

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NORTH CAROLINA**

IOT LICENSING, LLC,	)	Case No. 3:22-CV-00652
	)	
Plaintiff,	)	
	)	
v.	)	<b>COMPLAINT</b>
	)	
SNAP ONE, LLC, and	)	<b>JURY TRIAL DEMANDED</b>
SNAP ONE HOLDINGS CORP.	)	
	)	
Defendants.	)	

Plaintiff, IoT Licensing, LLC (“IoT”), by and through undersigned counsel, hereby brings suit against Snap One, LLC, and Snap One Holdings Corp. (“Defendants”) and alleges as follows:

**NATURE OF THE ACTION**

1. This is a civil action for patent infringement of United States Patents Nos. 7,154,866 (‘866 Patent) and 7,746,804 (‘804 Patent), under the patent laws of the United States, including 35 U.S.C. §§271 and 281-285.

**PARTIES**

2. Plaintiff IoT Licensing, LLC is a limited liability company organized and existing under the laws of the State of Texas and maintains its principal place of business at 3000 Polar Lane, Unit 202, Cedar Park, TX 78613.

3. Defendant Snap One, LLC is a Delaware corporation with its principal place of business located at 1800 Continental Blvd, Suite 200, Charlotte, NC 28273.

4. Defendant Snap One Holdings Corp. is a holding company, whose principal assets are the equity interests of Snap One, LLC, which owns substantially all of Snap One Holdings Corp.’s operating assets. It is a Delaware corporation with its principal place of business located at 1800 Continental Blvd, Suite 200, Charlotte, NC 28273.

## **JURISDICTION AND VENUE**

5. Pursuant to 28 U.S.C. §§ 1331 and 1338(a), this Court has original jurisdiction over the subject matter of this action because this is an action arising under the Patent Laws of the United States, 35 U.S.C. § 101 *et. seq.* and including 35 U.S.C. §§ 271 and 281-285

6. This court has personal jurisdiction over Defendants because infringing activity alleged herein took place in the State of North Carolina. Further, the exercise of personal jurisdiction comports with Due Process under the United States Constitution.

7. Pursuant to 28 U.S.C. §§ 1391 and 1400(b), venue is proper in this district.

8. Defendants, directly and through subsidiaries or intermediaries, have committed and continue to commit acts of infringement in North Carolina by, among other things, offering to sell and selling products and/or services that infringe the asserted patents.

9. Defendants have a regular and established place of business in this District, including a principal place of business, at 1800 Continental Blvd, Suite 200, Charlotte, NC 28273.

## **GENERAL ALLEGATIONS**

### **IoT**

10. IoT acquired the '866 Patent and '804 Patent from Inovonics Wireless Corporation ("Inovonics"). Inovonics, based in Colorado, was a pioneer in developing and patenting wireless technology for commercial security, senior care, multi-family submetering and commercial monitoring markets and continues to lead in developing and marketing wireless solutions to serve multiple capacities and industries.

11. IoT is the exclusive owner by assignment dated January 5, 2021 and recorded with the USPTO on January 21, 2021, of all rights, title, and interest in the '866 Patent and '804 Patent,

including the right to exclude others and to enforce, sue and recover damages for past and future infringement thereof.

### **DEFENDANTS' PRODUCTS**

12. Defendants trace their origins back to about 2005, when a company called SnapAV was formed. SnapAV had a focus on assisting product integrators and professional installers with identifying, acquiring and integrating various products to increase their connectivity and value of the technology in homes and businesses.

13. Defendants' flagship smart home automation brand is Control4.

14. Control4 was formed in 2003 in Salt Lake City, Utah, to provide home automation and networking systems for homes and businesses, particularly to provide systems that integrated and automated connected devices such as lighting, audio, video, climate control, intercom, and security. By 2018, the Control4 platform managed 370,000 homes.

15. Control4's products have been described as an operating system for the home. Its products include such items as a smart doorbell, smart outlets, security cameras, thermostats, centralized lighting panels, dimmer switches, and motion sensors. The systems can be controlled from the Control4 smartphone app, wall keypads, a handheld remote control, or portable touch-screen.

