

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

THEODORE & ASSOCIATES, LLC,
a Michigan Limited Liability Company,

Plaintiff,

v.

BMW OF NORTH AMERICA, LLC,
a Delaware Limited Liability Company,
BAYERISCHE MOTOREN WERKE
AG, a German Corporation,

Defendants.

**JURY TRIAL DEMANDED
INJUNCTIVE RELIEF SOUGHT**

COMPLAINT FOR PATENT INFRINGEMENT

NOW COMES Plaintiff Theodore & Associates, LLC, by and through its attorneys, and for its Complaint against Defendants BMW of North America, LLC and Bayerische Motoren Werke AG (collectively “Defendants”) states as follows:

THE PARTIES

1. Plaintiff Theodore & Associates, LLC (“Theodore & Associates”) is a limited liability company organized under the laws of the State of Michigan, with a principal place of business at 1068 Pilgrim Ave., Birmingham, Michigan 48009.

2. Defendant BMW of North America, LLC (“BMW NA”) is a limited liability company organized under the laws of the State of Delaware, with a

principal place of business at 300 Chestnut Ridge Road, Woodcliff, New Jersey 07677.

3. Bayerische Motoren Werke AG (“BMW AG”) is a corporation organized under the laws of the Federal Republic of Germany, with a principal place of business at Petuelring 130, Munich, 80788 Germany.

4. BMW NA is an indirect, wholly owned subsidiary of BMW AG.

5. BMW AG manufactures BMW vehicles, including BMW i8 vehicles.

6. BMW NA is, among other things, BMW AG’s exclusive distributor for new BMW-brand vehicles manufactured by BMW AG, including BMW i8 vehicles, in the United States.

JURISDICTION AND VENUE

7. This is an action for patent infringement arising under the patent laws of the United States of America, Title 35 of the United States Code. This Court has subject matter jurisdiction over the matters pled herein under 28 U.S.C. §§ 1331 and 1338(a) in that this is a civil action arising out of the patent laws of the United States of America.

8. Defendants, directly and through the actions of their divisions, subsidiaries, related companies and employees, regularly and deliberately engaged in, and continue to engage in, activities that result in making, using, offering for sale, selling and/or importing BMW i8 vehicles in and into the United States, the

State of Michigan, and this judicial district. These activities violate the patent rights of Theodore & Associates, as further pled below.

9. This Court has personal jurisdiction over BMW NA because BMW NA conducts continuous and systematic business in the State of Michigan and this judicial district, and thus enjoys the benefits, privileges and protections of Michigan law.

10. This Court has personal jurisdiction over BMW NA because BMW NA is using, offering for sale and/or selling BMW i8 vehicles in the State of Michigan and this judicial district, and/or importing the infringing BMW i8 vehicles into the State of Michigan, and this judicial district.

11. This Court has personal jurisdiction over BMW AG because BMW AG purposefully and voluntarily makes, offers for sale and sells BMW i8 vehicles to intermediaries, and places BMW i8 vehicles into the stream of commerce with the knowledge or expectation that they will be purchased and used by consumers in the State of Michigan, and this judicial district.

12. Venue is proper in the Eastern District of Michigan as to BMW NA and BMW AG pursuant to 28 U.S.C. §§ 1391(b), (c) and (d) and 1400(b).

BACKGROUND

13. Between 1997 and 1999 Chris Theodore was the Senior Vice President of Platform Engineering at DaimlerChrysler.

14. Between 1999 and 2001, Mr. Theodore was the Vice President of Large and Luxury Cars for Ford Motor Company.

15. Between 2001 and 2003, Mr. Theodore was the Vice President of North American Car and Truck, Product Development and Performance Group for Ford Motor Company.

16. Between 2003 and 2005, Mr. Theodore was the Vice President of Advanced Product Creation and the Performance Group for Ford Motor Company.

17. Between 2005 and 2008, Mr. Theodore was the Vice Chairman and CEO of Product Development for ASC and Saleen Automotive, Inc.

18. In 2008, Mr. Theodore formed Theodore & Associates.

19. Mr. Theodore has invested over \$700,000.00 USD in developing a prototype universal chassis structure.

20. Theodore & Associates is not a manufacturer.

21. On January 26, 2007, Mr. Theodore filed a provisional patent application with the United States Patent and Trademark Office (“U.S. Patent Office”) titled “Universal Chassis.”

22. The U.S. Patent Office assigned Provisional Application No. 60/897,771 (“the ‘771 application”) to Mr. Theodore’s provisional patent application.

23. On January 24, 2008, Mr. Theodore filed a patent application with the U.S. Patent Office titled “Universal Chassis.”

24. Mr. Theodore’s January 24, 2008 patent application claimed the benefit of the ‘771 application’s January 26, 2007 filing date.

25. The U.S. Patent Office assigned Application No. 12/019,490 (“the ‘490 patent application”) to Mr. Theodore’s January 24, 2008 patent application.

26. On July 31, 2008, the U.S. Patent Office published Mr. Theodore’s ‘490 patent application.

27. The U.S. Patent Office assigned Publication No. 2008/017870 (“the ‘870 publication”) to Mr. Theodore’s published ‘490 patent application.

28. As of July 31, 2008, the contents of Mr. Theodore’s ‘870 publication became freely available to the public, including BMW NA and BMW AG.

29. On August 25, 2009, more than a year after the U.S. Patent Office published Mr. Theodore’s ‘870 publication, BMW AG filed a patent application with the German Patent Office titled “Kraftfahrzeug.”

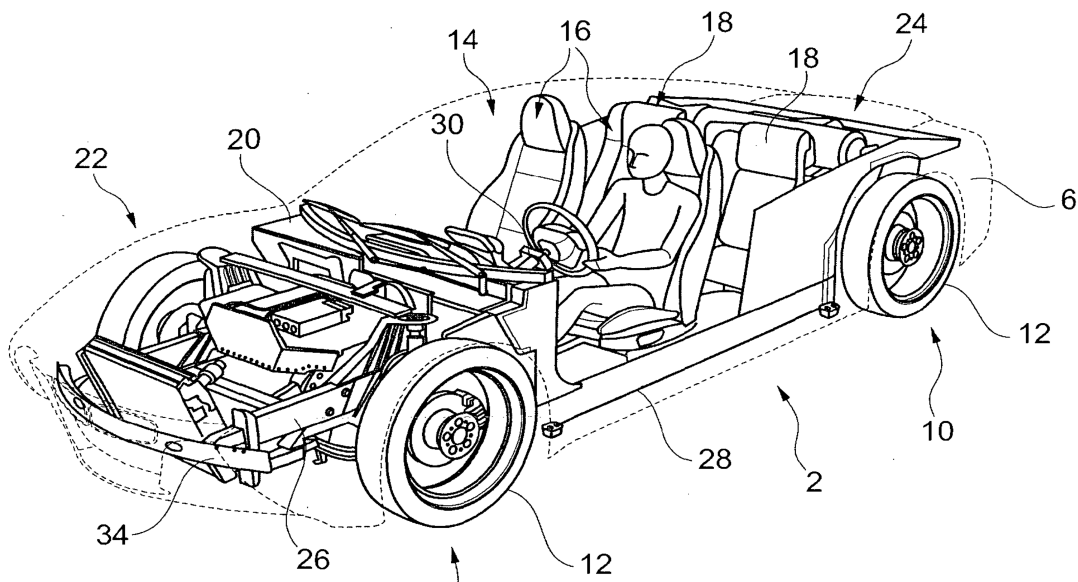
30. “Kraftfahrzeug” translates from German to English as “Motor Vehicle.”

