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6	ANTHONY LONGO, individually and derivatively on	
7	behalf of TODOS SANTOS SURF, INC.	
8		
9		NOTRICT COURT
10	UNITED STATES DISTRICT COURT	
11	CENTRAL DISTRICT OF CALIFORNIA	
12		
13	ANTHONY LONGO, individually and derivatively on behalf of TODOS	CASE NO.: 20-cv-00829-KES
14	SANTOS SURF, INC.,	FIRST AMENDED VERIFIED
15		SHAREHOLDER DERIVATIVE
16	Plaintiff,	COMPLAINT FOR DAMAGES AND DECLARATORY RELIEF
17	V.	
18	VINCENT LONGO, an individual;	DEMAND FOR JURY TRIAL
19	FUTURE FIN SYSTEMS PTY LTD, an Australian entity; and DOES 1 through 20,	
20	inclusive;	
21		
22	Defendants,	
23	-and-	
23 24	TODOS SANTOS SURF, INC., a	
	California Corporation,	
25	Nominal Defendant	
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FIRST AMENDED VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT FOR DAMAGES AND DECLARATORY RELIEF

Plaintiff Anthony Longo ("Plaintiff" or "Anthony"), by and through his undersigned attorneys, submits this Verified Shareholder Derivative Complaint against the named defendants. Plaintiff's allegations on information and belief are based upon, among other things, an investigation conducted by and under the supervision of Plaintiff's legal counsel which included, but was not limited to, a review of: (a) California corporate and U.S. Patent and Trademark documents; (b) Australian corporate, patent and trademark documents; (c) representations made by defendant Vincent Longo ("Vincent" or "Defendant"); and (d) a review of the Australian website, marketing materials, and products that have been sold worldwide by Australian defendant Future Fin Systems Pty, Ltd ("Future Australia") on their website.

NATURE OF THE ACTION

- 1. This is a shareholder derivative action brought for the benefit of nominal defendant Todos Santos Surf, Inc. ("TSS" or "Nominal Defendant"), a California corporation that licenses its exclusive group of well-known trademarks and key patents related to the surf industry. TSS shares are held 50% each by Anthony and Vincent, who are the only directors of TSS.
- From the mid-1990s, Anthony created, designed and patented accessories related to surfing. In addition to the patents, TSS created and holds certain trademarks related to the surfing industry. As is alleged below, Defendant Vincent inserted himself onto certain of those patents as an inventor, despite that Vincent did not, in fact, contribute as an inventor.
- As each trademark and patent was created, they were assigned to TSS, a 3. company that Vincent convinced Anthony was necessary to hold the intellectual property. TSS was set up with Plaintiff Anthony and Defendant Vincent each owning 50% of the corporation.
 - In 2002, Defendant Vincent, having assigned 100% of his right, title, and 4.

interest in the herein trademarks and patents to Nominal Defendant TSS. Simultaneously, without authorization, permission, or license from TSS, set up and began operating a highly profitable business – Future Australia – using the exact same trademarks and patents he previously assigned to TSS. In or around July 24, 2008, again without the knowledge or consent of TSS, Defendants set up the website https://futuresfins.com.au/ using the trademarks assigned to TSS and selling products that practiced the various TSS patents. Defendant Vincent formed Future Australia without a vote of the TSS board, without requesting permission from TSS, and without the knowledge or consent of Plaintiff Anthony.

- 5. Recently, Plaintiff Anthony became aware of Future Australia. When he questioned Vincent about the company, Vincent assured Anthony that they "both owned the Australian company equally," sales were minimal, and that Vincent would evenly divide the Future Australia profits with Plaintiff Anthony. The truth was and is that Future Australia sales were in the tens of millions of dollars, and Defendant Vincent was hiding the profits by keeping them in various accounts. Further, Defendants arranged to have surf products manufactured that bore the TSS-owned trademark and practiced the TSS-owned patents. To date, Plaintiff is informed and believes that approximately \$30 million in profits remain in Australia.
- 6. Plaintiff Anthony, working with counsel, has now discovered that Defendant Future Australia is 99% owned by Defendant Vincent, a resident of Huntington Beach, California, and 1% owned by an Australian resident.
- 7. Defendants have infringed the trademarks and patents owned by TSS and have profited approximately \$30 million through the unlicensed sales of these products without paying a penny to TSS.
- 8. In addition, Defendants have breached their fiduciary duties and duties of loyalty to Plaintiff and the Nominal Defendant by, among other things, misappropriating

funds and property belonging to Plaintiff and the Nominal Defendant to fund Future Australia, all to the detriment of Plaintiff and Nominal Defendant. Defendants' unauthorized infringement of the Futures Marks and patents and unauthorized use of the Nominal Defendant's funds and property also constitutes unfair competition, deceptive trade practices and conversion, causing damage to Plaintiff and Nominal Defendant.

