its business  
27 partners, who Plaintiff stored its products with their warehouses. Plaintiff, has had,  
28 during the period of this complaint, reasonable valuable expectations of actual and

1 prospective business relationships, both from existing and new customers.  
2 Defendant was aware or should be aware of the existence of those actual and  
3 prospective relationships. As a result of Defendant's intentional conduct, Plaintiff  
4 has sustained injury for which it seeks money damages, injunctive relief and other  
5 appropriate relief to compensate each Plaintiff for the harm suffered. Defendant  
6 has falsely informed Plaintiff's business partners that Plaintiff's Car Headlights  
7 Products are infringing the '634 Patent. Defendant has misled Plaintiff's business  
8 partners, that Defendant has exclusive patent rights which prohibit warehouses  
9 from distributing Plaintiff's Car Headlights Products, resulted customers were  
10 prohibited from buying Plaintiff's Car Headlights Products, when no such valid  
11 rights actually exist. Defendant's false and misleading demand letters have caused  
12 Plaintiff's business partners and others in the trade to believe that Plaintiff's Car  
13 Headlights Products are illegal, unlawful and that Plaintiff is engaged in unlawful  
14 conduct and, that Plaintiff is a dishonest and disreputable business. Defendant's  
15 statements are unfounded and not true.

16 5. The conduct and acts of Defendant alleged herein have violated  
17 general principals of law and equity, constitute unfair competition under the laws  
18 of the State of California, and have damaged Plaintiff as set forth herein.

19 6. As a result of the wrongful conduct and acts of the Defendant alleged  
20 herein, Defendant has been unjustly enriched.

21 7. Upon information and belief, as a result of the false or misleading  
22 description of fact, or false or misleading representations of fact, Plaintiff's  
23 business partners have been confused and/or are likely to be confused. As a result  
24 of products withholding by Plaintiff's business partners due to Defendant's  
25 wrongful demand letter to desist, Plaintiff lost sales on Plaintiff's own relevant  
26 goods. In addition, the goodwill associated with Plaintiff's products has lessened,  
27 and is likely to be lessened.

1           8. As a direct and proximate result of the violations alleged herein,  
2 Plaintiff has been, and will continue to be immediately and irreparably injured in  
3 its business and property by Defendant's continuing violations. Plaintiff has urged  
4 Defendant to withdraw the demand to desist but no prevail. Plaintiff has no  
5 adequate remedy at law to compensate for such injury, and unless Defendant is  
6 retrained by an appropriate order of this Court, Plaintiff will continue to suffer an  
7 inability to compete fully and fairly in the market, loss of revenues, loss of profits  
8 Plaintiff would otherwise have made, loss of substantial goodwill and reputation  
9 normally attached to a profitable enterprise, and a reduction in the value of its  
10 business as a going concern.

11           9. As a direct and proximate result of the violations alleged herein and as  
12 intended by Defendant, Plaintiff has sustained injury to its business, respective  
13 business and property, as follows: (a) Plaintiff has incurred attorneys' fees in the  
14 defense of Defendant's baseless, exclusivity claims described above; (b) Plaintiff  
15 has lost and will lose profits in an amount as yet undetermined with certainty at  
16 present; (c) Plaintiff has suffered or will suffer a loss in the value of its business as  
17 a going concern; (d) Plaintiff has suffered or will suffer a substantial loss of  
18 goodwill normally attached to a profitable enterprise; and (e) Plaintiff has suffered  
19 a lost potential for growth.

20           10. Plaintiff cannot now measure these damages with specificity but  
21 estimate such amount to be in excess of One Million Dollars (\$1,000,000.00).

### **PARTIES**

22  
23           11. Plaintiff, Plaintiff Zhejiang Yuanzheng Auto & Motorcycle  
24 Accessories Co., Ltd. ("Plaintiff" or "Yuanzheng Auto"), is a company organized  
25 and existing under the laws of China, having its principal business of business in  
26 Wenzhou, China.

27           12. Plaintiff is a Chinese based manufacturer, online distributor and  
28 retailer of auto and motorcycle parts and accessories.



