

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

GeLab Cosmetics LLC,

Plaintiff,

v.

Zhuhai Aobo Cosmetics Co., Ltd,
Zhuhai Shengjier Cosmetics Co., Ltd,
Zhuhai Zhengjia Trading Co., Ltd,
Pingjun Li,
Ximei Peng and,
Benhong Li,

Defendants.

CASE NO.

Jury Demand

COMPLAINT

Plaintiffs GeLab Cosmetics LLC (“GeLab” or “Plaintiff”) alleges as follows against Defendants Zhuhai Aobo Cosmetics Co., Ltd (“Aobo”), Zhuhai Shengjier Cosmetics Co., Ltd (“Shengjier”), Zhuhai Zhengjia Trading Co., Ltd (“Zhengjia”), Pingjun Li (“Pingjun” or “Mr. Li”), Ximei Peng (“Ximei” and “Ms. Peng”) and Benhong Li (“Benhong” or “Ms. Li”). (collectively, “Defendants”).

INTRODUCTION

1. This case arises out of Defendants’ long-running scheme to use their privileged access to GeLab’s top-performing proprietary nail gel and associated confidential information to create knock-off products in order to compete directly with GeLab in violation of express contractual promises and other legal obligations. *See* Exhibit A.

2. GeLab is a cosmetic company that develops, designs, manufactures, and markets innovative nail gel products. GeLab has spent substantial sums and almost 4 years developing its nail gel into the cutting-edge, distinguished product it is today, implementing a host of key innovations and technologies that distinguish GeLab’s product from other nail gel on the market.

3. In July 2020, GeLab and Aobo, a cosmetic product manufacture & supplier, signed a Purchase Agreement (“PA”). Among the PA, there are several confidential clauses. In essence, the agreement created a trial relationship between GeLab and Aobo during which GeLab would provide its innovative color designs and associated confidential information to Aobo and Aobo would manufacture the nail gel product per GeLab’s specific requirements.

4. In exchange for the opportunity to make money being GeLab’s supplier, Aobo agreed to numerous, clear, material contractual terms restricting its use and disclosure of GeLab’s nail gel product and associated confidential information. By agreeing to these terms, Aobo promised not to use or permit anyone else to use GeLab’s proprietary work or information against GeLab’s interests, including by making a derivative product to compete with GeLab.

5. Eager to tap into the nail gel market developed by GeLab, the shareholder/legal representative of Aobo, Mr. Pingjun Li, conspiring with his wife, Ximei Peng, and his daughter, Benhong Li, embarked on an unlawful plot to surreptitiously take GeLab’s confidential and proprietary trade secrets, and use those trade secrets to manufacture and sell competing products. Rather than design their own products to compete fairly in the marketplace, Defendants instead misappropriated GeLab’s proprietary technologies, critical business strategies and sensitive sales statistics and other highly valuable confidential GeLab information.

6. Defendants’ stealing of the GeLab’s trade secret is not limited to the Aobo’s role as GeLab’s supplier. Defendant Mr. Li actually sent his daughter Ms. Li to GeLab’s company, working as a non-paid intern. Ms. Li did not disclose to GeLab that she owns a company called Zhuhai Zhengjia Trading Co., Ltd, one of the Defendant. Defendants not only had access to GeLab’s trade secret regarding product manufacturing, by working at GeLab, Defendant Ms. Li gained access to GeLab’s on-line marketing operation.



7. During GeLab and Aobo's cooperation, GeLab trusted Aobo with GeLab's confidential information on highly sensitive and proprietary designs, data, statistics and products. Aobo and Mr. Li was privy to GeLab's proprietary technical documents, design ideas, product testing data, product planning, cost management, product packaging, research and development efforts, and marketing data.

8. Defendants unlawfully accessed and acquired GeLab's trade secret information to develop, improve, test, and supply their own nail gel products sold and to be sold in the United States. Defendants used the trade secret taken from GeLab to design and test similar products using the same components supplied by the same supplier for GeLab.

9. GeLab employs extensive protective measures to safeguard its trade secrets. For instance, the design idea can only be accessed by authorized personnel; the intended color combination can only be accessed by authorized personnel; the sales data can only be accessed by store operators using password; supply chain information is controlled by personnel from Production Material Control position.

10. GeLab only realized Defendants' egregiously conduct when GeLab found that three different Amazon stores were selling nail gel products that were substantially identical as GeLab's nail gel products. A side-by-side comparison of the products was enough to prove that Aobo had breached its contractual promises and legal obligations owed to GeLab in manufacturing nail gel. For example:

- a. Defendant Aobo which is owned and controlled by Defendant Pingjun Li, selling nail gel through Amazon store "ab gel."