16. SnapAV acquired Control4 in 2019, and the combined company became Snap One LLC in 2021. Control4 is a flagship smart-home brand of Defendants.

17. Defendants advertise that many of their products employ wireless mesh network communication and that their products employ Zigbee enabled technology and/or are Zigbee compatible.

18. Defendants further advertise that many of their products employ wireless mesh network communication and that their products employ Z-Wave enabled technology.

19. Defendants' products at issue in this lawsuit ("Accused Products") are set forth in the attached claim charts. They include the Accused Zigbee Products, which include but which are not limited to the Control4 CA-1 Automation Controller; the Control4 EA-3 Controller; the Control4 Essential Forward Phase Dimmer; the Control4 Square Dual Load Wireless Adaptive Phase Dimmer; the Control4 Plug-In Outlet Dimmer, the Control4 motion/contact sensor; the Control4 Wireless Thermostat by Aprilaire; and the Control4 Fan Speed Controller ("Accused Zigbee Products"). They also include the Accused Z-Wave Products, which include but which are not limited to the ClareOne Wireless Security and Smart Home Panel (CLR-C1-PNL1), the ClareOne Z-Wave Indoor Siren (CLR-C1-ZW-SRN), the Clare Linear Z-Wave Garage Door Module (CLR-GD00Z), the ClareVue Outdoor 40 Amp Z-Wave Switch (CLR-CVL-OSS-DW40), and the ClareHome ZWave Repeater (CLR-CH-Z-RPTR) ("Accused Z-Wave Products").

#### **DEFENDANTS' KNOWLEDGE OF PLAINTIFF'S PATENTS**

20. By letter dated November 12, 2021, IoT sent a letter to Control4 Corporation's Manager, Shannon Balzly, regarding various patents for which IoT was offering licenses.

21. Among the patents listed were the '866 Patent and '804 Patent. The letter identified the '866 and '804 patents as non-standard essential patents for Message Control in a Network Having Repeaters in the related Zigbee and Z-Wave standards.

22. IoT sent a second letter dated February 10, 2022 to Control4 Corporation's Manager, Shannon Balzly, that referenced and attached the earlier letter and requested that the parties take steps toward a discussion.

23. Defendants further learned of the '866 and '804 patents upon service of this complaint.

**COUNT I: INFRINGEMENT OF THE '866 PATENT: ZIGBEE**

24. Plaintiff hereby restates the allegations contained in the preceding paragraphs above as if fully set forth herein.

25. On December 6, 2006, the U.S. Patent and Trademark Office duly and legally issued U.S. Patent No. 7,154,866, titled "Message Control Protocol in a Communications Network Having Repeaters." The '866 Patent is attached here as Exhibit A.

26. Plaintiff IoT is the owner, by assignment dated January 5, 2021 and recorded with the USPTO on January 21, 2021, of all rights, title, and interest in the '866 Patent, including the right to exclude others and to enforce, sue and recover damages for past and future infringement thereof.

27. Independent Claim 8 of the '866 Patent describes:

A method for wireless communication between a sending device and a receiving device, comprising:  
forming a packet at said sending device, said packet having a plurality of message control bits and a plurality of information fields, wherein at least a first message control bit indicates routing information for said packet, and at least a second message control bit indicates whether data is included in at least one of said information fields which is associated with said second message control bit;  
wirelessly communicating said packet from said sending device to said receiving device;  
receiving said packet at said receiving device; and  
performing a task at said receiving device based on said message control bits;  
wherein said forming step includes:  
identifying a message type for transmitting to said receiving device;  
setting said message control bits based on said message type; and  
formatting data for inclusion in said at least one of said information fields based on said message type; and  
wherein said setting step includes:  
setting a trace bit when said message type is a routing trace message.

