IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PELOTON INTERACTIVE, INC., Plaintiff, v. ECHELON FITNESS MULTIMEDIA, LLC, Defendant.	)	C.A. No. _____ **DEMAND FOR JURY TRIAL**

COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff Peloton Interactive, Inc. ("Peloton"), through its attorneys at Latham & Watkins LLP and Morris, Nichols, Arsht & Tunnell LLP, hereby brings this action against Echelon Fitness Multimedia, LLC ("Echelon" or "Defendant"), and alleges as follows:

SUMMARY OF THE ACTION

1. Since its inception in 2012, Peloton has revolutionized the fitness industry, becoming the largest interactive fitness platform in the world with a loyal community of over 5.9 million members. Peloton has delivered more than 400,000 Peloton bikes ("Peloton Bike"), and, in fiscal year 2021 alone, its members completed over 459 million Peloton workouts. The Peloton Bike has received near-universal adulation, with *Men's Health* naming it "the best cardio machine on the planet." Peloton now employs more than 8,000 people and earned more than $4.0 billion in revenue in fiscal year 2021.

2. The Peloton Bike is the first ever at-home exercise bike that incorporates a sophisticated graphical user interface—presented on a 22-inch HD, multitouch tablet—that displays live and on-demand cycling classes led by some of the world's most elite instructors. The Peloton Bike uses sensors to measure the rider's performance and can display a leaderboard

comparing the rider's performance at each point in the class with the performance of every other rider that is currently taking—or has ever taken—the same class. This "Leaderboard" utilizes Peloton's patented technology to show Peloton riders how their performance ranks in comparison to all other riders that have taken that same class, past and present, at every point in the class.

3. Peloton's inventions solved two major problems for would-be exercisers. *First*, they removed a significant constraint of in-studio cycling classes, which are offered only at fixed locations and times, by allowing riders the flexibility to access cycling classes—in their own home and on their own schedule. *Second*, they solved a problem faced by previous at-home stationary bikes—rider boredom due to lack of variety and engagement—by providing live and on-demand classes with an improved and more efficient graphical user interface that not only recreates, but enhances, the real-time competition and community engagement that has made in-studio classes so popular. Peloton's inventions, including its innovative leaderboard, re-create the sense of in-studio competition in users' homes, on their own schedule, and whether or not others are simultaneously taking the same on-demand class.

4. To protect these and other innovations, Peloton applied for, and received, multiple patents, including U.S. Patent No. 11,170,886 (the "'886 Patent"), Peloton's most recently issued patent.

5. The '886 Patent emphasizes Peloton's proprietary systems, which interconnect Peloton's bikes and treads, enabling users to participate with other Peloton users in live and on-demand exercise classes. The '886 Patent's claims focus on, among other things, the control station and its role in collecting and synchronizing live performance parameters during live sessions of on-demand exercise classes.

6. The claims of the '886 Patent further recite maintaining the synchronized live performance parameters collected during the live session of the on-demand exercise class. Those collected live performance parameters are used in subsequent sessions of the exercise class to enable ghost participants. That innovative technology provides classes that include an ever-growing list of participants. Each live session of an on-demand class changes the competitive make-up of the class and presents users with a different set of competitors to challenge on Peloton's leaderboard.

7. With Peloton's hard-fought success, competitors, including Echelon, have attempted to free ride off Peloton's innovative technology. Rather than develop new technology, Echelon chose to simply appropriate Peloton's intellectual property and flood the market with cheap, copycat products.

8. With at least its Smart Connect EX1, EX3, EX4s, EX5, EX5s, EX-7s, EX-Pro and GT+ bikes, its Stride and Stride-5s treadmills, and its Row, Row-s, and Row-7s rowers (collectively, the "Echelon Exercise Devices"), Echelon specifically infringes the '886 Patent by, among other things, operating servers that connect a plurality of exercise devices, allowing users to participate in on-demand exercise classes, the servers collecting a remote user's performance parameters, and synchronizing that remote user's performance against the performance of other remote users participating in a live session of an on-demand exercise class. Echelon also infringes the '886 Patent by imitating the Peloton Bike experience through the "Echelon Fit App" which, among other things, detects, synchronizes, and compares the ride metrics of remote users on a graphical user interface.

9. Peloton brings this suit to protect its rights and put an end to Echelon's patent infringement.

THE PARTIES

10. Peloton is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 125 West 25th Street, 11th Floor, New York, New York, 10001.

11. Echelon is a corporation organized and existing under the laws of the State of Delaware. On information and belief, Echelon's principal place of business is at 6011 Century Oaks Dr., Chattanooga, Tennessee 37416.

JURISDICTION AND VENUE

12. The claim in this civil action arises under the patent laws of the United States, 35 U.S.C. § 1 et seq. This Court has subject matter jurisdiction over the patent claim pursuant to 28 U.S.C. §§ 1331 and 1338.

13. This Court has personal jurisdiction over Defendant pursuant to the laws of the State of Delaware and the United States Constitution because Defendant is a Delaware corporation. Defendant also regularly and continuously transacts business in the jurisdiction, including marketing and selling services and products throughout the State of Delaware. Defendant places infringing products within the stream of commerce, which stream is directed at the State of Delaware, with knowledge and/or understanding that those products will be sold in the State of Delaware.

14. Defendant has infringed or caused infringement in the State of Delaware by, among other things, promoting, offering for sale, and selling the infringing Echelon Exercise Devices in the District. Defendant also provides services and assembles products that are and have been used, offered for sale, sold, and purchased in the State of Delaware. Therefore, the exercise of

jurisdiction over Defendant is appropriate under the applicable jurisdictional statutes and would not offend traditional notions of fair play and substantial justice.

15. Venue is proper for claims in this district under 28 U.S.C. §§ 1391(b) & (c) and 1400(b) because Defendant is incorporated in the State of Delaware and has committed, and continue to commit, acts of patent infringement within the State of Delaware.