<p>Ab gel Link (Aobo)</p>	<p>https://www.amazon.com/Polish-Upgrade-Collection-Natural-Manicure/dp/B08PJZSTRM/ref=sr_1_3?m=AL2665BWQPPD8&marketplaceID=ATVPDKIKX0DER&qid=1661417312&s=merchant-items&sr=1-3&th=1</p>
<p>Screenshot</p>	
<p>GeLab Link</p>	<p>https://www.amazon.com/dp/B07W5Z6NG9</p>
<p>Screenshot</p>	

- b. Defendant Shengjier, which is owned and controlled by Defendant Ximei Peng, selling nail gel through Amazon store “PEWETE.”

<p>PEWETE Link (Shengjier)</p>	<p>https://www.amazon.com/PEWETE-Glitter-Sparkle-Valentines-Girlfriend/dp/B086WKZ24Q?ref=ast_sto_dp&th=1</p>
<p>Screenshot</p>	
<p>GeLab Link</p>	<p>http://www.amazon.com/dp/B07SZSGRWW?ref=myi_title_dp</p>
<p>Screenshot</p>	

- c. Defendant Zhengjia, which is owned and controlled by Defendant Benhong Li, selling nail gel through Amazon store “ZUCCIE.”

<p>ZUCCIE Link (Zhengjia)</p>	<p>https://www.amazon.com/ZUCCIE-Polish-Glossy-Matte-Seasons/dp/B08ZJ3NKKC/ref=sr_1_11?keywords=ZUCCIE&qid=1661410766&sr=8-11</p>
<p>Screenshot</p>	
<p>GeLab Link</p>	<p>https://www.amazon.com/Beetles-Gel-Polish-Kaleidoscope-Collection/dp/B083XW78GH/ref=sr_1_4?crid=1VRNYNICRRYVF&keywords=beetles.+gel+nail+polish+spring&qid=1661411476&srefix=bettles.+gel+nail+polish+%2Caps%2C487&sr=8-4</p>
<p>Screenshot</p>	

11. Today, Defendants are aggressively marketing nail polish product in direct competition with GeLab, causing substantial damage to GeLab including irreparable harm for which it has no adequate remedy at law. Defendants did not even attempt to compete fairly. Rather than spend years to innovate and design their own color combination, it instead took a shortcut by stealing GeLab's trade secrets in order to misuse GeLab's proprietary innovations. Such conduct renders investments in costly research and development pointless, and harms American businesses and the economy in critical ways. Unless halted immediately, Defendants' illegal actions will serve as a roadmap for other companies who have not invested in their own research and development to steal the trade secrets of their competitors, and violate the intellectual property rights of the true innovators and market leaders.

12. Defendants' brazen misappropriation and theft of trade secrets leaves GeLab no choice but to file this lawsuit, seeking immediate injunctive relief and recovery of damages for the harm that has been caused by Defendants' illegal conduct.

THE PARTIES

13. Plaintiff GeLab is a New Jersey limited liability company having its principal place of business at 255 Old New Brunswick Rd, Piscataway, NJ 08854.

14. Defendant Zhuhai Aobo Cosmetics Co., Ltd, d/b/a Zhuhai Abgel Cosmetics Co., Ltd, is an entity incorporated in Zhuhai, China, with the business address: 2nd Floor, Workshop A2, No. 6, 6th Road, Xinqing Technology Industry Park, Doumen District, Zhuhai, Guangdong, 519100, China.

15. Defendant Shengjier Cosmetics Co., Ltd, is an entity incorporated in Zhuhai, China, with the business address: 2nd Floor, Workshop A3, No. 6, 6th Road, Xinqing Technology Industry Park, Doumen District, Zhuhai, Guangdong, 519100, China.

16. Defendant Zhengjia Cosmetics Co., Ltd, is an entity incorporated in Zhuhai, China, with the business address: No. 66 Fengsheng Garden, Nanping 12 Village, Xiangzhou District, Zhuhai, Guangdong, 519060, China.

17. Defendant Pingjun Li is the legal representative of Defendant Aobo, the residential address is unknown. However, Pingjun Li can be contacted through Defendant Aobo's business address.

18. Defendant Ximei Peng is the legal representative of Defendant Shengjier, the residential address is unknown. However, Ximei Peng can be contacted through Defendant Aobo's business address.

19. Defendant Benhong Li is the legal representative of Defendant Zhengjia, the residential address is unknown. However, Benhong Li can be contacted through Defendant Aobo's business address.

20. Defendant Pingjun Li is Defendant Ximei Peng's husband, and Defendant Benhong Li's father.

JURISDICTION AND VENUE

21. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 2201, 2202, and the trade secret laws of the United States, 18 U.S.C. §§ 1836 and 1839. This Court also has supplemental jurisdiction over the asserted state law claims pursuant to 28 U.S.C. § 1367(a) because the federal and state law claims derive from a common nucleus of operative facts. This Court further has jurisdiction over the asserted state law claims pursuant to 28 U.S.C. § 1332 because there is complete diversity of citizenship among the parties and an amount in controversy in excess of \$75,000.

