IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

SHENZHEN FUNSNAP TECHNOLOGY CO.
LTD. D/B/A FUNSNAP OFFICIAL;
SHENZHEN SHUOYU TECHNOLOGY CO.
LTD. D/B/A ISLEEKY; GLORY PEACE
LIMITED D/B/A GLORYPEACEUS;
SHENZHEN ZONG HENG SI HAI ECOMMERCE CO., LTD. D/B/A ZHSH
DIRECT USA; ZHONGSHAN YANGGUO
ELECTRONIC TECHNOLOGY CO. LTD.
D/B/A AOCHUANGIMBAL

Civil Action No. 3:23-cv-2134

Plaintiff,

v.

GUILIN ZHISHEN INFORMATION TECHNOLOGY CO., LTD.,

Defendants.

ORIGINAL COMPLAINT

Plaintiffs Shenzhen Funsnap Technology Co. Ltd. d/b/a FUNSNAP Official ("Funsnap"), Shenzhen Shuoyu Technology Co. Ltd. d/b/a iSleeky ("iSleeky"), Glory Peace Limited d/b/a glorypeaceUS ("Glory Peace"), Shenzhen Zong Heng Si Hai E-commerce Co., Ltd. d/b/a ZHSH DIRECT USA ("ZHSH"), and Zhongshan Yangguo Electronic Technology Co., Ltd. d/b/a AOCHUANGimbal ("AOCHUAN") (collectively, "Plaintiffs") file this Original Complaint against Defendant Guilin Zhishen Information Technology Co., Ltd. ("Defendant" or "Zhishen") seeking a declaratory judgment of patent non-infringement of certain Gimbal Products, as defined herein ("Gimbal Products"), against U.S. Patent Nos. 11,218,047 ("'047 Patent").

INTRODUCTION

- 1. Plaintiffs received an Amazon Patent Evaluation Express (APEX) Program notice on or about September 11, 2023, alleging infringement of claim 1 of the '047 Patent. See Exhibit A, Amazon Patent Evaluation Express Agreement. Plaintiffs were faced with three options to avoid the delisting of the Gimbal Products: (1) resolve the claim with Zhishen directly outside of litigation; (2) participate in the exceedingly patent owner friendly APEX neutral evaluation; or (3) file a lawsuit against Defendant for declaratory judgment of non-infringement and/or invalidity of the '047 Patent. Defendant's objectively baseless infringement complaint to Amazon will cause significant harm to Plaintiffs if the Gimbal Products are removed from Amazon as Plaintiffs will lose all associated good will in the listings, not to mention lost sales. The alleged infringement under the APEX Program is wholly without merit as the Plaintiffs' Gimbal Products do not meet each and every limitation of any claim under the '047 Patent.
- 2. Furthermore, China Patent No. CN106849453B, which is a counterpart to the '047 Patent, has already been found to be invalid.

NATURE OF THE ACTION

3. This action seeks Declaratory Judgments of patent non-infringement under the Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, and the United States Patent Laws, 35 U.S.C. § 101 *et seq.* Defendant's actions have placed Plaintiffs in the precarious position of the imminent and real threat of an infringement lawsuit through the enforcement of the '047 Patent through the APEX Program.

PARTIES

4. Funsnap is a foreign company organized under the laws of the People's Republic of China. Funsnap maintains a business address at No.1 Songpingshan Road, North District,

Science Park, Xili S 701, 7th Floor, South Block, Yuanxing Technology Building Shenzhen, China 518000.