9. Plaintiff asserts derivative claims under federal law for violations of the Lanham Act, for patent infringement, and under state law for breach of fiduciary duty, duty of loyalty, unfair competition, unjust enrichment, and conversion. Plaintiff also asserts direct claims for breach of fiduciary duty, duty of loyalty, conversion and unjust enrichment.

THE PARTIES

- 10. Plaintiff Anthony Longo is, and at all times relevant to this complaint was, a resident of Orange County, California.
- 11. Nominal Defendant Todos Santos Surf, Inc. is a California corporation with its principal place of business located at 5452 McFadden Avenue, Huntington Beach, CA 92649.
- 12. Defendant Vincent Longo is, and at all times mentioned in this complaint was, a resident of Orange County, California.
- 13. Defendant Future Fins System, Pty Ltd is an Australian entity with its headquarters and principal place of business in Australia, however, its 99% owner, director, and principle officer is Defendant Vincent Longo who resides in Orange County, California.

JURISDICTION AND VENUE

14. This Court has exclusive subject matter jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a) because the claim for patent

infringement arises under the laws of the United States, 35 U.S.C. § 271, et seq.

- 15. This Court has original jurisdiction over the subject matter of this action pursuant to 15 U.S.C. §1121 and 28 U.S.C. §1331 and §1338 because the claims stated herein arise under the laws of the United States. This Court has jurisdiction over the related state law claims pursuant to 28 U.S.C. §1367.
- 16. This Court has personal jurisdiction over Defendants because they reside in this District and have a continuous, systematic and substantial presence in this District, because they regularly conduct business or solicits business within this District, because they have committed and continue to commit infringement in this District, including without limitation by using infringing products and inducing consumers in this District to use infringing products, by purposefully directing activities at residents of this District, and by placing infringing products into the stream of commerce with the knowledge that the infringing products would be sold in California and this District, which acts form a substantial part of the events giving rise to Plaintiff's claims.
- 17. Defendant Future Australia is 99% owned by Defendant Vincent, a resident of Huntington Beach, California.
- 18. Venue is proper in this district pursuant to 28 U.S.C. § 1391 and 1400(b) because Defendant Vincent resides in this District, and all Defendants have committed violations, have a regular and established place of business in this District, and a substantial part of the events giving rise to Plaintiff's claims occurred in this District.

FACTUAL ALLEGATIONS

The Parties' Relationship

19. Anthony and Vincent are brothers who formed TSS in 1999 to hold and market patents and trademarks for various products for surfboards, including surf fins and mounting systems related to surf fins.

- 20. The two 50% shareholders of TSS are Anthony and Vincent.
- 21. Since its formation in November of 1999, TSS has patented the products and trademarked the designs created by Anthony.
- 22. Anthony assigned all of his intellectual property rights, including, as described in more detail below, the Futures trademarks and patents to TSS. Anthony and Vincent the only TSS shareholders each own an equal 50% share of TSS.
- 23. TSS eventually licensed its intellectual property rights to Futures Fins LLC ("Futures Fins"), a California limited liability company having its principal place of business in Orange County, California.

Futures' Famous Trademarks

- 24. Futures Fins is well-known for surf fin design and application. The products, name brand and logo associated with Futures Fins have become popular and famous in the United States and internationally.
- 25. The Futures Fins brand has been subjected to extensive marketing and promotion of the marks (the "Futures Marks"), and the brand has enjoyed significant sales of surfboard fins and accessories bearing the Futures Marks.
- 26. For instance, the Surfer Today website lists the Futures brand, along with Fin Control Systems ("FCS") as the two top surfboard fin brands and uses several Futures Marks on its website. See, e.g., https://www.surfertoday.com/surfing/the-best-surfboard-fins-in-the-world
- 27. Due to the extensive use of the Futures Marks, the brand Futures Fins has built up significant goodwill therein, and its branded merchandise has been praised and recognized in the surf industry and through various media.
- 28. As a result of the longstanding, substantial and continuous use, the Futures Fins' branded products have long been immediately recognized by consumers and the trade of surfing nationwide and worldwide.