16. Defendant admits personal jurisdiction and venue is proper by failing to object to personal jurisdiction and affirmatively stating it does not object to venue in *Peloton Interactive, Inc. v. Echelon Fitness Multimedia, LLC*, No. 19-1903 (RGA) (D. Del. Oct. 8, 2019).[1]

FACTUAL ALLEGATIONS

I. Disrupting the Fitness Category

17. Since being founded in early 2012, Peloton has revolutionized the fitness industry with its category-creating at-home cycling bike, the Peloton Bike. Unlike the at-home bikes that came before it, the Peloton Bike is a sleek, technologically advanced system that combines a first-in-class exercise bike with state-of-the-art technology that allows riders to experience live and on-demand cycling classes—led by some of the world's best instructors—from the comfort of their own homes.

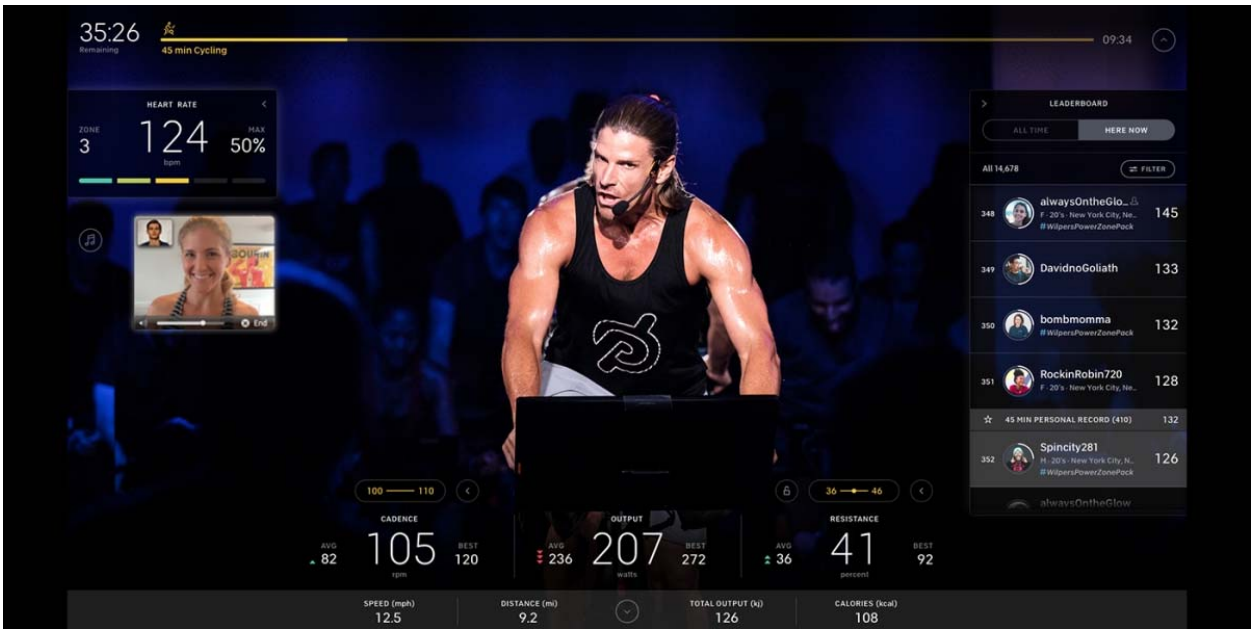
18. Featuring a 22-inch high-definition, sweat resistant, multitouch tablet, the Peloton Bike measures and displays a rider's performance metrics and presents those metrics for live or time-synced comparison with other Peloton riders. This new technology allows Peloton riders to see where their performance stands against all other riders on a leaderboard throughout the cycling

[1] In addition, the following action brought by Peloton for infringement of U.S. Patent No. 10,639,521 is pending in this court against Echelon in *Peloton Interactive, Inc. v. Echelon Fitness Multimedia, LLC*, No. 21-160 (RGA) (D. Del. February 5, 2021).

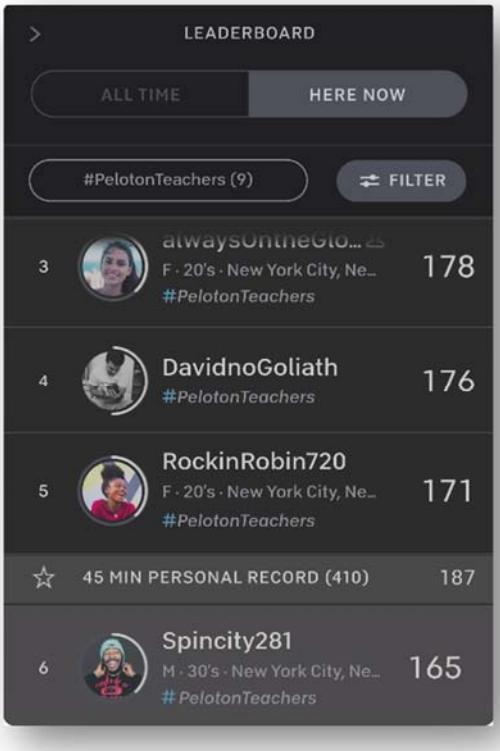
class, re-creating the energetic and competitive in-studio cycling experience at home on their own schedule.

19. In fact, not only does Peloton recreate the in-studio experience, it improves it. A rider taking a regular in-studio class may see his or her performance compared only against the other riders in the same class at the same time. The same rider taking a class on a Peloton Bike can see her performance compared, at every point in the class, against hundreds (for a live class) or even thousands (for an on-demand class) of other riders from around the world, regardless of when she took the class. In addition, the Peloton Bike allows its riders to interact with other remote riders during a class, for example by giving a virtual "high five" to another rider, encouraging a friend via live video chat, or saving a song heard in class to their favorite streaming service. These features are not available or useful for in-studio-only cycling classes.