1 incorporated and headquartered in California. Defendant has also engaged in  
2 statutory violations within the State of California.

3 21. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391  
4 and §1400.

5 **FACTUAL BACKGROUND**

6 22. Plaintiff manufactures and export to the United States vehicle and  
7 motorcycle parts and accessories, including Car Headlights Products. Plaintiff's  
8 Car Headlights Products are sold in the United States through e-commerce and  
9 retailers.

10 23. Specifically, Plaintiff sells a car headlight for Ford F150 2018-2020,  
11 namely "LED Projector Headlights," via e-commerce and online retailer such as  
12 Amazon.com marketplace (the "Plaintiff's LED Projector Headlights"). Plaintiff  
13 has established its products to the market and has an established reputation and  
14 quality reviews.

15 24. Defendant is direct competitor of Plaintiff.

16 25. Around October 2021, Plaintiff was informed by its business partners  
17 that demand letters titled "Demand to Cease and Desist Selling and/or Shipment of  
18 Infringing Products" ("Defendant's Demand to Cease and Desist") from Defendant  
19 was received by its business partners.

20 26. In Defendant's Demand to Cease and Desist, Defendant alleged that  
21 Plaintiff's LED Projector Headlights infringe Defendant's D'634 Patent and  
22 requested immediately cease and desist the sale, distribution, importation, and/or  
23 shipment of Plaintiff's LED Projector Headlights.

24 27. In particular, on or about October 27, 2021, one of the Plaintiff's  
25 Business Partners, US ELogistics Service Corp. ("Plaintiff's Business Partner  
26 Elogistics"), received the demand letter from Defendant demanding Plaintiff's  
27 Business Partner Elogistics immediately cease and desist the sale, distribution,  
28 importation, and/or shipment of Plaintiff's LED Projector Headlights and alleging

1 Plaintiff's LED Projector Headlights infringe Defendant's Patent, the D'634  
2 Patent.

3 28. As a result of Defendant's Demand to Cease and Desist, Plaintiff's  
4 LED Projector Headlights have been withheld by Plaintiff's Business Partner  
5 Elogistics.

6 29. Other business partners of Plaintiff also received Defendant's Demand  
7 to Cease and Desist.

8 30. As a result, Plaintiff's business partners refused to ship Plaintiff's  
9 LED Projector Headlights to consumers or receive incoming products from  
10 Plaintiff.

11 31. Plaintiff's customers or prospective customers cannot purchase  
12 Plaintiff's LED Projector Headlights that had been withheld as a result of  
13 Defendant's Demand to Cease and Desist.

14 32. On or about December 29, 2021, Defendant provided an alleged  
15 infringing analysis comparing the '634 Patent and pictures of Plaintiff's Car  
16 Headlights Products.

17 33. On or about January 6, 2022, Plaintiff responded to Defendant's  
18 infringing analysis requesting Defendant to withdraw Defendant's Demand to  
19 Cease and Desist and clarify that Plaintiff's LED Projector Headlights do not  
20 infringe any Defendant's intellectual property right.

21 34. As of the date filing this action, Plaintiff has not received any  
22 Defendant's response.

23 35. As shown below, Plaintiff's LED Projector Headlights do not infringe  
24 Defendant's D'634 Patent.

25 ///

26 ///

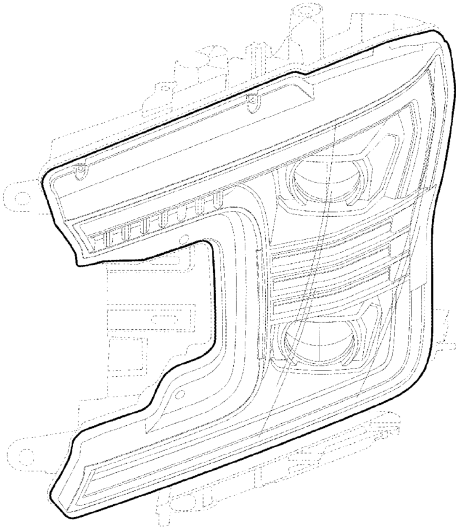
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PERSPECTIVE VIEW COMPARISON