- 29. Since June 2000, TSS has utilized and offered products bearing the Futures Marks. As such, TSS has acquired broad common law rights in certain marks.
- 30. In addition, TSS has filed for, and received, several U.S. federal trademark registrations for its Futures Fins branded surf fins and accessories. The registration filings are identified in the paragraphs below.
- 31. On or around August 29, 2005, TSS filed an application with the U.S. Patent and Trademark Office (the "USPTO") for registration of the mark "FUTURES" in International Class 28 for Games and Sporting Goods. The application is assigned U.S. Serial Number 78702559, and the mark issued on June 26, 2007 with Registration No. 3,254,933. The "FUTURES" mark is owned by TSS.
- 32. On or around December 5, 2013, TSS filed an application with the USPTO for registration of the mark "F" in International Class 28 for Games and Sporting Goods. The application is assigned U.S. Serial Number 86136470, and the mark issued on July 21, 2015 with Registration No. 4,778,045. The "F" mark is owned by TSS.
- 33. On or around April 14, 2014, TSS filed an application with the USPTO for registration of the mark "RIDE NUMBER" in International Class 28 for Games and Sporting Goods. The application is assigned U.S. Serial Number 86251977, and the mark issued on April 7, 2015 with Registration No. 4,718,310. The "RIDE NUMBER" mark is owned by TSS.
- 34. On or around May 16, 2014, TSS filed an application with the USPTO for registration of the mark "TECHFLEX" in International Class 28 for Games and Sporting Goods. The application is assigned U.S. Serial Number 86284073, and the mark issued on May 19, 2015 with Registration No. 4,740,688. The "TECHFLEX" mark is owned by TSS.
- 35. On or around May 16, 2014, TSS filed an application with the USPTO for registration of the mark "BLACKSTIX" in International Class 28 for Games and Sporting Goods. The application is assigned U.S. Serial Number 86284074, and the mark issued on

MAY 19, 2015 with Registration No. 4,740,689. The "BLACKSTIX" mark is owned by TSS.

- 36. On or around February 20, 2018, TSS filed an application with the USPTO for registration of the mark "FUTURES." in International Class 18 for Bags and Leather Goods. The application is assigned U.S. Serial Number 87804360, and the mark issued on December 24, 2019 with Registration No. 5,944,851. The "FUTURES." mark is owned by TSS.
- 37. True and correct copies of the Certificates of Registration for each of the above-listed Futures Marks are attached hereto as Exhibit 1.
- 38. The Futures Marks associated with Futures surfboard fins and accessories have acquired a strong secondary meaning and are strong trademarks. Futures Marks and associated products have become famous and are known and recognized across the United States and the world. *See*, e.g., https://www.surfertoday.com/surfing/futures-or-fcs-the-surfboard-fin-dilemma.

Defendants' Scheme to Misappropriate Plaintiff's Funds

- 39. On information and belief, Plaintiff alleges that starting at least as early as 2002, Vincent arranged without Plaintiff's knowledge or authorization for the diversion of the Futures Marks to himself, whereby funds produced from the distribution and sale of Futures branded Products went directly to Vincent and not to TSS or Anthony. Vincent's unauthorized diversion of the Futures Marks caused TSS to suffer the loss of millions of dollars in money and assets which could have been used to pay TSS for the licensing of the Futures Marks.
- 40. In November of 2002, without the knowledge or authorization from Anthony or TSS, Vincent formed Defendant Future Australia, which he touted as an Australian distributor of products bearing the Futures Marks.