31. The German Patent Office assigned Application No. DE20091038834 (“‘834 German patent application”) to BMW AG’s August 25, 2009 patent application.

32. Juergen Greil is an inventor of BMW AG's '834 German patent application.

33. Juergen Greil was also involved in the design and development of the BMW i8 vehicle.

34. Duplicated below is Figure 1 from BMW AG's '834 German patent application. Below that is a photograph of the BMW i8 vehicle:



35. When filed, claim 1 of BMW AG's '834 German patent application read as follows:

1. Kraftfahrzeug (2) mit einem Chassisrahmen (4), der ein Frontmodul (40) und ein Heckmodul (44) aufweist, die über ein Zentralmodul (42) miteinander verbunden sind, das wenigstens einen Speicher (70, 72) aufnimmt, aus dem ein Antriebsaggregat (50, 60, 62) des Kraftfahrzeugs (2) mit Energie gespeist wird, wobei sowohl das Frontmodul (40) als auch das Heckmodul (44) jeweils wenigstens ein Antriebsaggregat (50, 60, 62) tragen.

36. Claim 1 translates from German to English as follows:

1. A motor vehicle (2) having a chassis frame (4) which has a front module (40) and a rear module (44) which are connected to one another via a central module (42) which has at least one reservoir (70, 72) from which a drive unit (50, 60, 62) of the motor vehicle (2) is supplied with energy, wherein the front module (40) and the rear module (44) each carry at least one drive unit (50, 60, 62).

37. At the time BMW AG filed the '834 German patent application, BMW AG believed claim 1 was novel and involved an inventive step.

38. On August 24, 2010, BMW AG filed an international patent application with the World Intellectual Property Organization ("WIPO") based on its '834 German patent application, and designated the European Patent Office ("EPO") as the International Searching Authority ("ISA").

39. BMW AG's international patent application was assigned application number PCT/EP2010/062306 ("BMW AG's '306 international patent application").

40. The EPO performed a prior art search for published patent documents and technical journal articles relevant to the patentability of BMW AG's '306 international patent application.

41. On March 3, 2011 the EPO mailed an international search report to an authorized BMW AG officer.

42. The international search report identified Mr. Theodore's '870 publication as "a document of particular relevance; the claimed invention cannot be considered novel of cannot be considered to involve an inventive step when the document is taken alone."

43. On February 25, 2012 the EPO mailed a written opinion of the ISA. *See Exhibit A.*

44. The written opinion states, "[t]he present application fails to comply with the requirements of PCT Article 33(2) because the subject matter of claim 1 is not novel." *Id.* at 2.

45. On July 12, 2012, Mr. Theodore filed a continuation-in-part patent application with the U.S. Patent Office titled "Universal Chassis" based on his '490 patent application, and claiming the benefit of his '771 application's January 26, 2007 filing date.

46. The U.S. Patent Office assigned Application No. 13/397,329 ("the '329 patent application") to Mr. Theodore's July 12, 2012 patent application.

47. On September 10, 2012, BMW AG communicated with the EPO, stating:

Aus der US200985/019870 A1 ist ein Kraftfahrzeug mit einem Chassisrahmen bekannt, der ein Frontmodul und ein Heckmodul aufweist, die über ein Zentralmodul miteinander verbunden sind. Das Zentralmodul nimmt wenigstens einen Speicher auf, aus dem ein Antriebsaggregat des Kraftfahrzeugs mit Energie gespeist wird. Sowohl das Frontmodul als auch das Heckmodul tragen jeweils wenigstens ein Antriebsaggregat.

48. BMW AG's communication translates from German to English as follows:

US20098/019870 A1 discloses a motor vehicle with a chassis frame which has a front module and a rear module which are connected to one another via a central module. The central module has at least one reservoir, from which a drive unit of the motor vehicle is supplied with energy. Both the front module and the rear module each carry at least one drive unit.

49. Defendants own more than 2,500 United States patents.

50. In BMW AG's international patent application, the United States was identified as a designated state in which BMW AG could apply for a national patent application based off of its international patent application and its '834 German patent application.

51. BMW AG did not to file an equivalent of its international patent application in the United States after receiving the international search report identifying Mr. Theodore's '870 publication as "a document of particular relevance" to BMW AG's international patent application.

52. On July 24, 2013, Mr. Theodore filed a continuation-in-part patent application with the U.S. Patent Office titled “Universal Chassis Apparatus for Automotive Vehicles” based off his ‘329 patent application, claiming the benefit of his ‘771 application’s January 26, 2007 filing date.

53. The U.S. Patent Office assigned Application No. 13/950,060 (“the ‘060 patent application”) to Mr. Theodore’s July 24, 2013 patent application.

54. On July 30, 2013, the U.S. Patent Office duly and lawfully issued U.S. Patent No. 8,496,268 (the ‘268 patent) from the ‘329 patent application.

55. Theodore & Associates owns the ‘268 patent by assignment. A true and correct copy of the ‘268 patent is attached as **Exhibit B**.

56. On November 21, 2013, the U.S. Patent Office published Mr. Theodore’s ‘060 patent application.

57. The U.S. Patent Office assigned Publication No. 2013/0306394 (“the ‘394 publication”) to Mr. Theodore’s published ‘060 patent application.

58. On June 2, 2015 the U.S. Patent Office duly and lawfully issued U.S. Patent No. U.S. Patent No. 9,045,163 (the ‘163 patent) from the ‘060 patent application.