- 5. iSleeky is a foreign company organized under the laws of the People's Republic of China. iSleeky maintains a place of business at 902, Building 1, 7th Industrial Zone, Yulin Community, Yutang Street, Guangming District, Shenzhen, China
- 6. Glory Peace is a foreign company organized under the laws of Hong Kong. Glory Peace maintains a business address at Flat/RM A 12/F Kiu Fu Commercial Building, 300 Lockhart Rd., Wang Chai, Hong Kong 999077.
- 7. ZHSH is a foreign company organized under the laws of the People's Republic of China. ZHSH maintains a business address at 1019, Building 4, Qianhai Bo Yu,Intersection of Auxiliary Third Road and Auxiliary Seventh Road, Da Chan Wan Gang Qu, Fuzhongfu Community, Xixiang Street, Baoan District, Shenzhen, Guangdong 518000 China
- 8. AOCHUAN is a foreign company organized under the laws of the People's Republic of China. AOCHUAN maintains a place of business at 3F&4F, No.9, Huayuan Rd, Xiaolan Town, Zhongshan, CHINA 528400.
- 9. Upon information and belief, Zhishen is a foreign company organized under the laws of the People's Republic of China. Upon information and belief, Shenzhen is located in No.9, Huangtong Road, Tieshan Industrial Park, Qixing District, Guilin, Guangxi Province. Zhishen directly or through its subsidiaries sells products under the "ZHIYUN" brand on Amazon.com such as https://www.amazon.com/dp/B09J4HSG7R

JURISDICTION AND VENUE

10. This Court has original jurisdiction over the subject matter of this action against Defendants pursuant to 28 U.S.C. §§1331, 1338(a) because it arises under the Patent Laws of the

United States, 35 U.S.C. §§ 101 et. seq. Jurisdiction over the subject matter of this action is further provided under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202.

- 11. Personal jurisdiction and venue exist in this Court over Defendant because its unlawful practices were committed and/or caused harm to Plaintiffs within the jurisdiction of this Court. Texas is a significant primary market for Plaintiffs' Gimbal Products and Amazon's impending removal of the Gimbal Products will have a substantial effect on the state such that a declaratory judgment action of non-infringement is proper. Courts have found that a significant amount of goods sold in a federal district through an interactive website makes that district a proper place of venue as a place where a substantial part of the events giving rise to the claim arose. *See Nursery Decals & More, Inc. v. Neat Print, Inc.*, No. 3:19-CV-2606-B, 2020 U.S. Dist. LEXIS 63113, at *29-31 (N.D. Tex. Apr. 10, 2020).
- 12. Furthermore, Personal jurisdiction and venue exists in this Court over Defendant thru Defendant and its subsidiaries' extensive contacts and sales into the state of Texas and this District.

THE GIMBAL PRODUCTS

- 13. Funsnap sells the Gimbal Products on Amazon under the storefront FUNSNAP Official which has earned a lifetime rating of 4.8 out of 5 stars. The Funsnap Gimbal Product listings at issue are identified by ASIN No. B099RZ6BB7.
- 14. iSleeky sells the Gimbal products on Amazon under the storefront iSleeky which has earned a lifetime rating of 4.9 out of 5 stars. The iSleeky Gimbal Product listings at issue are identified by ASIN No. B0BRSB8KDM.
- 15. Glory Peace sells the Gimbal products on Amazon under the storefront glorypeaceUS which has earned a lifetime rating of 4.8 out of 5 stars. The Glory Peace Gimbal

Product listings at issue are identified by ASIN Nos. B09339NVB3, B0933BGKHG, and B087JPXWJF.

- 16. ZHSH sells the Gimbal products on Amazon having the ASIN B097TK5JL2. As of the filing of this Complaint, the ASIN is currently unavailable.
- 17. AOCHUANGimbal sells the Gimbal products on Amazon under the storefront AOCHUANGimbal which has earned a lifetime rating of 4.8 out of 5 stars. The AOCHUANGimbal Gimbal Product listings at issue are identified by ASIN Nos. B09NC1673N, B09NBZ1B8S, and B0BRY7KRKN.
- 18. The Amazon marketplace constitutes Plaintiffs' primary sales channel into the United States. Additionally, Texas is a significant sales market for Plaintiffs. To remain competitive in the United States market for gimbals, Plaintiffs need their products listed in the Amazon marketplace.
- 19. Defendant's use of the APEX Program would potentially be an inequitable injunction which significantly harms Plaintiffs. Defendant's submission of Amazon infringement reports will cause immediate and irreparable harm to Plaintiff. On October 2, 2023, Amazon will remove Plaintiffs' Gimbal Products from the marketplace, preventing Plaintiffs from accessing their largest channel of trade.
- 20. Additionally, Defendant's actions have placed Plaintiffs in the precarious position of imminent threat of an infringement lawsuit which presents a substantial, immediate, and real controversy of adverse legal interests. Defendants have already shown their willingness to misuse the '047 Patent by asserting extrajudicial and baseless infringement allegations against Plaintiffs.