28. Independent Claim 15 of the '866 Patent describes:

A method for wireless communication between a sending device and a receiving device, comprising:  
forming a packet at said sending device, said packet having a plurality of message control bits and a plurality of information fields, wherein at least a first message control bit indicates routing information for said packet, and at least a second message control bit indicates whether data is included in at least one of said information fields which is associated with said second message control bit;  
wirelessly communicating said packet from said sending device to said receiving device;  
receiving said packet at said receiving device; and  
performing a task at said receiving device based on said message control bits, wherein said performing step includes:  
determining that signal strength information is included in said packet;  
reading said signal strength information;  
comparing said signal strength information with existing signal strength information; and  
resetting a primary contact when said signal strength information indicates that said sending device has a stronger signal strength than an existing primary contact.

*See* '866 Patent, Col. 20, lines 46-67; Col. 21, lines 1-3; Col. 22, lines 43-67.

29. Defendants have been and are now indirectly infringing as a contributory infringer under 35 U.S.C. § 271 at least claims 8 and 15 of the '866 Patent by making, having had made, using, offering for sale, and selling networked wireless products that operate pursuant to the Zigbee standard wireless mesh protocol, wherein products that operate pursuant to the Zigbee standard wireless mesh protocol are a component of a patented system, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use.

30. Defendants infringe under 35 U.S.C. §271(c) by contributing to infringement of the '866 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere in

the United States, by, among other things, offering for sale, selling, or importing the Accused Zigbee Products, and/or advising, encouraging, and contributing so that others can use the methods claimed by the '866 Patent to the injury of Plaintiff.

31. The Accused Zigbee Products which are provided by Defendants to their customers, are designed specifically for use by their customers in an infringing manner as claimed in the '866 Patent. If the functionality that is embodied in the '866 Patent were not present in the Accused Zigbee Products sold by Defendants then these said devices would not work properly for their stated purposes by Defendants in their product literature when used together for Defendants' stated purpose.

32. There is no substantial non-infringing use for the Accused Zigbee Products because if the devices were used in a non-infringing manner then they would not work for their stated purpose.

33. Defendants further have infringed and infringes at least claims 8 and 15 of the '866 Patent under 35 U.S.C. §271(b) by inducing infringement of at least claims 8 and 15 of the '866 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere in the United States, by, among other things, advising, encouraging, and/or otherwise inducing others to perform the steps claimed by the '866 Patent to the injury of Plaintiff.

34. Defendants instruct their customers to use the Accused Zigbee Products in a way that infringes the '866 Patent. Specifically, pursuant to 35 U.S.C. §271(c), Defendants advertise, sell, and/or provide the Accused Zigbee Products to their customers, and instruct their customers, such that when Defendants' customers follow Defendants' instructions, each of said customers necessarily infringe one or more methods claimed in the '866 Patent making Defendants' customers direct infringers of the '866 Patent.

35. Defendants' customers use the Accused Zigbee Products as instructed by Defendants, and in doing so, complete all steps in at least claims 8 and 15 of the '866 Patent, making Defendants' customers direct infringers of the '866 Patent. Defendants specifically intended for their customers to infringe the '866 Patent because Defendants continue to advise, encourage, advertise and provide to their customers products or instruction or manuals or product information on their website, or otherwise induce others, such that when the products are used the customers necessarily use the methods claimed by the '866 Patent and infringe the '866 Patent to the injury of Plaintiff.

36. Since at least the November 12, 2021 and February 10, 2022 letters, or the filing of this complaint, Defendants have had knowledge of the '866 patent and, by continuing the actions described above, have had specific intent to induce infringement of the '866 Patent pursuant to 35 U.S.C. §271(b), and have further contributed to said infringement of the '866 Patent by their customers by providing them with the Accused Zigbee Products so that their customers directly infringe the '866 Patent pursuant to 35 U.S.C. §271(c).

37. Defendants' aforesaid activities have been without authority and/or license from Plaintiff.

38. A claim chart attached as Exhibit B explains how the '866 Patent is infringed with regard to accused Zigbee-compatible products.

39. Defendants' acts of infringement have caused damage to Plaintiff IoT. Plaintiff IoT is entitled to recover from Defendants the damages sustained by IoT as a result of Defendants' wrongful acts.