22. This Court has personal jurisdiction over Defendants. Personal jurisdiction exists because they have sufficient minimum contacts with the Northern District of Illinois as a result of

intentional contacts with this District and Defendants' illegal acts that have and continue to inflict injury on GeLab in this District.

23. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, and this Court may properly exercise personal jurisdiction over Defendants since the Defendant directly targets business activities toward consumers in the United States, including Illinois, through at least the fully interactive e-commerce Amazon stores. Specifically, Defendants have targeted sales to Illinois residents by setting up and operating e-commerce stores that target United States consumers using Defendants' Amazon Stores, offer shipping to the United States, including Illinois, accept payment in U.S. dollars and, on information and belief, have sold products using Plaintiff's trade secret to residents of Illinois. Defendant is committing tortious acts in Illinois, is engaging in interstate commerce, and has wrongfully caused Plaintiff substantial injury in the State of Illinois.

BACKGROUND

A. GeLab And Its Top Performing nail gel

24. GeLab is a cosmetic company that designs, develops, manufactures, and markets cosmetic products for consumers in United States. GeLab offers a comprehensive portfolio of products focused on nail gel.

25. GeLab products have become enormously popular and even iconic, driven by the brand's arduous quality standards and innovative design. Among the purchasing public, GeLab products are instantly recognizable as such. GeLab products has become a global success that resonates with females worldwide, and they are among the most recognizable in the United States. GeLab products are distributed and sold to consumers through online marketplace throughout the United States, including Illinois.

26. Some of the GeLab's famous products are:

https://www.amazon.com/stores/beetlesGelPolish/page/F1248520-F4CF-431E-AF83-7960D1FAD030?ref=ast_bln



Best Seller

Beetles Nail Tips and Glue Gel Nail Kit, 2 In 1 Nail Gel and Base Gel with 500Pcs Coffin Nails Tips and LED Lamp DIY Nail Art Acrylic Nail Kit...

4 Piece Set

★★★★☆ **11,468**

\$25⁹⁹ ~~\$35.99~~

Save more with Subscribe & Save

✓prime Get it as soon as **Wed, Mar 2**
FREE Shipping by Amazon



Beetles 20 Pcs Gel Nail Polish Kit, Modern Muse Collection Soak off Nail Gel Polish Nude Gray Nail Polish Pink Blue Glitter Gel Polish Starter Kit...


20 Piece Set

★★★★☆ **26,404**

\$29⁹⁹ (\$29.99/Count) ~~\$44.99~~

Save more with Subscribe & Save

✓prime Get it as soon as **Wed, Mar 2**
FREE Shipping by Amazon



Beetles Candy Cane Gel Nail Polish Set - 6 Colors Valentine's Day Gel Polish Glitter Burgundy Red Sparkle Gel Kit Snow White Silver Nail Gel...

0.25 Fl Oz (Pack of 6)

★★★★☆ **15,679**

\$14⁹⁹ (\$9.99/Fl Oz) ~~\$26.99~~

Save more with Subscribe & Save

Join Prime to save \$1.50 more on this item

✓prime Get it as soon as **Wed, Mar 2**
FREE Shipping on orders over \$25 shipped by Amazon

27. GeLab invested substantial sums over almost five years in researching, designing, developing, and testing GeLab nail gel before pushing the product into the market. GeLab has continued to invest its time and money in its nail gel, dedicating its specialists at any given time to making improvements to nail gel’s quality, design, and function.

28. GeLab owns several trade secret. One of GeLab’s trade secret is its unique way to choose color. After intense research and analysis, GeLab will create a “concept” of color that is unique to the market. Then GeLab, with the help of its manufacture, will decide the exact color or colors of its product. Another GeLab’s trade secret is its supply chains, which provide GeLab a reliable and competitive advantage compared to its competitors. GeLab’s sales data is also a vital trade

secret. GeLab can allocate production capacity to best-selling products, reduce the production capacity of unsalable products, thereby reducing operating expenses and avoiding waste.

29. The market has rewarded GeLab's hard work and innovations. To date, GeLab has sold over nearly 20 Millions nail gels, making GeLab top-performing nail gel on the market.

B. GeLab Appoints Aobo To Serve As Its Manufacture

30. In July 2020, GeLab and Aobo signed a Purchase Agreement. In this PA, Section 7 stipulated Parties' confidentiality obligations ("Confidentiality Clause"). The purpose of this Section 7 was to facilitate the parties' business arrangement by ensuring the protection of each party's confidential information, including trade secrets, disclosed within the relationship. The Confidentiality Clause put numerous rules in place limiting the parties' use and dissemination of such information. For example, the clause provided that GeLab's confidential information could be used only with the written permission of GeLab.