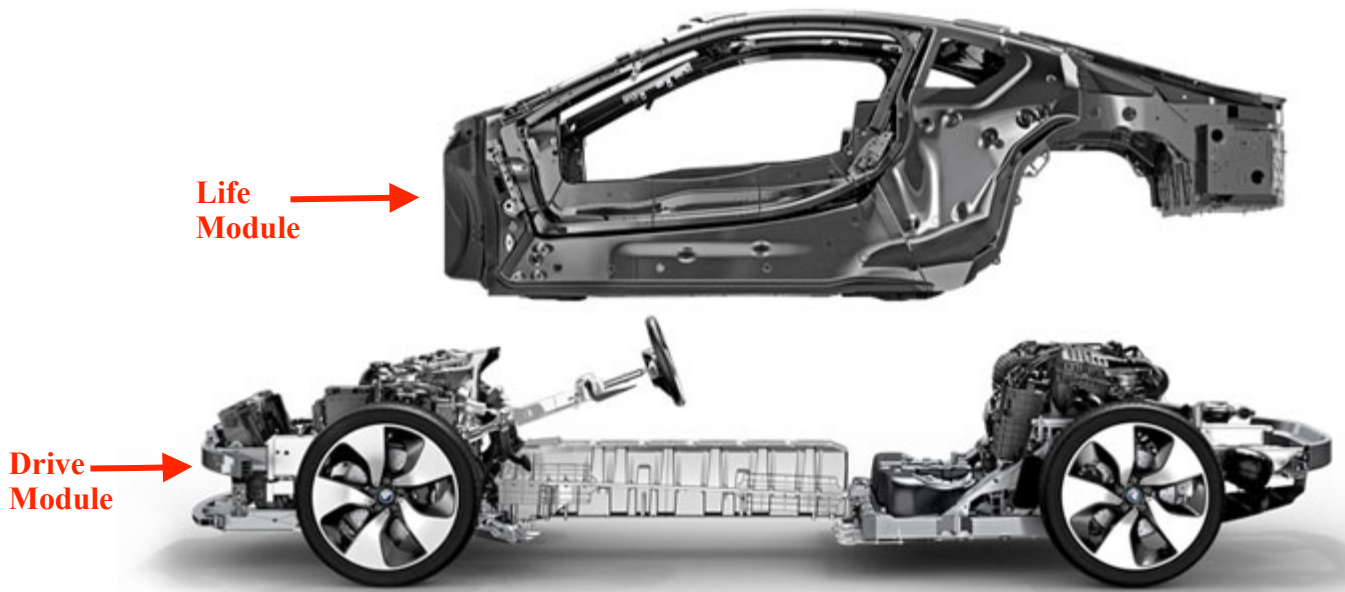
59. Theodore & Associates owns the ‘163 patent by assignment. A true and correct copy of the ‘163 patent is attached as **Exhibit C**.

60. Column 2 lines 21 of the ‘163 patent reads as follows:

Thus, a series of modules could be created for front, rear and backbone structures, allowing the creation of many different chassis using the three essential building blocks (front, backbone, and rear structures along with front and rear energy absorbing crash boxes).

61. The BMW i8 vehicle includes a Life module and a Drive module

62. BMW has identified the i8 vehicle's Life module and the i8 vehicle's Drive module as shown below:

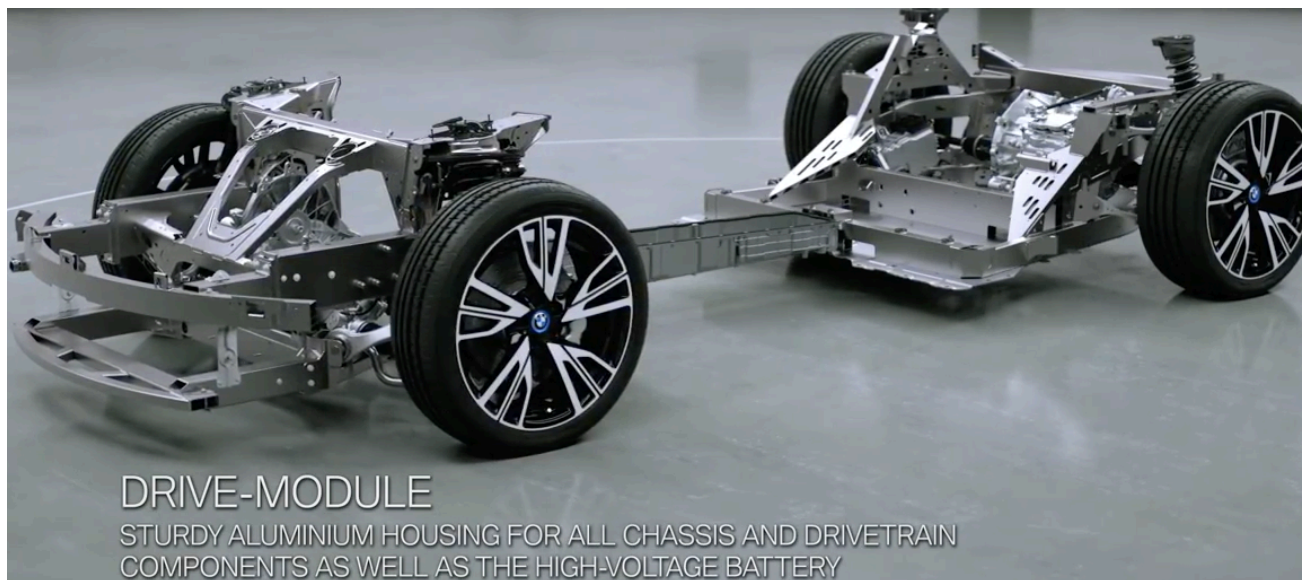


63. BMW AG is the registrant of the <www.BMW.com> and <www.BMW-i.com> domain names.

64. Both of the domain names point to web sites that are freely accessible to consumers in the United States.

65. According to the Defendants, “[t]he Life module is fixed to the aluminium Drive module, which houses all the drive and chassis technology.”

66. The BMW i8 vehicle's Drive module includes control arms.
67. The BMW i8 vehicle's Drive module includes shock absorbers.
68. The BMW i8 vehicle's Drive module includes springs.
69. The BMW i8 vehicle's Drive module includes a steering linkage.
70. The BMW i8 vehicle's Drive module includes knuckles.
71. The BMW i8 vehicle's Drive module includes a sway bar.
72. The BMW i8 vehicle's Drive module includes wheels and tires.
73. The BMW i8 vehicle's Drive module includes a front module.
74. The BMW i8 vehicle's front module includes a transaxle.
75. The BMW i8 vehicle's front module includes a wheel suspension.
76. The BMW i8 vehicle's Drive module includes a center module.
77. The BMW i8 vehicle's Drive module includes a rear module.
78. The BMW i8 vehicle's rear module includes an engine.
79. The BMW i8 vehicle's Life module is separate from the Drive module.
80. The BMW i8 vehicle's Drive module is a chassis.
81. The Defendants have admitted the BMW i8 vehicle's Drive module is a chassis in, among other publications, a video from which the screen shot presented below was taken:



82. The Defendants have publicly proclaimed that they welcome innovation and have an open innovation platform.

83. Upon information and belief, the Defendants have not licensed a single U.S. patent under their self-described “open innovation platform” for the BMW i8 vehicle.