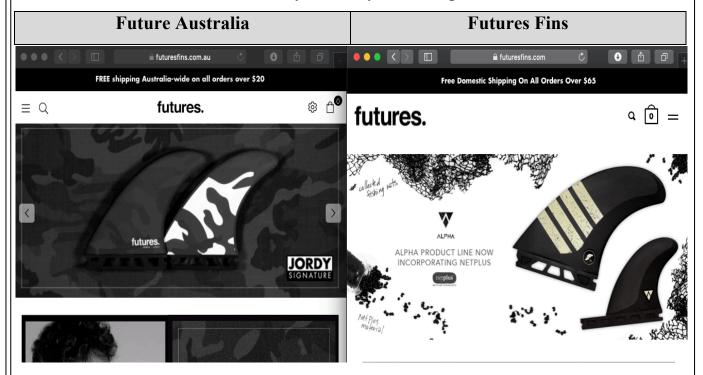
- 41. Vincent's formation of Future Australia capitalized on the famous Futures Marks to the material detriment of Anthony and the Nominal Defendant TSS.
- 42. Though Future Australia products were manufactured using Futures Marks the profits from the sales of Future Australia products were not returned to TSS; instead the funds were routed to Defendants without Plaintiff's knowledge.
- 43. Future Australia, through the unauthorized advertisement of products bearing the Futures Marks on its purported website and via the unauthorized manufacture, sale, use and distribution of the products bearing the Futures Marks, infringed the patents and trademarks owned by Anthony and Nominal Defendant TSS causing significant damage to Plaintiff.
- 44. Defendants never paid consideration to Plaintiff or Nominal Defendant for the unauthorized use or interest of the Futures Marks by this independent distributor entity, and this activity of Future Australia was never approved or licensed by TSS.

<u>Defendants' Unauthorized Exploitation of Trademarks</u> <u>via an Unauthorized Website</u>

- 45. Defendants also saw an opportunity to further capitalize on the success of the Futures Marks by exploiting their popularity by selling products bearing the Futures Marks on an unauthorized website.
- 46. Rather than expanding the popularity of the Futures Marks for the benefit of TSS and Anthony, however, Defendants intentionally left Anthony in the dark and instead elected to utilize the Futures Marks for their own benefit, to the detriment of Plaintiff and TSS.
- 47. Specifically, Defendants formed Future Australia without Plaintiff's knowledge, including forming and operating the website www.futuresfins.com.au (the "Future Australia Website"), and also manufactured, distributed and sold products

produced under the Futures Marks worldwide.

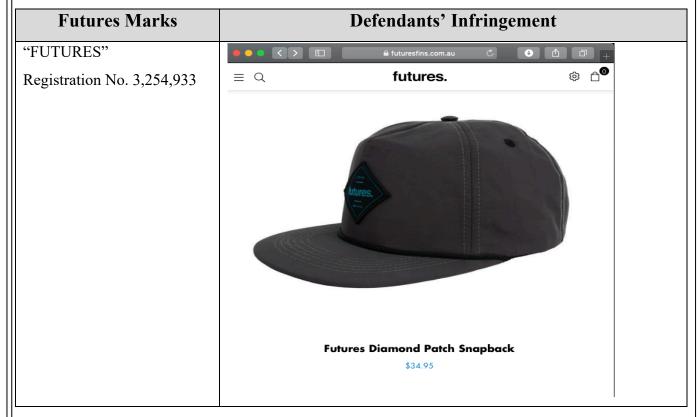
48. The unauthorized Future Australia Website is virtually indistinguishable from the licensed U.S. website, as shown by a side-by-side comparison:



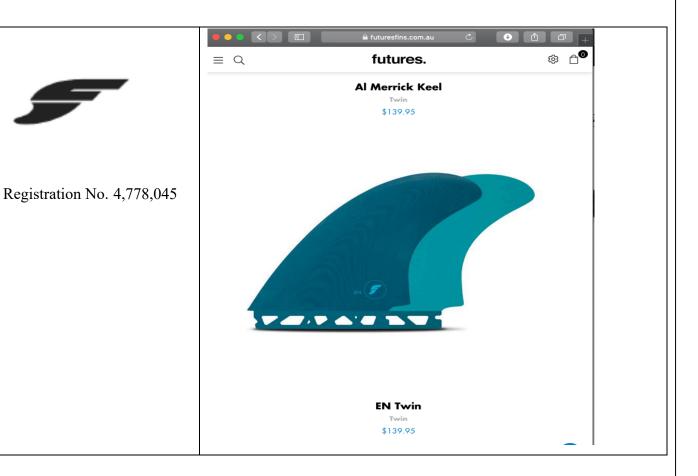
- 49. Defendants continued, without Plaintiff's knowledge or consent, to market and advertise the Futures Marks on the Future Australia Website.
- 50. Neither Plaintiff nor TSS have received any royalties or compensation as a result of Future Australia's willful infringement of the Futures Marks by using the marks on their website and selling products with the Futures Marks.
- 51. Defendants did not advise Plaintiff or TSS of their plan to manufacture, distribute and sell products in Australia bearing the Futures Marks.
- 52. Defendants did not obtain a license or the necessary consent for use of the Futures Marks from Plaintiff or TSS in connection with the manufacture, distribution or sale of the products bearing the Futures Marks. And if Future Australia did obtain a license,