31. By signing the Purchase Agreement, Aobo promised and agreed:

- a. In order to ensure the sustainable development of both parties, Aobo must ensure that the price of GeLab's products has sustainable market competitiveness.
- b. All products provided by Aobo to GeLab are brand new, technologically advanced and of good quality, which shall conform to relevant national and industrial quality standards, with stable and reliable performance and complete quantity.
- c. Both parties confirm that all documents, data, materials or other information obtained from the other party due to this contract, whether technical or commercial, shall be treated as confidential information and kept confidential indefinitely. The above confidential information can only be used for the specific purpose of this contract, otherwise the disclosing party shall compensate the other party for all losses arising

therefrom. Aobo must ensure that it will not disclose GeLab's business secrets (including but not limited to the **specifications, color combinations, packaging and typesetting, sales, demand and other contents of all products** of GeLab). If Aobo discloses, GeLab reserves the unlimited right of accountability to Aobo.

- d. Aobo and its affiliated enterprises that have access to this confidential information and their respective shareholders, directors, supervisors, employees, agents, contractors and consultants shall abide by this confidentiality clause, and shall not disclose the confidential information under this agreement or use it for any purpose outside the scope of this agreement without the written permission of GeLab. If the personnel involved in the project violate the agreement, Aobo shall bear joint and several liabilities.
- e. Aobo or its affiliated enterprises contacting the confidential information and their respective directors, officers, employees, agents, contractors and consultants shall not apply for or instigate a third party to apply for patents, designs, industrial designs, trademarks, copyrights and other intellectual property rights related to the confidential information under this Agreement in any form.
- f. Aobo shall not transfer, duplicate, copy, disclose, publish or transfer all or any part of the documents and other materials (including all copies of such documents and materials) containing any confidential information of GeLab to any third party.
- g. Unless otherwise expressly agreed in this Agreement or agreed by GeLab in writing, Aobo shall strictly keep confidential the confidential information and shall not directly or indirectly cause, permit or allow to disclose, publish, transfer, misappropriate or disclose the confidential information to any person or entity.

- h. All confidential information and relevant intellectual property information under this Agreement are owned by GeLab or legally authorized to be used. Without GeLab's written consent, Aobo shall not use such information in any form beyond the scope of this Agreement or authorize it to be used by a third party.
- i. The disclosure of secrets by either party's staff or the employing institution shall be deemed as the disclosure of secrets by that party, and shall bear corresponding liabilities for breach of contract and compensation. No matter whether this contract is invalid, rescinded or terminated, the confidentiality obligations under this clause shall not become invalid.

C. GeLab Made Bulk Purchase From Aobo As Its Manufacture And Supplier Under The Purchase Agreement.

32. With the parties' Agreement in place and GeLab's rights and interest secured, GeLab began delivering confidential information to Aobo. GeLab fully performed all of its obligations under the Agreements and supported Aobo's efforts to meet production requirement, including by making timely delivery of raw materials, by providing Aobo with ancillary equipment, by training Aobo personnel on how to tint nail gel color.

33. GeLab provided Aobo with highly-sensitive confidential information, including trade secrets, during this time. As just one example, GeLab provided Aobo with confidential marketing information it had put together over many years showing the most popular products among customers. Early in its marketing and sale of nail gel, GeLab manufactured nail gel in many degrees or shades of color because it did not know which degrees or shades would prove most in demand. Only over time was GeLab able to compile data on color in order to direct its manufacturing decisions to a narrow degrees or shades that proved the most popular. Developing this confidential data required a significant investment on GeLab's part but gave GeLab an

advantage in the market. By receiving this confidential information from GeLab as its manufacture, Aobo now has that advantage as well without having to do any of the work GeLab performed.

34. Serving as GeLab's manufacture also gave Aobo confidential access to color design procedures involving the development of nail gel color. By observing GeLab's procedures up close--which is a privilege that only GeLab's duly authorized personnel are given--Aobo's employees were able to learn how a new set of nail gel is designed and developed in practice, again giving Aobo a market advantage it would not have had absent its privileged position as GeLab's sales representative.

35. GeLab believed at the time that a long-term relationship with Aobo would prove mutually-beneficial as Aobo purportedly intended.

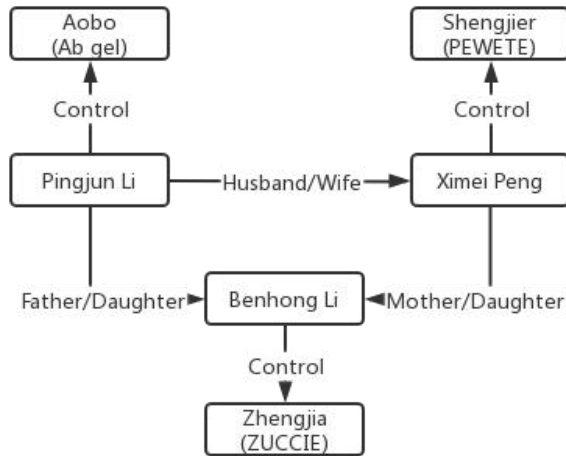
D. GeLab Discovers Defendants' Scheme To Sabotage And Compete With GeLab

36. GeLab gradually discovered three Amazon stores that sold nail gel products that almost identical to GeLab's nail gel.