Above: The Peloton Bike+



Above: The Peloton Graphical User Interface, Leaderboard, and Live Video Chat



Above: Peloton Leaderboard Filters – "All Time," "Here Now" and #Tags

20. Peloton's success has been remarkable. *Men's Health* has called the Peloton Bike "the best cardio machine on the planet." *USA Today* has said it is "attractive, addictive, and seriously whips you into shape." And in a comparison of numerous at-home bikes, *The Wall Street Journal* concluded that "the best bike, by far, was [the] Peloton." The Peloton Bike also received the award for the Best Health and Fitness Device at the Consumer Electronics Show in 2018.

21. The Peloton Bike retails for $1,495 and the Peloton Bike+ retails for $2,495. Owners pay $39 per month for Peloton's All-Access Membership, which includes exclusive live and on-demand cycling classes as well as other exercise content.

22. To date, Peloton has delivered more than 400,000 Peloton Bikes, building its member base from zero to over 5.9 million in nine years. Its revenue has been growing rapidly as a result. For example, in fiscal year 2017, Peloton's revenue shot to over $200 million, and in fiscal year 2018, doubled to over $400 million. In fiscal year 2019, its revenue more than doubled again to approximately $900 million. In fiscal year 2020, its revenue doubled once more to over $1.8 billion. And in fiscal year 2021, Peloton more than doubled its revenue again to over $4.0 billion. Peloton has also won countless awards, including being named one of the World's Most Innovative Companies by *Fast Company* in 2016, 2017, 2018, 2019, and 2021.

II. The Journey to Inventing the Peloton Bike

23. When Peloton was founded, fitness studios that provided studio cycling classes were becoming tremendously popular. SoulCycle and Flywheel had multiple studios and were growing quickly. While in-studio classes provide a great consumer experience, they start at predetermined times, have limited space per class, and require travel from one's home or office to the gym or studio. As a result, in-studio classes can be hard to attend for people with busy work schedules and families at home. Peloton founder and CEO John Foley was one of those people.

24. After realizing that countless others undoubtedly faced the same challenge, Foley began a journey that would see him and his co-founders invent a new category of fitness equipment that provides the immersive, fun and competitive in-studio cycling class experience, at home, at any time.

25. Having majored in industrial engineering at Georgia Tech and studied business at Harvard Business School, Foley then worked in e-commerce and the tech industry for over a decade. This gave him a sophisticated understanding of the intersection of business and technology. However, Foley also realized that this project would require a team of smart, savvy leaders in different fields to bring it to consumers, and he therefore started recruiting other tech leaders who shared his vision.

26. In September 2011, Foley shared his vision with Hans Woolley, co-inventor of the '886 Patent, at a conference for media executives in Sun Valley, Utah. The two bounced ideas back and forth during the weekend conference and began planning next steps shortly after arriving home from the conference.

27. Foley approached his friend and former colleague, Tom Cortese. Over dinner one night in 2011, Foley told Cortese that he believed there was a large, untapped market available if they could just figure out how to allow cycling fans to access the best instructors and have the same in-studio cycling class experience at any time, no matter where they live and no matter how busy their schedules are. Cortese joined and has been with Peloton ever since, currently serving as Peloton's Chief Product Officer.

28. Foley also recruited three others, whom he asked to join as co-founders of Peloton: technological guru Yony Feng, to help design and build a prototype Peloton Bike; accomplished lawyer Hisao Kushi, to guide Peloton through the legal and regulatory framework facing the new

start-up; and internet executive Graham Stanton, to help guide the company through its early years and to manage the company's finances and growth strategy. All accepted, and all three remain with the company to this day. Feng is Peloton's Chief Technology Officer; Kushi is Chief Legal and Culture Officer, and Corporate Secretary; and Stanton still advises Peloton in a consulting capacity.

29. With a strong team in place, Foley was able to raise an initial seed investment of $350,000, along with $50,000 of Foley's own savings. This allowed the young start-up to rent a small office in New York City from which it could develop and create the first prototype of the Peloton Bike.

30. To create the product that Foley and his co-founders envisioned, Peloton developed (1) a visually appealing, sturdy, and technologically advanced exercise bike; (2) a large, sweat-proof, Wi-Fi enabled, high-definition touchscreen tablet computer; (3) an attractive graphical user interface and related software and backend systems to integrate the bike and tablet and track, synchronize, and dynamically display metrics; and (4) first-in-class cycling class content and the systems to deliver that content. All equipment needed to be durable, lasting for years with minimal maintenance.

31. Start-ups will often partner with existing companies and products to custom build as little as possible. Building one's own hardware and software from the ground up, by contrast, is expensive, time-consuming, and fraught with obstacles, known and unknown. However, Peloton quickly discovered that no existing exercise bike had all the required characteristics: sturdiness, durability, visual appeal, efficiency, and technological capability. Nor was there any touchscreen tablet available on the market at the time that would suit its needs. In addition, Peloton realized that no existing products could communicate with the bike hardware, or track and analyze rider