Defendant's D'634 Patent

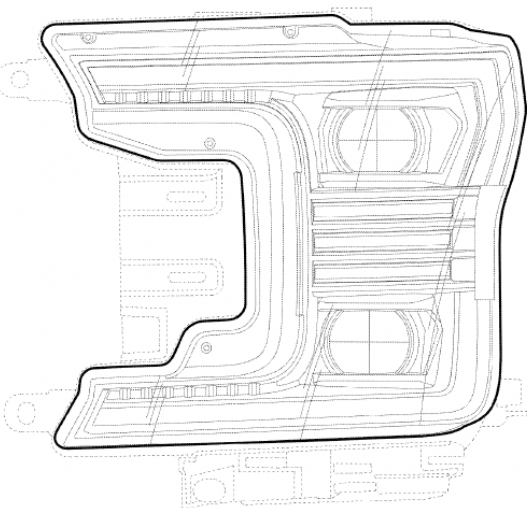
Plaintiff's LED Projector Headlights



FRONT VIEW COMPARISON

Defendant's D'634 Patent

Plaintiff's LED Projector Headlights

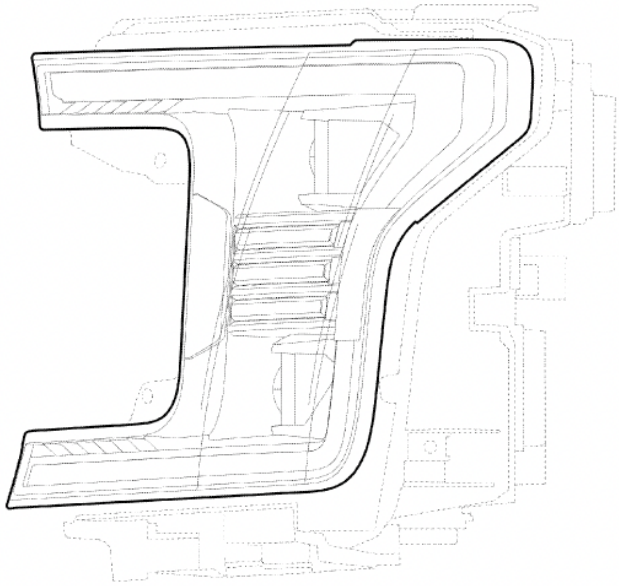




RIGHT VIEW COMPARISON

Defendant's D'634 Patent

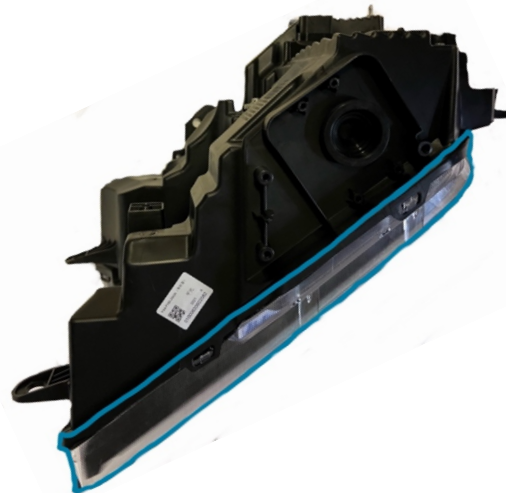
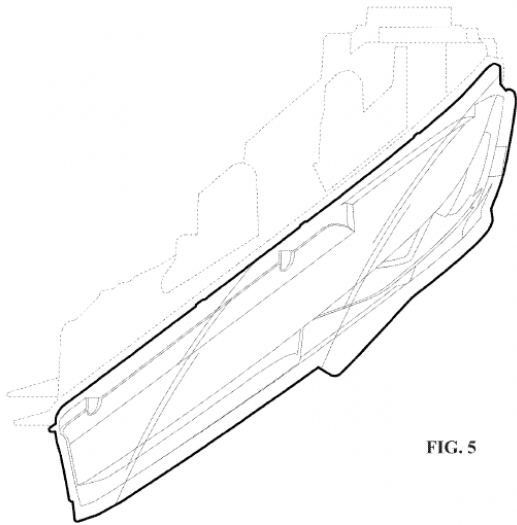
Plaintiff's LED Projector Headlights