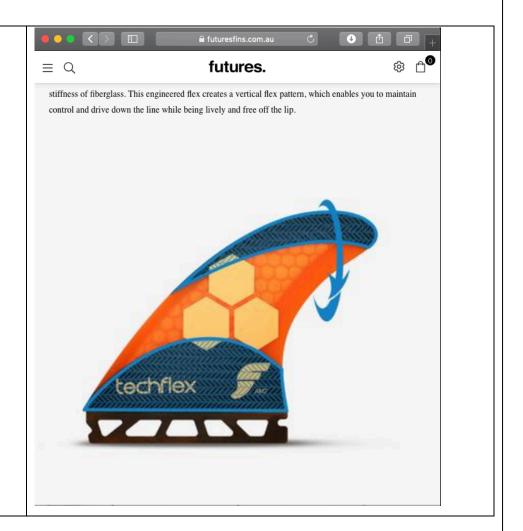
it did so without Plaintiff's knowledge and without TSS' consent.

- 53. Upon information and belief, Future Australia, at the direction of Defendants, is currently operating the infringing website online and selling products online.
- 54. Upon information and belief, Defendants operate Future Australia and manufacture, distribute and sell products bearing the Futures Marks in interstate commerce without Plaintiff's knowledge.
- 55. Defendants have not reported their earnings from the manufacture, distribution and sale of products bearing the Futures Marks to Plaintiff, TSS, or, upon information and belief, the taxing authorities of the United States of America.
- 56. Defendants have not paid a license fee or royalty to TSS in connection with its infringing activities.
- 57. By using the Futures Marks in the manufacture, distribution and sale of products without permission, Defendants are improperly benefitting from the Futures Fins' brand name and associated goodwill, without compensating the owner of the Futures Marks.
- 58. The use of the Futures Marks by Defendants is likely to cause confusion and is causing confusion amongst consumers concerning the true origin, sponsorship or approval of the products. For example, in the website comparison in paragraph 48 above, the marks shown in the Future Australia website on the left are indistinguishable from the marks shown in the Futures Fins website on the right.
- 59. TSS has been damaged by the improper and unauthorized use of the Futures Marks by Defendants because, among other things, TSS has not received any compensation for the use of its Futures Marks, and the Futures Marks have been blurred or tarnished by the distribution of unauthorized products.
- 60. Examples of Defendants' unauthorized use of the Futures Marks on their website, https://futuresfins.com.au, can be seen in the chart below:









"RIDE NUMBER"

Registration No.

4,718,310

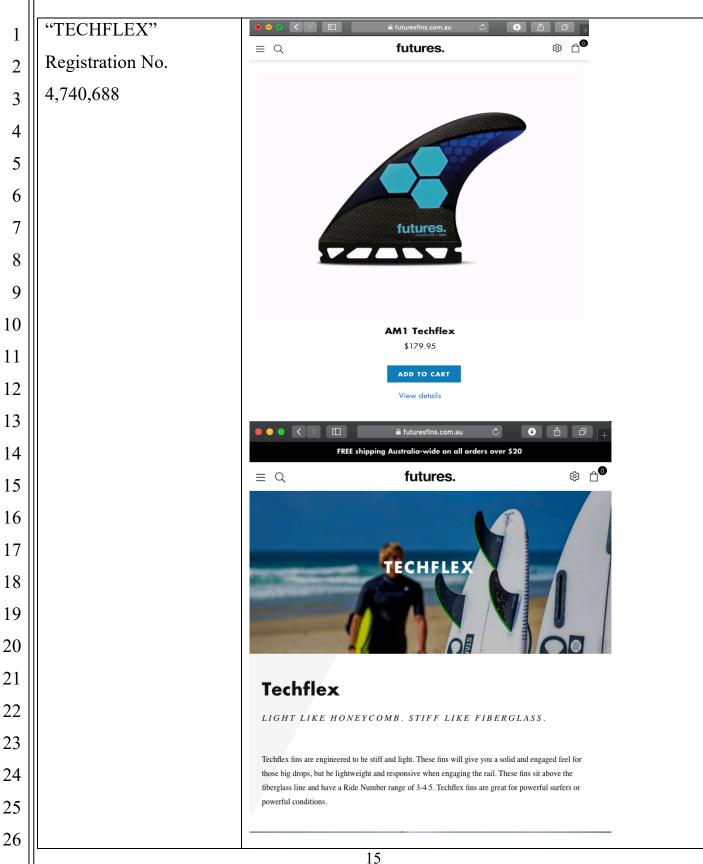
FRIE shipping Australia-wide on all orders over \$20