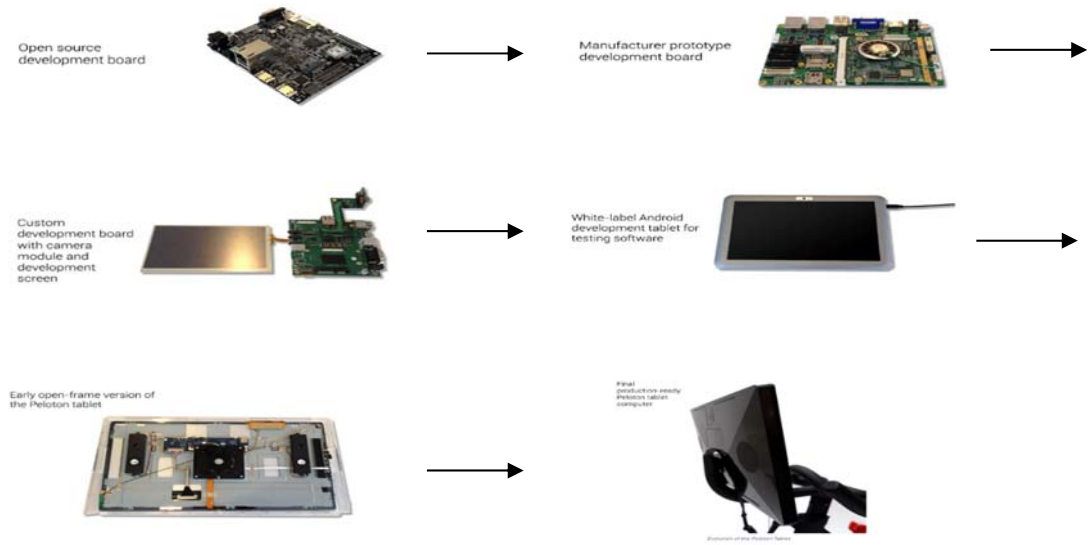
performance in the way they envisioned. In short, the Peloton team quickly realized that it would need to create virtually the entire Peloton Bike from scratch, including the bike and tablet.

32. What's more, to effectuate its vision of immersive studio cycling at home, Peloton also needed to figure out how to integrate the hardware (the bike and tablet) with its own software so that the software could communicate with the bike to track performance metrics, store those metrics, communicate those metrics back to the rider, and transfer those metrics to a server so that they could be synchronized and compared with other riders' metrics.

33. The technological challenges and unknowns faced by the Peloton team also created a significant financial hurdle. Investors viewed Peloton's plan to build its own hardware and software as too costly and difficult and were not convinced there was a viable market for the product. Dozens of investors declined the opportunity to invest in Peloton because they were not willing to take the risk of investing up front in such a new and challenging endeavor.

34. Yet through research, ingenuity, and persistence, Peloton pushed on, working with partners to design and produce the necessary high-tech, sleek bikes and tablets. To build the first prototype, Feng, the Chief Technology Officer then and now, created a proof-of-concept apparatus using a standard off-the-shelf stationary bike, then attaching sensors with a stripped-down electronics board running the Android-based app that he developed and a computer monitor rigged to the bike's front. As reflected in the images below, Feng went through a long, iterative process to develop a successful hardware-software integration.

The Peloton Bike's software and tablet evolution:



The early version of the Peloton Bike, left, compared with the version at launch, right:

Testing the software with an early version of Peloton Bike:

35. This unique hardware-software integration would be the basis for Peloton's prototype. By the end of 2012, after a year of hard work, investment, and development, Peloton finally had a prototype in hand to show investors.

36. But even after the Peloton Bike prototype was created, Peloton struggled to raise money. Foley was rejected by countless investment firms and was repeatedly told that the Peloton Bike simply was not viable.

37. Yet, despite these repeated rejections, Foley persisted—continuing to take risks, making significant personal investments, and dedicating more time to developing the best possible product. He did so because of his belief that at-home fitness equipment simply had not evolved at the same pace that group exercise classes had. He continued to pitch potential investors until, many rejections later, he found a group of investors who believed in Peloton and invested the first $10 million that helped launch the Peloton Bike on a commercial scale.

III. Bringing Peloton to Market

38. After extensive troubleshooting and tinkering on the early prototype bikes, Peloton was ready to take the important step of manufacturing the bike and selling it to its first customers. Peloton held a Kickstarter campaign with the goal of raising enough capital to start manufacturing

the bike. As Peloton explained, "[t]his involves building the 'tools' required to create each unique part (yes, we first have to build the machinery that will build the bike!) and pre-purchasing lots of steel, aluminum, plastic, microchips (there are 17 in our console alone)." The Kickstarter campaign raised more than $300,000 and generated initial orders for 188 bikes.

39. Sales were initially slow—188 bikes was far from Peloton's target, and far from the demand Foley knew existed. Peloton was a new product, and people were wary of the product and how useful it would be. Like every other phase of their journey, Peloton was not going to become successful overnight—they were going to have to work for it. With intensive and creative marketing efforts, including pop-up stores in choice locations, and as word of mouth spread, sales began to pick up.

40. In January 2014, two years after Peloton was founded, the first bikes were delivered to customers.

41. By now, Peloton has designed in-house almost everything that other companies outsource to third parties: hardware, software, content, and logistics. As an Inc.com article reported, "Peloton has defied every aspect of the prevailing startup ethos of doing it fast and lean, buying off the shelf, partnering and, above all, custom-building as little as possible." It likewise described that Foley and his team have "[broken] every rule" to make Peloton a reality.

42. It is a reality that continues to grow and exceed expectations. In its latest investment round, Peloton raised $550 million at a valuation of $4.15 billion; and on September 26, 2019, Peloton debuted on the NASDAQ stock exchange as a publicly traded company. Peloton continues to expand both nationally and internationally. Most importantly, Peloton is doing what it set out to do—allowing more people than ever to participate in high-energy, state-of-the-art exercise on their own schedule, and empowering members to maximize their most valuable resource: time.

IV. Continued Innovation with the Peloton Tread

43. Encouraged by the groundswell of consumer support for the Peloton Bike, Foley and the Peloton team wasted no time in bringing the Peloton experience to a new platform. In 2016, Peloton began developing a treadmill. The finished product, called the Peloton Tread, was introduced to the public in 2018.

44. The Peloton Tread is a natural extension of the Peloton Bike. Like the Peloton Bike, the Peloton Tread is a sophisticated, internet-integrated exercise system that combines a state-of-the-art treadmill featuring a customized, low-impact, shock-absorbing slat belt, with Peloton's patented interactive technology, allowing users to experience engaging live and on-demand classes with others from the comfort of their own homes.