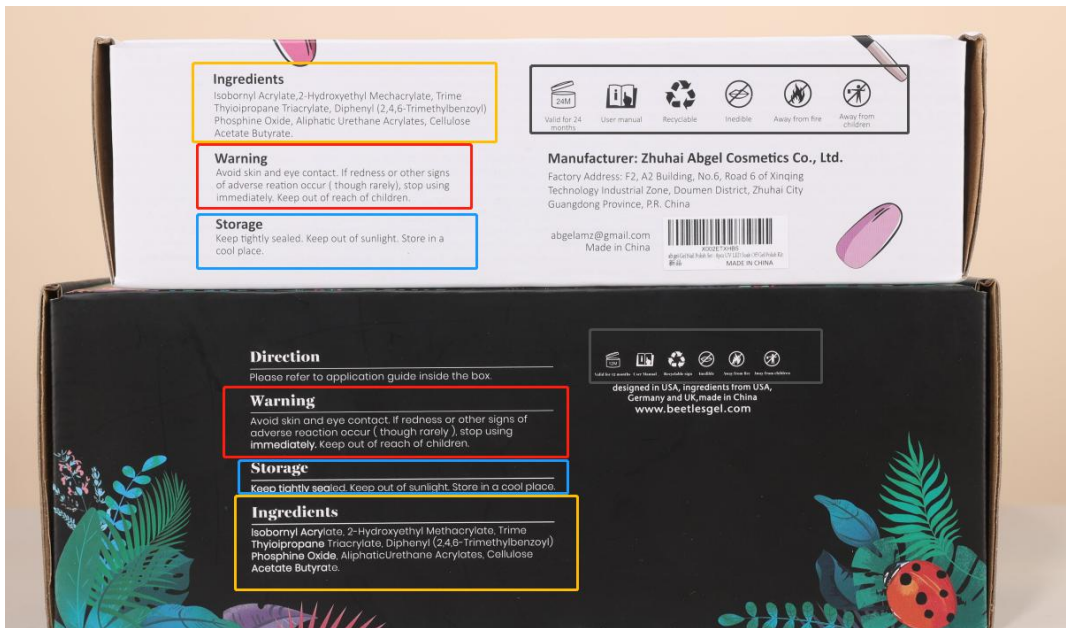
37. The three Amazon stores are Ab gel, which is controlled by Aobo, PEWETE, which is controlled by Shengjier, and ZUCCIE, which is controlled by Zhengjia.

38. As discussed before in paragraph 9, a side-by-side comparison shows that Aobo, Shengjier, and Zhengjia's products are substantially identical to GeLab's products--the products that Aobo had been manufacturing for GeLab for over a year. Aobo, Shengjier and Zhengjia plainly used GeLab's confidential information, including trade secrets, to create these stores--in blatant violation of Aobo's contractual promises to GeLab--as it captures the color choices that GeLab's chemists spent years to make.

39. GeLab investigated the situation further, uncovering additional troubling evidence that Aobo had engaged in a long-running bad-faith campaign, in concert with Shengjier and Zhengjia. The three companies are closely related, because they are controlled by the same family. They are all connected to Aobo.



40. GeLab hired professional company to design its product packaging. The Defendants, without the consent of GeLab, blatantly plagiarized GeLab’s packaging design.



41. Not only GeLab's product packaging became the subject of Defendants' illegal plagiarism, Defendants also copied GeLab's commercial ideas:



42. To sabotage GeLab's business further, Aobo used expired raw material to manufacture GeLab's nail gel, knowing it will cause GeLab product quality problems. GeLab only knew about Aobo's illegal conducts after Chinese government authority issued administrative punishment against Aobo and fined it 270,000 RMB (\$37,912 USD) for its violation.

E. Defendants Ignore GeLab's Demand To Cease And Desist.

43. As of the filing of this Complaint, Defendants are aggressively marketing their nail gel in direct competition with GeLab. GeLab has demanded that Defendants immediately cease marketing and selling their nail gel, provide GeLab with all work product associated with Defendants, and withdraw or refrain from making any products unlawfully derived from GeLab's products. Defendants refused to comply.

COUNT I
DEFEND TRADE SECRETS ACT(18 U.S.C. § 1836 et seq.)
(Against Aobo)

44. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

45. GeLab provided Aobo, in its capacity as a manufacture with confidential and proprietary information constituting trade secrets including, but not limited to, product pricing lists, highly-sensitive marketing data, customer's feedback, know-how and best color-chose practices developed by GeLab through extensive research and development and the host of fundamental method underlying GeLab's design.