**COUNT II: INFRINGEMENT OF THE '866 PATENT: Z-WAVE**

40. Plaintiff hereby restates the allegations contained in the preceding paragraphs above as if fully set forth herein.

41. On December 6, 2006, the U.S. Patent and Trademark Office duly and legally issued U.S. Patent No. 7,154,866, titled “Message Control Protocol in a Communications Network Having Repeaters.”

42. Plaintiff IoT is the owner, by assignment dated January 5, 2021 and recorded with the USPTO on January 21, 2021, of all rights, title, and interest in the ‘866 Patent, including the right to exclude others and to enforce, sue and recover damages for past and future infringement thereof.

43. Independent Claim 8 of the ‘866 Patent describes:

A method for wireless communication between a sending device and a receiving device, comprising:  
forming a packet at said sending device, said packet having a plurality of message control bits and a plurality of information fields, wherein at least a first message control bit indicates routing information for said packet, and at least a second message control bit indicates whether data is included in at least one of said information fields which is associated with said second message control bit;  
wirelessly communicating said packet from said sending device to said receiving device;  
receiving said packet at said receiving device; and  
performing a task at said receiving device based on said message control bits;  
wherein said forming step includes:  
    identifying a message type for transmitting to said receiving device;  
    setting said message control bits based on said message type; and  
    formatting data for inclusion in said at least one of said information fields based on said message type; and  
wherein said setting step includes:  
    setting a trace bit when said message type is a routing trace message.

44. Independent Claim 13 of the ‘866 Patent describes:

A method for wireless communication between a sending device and a receiving device, comprising:

forming a packet at said sending device, said packet having a plurality of message control bits and a plurality of information fields, wherein at least a first message control bit indicates routing information for said packet, and at least a second message control bit indicates whether data is included in at least one of said information fields which is associated with said second message control bit;  
wirelessly communicating said packet from said sending device to said receiving device;  
receiving said packet at said receiving device; and  
performing a task at said receiving device based on said message control bits;  
and  
wherein said performing step includes:  
retransmitting said packet to a second receiving device when said first control bit indicates that said packet is to be retransmitted.

45. Independent Claim 16 of the '866 Patent describes:

A method for wireless communication between a sending device, comprising:  
forming a packet at said sending device, said packet having a plurality of message control bits and a plurality of information fields, wherein at least a first message control bit indicates routing information for said packet, and at least a second message control bit indicates whether data is included in at least one of said information fields which is associated with said second message control bit;  
wirelessly communicating said packet from said sending device to said receiving device;  
receiving said packet at said receiving device; and  
performing a task at said receiving device based on said message control bits,  
wherein:  
said sending device and said receiving device are part of a first communications network that includes a plurality of repeaters and said packet includes a message that is to be acted on by each of said plurality of repeaters.

*See* '866 Patent, Col. 20, lines 46-67; Col. 21, lines 1-3; Col. 22, lines 1-19; Col. 23, lines 1-13; Col. 24, lines 1-8.

46. Defendants have been and are now indirectly infringing as a contributory infringer under 35 U.S.C. § 271 at least claims 8, 13 and 16 of the '866 Patent by making, having had made, using, offering for sale, and selling networked wireless products that operate pursuant to the Z-

Wave standard wireless mesh protocol, wherein products that operate pursuant to the Z-Wave standard wireless mesh protocol are a component of a patented system, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use.

47. Defendants infringe under 35 U.S.C. §271(c) by contributing to infringement of the '866 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere in the United States, by, among other things, offering for sale, selling, or importing the Accused Z-Wave Products, and/or advising, encouraging, and contributing so that others can use the methods claimed by the '866 Patent to the injury of Plaintiff.

48. The Accused Z-Wave Products which are provided by Defendants to their customers, are designed specifically for use by their customers in an infringing manner as claimed in the '866 Patent. If the functionality that is embodied in the '866 Patent were not present in the certain Accused Z-Wave Products sold by Defendants then these said devices would not work properly for their stated purposes by Defendants in their product literature when used together for Defendants' stated purpose.