84. The Defendants have had detailed knowledge of the ‘163 patent and the application upon which it is based since at least as early as February 12, 2014.

85. Theodore & Associates have made good-faith efforts to try and engage the Defendants in negotiations to purchase a license for the BMW i8 vehicle under the ‘163 patent.

86. For example, on February 12, 2014, Theodore & Associates sent BMW and BMW AG a letter advising them of the ‘394 publication and of the ‘268 patent.

87. The February 12, 2014 letter to the Defendants enclosed a copy of the ‘394 publication and the ‘268 patent.

88. The February 12, 2014 letter to the Defendants asserted that the BMW i8 vehicle would infringe at least claim 11 of the ‘394 publication once the U.S. Patent Office issued the ‘394 publication as a patent.

89. On April 18, 2014, Theodore & Associates provided the Defendants with written notice (including claim charts) establishing that at least independent claims 1 and 11 of the then-pending ‘163 patent application read upon the BMW i8 vehicle.

90. On June 15, 2015, Theodore & Associates provided the Defendants with written notice (via email and regular mail) that the U.S. Patent Office issued the ‘163 patent on June 2, 2015.

91. On March 8, 2016, Theodore & Associates provided the Defendants with written notice that the BMW i8 vehicle also infringes at least claims 12, 14, 16-20 and 23-27 of the ‘163 patent.

92. On May 12, 2016, Theodore & Associates met with a representative from BMW AG’s Intellectual Property Group, Herr Ralf Frieser, and Defendants’ legal representative.

93. During the course of the May 12, 2016 meeting, Theodore & Associates provided the Defendants with yet another detailed explanation

(including claim charts) establishing that claims 1 and 16 of the ‘163 patent read upon the BMW i8 vehicle.

94. Upon information and belief, the Defendants have a policy not to take licenses from companies that do not manufacture products.

95. Upon information and belief, the Defendants believe it would be more cost effective for them to litigate against Theodore & Associates rather than to enter into a license agreement.

96. Upon information and belief, the cost to Defendants to modify the BMW i8 vehicle to avoid infringement of the ‘163 patent would likely exceed \$10,000,000.00 USD.

97. The Defendants refused to engage in good faith negotiations with Theodore & Associates.

COUNT I – WILLFUL PATENT INFRINGEMENT

98. Theodore & Associates repeats and incorporates by reference all of the allegations from paragraphs 1 through 97 above, as if fully set forth herein.

99. Based upon the acts complained of herein, BMW NA has directly infringed the ‘163 patent by using, offering to sell, selling, and importing into the United States BMW i8 vehicles, in violation of 35 U.S.C. § 271(a).

100. Based upon the acts complained of herein, BMW AG has directly infringed the ‘163 patent by advertising and offering to sell the BMW i8 vehicle in

the United States, including at the web sites to which its <www.BMW.com> and <BMW-i.com> domain names are pointed, in violation of 35 U.S.C. § 271(a).

101. Based upon the acts complained of herein, BMW AG has induced BMW NA and BMW NA's consumers to directly infringe the '163 patent, in violation of 35 U.S.C. § 271(b).

102. BMW AG knew that BMW NA advertised, offered for sale, sold, and imported into the United States BMW i8 vehicles.

103. Based on the acts complained of herein, BMW AG took action during the time the '163 patent was in force intending to cause infringing acts by BMW NA and BMW NA's consumers.

104. Based upon the act complained of herein, BMW AG knew or took deliberate actions to avoid knowing of Theodore & Associates' '163 patent no later than June 15, 2015, including the following facts:

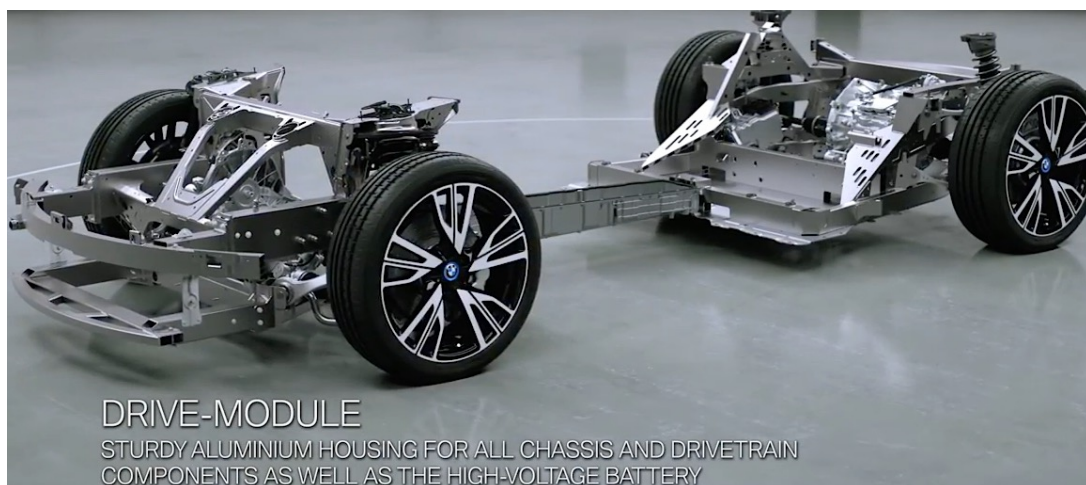
- a. On or about November 29, 2010, BMW AG received an international search report from the International Searching Authority citing Mr. Theodore's '870 publication as "a document of particular relevance" to BMW AG's '306 international patent application;
- b. On or about February 12, 2014, BMW AG received a letter from Theodore & Associates that enclosed a copy of the '394 publication that issued as the '163 patent, as well as a copy of the '268 patent;
- c. On June 15, 2015, Theodore & Associates provided the Defendants' legal representative with written notice (via email and regular mail) that the U.S. Patent Office issued the '163 patent on June 2, 2015; and

- d. On May 12, 2016, Theodore & Associates met with a representative from BMW AG and Defendants' legal representative, during which the Defendants were provided with a detailed explanation (including claim charts) establishing that claims 1 and 16 of the '163 patent read upon the BMW i8 vehicle.