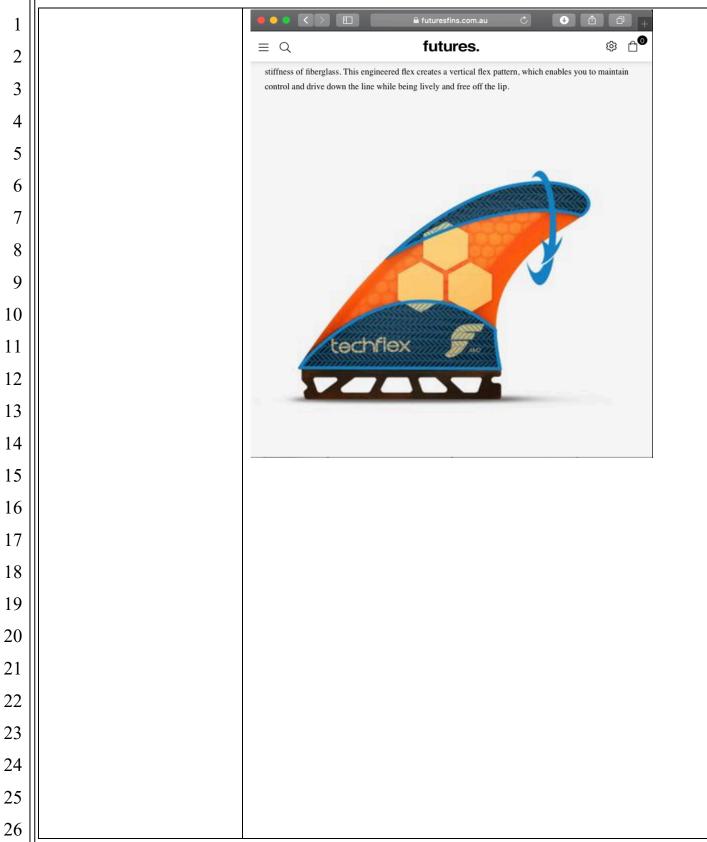
Total futures.

