

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

FLENER IP LAW, LLC

Plaintiff,

v.

JONATHAN RAY CARFIELD, HANNA  
CARFIELD, AND AVID HOLDINGS, LTD

Defendants.

No. 23-cv-4025

**AMENDED COMPLAINT**

Plaintiff Flener IP Law, LLC, an Illinois limited liability company, brings this Diversity action against Jonathan Ray Carfield, Hanna Carfield, and Avid Holdings, Ltd., a Hong Kong Limited Company, for breach of contract, and alternatively, in quantum meruit.

**I. JURISDICTION AND VENUE**

1. This Court has subject matter jurisdiction over this matter under 28 U.S.C. §§ 1332(a) and (b). The amount in controversy exceeds \$75,000.00, the individual defendants are citizens of the State of Washington, the entity defendant is a company domiciled in Hong Kong, and the sole member of Plaintiff, Zareefa B. Flener, is a citizen and resident of Chicago, Illinois. This Court has personal jurisdiction over the parties because the Defendants engaged the Plaintiff to represent them in Chicago, Illinois in regard to an Investigation pending before the United States International Trade Commission (the “USITC”) in which they were respondents, and to prosecute and maintain their patents and trademarks.

2. Venue is proper in this District because all representation of the Defendants took place in Chicago, Illinois, and the individual Defendants conferred regularly with Plaintiff regarding the conduct of the Investigation, all necessary appearances before the USITC

Administrative Law Judge were made via teleconference from Chicago, Illinois, attorneys employed by Plaintiff participated in joint defense meetings and discovery conferences from Chicago, Illinois, and other attorneys employed by Plaintiff prosecuted and maintained Defendants' patent and trademark registrations with the United States Patent and Trademark Office ("USPTO") and communicated regularly with examiners at that agency on the Defendants' behalf.

## **II. THE PARTIES**

3. Plaintiff Flener IP Law, LLC (dba Flener IP & Business Law) ("FLIP") is an Illinois limited liability company with offices at 77 W. Washington St., Suite 800, Chicago IL 60602. FLIP is engaged in the practice of intellectual property law, including dispute resolution.

4. Defendant Jonathan Ray Carfield ("Jonathan") is a citizen of the State of Washington who, on information and belief, currently resides in Thailand.

5. Defendant Hanna Carfield ("Hanna") is a citizen of the State of Washington who, on information and belief, currently resides in Thailand. Jonathan and Hanna are referred to collectively herein as ("the Carfields")

6. Defendant Avid Holdings, Ltd. ("Avid") is a Hong Kong limited company with offices at Rm D 16/F One Capital Place 18 Luard Rd., Wan Chai, Hong Kong SAR, China. At all times relevant, Avid has been wholly owned by Jonathan.

## **III. RELEVANT FACTS**

7. This matter arises out of FLIP's engagement by Jonathan and Hanna, individually, and Avid to represent them in patent and trademark prosecution matters, and an investigation instituted by the USITC based upon a complaint for patent infringement filed by Shenzhen Smoore Technology Co., Ltd. ("Smoore"), against numerous respondents that Smoore accused of

infringing three patents for electronic cigarettes (the “Investigation”). USITC investigations move from complaint to final decision at a very rapid pace, and most of the time and expense is incurred in pre-hearing discovery at or near the beginning of the case.

8. In its representation of the Defendants in the USITC matter, FLIP attorneys and paraprofessionals incurred 415.7 hours of time at rates ranging from \$200 to \$500 per hour. A complete breakdown of rates by attorney/paraprofessional is attached to the original Complaint at ECF 1-1. The time was incurred in conferring with the clients, responding to written discovery, propounding and analyzing responses to written discovery, negotiating claim construction among the respondents in the Investigation, negotiating claim construction with Smoore, attending depositions, and, most importantly, successfully obtaining a settlement in April 2022 between the instant Defendants and Smoore that saved them the considerable expense of *Markman* reports and hearings, expert witness costs, further discovery, trial preparation, and the final trial on the merits, which was scheduled to take place in August 2022.<sup>1</sup>

9. In addition to the representation of Defendants before the USITC, FLIP was engaged to prosecute patent and trademark applications before the USPTO. FLIP typically charges fixed fees for work related to such services.

10. FLIP invoiced the Carfields and Avid for all work necessarily performed in relation to the Investigation,<sup>2</sup> and the Carfields and Avid have upon many occasions acknowledged that they owed FLIP’s fees and expenses totaling \$147,968.90.