TOP VIEW COMPARISON

Defendant's D'634 Patent

Plaintiff's LED Projector Headlights



1 36. As exemplified above, Defendant has spread knowingly false  
2 statements for the purpose of harming the Plaintiff. These statements include the  
3 per se falsehood that, as of the time such statements were made, Plaintiff's product  
4 infringed Defendant's D'634 Patent.

5 37. Defendant's continuous false, unfair, or otherwise unlawful tactics  
6 with the intention of harassing Plaintiff as well as its business partners and forcing  
7 Plaintiff to cease selling Plaintiff's Car Headlights Products have caused serious  
8 interference with Plaintiff's business operation and caused huge loss of profits to  
9 Plaintiff. Further, Plaintiff's goodwill and business reputation have also been  
10 negatively affected.

### 11 INTERSTATE COMMERCE

12 38. Defendant's activities, including activities relating to its illegal, and  
13 unfair competition, are in the flow of and substantially affect interstate commerce.

14 39. Upon information and belief, Defendant ships its car headlight  
15 products across state lines. Defendant reaps substantial revenues from sales of such  
16 products, which are at issue in this Complaint, amounting to a significant dollar  
17 amount throughout the United States.

18 40. The actions taken by Defendant to wrongfully enforce of D'634  
19 Patent was specifically intended to monopolize and restrain trade in the relevant  
20 markets. The threats of infringement also have created a substantial disruption  
21 among customers and consumers in the relevant markets.

22 41. Upon information and belief, Defendant knew its unlawful actions  
23 directed at Plaintiff, and the consuming public in California and elsewhere, were  
24 intended to extend the D'634 Patent scope beyond the legitimate coverage of the  
25 D'634 Patent to intimidate and harm competitors such as Plaintiff from competing  
26 in the relevant markets.

27 42. As a direct and proximate result of the violations alleged herein,  
28 Plaintiff has been, and will continue to be immediately and irreparably injured in

1 its business and property by Defendant's continuing wrongful conducts. Plaintiff  
2 has no adequate remedy at law to compensate for such injury, and unless  
3 Defendant is restrained by an appropriate order of this Court, Plaintiff will  
4 continue to suffer an inability to compete fully and fairly in the market, loss of its  
5 revenues, loss of profits it would other have made, loss of substantial goodwill and  
6 reputation normally attached to a profitable enterprise, and a reduction in the value  
7 of its business as a going concern.

8 43. Plaintiff cannot now measure the damages with specificity. When  
9 Plaintiff has sufficient information to permit it alleges with specificity the quantum  
10 of its damages, Plaintiff will ask leave of the Court to amend this Complaint to  
11 insert said sum herein.

12 44. Defendant's action in alleging infringement have placed Plaintiffs at  
13 reasonable apprehension of suit for infringement of the D'634 Patent.

14 45. Absent a declaration of rights by this Court, the assertions and threats  
15 by Defendant will subject Plaintiff to continuing uncertainty and damages to its  
16 business. To resolve the legal and factual questions raised by Plaintiffs and to  
17 afford relief from uncertainty and controversy which the assertions and threats by  
18 Defendant have precipitated, Plaintiff is entitled to a declaratory judgement of its  
19 rights under 28 U.S.C §§ 2201 and 2202.

20 **CLAIMS FOR RELIEF**  
21 **COUNT I**  
22 **DECLARATORY JUDGEMENT OF NONINFRINGEMENT OF THE D'634**  
23 **PATENT**

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

26 47. Plaintiff's Car Headlights Products have been wrongfully accused by  
27 Defendant of infringing Defendant' D'634 Patent.

28 48. Plaintiff's Car Headlights Products do not infringe the '634 Patent.