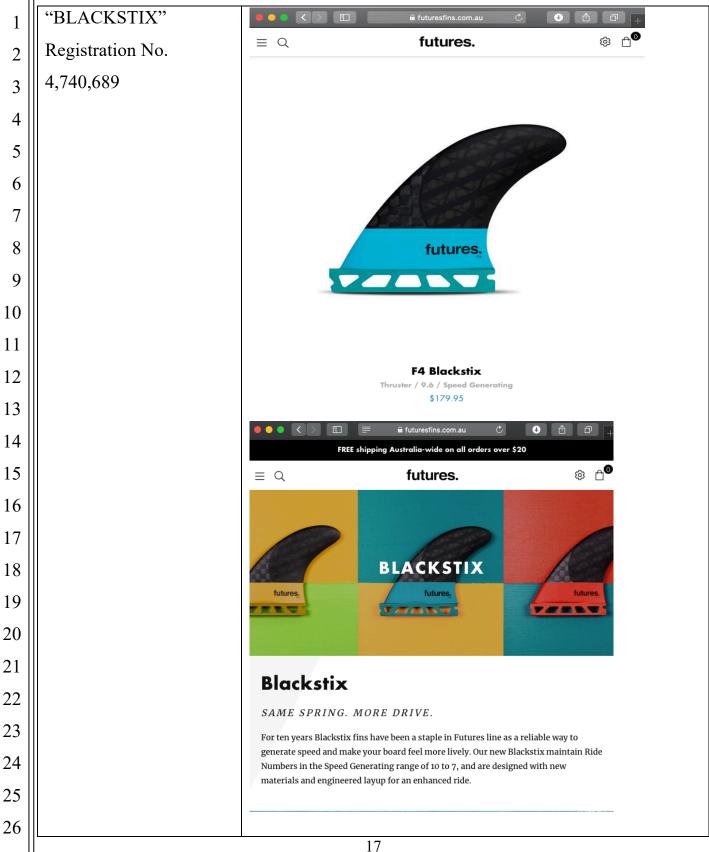
Speed Generating vs. Speed
Control

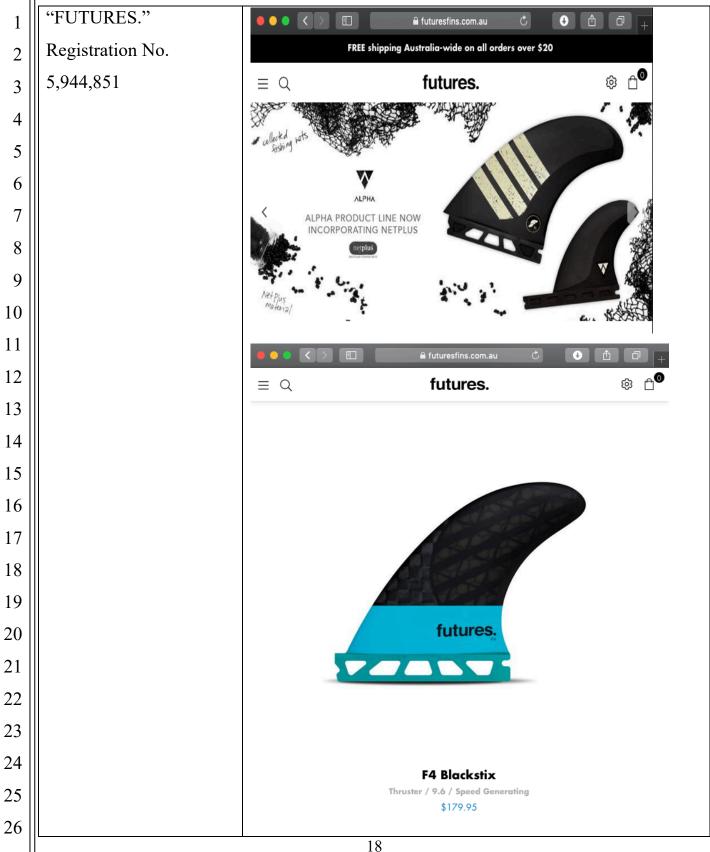
A TOOL TO HELP YOU SURF BETTER

Using Ride Number is easy, you just have to understand the feelings of Speed
Generating and Speed Control. On one end of the Ride Number scale is Speed
Generating fins. These fins feel responsive and provide that extra spring most often
wanted when the surf is lacking power. On the opposite side is Speed Control. These
fins feel solid, engaged, and predictable providing that extra hold usually only needed
when the surf is cranking. The middle ground is Balanced, offering a mix of the two
extremes for an all around feel. Just remember, when you're pumping - Speed
Generating, when the waves are pumping - Speed Control









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Defendants' Infringement of Futures' Patents¹

- 61. In addition to the above misappropriations and infringement, Defendants have also infringed on the Futures Patents.
- 62. On October 11, 2016, the USPTO duly and lawfully issued United States Patent No. 9,463,588, entitled "Surf Fin Including Injection Molded Pre-Impregnated Composite Fiber Matrix Inserts" ("the '588 Patent"). TSS is the owner of the '588 Patent, a copy of which is attached hereto as Exhibit 2 and made part of this Complaint.
- Defendants are and have been making, using, selling, offering for sale, 63. importing and/or exporting products that infringe the '588 Patent, including without limitation their entire line of surf fins, including but not limited to fins with the following setups: Thruster, 5 Fin, Quad, Quad Rear, Single, Twin, 2 + 1, Big Wave, and SUP. The line of infringing surf fins entire be found here can https://futuresfins.com.au/collections/surfboard-fins, (the "Accused Products").
- 64. Defendants also actively induce infringement of the '588 Patent by its customers.
- 65. Upon information and belief, Defendants have been aware of the '588 Patent since it issued on October 11, 2016.