46. GeLab's trade secrets relate to products that are used in interstate and foreign commerce.

47. GeLab used reasonable efforts to maintain the confidentiality of these trade secrets, including by requiring Aobo to sign agreements including confidentiality provisions on the use and disclosure of GeLab's confidential information, including trade secrets.

48. GeLab would not have provided its confidential information, including trade secrets, to Aobo unless Aobo was engaged to act as GeLab's manufacture and agreed to the numerous, clear, material contractual provisions designed to keep GeLab's confidential information secret.

49. GeLab derives independent economic value from maintaining the secrecy of its trade secrets because they are not available through public sources or generally known, and are not readily ascertainable through proper means by competitors.

50. Aobo agreed to abide by express contractual provisions designed to keep GeLab's confidential information, including trade secrets, confidential.

51. Aobo knew, or had reason to know, that it had a duty to keep secret and limit the use of GeLab's trade secrets, including fiduciary duties.

52. Aobo breached its duty to maintain the secrecy of and abused its access to GeLab's trade secrets, including by disclosing them to its affiliated companies Shengjier and Zhengjia.

53. Aobo has used and will use GeLab's trade secrets in developing and marketing the nail gel products.

54. Aobo could not have developed the line of nail gel without using GeLab's trade secrets.

55. As a direct, proximate result of Aobo's misconduct, GeLab has been injured and suffered damages in an amount to be proven at trial.

56. As a direct, proximate result of Aobo's misconduct, Aobo has been or will be unjustly enriched.

57. Because of Aobo's misappropriation and use of GeLab's trade secrets, GeLab faces irreparable injury. Unless enjoined, Aobo will continue to misappropriate and use GeLab's trade secrets.

58. Aobo's misconduct is willful and malicious.

59. GeLab is entitled to exemplary damages.

60. GeLab is entitled to attorneys' fees.

COUNT II
ILLINOIS TRADE SECRETS ACT (765 Ill. Comp. Stat. 1065/1 et seq.)
(Against Aobo)

61. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

62. GeLab provided Aobo, in its capacity as a manufacture with confidential and proprietary information constituting trade secrets including, but not limited to, product pricing lists, highly-sensitive marketing data, customer's feedback, know-how and best color-chose practices developed by GeLab through extensive research and development and the host of fundamental method underlying GeLab's design.

63. GeLab used reasonable efforts to maintain the confidentiality of these trade secrets, including by requiring Aobo to sign agreements including confidentiality provisions on the use and disclosure of GeLab's confidential information, including trade secrets.

64. GeLab would not have provided its confidential information, including trade secrets, to Aobo unless Aobo was engaged to act as GeLab's manufacture and agreed to the numerous, clear, material contractual provisions designed to keep GeLab's confidential information secret.

65. GeLab derives independent economic value from maintaining the secrecy of its trade secrets because they are not available through public sources or generally known, and are not readily ascertainable through proper means by competitors.

66. Aobo agreed to abide by express contractual provisions designed to keep GeLab's confidential information, including trade secrets, confidential.

67. Aobo knew, or had reason to know, that it had a duty to keep secret and limit the use of GeLab's trade secrets, including fiduciary duties.

68. Aobo breached its duty to maintain the secrecy of and abused its access to GeLab's trade secrets, including by disclosing them to its affiliated companies Shengjier and Zhengjia.

69. Aobo has used and will use GeLab's trade secrets in developing and marketing the nail gel products.

70. Aobo could not have developed the line of nail gel without using GeLab's trade secrets.

71. As a direct, proximate result of Aobo's misconduct, GeLab has been injured and suffered damages in an amount to be proven at trial.

72. As a direct, proximate result of Aobo's misconduct, Aobo has been or will be unjustly enriched.

73. Because of Aobo's misappropriation and use of GeLab's trade secrets, GeLab faces irreparable injury. Unless enjoined, Aobo will continue to misappropriate and use GeLab's trade secrets.

74. Aobo's misconduct is willful and malicious.

75. GeLab is entitled to exemplary damages.

76. GeLab is entitled to attorneys' fees.

COUNT III
CONSTRUCTIVE FRAUD
(Against Aobo)

77. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

78. Aobo owed GeLab fiduciary duties, including the duty of loyalty.

79. Aobo owed GeLab fiduciary duties to protect its property rights, including its right to exclude others.

80. Aobo breached its fiduciary duties by using or disclosing GeLab's proprietary confidential information to develop gel nail and compete with GeLab.

