

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

I PEE HOLDING, LLC,	:	
	:	Civil Action No.:
Plaintiff,	:	
	:	
v.	:	COMPLAINT
	:	
JOYIN INC.,	:	Jury Trial Demanded
	:	
Defendant.	:	
	:	

Plaintiff I Pee Holding, LLC (“IPH” or “Plaintiff”) brings this action against defendant Joyin Inc. (“Joyin” or “Defendant”) for patent infringement and breach of contract.

PARTIES

1. Plaintiff IPH is an Illinois limited liability company with a principal place of business in Vernon Hills, Illinois. IPH’s sole member, Jeff Schrimmer, is an individual who is a United States citizen domiciled in Illinois.

2. Upon information and belief, defendant Joyin is an Arizona corporation with a principal place of business at 7650 S. McClintock Drive, Suite 103-219, Tempe, Arizona 85284.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331 and 1338.

4. This Court also has subject matter jurisdiction over this action pursuant to 28 U.S.C. 1332(a)(2) based on the diversity of citizenship between the parties in interest. In support of subject matter jurisdiction based on diversity, IPH states that that all parties are citizens of different states since Joyin is a citizen of Arizona based on the incorporation and location of its business

and IPH is a citizen of Illinois based on the residency of its sole member. In addition to complete diversity of citizenship, the amount in controversy exceeds \$75,000, exclusive of interest and costs.

5. Joyin is subject to personal jurisdiction in this District based on its express consent to jurisdiction in this District and agreement to resolve any legal actions in this District that arose under or related to the subject matter of the Confidential Settlement and Royalty Agreement it entered into with IPH (the “Agreement”). Further, Joyin is subject to personal jurisdiction in this District based on its systematic and continuous contacts within this District. Joyin regularly transacts business in this District and has offered for sale and sold the infringing products in this District, in breach of Joyin’s contractual obligations with IPH.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2), because a substantial part of the events or omissions giving rise to IPH’s claims occurred in this District, Joyin has breached the Agreement in this District, Joyin has committed acts of infringement in this District, and Joyin explicitly consented to venue in this District in the Agreement.

BACKGROUND

7. This is an action for injunctive relief and damages arising from Joyin’s infringement of Plaintiff’s patent under 35 U.S.C. § 271 and Joyin’s breach of contract.

History of the Parties and Relevant Patent

1. IPH is the owner of U.S. Patent No. 10,064,461, titled “Light String with Lighting Elements Surrounded by Decorative Shroud and Retained by Snap-fit Enclosure System” (“the ‘461 patent”), which issued on September 4, 2018. A true and correct copy of the ‘461 patent is attached as **Exhibit A**.

8. The ‘461 patent concerns a substantial improvement in the design and manufacture of light string novelty products. The innovative snap-fit enclosure system disclosed and claimed in the ‘461 patent substantially reduces material costs, assembly time, and quality assurance issues

for light string products, resulting in better products as well as increased margins and/or more competitive pricing, making it a desirable improvement over the prior art.

9. Light string necklaces with snap-fit enclosures under the '461 patent were manufactured and sold to major retailers and directly to customers during the pendency of the application for the '461 patent. Immediately following launch of products under the '461 patent, other manufacturers, wholesalers, and retailers began copying Plaintiff's patented product.

10. Upon issuance of the '461 patent on September 4, 2018, product sold by Plaintiff under the '461 patent number has been appropriately marked.

11. Upon information and belief, Joyin was incorporated in Arizona in 2017, and its business involves the distribution of toys, festive apparel, glow in the dark and LED products, and other related goods. Joyin's product offerings include light string novelty products within the scope of the '461 patent, which postdate the priority date of the '461 patent.

Joyin Infringed the '461 Patent

12. In fall of 2018, IPH learned that Joyin was manufacturing, offering for sale, selling, using, and importing light string necklaces with snap-fit enclosures (the "Joyin Light String Products") that fall within the scope of at least independent claims 1 and 8 of the '461 patent.

13. Joyin was selling its Joyin Light String Products on its own website and through third-party marketplaces like Amazon.com.

14. Plaintiff had not licensed or otherwise authorized Joyin to manufacture, offer for sale, or sell such Joyin Light String Products.