<u>U.S. PATENT NO. 11,218,047</u>

- 21. The face of the '047 Patent lists Zhishen as the applicant and assignee of record, attached as Exhibit B.
- 22. The '047 Patent is entitled "Plastic Motor For Handheld Stabilizer" and generally discloses "a plastic motor for a handheld stabilizer, comprising an upper bearing, a lower bearing, motor iron cores, an iron core carrier, a hollow metal motor shaft, a locking structure, a motor shell and a motor end cover, wherein at least one of the iron core carrier, the motor shell and the motor end cover is made of plastic material, the hollow metal motor shaft passes through the center of the upper bearing, the iron core carrier and the lower bearing in sequence, and a locking structure is provided at the other end of the hollow metal motor shaft. By the plastic motor for a handheld stabilizer disclosed in the present invention, problems in the prior art such as high cost of motors for handheld stabilizers, low production efficiency, difficulty in threading, tending to deform after loading and short service life are solved." Exhibit B at Abstract.
- 23. The '047 Patent issued on January 4, 2022, and purports to claim priority to two Chinese patent applications both filed on April 11, 2017.
- 24. The '047 Patent has a sole independent claim and eighteen dependent claims, each claiming a plastic motor for a handheld stabilizer.

COUNT I: <u>DECLARATORY JUDGMENT OF NON-INFRINGMENT OF THE '047 PATENT</u>

- 25. Plaintiffs incorporate by reference the preceding paragraphs as though fully set forth herein.
- 26. An actual, continuing and justiciable controversy exists between Plaintiffs and Defendant concerning the non-infringement of the '047 Patent by the Gimbal Products, as evidenced by Defendant's allegations of infringement on Amazon, as set forth above.

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- 27. Plaintiffs' Gimbal Products do not infringe any of the presumably valid claims of the '047 Patent, as the Gimbal products fail to meet one or more elements of sole independent claim 1 of the '047 Patent. Likewise, since the sole independent claim 1 is not infringed, neither are dependent claims 2-19. *Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1552 n.9, 1553 (Fed. Cir. 1989) (a dependent claim cannot be infringed if any claim from which it depends is not infringed).
- 28. Regarding the sole independent claim 1, among other things, the accused Gimbal Products do not meet at least the limitation "one end of the iron core carrier is detachably connected to the motor end cover."
- 29. Defendant's baseless infringement report on the Amazon platform has caused imminent and real threat of an infringement lawsuit.
- 30. Pursuant to the Declaratory Judgment Act, Plaintiffs request a judicial determination and declaration that the Gimbal Products do not infringe, either directly or indirectly, literally or under the doctrine of equivalents, any presumably valid claim of the '047 Patent.

DEMAND FOR JURY TRIAL

Plaintiffs, under Rule 38 of the Federal Rules of Civil Procedure, request a trial by jury of any issues so triable by right.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that this Court enter a judgment as follows:

A. Preliminary and permanent injunctions ordering Defendant to withdraw all Amazon infringement complaints lodged against the Gimbal Products based on the '047 Patent, and to refrain from lodging any further infringement complaints regarding the same.

B. A declaration that the Gimbal Products do not infringe any of the claims of the '047

Patent;

A finding that this case is exceptional and an award to Plaintiffs of their costs, Η.

expenses, and reasonable attorney fees incurred in this action pursuant to 35 U.S.C § 285;

and

D. Such further and additional relief as the Court deems just and proper.

Dated: September 25, 2023

Respectfully Submitted,

/s/ Hao Ni

Hao Ni

Texas Bar No.: 24047205

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Counsel For Plaintiff Ruian City Funsnap

Technology Co. Ltd.

CERTIFICATE OF SERVICE

I hereby certify, that on September 20, 2023, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court for the Northern District of Texas and all counsel of record were served with the same via ECF.

> /s/ Hao Ni Hao Ni

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