45. With its immersive, 32-inch full high-definition, sweat resistant tablet and a 20 watt soundbar, the Peloton Tread was designed to maximize and enhance the ultra-realistic, competition-based, and interactive user interface that people have come to associate with the Peloton experience. Just like on the Peloton Bike, the patented technology on the Peloton Tread allows users to participate in exercise classes led by world-renowned fitness experts and view, on a dynamically-updating leaderboard, how their performance stands, at any given point in a class, against all other users who have taken the class, past or present.

46. With the Peloton Tread, Peloton dramatically reconceptualized the limits of traditional treadmills in two ways. *First*, Peloton found a way to turn exercising on a treadmill—usually a solitary enterprise—into a class form with competition. While competitive running has long existed in the form of outdoor or indoor races, Peloton was the first to implement competitive running on at-home treadmills by offering live and on-demand classes with a leaderboard. Prior to the Peloton Tread, it was not well-known for treadmills to offer a leaderboard or comparative display enabling multiple users to see, at every point during the run, how their performance

compares to all the other runners that have experienced, or are presently experiencing, the same class.

47. *Second*, the Peloton Tread also reimagined the types of workout classes that can be adapted for a treadmill. In addition to classes conducted entirely on the machine, the Peloton Tread offers a panoply of high-energy, instructor-led bootcamp and circuit training options which utilize the features of the Peloton Tread. For example, some classes invite the user to split time between the Peloton Tread and exercises off the Tread that incorporate the user's bodyweight, free weights, and resistance bands. Other classes instruct the user to compete against other users in "free" mode, a setting on the Peloton Tread that disengages the motor and lets the user drive the slat belt, for an intense, truly full body workout.

Above: The Peloton Tread

Above: The Peloton Tread Graphical User Interface and Leaderboard

48. Like the Peloton Bike, the Peloton Tread has received numerous accolades for its innovation. When it premiered at the Consumer Electronics Show, PC Mag named the Peloton Tread the "Best Health and Fitness Device" of the year. Elle Magazine praised the Peloton Tread for "technology [that] surpasses any workout machine on the market." Similarly, Mashable.com profiled the Peloton Tread and rated it as the best treadmill for runners looking for a new experience.

49. Peloton itself has also won countless awards, including being named one of the World's Most Innovative Companies by Fast Company in 2016, 2017, 2018, and 2019, taking the top spot in the "Wellness" category in 2018 and 2019. In 2020, Peloton was named Retailer of the Year by Forbes.

V. Peloton Patents Its Intellectual Property

50. After years of investment, risk, and innovation, Peloton has become a leader of the at-home fitness world. To protect its intellectual property, Peloton has applied for, and received, several patents covering its inventions.

51. In particular, the '886 Patent, entitled *Exercise System and Method*, was duly and lawfully issued on November 9, 2021. A true and correct copy of the '886 Patent is attached hereto as Exhibit 1.

52. The '886 Patent is a continuation of U.S. Patent No. 9,174,085, entitled *Exercise System and Method*, which duly and lawfully issued on November 3, 2015; U.S. Patent No. 9,233,276, entitled *Exercise System and Method*, which duly and lawfully issued on January 12, 2016; U.S. Patent No. 9,861,855, entitled *Exercise System and Method*, which duly and lawfully issued on January 9, 2018; U.S. Patent No. 10,022,590, entitled *Exercise System and Method*, which duly and lawfully issued on July 17, 2018; U.S. Patent No. 10,322,315, entitled *Exercise System and Method*, which duly and lawfully issued on June 18, 2019; and U.S. Patent No. 10,486,026, entitled *Exercise System and Method*, which duly and lawfully issued on November 26, 2019.

53. Plaintiff Peloton Interactive, Inc. is the current owner of all rights, title, and interest in the '886 Patent. The Peloton Bike and Peloton Tread practice the '886 Patent because, among other things, Peloton provides a network system comprising a plurality of exercise devices connected to a network, enabling users to participate in previously recorded on-demand exercise classes. Peloton's on-demand exercise classes include exercise content and a synchronizing signal that indicates a starting point and an ending point for collecting performance parameters associated with users' exercise performance during a portion of the on-demand exercise class. The synchronization signal enables synchronization of the collected performance parameters. Peloton's bikes and treads comprise sensors for measuring the performance parameters associated with the users' exercise performance. Peloton's system comprises control stations for collecting and synchronizing live performance parameters during a live session of the on-demand exercise class.

The control stations perform those functions by providing the exercise content and the at least one synchronizing signal to the plurality of exercise devices during the live session of the on-demand exercise class; collecting the live performance parameters during the live session of the on-demand exercise class from the starting point indicated in the at least one synchronizing signal; synchronizing the live performance parameters collected during the live session of the on-demand exercise class according to the at least one synchronizing signal; and providing the synchronized live performance parameters to the plurality of exercise devices thereby enabling the plurality of users associated with the live performance parameters to participate with each other during the live session of the on-demand exercise class.

54. Peloton thus manufactures and sells a commercial embodiment of the '886 Patent, including the Peloton Bike, Peloton Bike +, Peloton Tread, and Peloton Tread + with a subscription to Peloton classes.

VI. The '886 Patent Recites Inventive Concepts That Were Not Well Understood, Routine, Or Conventional At The Time

55. As described herein, the Peloton Bike, Peloton Tread and Peloton's system technology are revolutionary, category-creating devices that: (1) solved significant problems in the prior art; (2) experienced immense market success; (3) received near-universal market praise; (4) overcame significant technological hurdles in development; and (5) overcame initial market reservations about viability. The Peloton Bike, Peloton Tread, and Peloton's systems implemented inventive concepts that were not well-understood, routine, or conventional at the time they were developed. These inventive concepts are incorporated into the claims of the '886 Patent. It is the inventive concepts contained in the claims of the '886 Patent that account for the leaps-and-bounds improvement achieved by the Peloton Bike and Peloton Tread over the prior art, as well as Peloton's resulting economic success.