The Confidential Settlement and Royalty Agreement

15. On November 19, 2018, Plaintiff sent Joyin a cease and desist letter, notifying Defendant that its manufacture, importation, use, and sale of the Joyin Light String Products

infringed the '461 patent (the "November 19 Letter"). A true and correct copy of this letter is attached as **Exhibit B**.

16. As a result of the November 19 Letter, and in an effort to resolve the dispute between IPH and Joyin amicably, IPH and Joyin entered into the Agreement. A true and correct copy of the Agreement is attached as **Exhibit C**.

17. Under the Agreement, Joyin agreed to cease all sales of any snap-fit light string products covered by the '461 patent after it completely sold out the Joyin Light String Products in the Subject Inventory (as defined by the Agreement) for which it paid royalties. (Ex. C, ¶4.)

18. Joyin also agreed that any snap-fit light string product sold by Joyin would be in breach of the Agreement, which would obligate Joyin to pay a royalty for each unit sold. (Ex. C, ¶4.)

19. The Joyin and IPH also agreed that in the event of any breach of the Agreement, the prevailing party would be entitled to recover its reasonable attorneys' fees and costs, in addition to any other rights and remedies that such party would be entitled to. (Ex. C, ¶7.)

Joyin's Breach of the Agreement and Continued Infringement

20. After entering into the Agreement, Joyin represented to counsel for IPH that Joyin had opted to launch a new design for the Joyin Light String Products that included a glue adhesive, and therefore, Joyin's future sales would neither infringe the '461 patent nor obligate Joyin to pay IPH any royalty.

21. No later than December 2022, however, Joyin reengaged in the manufacture, importation, use, and sale of Joyin Light String Products that once again infringed upon the '461 patent. In fact, it is entirely possible that Joyin never ceased selling and offering for sale the

infringing Joyin Light String Products, and instead, has been continuously selling both designs since 2020, in breach of the Agreement.

22. On December 11, 2023, upon learning of Joyin's breach of the Agreement, IPH sent a notice and cure letter to Joyin (the "December 11th Letter"), reminding Joyin of its obligations under the Agreement and requesting an accounting of all sales of the Joyin Light String Products since February 2019. A true and correct copy of the December 11th Letter is attached as **Exhibit D**.

23. Joyin objected to IPH's requests, and IPH reiterated its demand that Joyin cease and desist the sale of infringing product and account for all infringing sales in a letter dated January 4, 2024 (the "January 2024 Letter"). A true and correct copy of the January 2024 Letter is attached as **Exhibit E**. The January 2024 Letter details Joyin's myriad breaches of the Agreement.

24. Despite Joyin's failure to cease its infringement, as required under the Agreement, in a good-faith effort to resolve this dispute, counsel for IPH agreed to meet and confer with counsel for Joyin. After the parties met and conferred on December 11, 2023, counsel for Joyin sent IPH an alleged full accounting of its sales of its Joyin Light String Products (the "Accounting").

25. IPH immediately began fact checking and investigating the propriety of the Accounting it received from Joyin. Based on the results of IPH's investigation, it became readily apparent to IPH that Joyin purposefully and grossly misrepresented both its volume of sales and the number of products at issue, materially understating both figures. In fact, based on IPH's own investigation, IPH determined that Joyin sold nearly double the number of Joyin Light String Products in just two months than amount Joyin represented in the Accounting to be its total number of sales since February 2019.

26. IPH also found nearly three dozen additional products listed on Joyin's website that likely infringe the '461 patent that Joyin failed to disclose in the Accounting.

27. Counsel for IPH summarized the Accounting's inaccuracies in a letter IPH sent to Joyin on February 2, 2024, and again, provided Joyin with one last opportunity to make a full disclosure of its infringement and honor the Agreement by no later than February 16, 2024. A true and correct copy of this letter is attached as **Exhibit F**.

28. Despite clear evidence of otherwise, Joyin failed to substantively respond by the February 16, 2024 deadline. Instead, Joyin provided a limited response to IPH's letter sent on February 2, 2024, and then a conflicting response again on February 26, 2024, articulating Joyin's unsustainable position that it was not in breach of the Agreement or infringing the '461 patent.

29. Thus, despite being placed on notice of its breach of contract, and being given many opportunities to rectify its wrongdoing, Joyin continues to sell the Joyin Light String Products, including directly and through third-party marketplaces like Amazon.com, in breach of the Agreement.