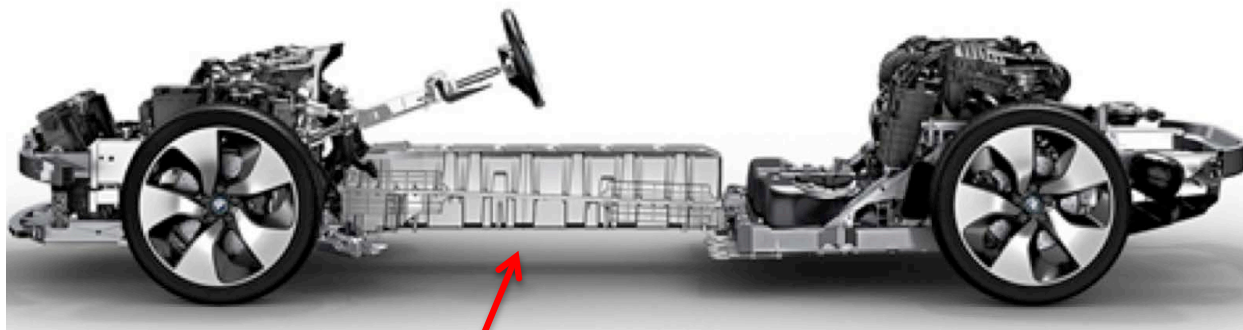
105. For example, claim 1 of the '163 patent recites:

1. An automotive vehicle chassis apparatus comprising:
a central backbone structure enclosing an energy storage compartment therein;
an engine;
a first structure coupled adjacent to one end of the backbone structure and including the engine;
a second structure coupled adjacent to an opposite end of the backbone structure and including at least one of: a transaxle and a wheel suspension;
the central backbone structure being rigidly attached to the first and second structures such that ride, handling and impact crash loads are primarily transmitted between the first and second structures by the central backbone structure; and
a middle of the central backbone structure has a smaller lateral width than do either of the first and second structures.

106. The BMW i8 vehicle includes “[a]n automotive vehicle chassis apparatus,” as shown below:



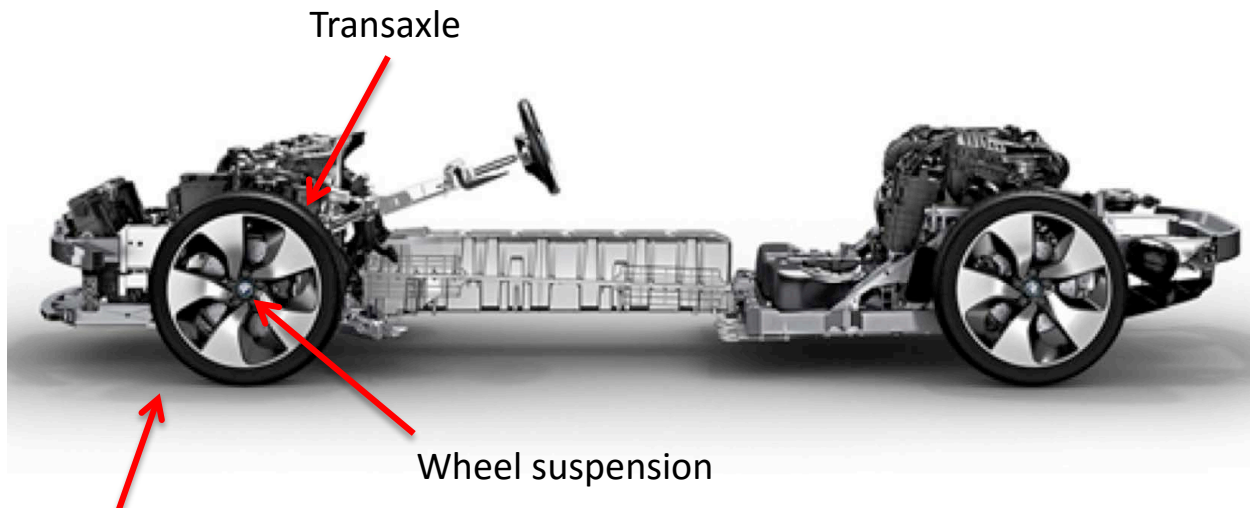
107. The BMW i8 vehicle chassis includes “a central backbone structure enclosing an energy storage compartment therein,” as shown below:



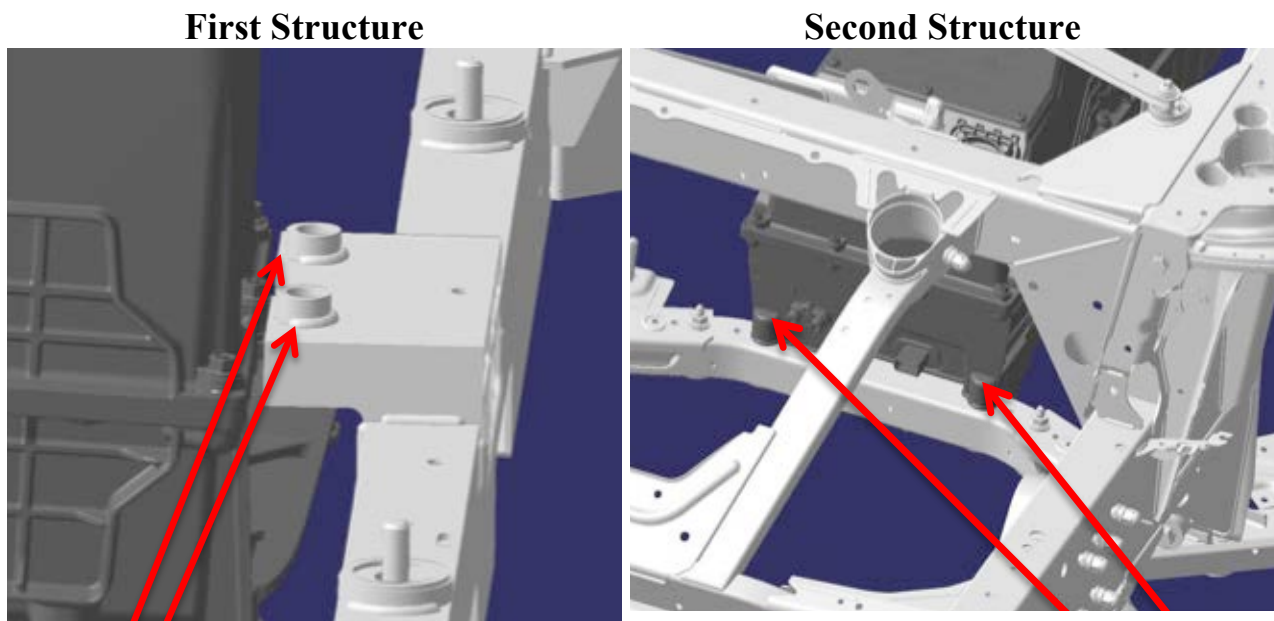
108. The BMW i8 vehicle chassis includes “an engine” and “a first structure coupled adjacent to one end of the backbone structure and including the engine,” as shown below:



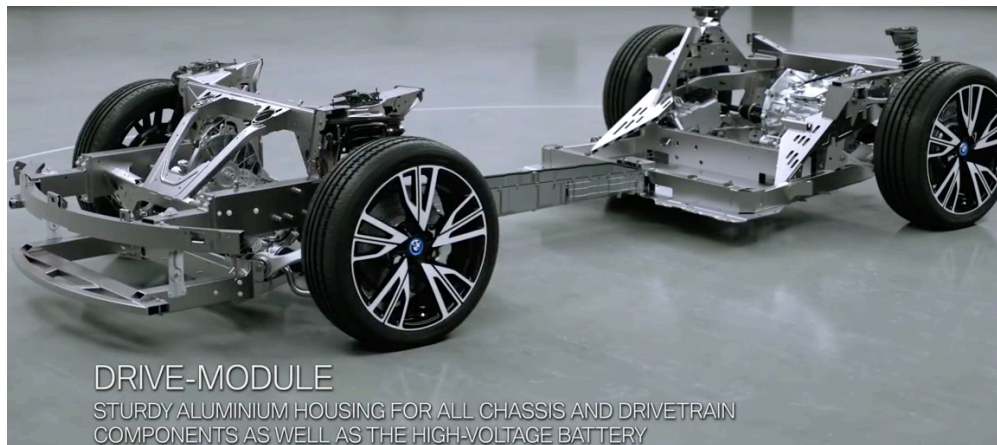
109. The BMW i8 vehicle chassis includes “a second structure coupled adjacent to an opposite end of the backbone structure and including at least one of: a transaxle and a wheel suspension,” as shown below:



110. The BMW i8 vehicle chassis includes “the central backbone structure being rigidly attached to the first and second structures such that ride, handling and impact crash loads are primarily transmitted between the first and second structures by the central backbone structure,” as shown below:



111. The BMW i8 vehicle chassis includes “a middle of the central backbone structure has a smaller lateral width than do either of the first and second structures,” as shown below:

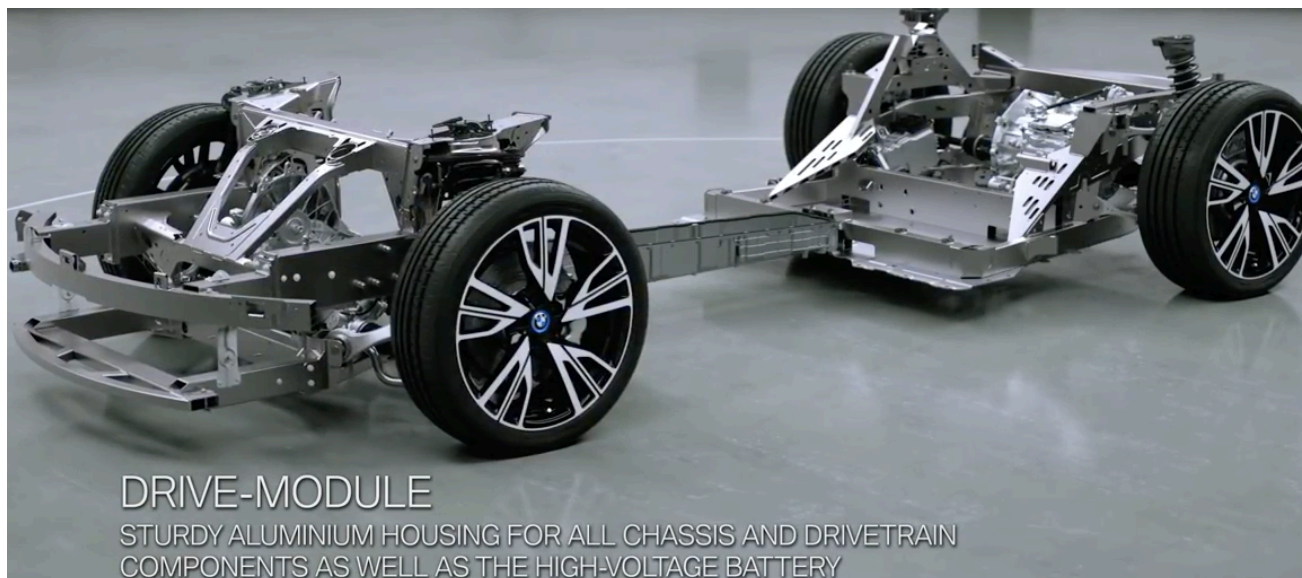


112. Accordingly, the BMW i8 vehicle chassis includes every element of claim 1 of the ‘163 patent, exactly or equivalently.

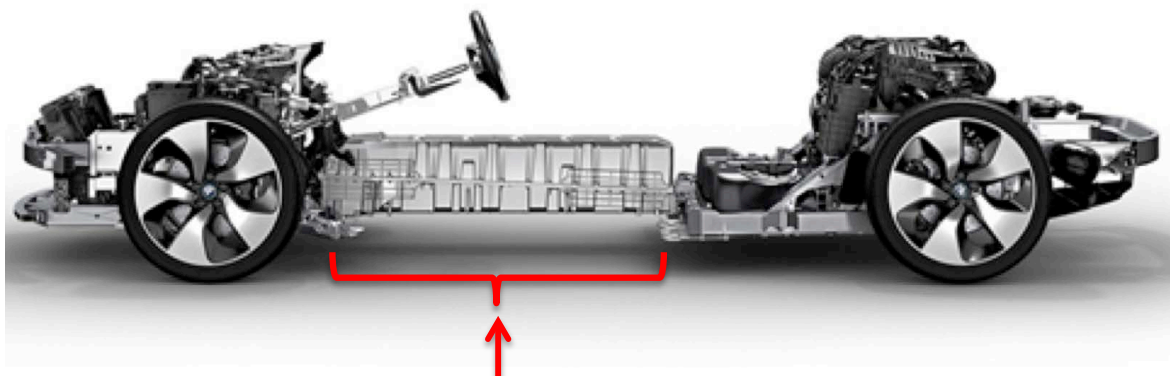
113. For example, claim 16 of the ‘163 patent recites:

16. [An automotive vehicle chassis apparatus comprising:
 an elongated and single central chassis structure
 longitudinally spanning between and being the sole structural
 connection between front and rear wheel axes;
 an energy storage compartment located inside of the
 central chassis structure; and
 at least one of: a battery and fluid fuel, located in the
 energy storage compartment.]
 wherein the central structure includes a closed-wall
 section, the central structure further comprising a removable service
 plate, the central structure and plate together defining a substantially
 polygonal cross-sectional shape.