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<sup>1</sup> The terms of the settlement agreement are confidential and disclose substantial confidential business information of the instant Defendants and Smoore. **Exhibit 2** (ECF 1-2) is the redacted version publicly available on the USITC EDIS filing system. If the Court prefers, the unredacted agreement can be provided for in *camera* review.

<sup>2</sup> The invoices for the work performed by FLIP attorneys and others engaged to assist in the defense, all expenses necessarily incurred on behalf of the Defendants, and any unpaid invoices for patent and trademark prosecution and maintenance are attached to the original Complaint as **Group Exhibit 3** (ECF 1-3).

11. The Carfields and Avid also owe \$2168 in relation to trademark prosecution work performed (since then trademark applications have lapsed).

12. The Carfields and Avid also owe \$19,105 for patent prosecution work performed for the portfolio of inventions for drafting and filing patent applications in the U.S. and internationally under the Patent Cooperation Treaty (PCT). The Carfields and Avid have since transferred all the cases from FLIP and are paying for and pursuing patent prosecution through a different firm, despite acknowledging that they were happy with FLIP work product and would have liked to maintain the patent portfolio at FLIP.

13. Each time the outstanding amounts have been discussed between the Defendants and Zareefa B. Flener, the Managing Partner of FLIP, the Defendants have variously said they would pay some portion of the invoices by certain dates either by email or by phone, including without limitation email exchanges between April 15-26, 2022, May 16-23, 2022, June 1-8, 2022, June 21, 2022, July 5-6, 2022, August 1-15, 2022, October 11, 2022, November 7-8, 2022, December 18-19, 2022, December 29-30, 2022, January 8, 2023, and February 6, 2023, March 27, 2023 and more, as well as telephone conferences on August 5, 2022, September 16, 2022, January 13, 2023, January 31, 2023, February 17, 2023, April 14, 2023, April 19, 2023, and June 15, 2023, among others but only payments totaling around \$21,487.33 covering the remaining balance of \$151,943.16 have been made.

14. FLIP's inability to collect fees that the Defendants acknowledge are rightly owed is damaging the firm's ability to meet its ongoing expenses in active matters and to fully compensate attorneys and staff for performance.

#### **IV. Count I.**

15. **(Breach of Contract) Plaintiff** realleges and restates the allegations of Paragraphs 1 through 14 as if fully set forth in this Paragraph.

16. FLIP attorneys diligently represented Defendants before the USPTO, including extensive correspondence and telephone contacts with that agency and conferences with the Defendants concerning pending applications and maintenance fees.

17. FLIP attorneys diligently represented the Defendants before the USITC, participated in all pre-hearing discovery, including preparing for and attending international depositions lasting several hours each over numerous days, coordinating with defense counsel for other respondents and for the Claimant, claims negotiation in preparation for *Markman* hearings, ultimately successful settlement negotiations, and joint drafting of the settlement agreement.

18. FLIP duly invoiced Defendants for all work necessarily performed in the course of their representation of Defendants. See **ECF 1-3**. At all times relevant, Defendants were aware of and approved the work FLIP attorneys performed on their behalf, and at all times relevant, indicated their willingness to pay the invoices tendered by FLIP.

19. Defendants, jointly and severally, failed to pay FLIP's invoices when due.

20. FLIP diligently attempted to work with Defendants to retire their debt to the firm. Despite substantial efforts and ongoing agreements to pay in part or in full, no payments have been made.

21. Plaintiff respectfully requests the relief set forth below.

**V. Count II.  
(Quantum Meruit)**

22. Plaintiff realleges and restates the allegations of Paragraphs 1 through 21 as if fully set forth in this Paragraph.

23. Alternatively, Plaintiff's efforts in diligently representing the Defendants conferred substantial benefits upon them, in the form of time and expenses expended in patent and trademark prosecution and obtaining a successful settlement in the Investigation, relieving them of substantial

further expenses as the Investigation progressed, and allowed the individual Defendants to continue their work in designing, manufacturing, and selling electronic cigarettes for use with Cannabis.

24. Plaintiff's representation of the Defendants, jointly and severally, is reasonably worth \$ 151,943.16.

25. Plaintiff respectfully requests the relief set forth below.

## **VI. REQUEST FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests that the Court:

26. Award damages in the amount of \$151,943.16 against Defendants jointly and severally, which represents the amounts billed for work necessarily performed on their behalf; or

27. Alternatively, award \$151,943.16, against Defendants jointly and severally, which represents the fair value of the legal services FLIP professionals performed to achieve beneficial results for Defendants.

Dated: June 28, 2023

Respectfully submitted,

/s/ James E. Judge  
Zareefa B. Flener (IL Bar No. 6281397)  
James E. Judge (IL Bar No. 6243206)  
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