30. Further, despite being on Notice of the '461 patent since at least as early as November 19, 2018, the date when Joyin received IPH's initial cease and desist letter, Joyin has failed to cease its infringement. In fact, Joyin continues to sell its infringing Joyin Light String Products directly on its website and through third-party marketplaces like Amazon.com. Thus, Joyin's willful conduct continues despite IPH's rights in the '461 patent and Joyin's knowledge of same.

CAUSE OF ACTION

Count I
(Patent Infringement)

31. Plaintiff repeats and re-alleges each and every allegation set forth in the foregoing paragraphs as if fully set forth herein.

32. The '461 patent was duly and legally issued on September 4, 2018 to IPH and is in full force and effect and has been since the date of issuance. IPH is the current title owner of the '461 patent and thus has the right to enforce same.

33. Joyin manufactures, imports, uses, offers to sell, and sells Joyin Light String Products that infringe the '461 patent, including at least those products specifically identified above.

34. Joyin manufactures, imports, uses, offers to sell, and sells its Joyin Light String Products with actual knowledge of the '461 patent, which constitutes willful infringement of the '461 patent.

35. A representative claim of the '461 patent and accompanying pictures showing how the Joyin Light String Products infringe the '461 patent is provided below using one of the infringing products, a sample product provided by Joyin and believed to be listed as Item # 10089 on Joyin.com, by way of non-limiting example.

36. Independent claim 1 of the '461 patent reads as follows:

1. A light string with a snap-fit enclosure, comprising:
a conductor;

a light element mounted to the conductor;

a shroud having a body having an open interior and a neck, the neck having an opening therein, open to the body interior;

a cap, the [sic] configured to fit onto the neck; and

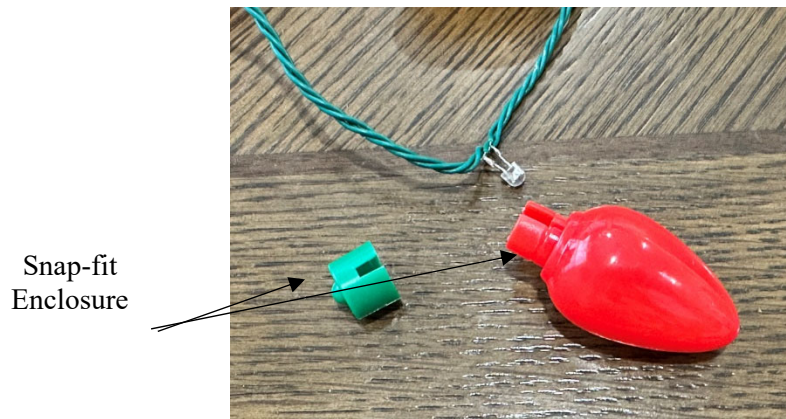
cooperating locking elements positioned in the cap and on the neck to lock the cap to the neck, such that the cap is secured to the neck and the light element secured within the shroud without the need for an external fastener,

wherein the cap and the neck have at least two cut-outs formed therein, respective ones of the cap cut-outs and the neck cut-outs cooperating and aligning with one another to define a substantially straight-through path, the substantially straight-through path configured to receive the conductor with the cap secured to the neck,

wherein the conductor and light element are non-integral with and separate, apart and removable from the shroud and the cap, and

wherein the shroud is substantially enclosed.

37. As seen in the picture below of the exemplar infringing product, Joyin Light String Product comprises a snap-fit enclosure.



38. The Joyin Light String Product comprises a conductor and a light element mounted to the conductor. The conductor and light element are non-integral with and separate, apart, and removable from the shroud and the cap.



39. The Joyin Light String Product comprises a substantially enclosed shroud having a body with an open interior and a neck with an opening to the body's interior.



40. As seen in the first picture, in the Joyin Light String Product, the cap is configured to fit onto the neck. Furthermore, said cap contains locking elements that cooperate with locking elements on the neck of the shroud.



41. The light element of the Joyin Light String Product is secured within the shroud without the need of an external fastener. Both cap and neck have at least two cut-outs, which cooperate and align with one another to define a substantially straight-through path configured to receive the conductor with the cap secured to the neck. The Joyin Light String Products further comprise a controller.