56. The ’886 Patent describes and claims concepts that were not well-understood, routine, or conventional at the time of the ’886 Patent.

57. For example, Claim 1 of the ’886 Patent describes a “network system comprising: a plurality of exercise devices connected to a network, the plurality of exercise devices enabling a plurality of users to participate in a previously recorded on-demand exercise class led by at least one instructor.” Claim 1 of the ’886 Patent further describes that the “the on-demand exercise class includes exercise content and at least one synchronizing signal that indicates a starting point and an ending point for collecting performance parameters associated with users’ exercise performance during at least a portion of the on-demand exercise class and the at least one synchronizing signal enables synchronization of the collected performance parameters.” As described above, this alone represents an unconventional improvement over the prior art, because prior art in-studio classes did not offer any capability for a user to access and participate in on-demand exercise classes, let alone the capability for multiple users to participate concurrently in at least a portion of the same on-demand exercise class, wherein their performance parameters are synchronized. And it was not well-understood, routine, or conventional to provide a home exercise device, such as a bike, with networked access to on-demand exercise classes. By providing remote users with networked access to on-demand exercise classes, the ’886 Patent allowed remote users to have the experience of an in-studio exercise class, in the comfort of their own home and on whatever schedule they chose. This offering was a major advancement over both live in-studio classes and at-home exercise machines in existence at that time. Further, the specification of the ’886 Patent details this advancement. *See, e.g.*, Exhibit 1 at 1:50-2:17, 13:35-14:27.

58. Claim 1 of the ’886 Patent also describes “sensors associated with the plurality of exercise devices, the sensors measuring the performance parameters associated with the users’

exercise performance," and "a control station collecting and synchronizing live performance parameters during a live session of the on-demand exercise class." Claim 1 of the '886 Patent describes the operation of the control station as including "collecting the live performance parameters during the live session of the on-demand exercise class from the starting point indicated in the at least one synchronizing signal; synchronizing the live performance parameters collected during the live session of the on-demand exercise class according to the at least one synchronizing signal; and providing the synchronized live performance parameters to the plurality of exercise devices thereby enabling the plurality of users associated with the live performance parameters to participate with each other during the live session of the on-demand exercise class." These functionalities, which allowed remote users taking a live session of a previously recorded on-demand class to experience the feeling of "live" competition with each other and hundreds, or even thousands, of previous riders, was revolutionary at the time, and critical to solving the "rider boredom" problem described in this Complaint. No prior art system allowed a user to do that, whether at home or in-studio. The specification of the '886 Patent also details this advancement over the prior art. *See, e.g.*, Exhibit 1 at 1:50-2:17, 13:35-58.

59. Independent Claims 26 and 27 of the '886 Patent recite unconventional technological advancements over the prior art that are similar to the unconventional technological advancements recited in independent Claim 1.

60. Independent Claim 19 of the '886 Patent recites unconventional technological advancements over the prior art that are similar to the unconventional technological advancements recited in independent Claim 1. Independent Claim 19 adds additional inventive concepts to what is recited in Claim 1. For example, Claim 19 further recites "maintaining, at a storage device, the synchronized live performance parameters associated with the users' exercise performance with

the exercise content for the on-demand exercise class," and "during a subsequent session of the on-demand exercise class, providing the maintained synchronized live performance parameters to an exercise device." As an example, this functionality can permit on-demand exercise classes to include an ever-increasing number of participants.

61. Independent Claim 19 further recites "maintaining at least one live performance parameter of a user as private, wherein the at least one live performance parameter maintained as private is not distributed to other users during the subsequent session of the on-demand exercise class." As an example, this functionality can permit users to identify certain parameters that are not to be shared with other users.

62. The dependent claims of the '886 Patent add additional inventive concepts to what is recited in independent Claims 1 and 19, and offer further unconventional improvements over the prior art, both alone and in combination, which result in increased motivation and engagement for users.

63. Claim 4 of the '886 Patent further recites "display[ing] a visual comparison representative of the synchronized live performance parameters for a user participating in the live session of the on-demand exercise class." Claim 5 adds that "visual comparison representative of the live performance parameters from the plurality of users is a leaderboard." Having a system that could display a visual comparison of user data collected during a live session of a previously recorded on-demand exercise class and/or that could perform this leaderboard functionality for such an on-demand exercise class was revolutionary. Dependent Claim 22 of the '886 Patent recites essentially the same functionality as Claim 4 and was also unconventional. The specification of the '886 Patent also details this advancement over the prior art. *See, e.g.*, Exhibit 1 at 8:48-56.

64. As another example, Claim 9 of the '886 Patent further recites "maintaining the synchronized live performance parameters collected during the live session of the on-demand exercise class, wherein the synchronized live performance parameters are used in a subsequent session to enable ghost participants." As discussed above with respect to Claim 19, this functionality can permit, among other things, on-demand exercise classes to include an ever-increasing number of participants. Each subsequent live session of an on-demand exercise class adds the current user's performance parameters to the synchronized performance parameters of previous users who have taken that class. The specification of the '886 Patent details this advancement over the prior art as well. *See, e.g.*, Exhibit 1 at 13:35-58.

65. Other claims of the '886 Patent describe particular variations of the leaderboard including particular ways in which that information should be displayed and updated. *See* Claims 6, 7, and 8. These concepts, as well, were not well-understood, routine, or conventional at the time of the invention of the '886 Patent.

66. Far from an abstract idea, the claims of the '886 Patent are also directed to a tangible system with an observable real-world impact. Indeed, the '886 Patent claims physical and concrete devices that carry forward the inventive concepts described above. For example, Claim 1 incorporates "a plurality of exercise devices" and "sensors" to measure the previously described performance parameters. As another example, Claim 1 further incorporates a "control station" to collect and synchronize live performance parameters, and to provide exercise content and at least one synchronizing signal to the plurality of exercise devices. Dependent Claim 13, as another example, specifically discloses the use of a "stationary exercise devices." These physical devices create an improved tangible exercise system, such as a network-connected stationary at-home bike or treadmill.