81. Aobo breached its fiduciary duties by knowingly use expired raw materials to manufacture defective products.

82. Aobo breached its fiduciary duties by knowingly copy GeLab's package design and commercial ideas.

83. Aobo's breaches of its fiduciary duties give rise to a presumption of fraud.

84. Aobo's breaches of its fiduciary duties were done knowingly and were calculated to deceive GeLab.

85. Aobo accepted the fruits of its fraud and breaches, including by leveraging its use and disclosure of GeLab's proprietary confidential information to develop and obtain market advantage on an accelerated timetable.

86. Aobo's breaches of its fiduciary duties constituted constructive fraud against GeLab.

87. Aobo's constructive fraud has caused GeLab to suffer damages in an amount to be proven at trial.

88. GeLab is entitled to punitive damages on account of Aobo's constructive fraud.

COUNT IV
FRAUDULENT CONCEALMENT
(Against Aobo)

89. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

90. Aobo concealed from GeLab the material fact that it was using GeLab's proprietary confidential information for the purpose of developing its and its affiliates' own product line.

91. Aobo concealed from GeLab the material fact that it was disclosing GeLab's proprietary confidential information to third parties, including Zhengjia and Shengjier.

92. Aobo concealed from GeLab the material fact that it was also manufacturing nail gel for third parties, including Zhengjia and Shengjier. Aobo could not and will not “ensure that the price of GeLab's products has sustainable market competitiveness.”

93. At the time Aobo concealed these material facts, it was acting as GeLab’s fiduciary and trustee and had a duty to speak the truth to GeLab regarding material facts.

94. Aobo concealed these material facts with the intent to induce a false belief in GeLab that Aobo was not using or disclosing GeLab’s proprietary confidential information in any way to compete with GeLab or harm its interests.

95. Aobo concealed these material facts also with the intent to induce a false belief in GeLab that Aobo will ensure that the price of GeLab’s products has sustainable market competitiveness.

96. GeLab could not have discovered the truth regarding Aobo’s concealed material facts through a reasonable inquiry or inspection.

97. GeLab justifiably relied on Aobo’s silence as a representation that Aobo was not using or disclosing GeLab’s proprietary confidential information in order to compete with GeLab or harm its interests, consistent with its duties to GeLab as its fiduciary and trustee.

98. GeLab also justifiably relied on Aobo’s silence as a representation that Aobo was using quality raw materials and providing GeLab products that have sustainable competitive price, consistent with its duties to GeLab as its fiduciary and trustee.

99. Had GeLab been aware that Aobo was using or disclosing its proprietary confidential information in order to develop its and its affiliates’ own product line and compete with GeLab, GeLab would not have continued to allow Aobo to possess its information and would have demanded their immediate return.

100. Had GeLab been aware that Aobo was developing its and its affiliates' own product line and compete with GeLab, GeLab would not have continued to work with Aobo as GeLab's supplier and manufacture.

101. GeLab's reliance on Aobo's silence has caused GeLab to suffer damages in an amount to be proven at trial.

102. Aobo's fraudulent concealment were made willfully and wantonly.

103. GeLab is entitled to punitive damages on account of Aobo's fraudulent concealments.

COUNT V
BREACH OF THE PURCHASE AGREEMENT
(Against Aobo)

104. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

105. The Purchase Agreement, including all of Aobo's promises and agreements contained therein, is valid and enforceable under Illinois law.

106. GeLab fully performed under the Purchase Agreement.

107. Under the Purchase Agreement, GeLab provided Aobo with a substantial amount of highly-sensitive confidential information, including trade secrets, to support Aobo's efforts to serve as GeLab's manufacture. This confidential information included, but was not limited to, highly-sensitive marketing information and information disclosed to Aobo on account of Aobo's privileged access to nail gel color choosing procedures.

108. Aobo used and continues to use GeLab's confidential information to develop and market its and its affiliates' own product line in direct competition with GeLab's nail gel. In doing so, Aobo breached and continues to breach numerous provisions of the Purchase Agreement, Confidentiality Clause.

109. For example, Aobo breached and continues to breach the Confidentiality Agreement by failing “not to disclose the confidential information under this agreement or use it for any purpose outside the scope of this agreement without the written permission of GeLab”

110. Also, under the Purchase Agreement, Aobo promised to provide products to GeLab that are brand new, technologically advanced and of good quality, which shall conform to relevant national and industrial quality standards, with stable and reliable performance and complete quantity. Aobo breached its duty by using expired raw materials.

111. Aobo materially breached the Confidentiality Clause.

112. GeLab has suffered and will suffer irreparable harm on account of Aobo’s breaches for which it has no adequate remedy at law.

113. GeLab has been damaged by Aobo’s breaches in an amount to be proven at trial.

COUNT VI
BREACH OF FIDUCIARY DUTY
(Against Aobo)

114. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

115. Under the Purchase Agreement, Aobo promised to keep secret and maintain GeLab’s confidential information as confidential and to hold the confidential information in trust for GeLab’s exclusive benefit.