49. There is no substantial non-infringing use for the Accused Z-Wave Products because if the devices were used in a non-infringing manner then they would not work for their stated purpose.

50. Defendants further have infringed and infringe at least claims 8, 13 and 16 of the '866 Patent under 35 U.S.C. §271(b) by inducing infringement of at least claims 8, 13 and 16 of the '866 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere

in the United States, by, among other things, advising, encouraging, and/or otherwise inducing others to perform the steps claimed by the '866 Patent to the injury of Plaintiff.

51. Defendants instruct their customers to use the Accused Z-Wave Products in a way that infringes the '866 Patent. Specifically, pursuant to 35 U.S.C. §271(c), Defendants advertise, sell, and/or provide the Accused Z-Wave Products to their customers, and instruct their customers, such that when Defendants' customers follow Defendants' instructions, each of said customers necessarily infringe one or more methods claimed in the '866 Patent making Defendants' customers direct infringers of the '866 Patent.

52. Defendants' customers use the Accused Z-Wave Products as instructed by Defendants, and in doing so, complete all steps in at least claims 8, 13 and 16 of the '866 Patent, making Defendants' customers direct infringers of the '866 Patent. Defendants specifically intended for their customers to infringe the '866 Patent because Defendants continue to advise, advertise, encourage, advertise and provide to their customers products or instruction or manuals or product information on their website, or otherwise induce others, such that when the products are used the customers necessarily use the methods claimed by the '866 Patent and infringe the '866 Patent to the injury of Plaintiff.

53. Since at least the November 12, 2021 and February 10, 2022 letters, or the filing of this complaint, Defendants have had knowledge of the '866 patent and, by continuing the actions described above, have had specific intent to induce infringement of the '866 Patent pursuant to 35 U.S.C. §271(b), and have further contributed to said infringement of the '866 Patent by their customers by providing them with the Accused Z-Wave Products so that their customers directly infringe the '866 Patent pursuant to 35 U.S.C. §271(c).

54. Defendants' aforesaid activities have been without authority and/or license from Plaintiff.

55. A claim chart attached as Exhibit C explains how the '866 Patent is infringed with regard to accused Z-Wave compatible products.

56. Defendants' acts of infringement have caused damage to Plaintiff IoT. Plaintiff IoT is entitled to recover from Defendants the damages sustained by IoT as a result of Defendants' wrongful acts.

### **COUNT III: INFRINGEMENT OF THE '804 PATENT**

57. Plaintiff hereby restates the allegations contained in the preceding paragraphs above as if fully set forth herein.

58. On June 29, 2010, the U.S. Patent and Trademark Office duly and legally issued U.S. Patent No. 7,746,804, titled "Message Control Protocol in a Communications Network Having Repeaters." The '804 Patent is attached here as Exhibit D.

59. Plaintiff IoT is the owner, by assignment dated January 5, 2021 and recorded with the USPTO on January 21, 2021, of all rights, title, and interest in the '804 Patent, including the right to exclude others and to enforce, sue and recover damages for past and future infringement thereof.

60. Independent Claim 10 of the '804 Patent states:

A method for configuring a wireless communications network, comprising:

providing a plurality of remote devices including a first remote device, a plurality of repeaters including a first repeater, and a master apparatus; and

selecting said first repeater as a communications target by said first remote device based in part on signal strength associated with at least one signal from said first repeater

wherein:

said selecting step includes transmitting a message from said first remote device and receiving at said first remote device response messages responsive to said message indicative of signal strength from at least some of said plurality of repeaters.

*See* '804 Patent, Col. 20, lines 11-25.

61. Defendants have been and are now indirectly infringing as a contributory infringer under 35 U.S.C. § 271 at least claim 10 of the '804 Patent by making, having had made, using, offering for sale, and selling networked wireless products that operate pursuant to the Zigbee standard wireless mesh protocol, wherein products that operate pursuant to the Zigbee standard wireless mesh protocol are a component of a patented system, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use.