42. Defendant's acts of infringement have been carried out deliberately and willfully and without consent of Plaintiff.

43. Plaintiff's licensees have marked the patented products in accordance with the requirements of 35 U.S.C. § 287. Furthermore, Plaintiff provided Defendant with actual notice of its infringement at least as of November 19, 2018.

44. In light of the above facts and allegations, Defendant is willfully infringing and has willfully infringed the '461 patent in violation of 35 U.S.C. § 271, by making, using, offering to sell, and selling in the United States and importing into the United States the infringing Joyin Light String Products.

45. Defendant further infringes the '461 patent by actively inducing direct infringement of the '461 patent by third parties.

46. Plaintiff has been damaged as a result of Defendant's acts of patent infringement and is entitled to recover damages.

47. Plaintiff is entitled to treble damages due to the willfulness of Defendant's acts pursuant to 35 U.S.C. § 284.

48. Plaintiff will suffer imminent and irreparable injury unless this Court enjoins Defendant from further acts of infringement.

49. This is an exceptional case entitling Plaintiff to an award of attorneys' fees under 35 U.S.C. § 285.

Count II
(Breach of Contract)

50. Plaintiff repeats and re-alleges each and every allegation set forth in the foregoing paragraphs as if fully set forth herein.

51. IPH and Joyin entered into a Confidential Settlement and Royalty Agreement, which was effective as of February 26, 2019, in an effort to resolve a patent infringement dispute between the parties.

52. The Agreement, among other things, mandated that Joyin "cease the sale of any snap-fit light string products covered by the '461 patent, including without limitation, all products identified in Exhibit A, after it completely [sold] out the Joyin Light String Products in the Subject Inventory for which it has paid royalties pursuant," to the Agreement. Joyin agreed that "that any products sold in breach of [] Section 4 [would] be subject to a royalty" on a per unit basis.

53. The Agreement was supported by adequate consideration, namely, IPH covenanted not to sue Joyin for infringement of the '461 patent with respect to any Subject Inventory of Joyin

Light String Products for which the Royalty Payment had been made. Joyin further covenanted to cease all future sales of any snap-fit light string products covered by the '461 patent.

54. As described above, since no later than December 2022, Joyin has been selling snap-fit light string products covered by the '461 patent in breach of the Agreement.

55. As a direct result of this breach of contract, IPH has and will continue to incur irreparable harm and damages.

56. As explicitly agreed to by Defendant, Plaintiff is entitled to recover its reasonable attorneys' fees and costs incurred due to Defendant's breach of the Agreement.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

- A. Enter judgment in favor of Plaintiff and against Defendant;
- B. Declare that Defendant has been and is infringing, directly and indirectly, the '461 patent;
- C. Preliminary and permanently enjoin Defendant and its respective officers, agents, and employees and all others in concert or participation with Defendant from further acts of infringement of the '461 patent under 35 U.S.C. § 283 and in breach of the Agreement;
- D. Order Defendant to file with this Court and serve on Plaintiff within thirty (30) days after service of an injunction, a report in writing, under oath, setting forth in detail the manner and form in which Defendant has complied with the injunction;
- E. Award damages adequate to compensate Plaintiff for Defendant's infringement of the '461 patent, together with interest and costs under 35 U.S.C. § 284;
- F. Award damages adequate to compensate Plaintiff for Defendant's breach of contract;

- G. Award treble damages by reason of Defendant's acts of deliberate and willful infringement of the '461 patent under 35 U.S.C. § 284;
- H. Declare this litigation to be an "exceptional case" and order Defendant to pay Plaintiff's reasonable attorneys' fees in connection with this action as provided in 35 U.S.C. § 285 and pursuant to the Agreement; and
- I. Award Plaintiff such other and further relief as this Court deems just and proper.

REQUEST FOR JURY DEMAND

Please take notice that Plaintiff IPH demands a jury trial in this matter for all issues so triable.

Dated: March 8, 2024

Respectfully Submitted,

/s/ Joseph L. Cohen

Joseph L. Cohen (#6279024)
FOX ROTHSCHILD LLP
321 N. Clark Street, Suite 1600
Chicago, IL 60654
Ph: 312.980.3876
jlcohen@foxrothschild.com

Attorney for Plaintiff
I PEE HOLDING LLC