116. Under the Purchase Agreement, Aobo promised to keep secret and maintain GeLab’s continued competitiveness.

117. As GeLab’s fiduciary and trustee, Aobo held a position of trust and confidence for GeLab.

118. Aobo owed GeLab fiduciary duties, including the duty of loyalty.

119. Aobo owed GeLab fiduciary duties to protect its property rights, including its right to exclude others.

120. Aobo used and continues to use GeLab's confidential information to develop and market its and its affiliates' product line in direct competition with GeLab's nail gel. Aobo used and continues to use GeLab's intellectual properties such as package design and commercial ideas.

121. In doing so, Aobo breached and continues to breach its fiduciary duties owed to GeLab, including:

- a. by disclosing GeLab's confidential information to third parties such as Zhengjia and Shengjier;
- b. by plagiarizing GeLab's packaging design and commercial ideas.

122. Aobo's breaches of its fiduciary duties have been willful.

123. GeLab has been damaged by Aobo's breaches in an amount to be proven at trial.

124. Aobo's breaches of its fiduciary duties proximately caused GeLab's damages.

125. GeLab is entitled to punitive damages on account of Aobo's breaches.

COUNT VII
FRAUDULENT MISREPRESENTATION
(Against Aobo)

126. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

127. In negotiating to serve as GeLab's manufacture, Aobo represented that it was interested in forming a long-term relationship with GeLab.

128. At the time Aobo made these representations, Aobo knew that they were false and fraudulent. In fact, Aobo did not intend to maintain its relationship with GeLab long-term.

129. Aobo made these fraudulent statements as part of a scheme with the intent to induce GeLab rely on them. Specifically, Aobo intended to induce GeLab to appoint and maintain Aobo

as its manufacture and intended to induce GeLab to deliver its proprietary confidential information to Aobo in order for Aobo to use GeLab's confidential information to develop a competing product in violation of its contractual agreements.

130. Aobo's fraudulent misrepresentations were material to GeLab's decision to appoint and maintain Aobo as GeLab's manufacture and to deliver its proprietary confidential information to Aobo.

131. GeLab justifiably relied on Aobo's fraudulent misrepresentations in agreeing to appoint and maintain Aobo as GeLab's manufacture and to deliver its proprietary confidential information to Aobo.

132. Aobo's fraudulent misrepresentations were made willfully and wantonly.

133. GeLab's reliance on Aobo's fraudulent misrepresentations has caused GeLab to suffer damages in an amount to be proven at trial.

134. GeLab is entitled to punitive damages on account of Aobo's fraudulent misrepresentations.

COUNT VIII
CIVIL CONSPIRACY
(Against All Defendants)

135. Plaintiff hereby re-alleges and incorporates by reference the allegations set forth in the preceding paragraphs.

136. On information and belief, Defendants were aware of the Aobo's contractual obligations under the PA.

137. On information and belief, all Defendants knowingly and willingly conspired and agreed between themselves to breach the PA.

138. The object Defendants sought to accomplish, and indeed what was accomplished, was to gain an improper competitive advantage, injure GeLab's business.

139. All Defendants committed and caused to be committed one or more overt and unlawful acts in furtherance of the conspiracy, including, but not limited to, the misappropriation of GeLab's trade secrets.

140. As a direct and proximate result of Defendants' actions, GeLab has suffered damages in an amount to be determined at trial.

JURY DEMAND

GeLab demands a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, GeLab respectfully asks the Court for the following relief:

1. Award a temporary restraining order, preliminary injunction, and/or permanent injunction prohibiting Defendants and all affiliates, employees, agents, officers, directors, attorneys, successors, and assigns, and all those acting on behalf of or in active concert or participation with any of them, from unfairly competing with GeLab by possessing and/or using GeLab's trade secrets.
2. Award a temporary restraining order, preliminary injunction, and/or a permanent injunction restraining and enjoining Defendants from altering, destroying, or disposing of any evidence, in any form, relating to this action, including without limitation emails and paper and electronic documents, including current or archived electronic logs, metadata, and directories.
3. Order Defendants to return all GeLab's confidential and proprietary information in their possession and to cease and desist from its efforts to encourage employees and others, including the Defendants' Employees, from violating GeLabs intellectual property rights relating to its confidential and proprietary information.
4. Declare that Defendants have no rights or privileges to use GeLab's trade secrets.

5. Award GeLab damages in an amount to be determined at trial, including without limitation, GeLab's lost revenues and profits, and any unjust enrichment, restitution, or disgorgement, plus a reasonable royalty to the extent permitted under the law.
6. Award GeLab punitive damages in an amount to be determined at trial.
7. Award GeLab pre-judgment and post-judgment interest.
8. Award GeLab attorneys' fees and costs.
9. Award GeLab any such other relief as the Court deems appropriate.

Date: October 6, 2022

/s/ Ruoting Men

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