62. Defendants infringe under 35 U.S.C. §271(c) by contributing to infringement of the '804 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere in the United States, by, among other things, offering for sale, selling, or importing the Accused Zigbee Products, and/or advising, encouraging, and contributing so that others can use the methods claimed by the '804 Patent to the injury of Plaintiff.

63. The Accused Zigbee Products which are provided by Defendants to their customers, are designed specifically for use by their customers in an infringing manner as claimed in the '804 Patent. If the functionality that is embodied in the '804 Patent were not present in the Accused Zigbee Products sold by Defendants then these said devices would not work properly for their stated purposes by Defendants in their product literature when used together for Defendants' stated purpose.

64. There is no substantial non-infringing use for the Accused Zigbee Products because if the devices were used in a non-infringing manner then they would not work for their stated purpose.

65. Defendants further have infringed and infringe at least claim 10 of the '804 Patent under 35 U.S.C. §271(b) by inducing infringement of at least claim 10 of the '804 Patent, literally or under the doctrine of equivalents, in this judicial district, and elsewhere in the United States, by, among other things, advising, encouraging, and/or otherwise inducing others to perform the steps claimed by the '804 Patent to the injury of Plaintiff.

66. Defendants instruct their customers to use the Accused Zigbee Products in a way that infringes the '804 Patent. Specifically, pursuant to 35 U.S.C. §271(c), Defendants advertise, sell, and/or provide the Accused Zigbee Products to their customers, and instruct their customers, such that when Defendants' customers follow Defendants' instructions, each of said customers necessarily infringe one or more methods claimed in the '804 Patent making Defendants' customers direct infringers of the '804 Patent.

67. Defendants' customers use the Accused Zigbee Products as instructed by Defendants, and in doing so, complete all steps in at least claim 10 of the '804 Patent, making Defendants' customers direct infringers of the '804 Patent. Defendants specifically intended for their customers to infringe the '804 Patent because Defendants continue to advise, encourage, advertise and provide to their customers products or instruction or manuals or product information on their website, or otherwise induce others, such that when the products are used the customers necessarily use the methods claimed by the '804 Patent and infringe the '804 Patent to the injury of Plaintiff.

68. Since at least the November 12, 2021 and February 10, 2022 letters, or the filing of this complaint, Defendants have had knowledge of the '804 patent and, by continuing the actions described above, have had specific intent to induce infringement of the '804 Patent pursuant to 35 U.S.C. §271(b), and have further contributed to said infringement of the '804 Patent by their customers by providing them with the Accused Zigbee Products so that their customers directly infringe the '804 Patent pursuant to 35 U.S.C. §271(c).

69. Defendants' aforesaid activities have been without authority and/or license from Plaintiff.

70. A claim chart attached as Exhibit E explains how the '804 Patent is infringed with regard to accused Zigbee-compatible products.

71. Defendants' acts of infringement have caused damage to Plaintiff IoT. Plaintiff IoT is entitled to recover from Defendants the damages sustained by IoT as a result of Defendants' wrongful acts.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff respectfully requests the Court:

A. Enter a judgment in favor of Plaintiff that Defendants have infringed U.S. Patents 7,154,866 and 7,746,804.

B. Enter a judgment and order requiring Defendants to pay Plaintiff damages, costs, expenses, prejudgment and post-judgment interest, and post-judgment royalties for Defendants' infringement of U.S. Patents 7,154,866 and 7,746,804 to the extent available pursuant to 35 U.S.C. § 284;

C. Enter a judgment and order holding that Defendants' infringement was willful, and award treble damages and attorney fees and expenses;



D. Enter judgment that this is an exceptional case, and, thus, award attorney fees and expenses to Plaintiff; and

E. Award such other and further relief as the Court deems just and proper.

**JURY TRIAL**

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

Respectfully submitted,

This the 6<sup>th</sup> day of December, 2022

**s/ Brooke A. Howard**

Brooke A. Howard, NC #36584

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**ATTORNEYS FOR PLAINTIFF IOT  
LICENSING, LLC**