VII. Echelon Infringes With Its Copycat Products

67. Because of Peloton's success, competitors have brought copycat products to market that infringe Peloton's intellectual property. In February 2018, Echelon and/or a related entity announced its intent to launch a product similar to the Peloton Bike, called the Connect bike. The Connect bike was the precursor to the Smart Connect EX1, EX3, EX4s, EX5, EX5s, EX-7s, EX-Pro and GT+ bikes (the "Echelon Bikes"), which Echelon sells as of the filing of this Complaint.

68. Echelon further sells the Stride and Stride-5s treadmills (the "Echelon Treadmills"), and its Row, Row-s, and Row-7s rowers (the "Echelon Rowers").[2]

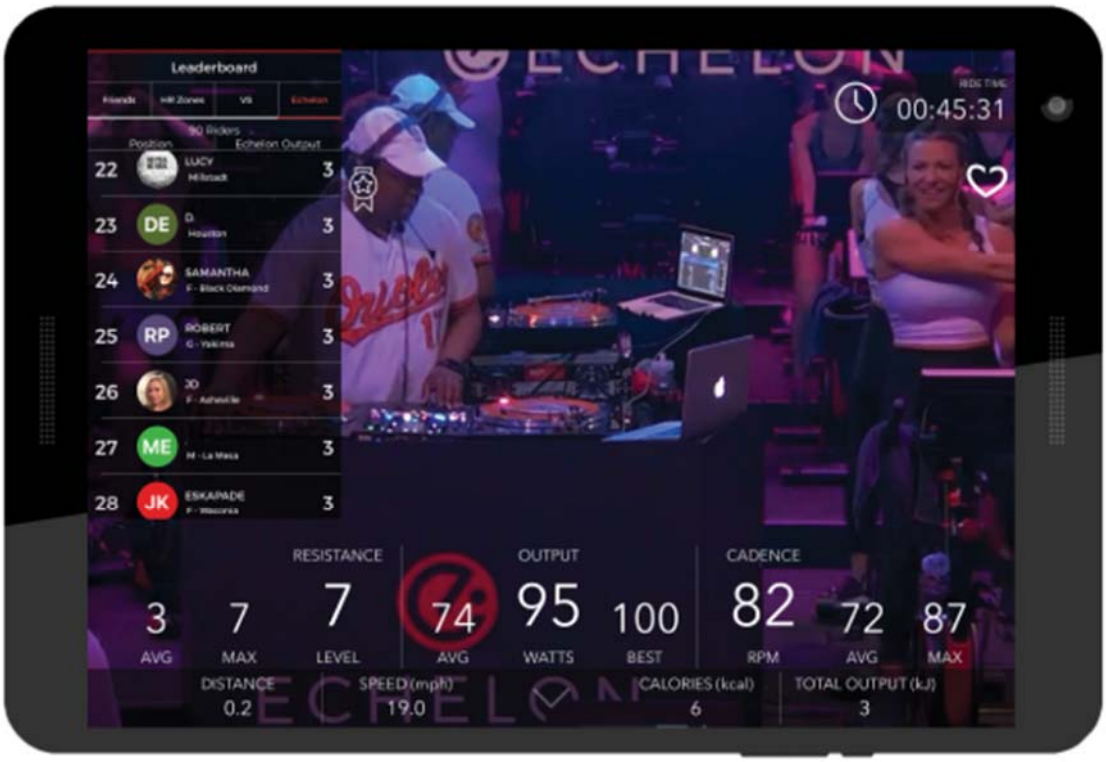
69. As recited in Claim 1 of the '886 Patent, Echelon and the Echelon Exercise Devices provide a network system comprising a plurality of exercise devices connected to a network, enabling users to participate in previously recorded on-demand exercise classes, which include exercise content and, on information and belief, a synchronizing signal that indicates a starting point and an ending point for collecting performance parameters associated with users' exercise performance during a portion of the on-demand exercise class. Echelon Exercise Devices comprise sensors for measuring the performance parameters associated with the users' exercise performance.

70. Further, Echelon's systems include control stations that collect and synchronize live performance parameters during a live session of the on-demand exercise class and provide the synchronized live performance parameters to the plurality of exercise devices.

[2] The Echelon Bikes, Echelon Treadmills, and Echelon Rowers are collectively referred to herein as the "Echelon Exercise Devices."

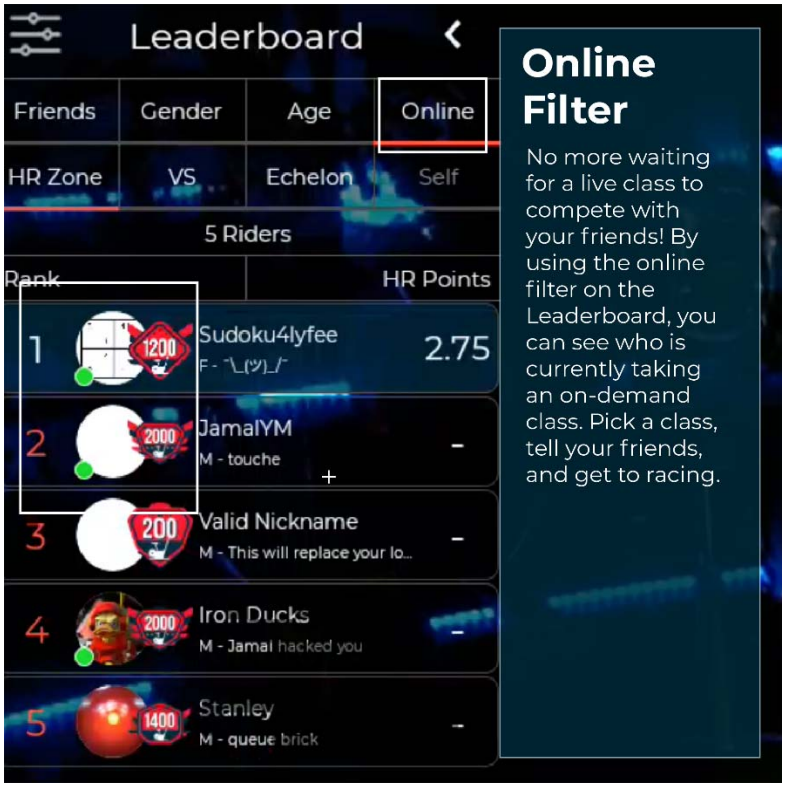
71. Echelon markets the Echelon Bikes by informing riders that they can "JOIN US FOR LIVE STUDIO FITNESS FROM THE COMFORT OF HOME." And Echelon markets the Echelon Exercise Devices by inviting users to "Transform your home into a studio-quality gym with our connected fitness equipment."