1 49. As a result of Defendant's actions, statements, and the totality of  
2 circumstances detailed above, a controversy exists between Plaintiff and Defendant  
3 concerning whether Plaintiff's Car Headlights Products infringe D'634 Patent  
4 owned by Defendant.

5 50. Therefore, Plaintiff is requesting the Court to grant the Plaintiff a  
6 judgement declaring that Plaintiff's Car Headlights Products are not infringing the  
7 D'634 Patent.

## 8 **COUNT II**

### 9 **VIOLATION OF CALIFORNIA UNFAIR COMPEITION LAW SECTION** 10 **17200 (CAL. BUS. PROF & CODE §17200, *et seq.*)**

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

13 52. The California Unfair Competition Law ("UCL") prohibits acts of  
14 "unfair competition", including any "unlawful, unfair and fraudulent business act  
15 or practice". Cal. Bus. & Prof. Code § 17200.

16 53. Defendant's actions set forth herein constitute intentional business  
17 acts and practices that are unlawful, unfair, and fraudulent, including Defendant's  
18 unreasonable demand, unreasonable cease-and-desist letters, and harassment to  
19 Plaintiff.

20 54. As demonstrated above, Defendant violated the Unfair Competition  
21 Law by sending false Defendant's Cease and Desist and engaging in disseminating  
22 misleading statements as to the alleged Plaintiff's infringement of Defendant's  
23 D'634 Patent to Plaintiff's business partners.

24 55. Defendant will continue to cause confusion, mistake, and deception as  
25 to Plaintiff's Car Headlight Products due to Defendant wrongfully accusing  
26 Plaintiff's infringement of Defendant's D'634 Patent.

27 56. Plaintiff directly competes with Defendant in the car headlights  
28 industry.

1 57. By reason of Defendant’s acts of unfair competition, Plaintiff has  
2 suffered and will continue to suffer irreparable injury unless and until this Court  
3 enters an order enjoining Defendant from any further acts of unfair competition.  
4 Defendant’s continuing acts of unfair competition, unless enjoined, will cause  
5 irreparable damage to Plaintiff in that there is no adequate remedy at law to compel  
6 Defendant to cease such acts, and no way to determine its losses proximately  
7 caused by such acts of Defendant. Plaintiff is therefore entitled to a preliminary  
8 injunction against further unlawful, and unfair conduct by Defendant.

9 58. As a direct and proximate result of Defendant’s acts of unfair  
10 competition, Defendant has wrongfully taken Plaintiff’s profits and sales, as well  
11 as its substantial investment of time, energy and money. Defendant should  
12 therefore disgorge all profits from the above conduct and further should be ordered  
13 to perform full restitution to Plaintiff as a consequence of Defendant’s unlawful,  
14 unfair, and fraudulent activities.

### 15 **COUNT III**

#### 16 **TRADE LIBEL**

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

19 60. To prove trade libel under California common law, Plaintiff must  
20 show that (1) the accused party made a statement disparaging the claimant’s  
21 product, (2) the disparaging statement was couched as fact and not opinion, (3) the  
22 statement was false, (4) the statement was made with malice, and (5) the statement  
23 caused monetary loss. *Optinrealbig.com LLC v. Ironport Sys., Inc.*, 323 F. Supp.  
24 2d 1037, 1048 (C.D. Cal. 2004).

25 61. Defendant made a statement in Defendant’s Cease and Desist alleging  
26 that Plaintiff’s Car Headlights Products infringe Defendant’s ‘634 Patent.

27 62. This statement was made with malice, and Defendant’s sole purpose  
28 is to interfere with Plaintiff’s normal business and force Plaintiff to cease selling

1 Plaintiff's Car Headlights Products, which directly compete with Defendant's  
2 Products.

3 63. On information and belief, Defendant willfully, and without  
4 justification, communicated to one or more of Plaintiff's business partners  
5 regarding false statement that Plaintiff's Car Headlights Products infringe the  
6 Defendant's '634 Patent.