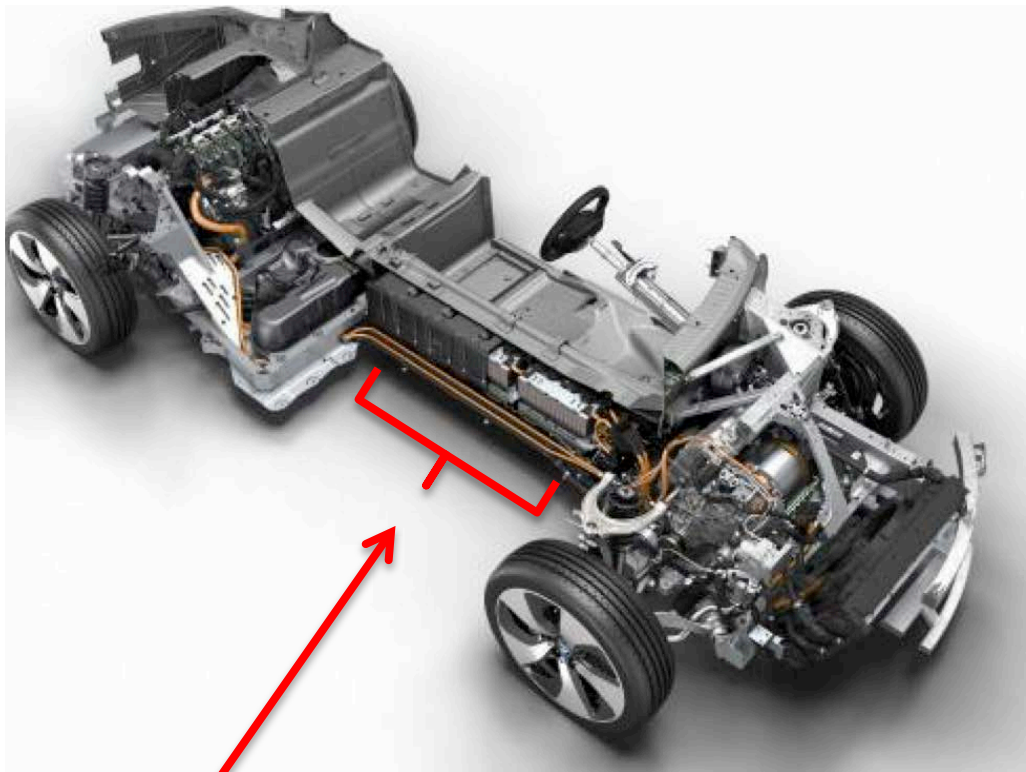
114. The BMW i8 vehicle includes “[a]n automotive vehicle chassis apparatus,” as shown below:



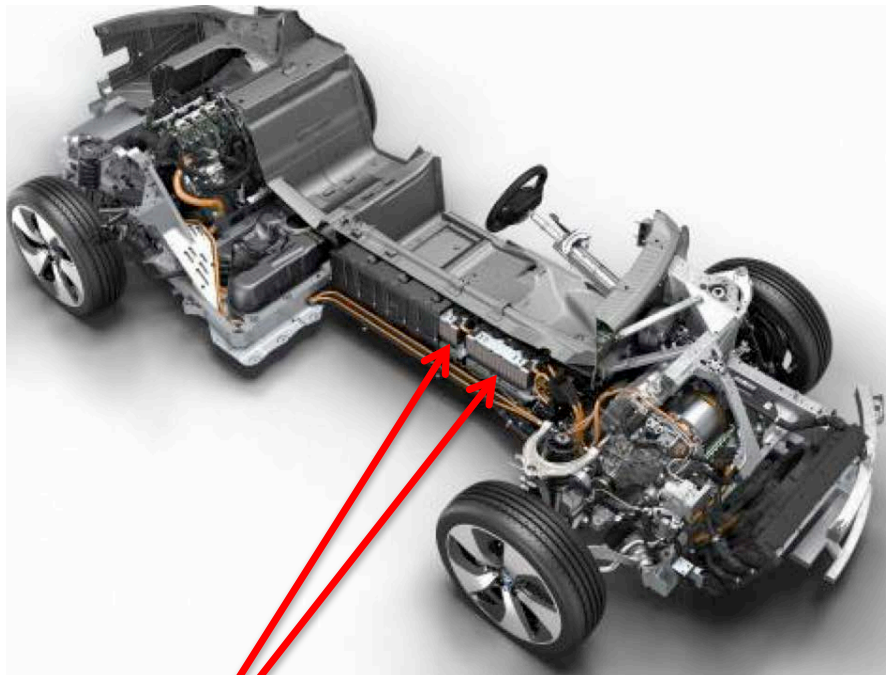
115. The BMW i8 vehicle chassis includes “an elongated and single central chassis structure longitudinally spanning between and being the sole structural connection between the front and rear wheel axes,” as shown below:



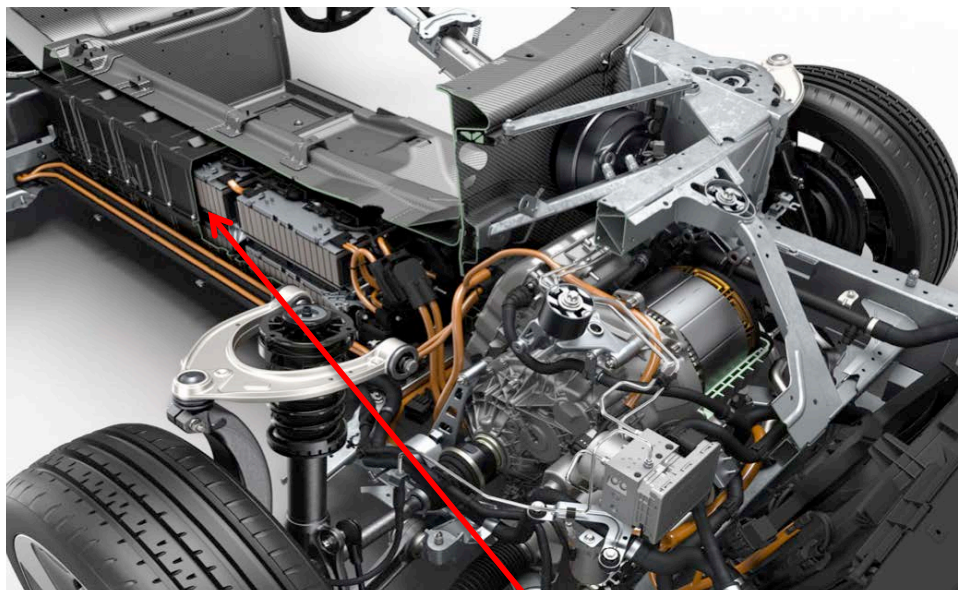
116. The BMW i8 vehicle chassis includes “an energy storage compartment located inside of the central chassis structure,” as shown below:



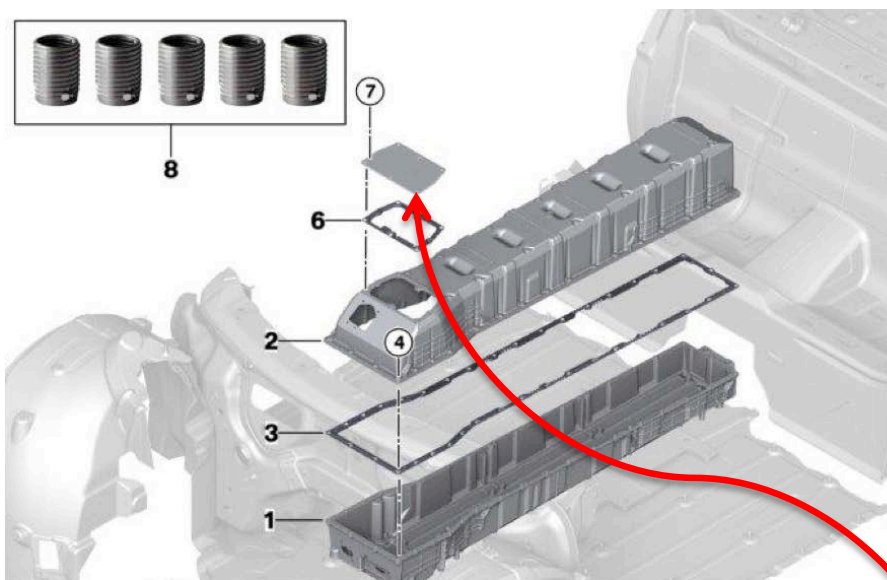
117. The BMW i8 vehicle chassis includes “a battery ... located in the energy storage compartment,” as shown below:



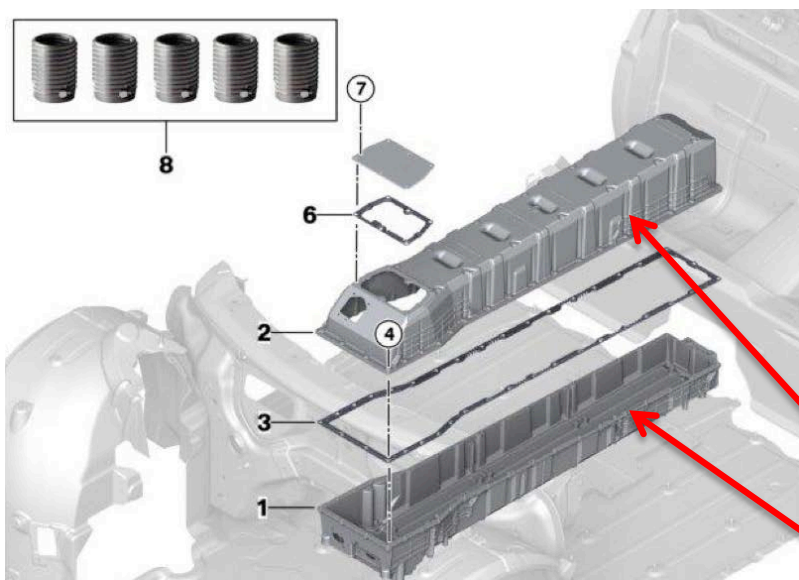
118. The “central structure” of the BMW i8 vehicle chassis “includes a closed-wall section,” as shown below:



119. The “central structure” of the BMW i8 vehicle chassis “further compris[es] a removable service plate,” as shown below:



120. The “central structure and plate” of the BMW i8 vehicle chassis “together defin[e] a substantially polygonal cross-sectional shape,” as shown below:



121. Accordingly, the BMW i8 vehicle chassis includes every element of claim 16 of the ‘163 patent, exactly or equivalently.

122. The BMW i8 vehicle also infringes at least claims 11, 12, 17, 18, 19, 23, 27 and 32. Through discovery and further investigation, Theodore & Associates may determine that additional claims of the ‘163 patent are being infringed, and Theodore & Associates reserves the right to assert additional patent claims against the Defendants.

123. As a result of the Defendants’ infringement, Theodore & Associates is entitled to recover at least a reasonable royalty under 35 U.S.C. § 284, adequate to

compensate Theodore & Associates for the infringing BMW i8 vehicles already sold.

124. As a result of the Defendants' infringement, Theodore & Associates is entitled to temporary and permanent injunctive relief under 35 U.S.C. § 283, to ensure that the Defendants cease making, offering to sell, selling, and importing the infringing BMW i8 vehicle into the United States.

125. Defendants had actual knowledge of the '163 patent, and elected to intentionally disregard Theodore & Associates' patent rights by making and selling infringing products, such infringement being willful, entitling Theodore & Associates to recover treble damages and attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

RELIEF REQUESTED

WHEREFORE Plaintiff Theodore & Associates, LLC requests a judgment in its favor and against Defendants BMW of North America, LLC and Bayerische Motoren Werke AG, and requests that this Court:

A. Order, adjudge and decree that BMW of North America, LLC and Bayerische Motoren Werke AG have infringed the '163 patent;

B. Issue a preliminary and permanent injunction prohibiting BMW and of North America, LLC and Bayerische Motoren Werke AG and each of their representatives, agents, servants, employees, related companies, successors and

assigns, and all others in privity or acting in concert with them, from infringing any claim of any of the '163 patent including, but not limited to, further infringements by making, offering to sell, selling, and/or importing into the United States any BMW i8 vehicle that infringes any claim of the '163 patent;

C. Award damages for infringement of the '163 patent;

D. Declare this case as exceptional within the meaning of 35 U.S.C. § 285 and award Theodore & Associates its attorneys' fees, costs, and expenses that it incurs in prosecuting this action; and

E. Provide any further relief as this Court may deem equitable and proper.

JURY DEMAND

Plaintiff Theodore & Associates, LLC demands a trial by jury of all issues triable to a jury.

Dated: December 5, 2016

Respectfully submitted,

/s/ Thomas E. Bejin
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