72. Echelon further advertises its "New On Demand content added daily so you can work out where you want, when you want."



Above: Images of the Echelon Bikes and its copycat leaderboard.

73. As another example, Echelon advertised its "New and Improved Leaderboard!" as boasting an "Online Filter" that allows users to "see who is taking an On Demand class at the same time." (*See* https*://echelonuk.zendesk.com/hc/en-gb/articles/360053174094-What-are-the-features-of-the-new-leaderboard-*)



Above: An image of Echelon's Leaderboard 2.0

74. As of the filing of this Complaint, Echelon makes, uses, sells, and offers for sale the Echelon Exercise Devices, which infringe one or more claims of the '886 Patent. The Echelon Exercise Devices, like the Peloton Bike, allow riders to take live sessions of previously recorded on-demand exercise classes from the comfort of home, including tracking, synchronizing, and comparing performance metrics of the at-home rider and other riders.

75. Echelon actively markets and sells the Echelon Exercise Devices to customers across the United States, including in the District of Delaware.

76. The Echelon Exercise Devices are also available for purchase on Echelon's website. Echelon offers to ship the Echelon Exercise Devices to any location in the continental United States and elsewhere, including the United Kingdom, Canada, and Mexico.

77. Echelon and the Echelon Exercise Devices satisfy each and every limitation of one or more claims of the ’886 Patent.

COUNT I
(Infringement of the ’886 Patent)

78. Peloton incorporates all other allegations in this Complaint.

79. Peloton is the owner of all rights, title, and interest in the ’886 Patent. The ’886 Patent issued on November 9, 2021.

80. The ’886 Patent is valid and enforceable.

81. In violation of 35 U.S.C. § 271(a), Echelon makes, imports, uses, offers to sell, and sells the Echelon Exercise Devices and thereby directly infringes the ’886 Patent. Echelon and the Echelon Exercise Devices satisfy each and every limitation of one or more claims of the ’886 Patent. Echelon thereby directly infringes one or more claims of the ’886 Patent.

82. In violation of 35 U.S.C. § 271(b), Echelon advertises to, sells to, encourages, and instructs third parties, including Echelon customers, to use the Echelon Exercise Devices. Echelon thereby induces infringement of one or more claims of the ’886 Patent, by having the specific intent to induce its customers to infringe the ’886 Patent, despite knowledge that its customers’ acts infringe the ’886 Patent.

83. In violation of 35 U.S.C. § 271(c), Echelon offers to sell and sells material components of the ’886 Patent that have no substantial non-infringing use and constitute a material part of the invention, to third parties including Echelon’s customers. Echelon has thereby contributorily infringed and continues to contributorily infringe one or more of the claims of the ’886 Patent, despite its knowledge that material components are especially made or especially adapted for use in an infringement of the ’886 Patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use.

84. Peloton has suffered and continues to suffer damages and irreparable harm because of Echelon's past and ongoing infringement.

85. Unless Echelon's infringement is enjoined, Peloton will continue to be damaged and irreparably harmed.

86. Peloton meets the criteria for, and is entitled to, temporary, preliminary, and permanent injunctive relief.

PRAYER FOR RELIEF

WHEREFORE, Peloton respectfully asks that the Court enter judgment against Defendant as follows:

87. That Defendant has infringed (either literally or under the doctrine of equivalents) directly and/or indirectly by way of practicing, inducing or contributing to the infringement of one or more claims of the '886 Patent;

88. For temporary, preliminary, and permanent injunctive relief enjoining Defendant and its officers, directors, agents, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in active concert or participation with them, from infringement, inducing the infringement, or contributing to the infringement of the '886 Patent;

89. For an award to Peloton for its damages, costs, expenses, and pre-judgment and post-judgment interest for Defendant's infringement of the '886 Patent;

90. A finding that this is an exceptional case under 35 U.S.C. §285, and an award of reasonable attorneys' fees and costs against Defendant; and

91. For any and all other relief to which Peloton may show itself to be entitled.

JURY DEMAND

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

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Michael J. Flynn

Michael J. Flynn (#5333)
Anthony D. Raucci (#5948)
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899
(302) 658-9200
mflynn@morrisnichols.com
araucci@morrisnichols.com

Attorneys for Plaintiffs

OF COUNSEL:

Steven N. Feldman
Stephen D. O'Donohue
Joseph C. Akalski
LATHAM & WATKINS LLP
1271 Avenue of the Americas
New York, NY 10020
(212) 906-1200

Lawrence J. Gotts
LATHAM & WATKINS LLP
555 Eleventh Street, NW, Suite 1000
Washington, D.C. 20004
(202) 637-2200

Marc N. Zubick
LATHAM & WATKINS LLP
330 North Wabash Avenue, Suite 2800
Chicago, IL 26048
(312) 876-7700

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