7 64. On information and belief, these statements were reasonably  
8 understood by one or more of the persons to whom they were published to be  
9 statements of fact concerning Plaintiff, its business, and/or its products.

10 65. On information and belief, Defendant's statements disparaged the  
11 above described Plaintiff's product and commercial activities in that they falsely  
12 cast doubt on Plaintiff's rights to make, use, offer for sale, sell, and import its  
13 technology and/or products.

14 66. The statement was couched as fact since Defendant indicated  
15 Plaintiff's product was an infringement, and there are no words that indicate  
16 Defendant had an opinion of whether there was infringement. In the demand letter,  
17 Defendant plainly stated Plaintiff's product infringed its '634 patent.

18 67. The statement is false as Plaintiff's Products do not infringe the D'634  
19 Patent.

20 68. On information and belief, Defendant made these false statements  
21 with malice and in bad faith because it made them with knowledge of their falsity  
22 or with reckless disregard for their truth or falsity.

23 69. As a proximate result Defendant's publication of statement, Plaintiff  
24 has suffered disruption to its business and financial loss because its business  
25 partners have refused to ship or distribute Plaintiff's products.

26 70. Plaintiff is thus entitled to recovery of damages for at least the damage  
27 to its business well as the loss of sales.  
28

1 71. Furthermore, on information and belief, Defendant's statements were  
2 motivated by an intent to damage Plaintiff amounting to malice on Defendant's  
3 part. This malice therefore justifies an award of exemplary and punitive damages.

4 **COUNT IV**

5 **TORTIOUS INTERFERENCE WITH PROSPECTIVE ECONOMIC**  
6 **ADVANTAGE**

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

9 73. Plaintiff has valuable prospective business relations with its business  
10 partners, and its customers in this Judicial District and throughout the country.  
11 Defendant knew or should have known these business relationships because  
12 Plaintiff and Defendant are in direct competition.

13 74. There were existing business or economic relationships between  
14 Plaintiff and its business partners as well as certain customers, and these  
15 relationships were reasonably certain to produce future economic benefits to  
16 Plaintiff.

17 75. On information and belief, Defendant knew or should have known of  
18 these relationships.

19 76. On information and belief, Defendant intentionally and in bad faith  
20 committed wrongful acts designed to interfere with or disrupt these relationships.  
21 On information and belief, Defendant wrongfully and intentionally represented to  
22 such customers and warehouses that Plaintiff's Car Headlights Products infringe  
23 Defendant's '634 Patent.

24 77. Defendant's conduct was wrongful for a number of reasons,  
25 including, but not limited to, the fact that it amounts to unfair, or anti-competitive  
26 business practices and trade libel.

27 78. On information and belief, Defendant's wrongful acts caused  
28 disruption of the above-mentioned relationships

1 79. Plaintiff suffered damages caused by the disruption of the above-  
2 mentioned relationships.

3 80. Plaintiff is informed, and believes, and based thereon alleges that  
4 Defendant acted with fraud, malice, and oppression, such that an award of punitive  
5 damages is justified.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff demands judgment against Defendant as follows:

- 8 A. The entry of Declaratory Judgment that Plaintiff does not infringe the  
9 '634 Patent.
- 10 B. An Order enjoining Defendant from engaging in the false and  
11 unlawful conduct described in this lawsuit;
- 12 C. Damages under the aforesaid cause of action in the form of actual,  
13 damages, and an award of enhanced or treble damages, in an amount  
14 to be determined at trial;
- 15 D. An Order requiring Defendant to pay both pre and post judgment  
16 interest on any amounts awarded to the extent allowed by law;
- 17 E. An award of reasonable attorney's fees and costs of suit incurred  
18 herein;
- 19 F. Any further relief as the Court deems appropriate.
- 20

21 Date: March 14, 2022

/s/ Tianyu Ju

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28 ***Counsel for Plaintiff***



1 **DEMAND FOR JURY TRIAL**

2 Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury for all  
3 issues so triable.

4  
5 Date: March 14, 2022

/s/ Tianyu Ju

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