DERIVATIVE CLAIMS

66. Plaintiff, as a 50% shareholder in the Nominal Defendant, brings the following claims derivatively on behalf of the Nominal Defendant TSS.

¹ Nominal Defendant also owns U.S. Patent Nos. 8,985,351 (titled, "Display Device"); 9,540,080 (titled Method of Forming a Thermoplastic Fiber Composite Fin); and 9,566,729 (titled, "Injection Molded Surfboard Insert Having Pre-Impregnated Composite Fiber Matrix Structure").

67. During all of the transactions complained of herein, Plaintiff was, and remains, a 50% shareholder of the Nominal Defendant TSS.

Demand Would Be Futile

- 68. Plaintiff did not make a demand upon the TSS Board of Directors before filing this Complaint.
- 69. Plaintiff alleges the only other TSS director was and is Defendant Vincent Longo and that Vincent is also the other 50% shareholder of TSS. The illegal acts and systematic failure presented by the misconduct and breaches of fiduciary duty on the part of Vincent as alleged in this complaint create a non-disinterested director.
- 70. Acting solely for his own personal benefit, Vincent took it upon himself to enlist legal representation outside the knowledge of TSS to gain the trademark registrations in Australia under his controlled third-party entity, Future Australia and did so without Plaintiff's consent. *See* Exhibit 3.
- 71. The alleged wrongful actions taken by Vincent involved not only his intentional misconduct, but his knowing violation of the law.
- 72. By his illegal and self-serving actions, Defendant Vincent dominated and controlled Plaintiff Anthony in such a way that Plaintiff ceased to function as a director of TSS.
- 73. The application for trademark registrations by Defendant Future Australia as seen in Exhibit 3 was filed at the request of Defendant Vincent and not at the request, or with the consent, of the TSS Board of Directors or by Plaintiff Anthony.
- 74. Vincent never advised or presented the question of licensing a trademark by Future Australia to the TSS Board of Directors or its other 50% shareholder Plaintiff Anthony. Plaintiff Anthony as a Director of TSS never voted on, discussed, or contemplated the use by Future Australia of the intellectual property held by TSS.

- 75. Defendant Vincent, without the authorization from TSS, continues to utilize Future Australia to capture the profits from the intellectual property held by TSS.
- 76. TSS does not receive royalties or payment in any form from the Defendants for the use of the intellectual property held by TSS.
- 77. Based on Defendant Vincent's illegal conduct (i.e., his acts and omissions in direct violation of his fiduciary duties of care, good faith, honesty, and loyalty) a predemand on TSS' Board of Directors to bring the claims asserted in this action is excused as a futile and useless act.

FIRST CAUSE OF ACTION TRADEMARK INFRINGEMENT Lanham Act § 43(a), 15 U.S.C. §1114 against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 78. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 79. The acts of Defendants described above constitute trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114.
- 80. Defendants' use in commerce, without Plaintiff's or TSS's consent, of the Futures Marks owned by the Nominal Defendant has caused and is likely to cause confusion with respect to the source and origin of Defendants' products and business and falsely creates the impression and is likely to cause confusion or mistake and to deceive consumers as to the affiliation, connection, or association of Plaintiff/Nominal Defendants with Defendants and/or the marketing or sale of its products.
- 81. Defendants have used and continue to use the Futures Marks with the knowledge that they are likely to cause confusion, mistake or deceive.
 - 82. As a direct and proximate result of Defendants' willful acts, Plaintiff and the

Nominal Defendant are suffering irreparable harm and damage and continues to suffer and/or is likely to suffer damage to its business reputation and goodwill. Defendants will continue, unless restrained, to use the Futures Marks and will cause irreparable damage. Plaintiff has no adequate remedy at law. Plaintiff is entitled to an injunction restraining Defendants from engaging in further acts of trademark infringement. The harm will continue and increase until Defendants are permanently enjoined from their unlawful conduct.

- 83. Plaintiff is further entitled to recover from Defendants the actual damages that they sustained or are likely to sustain as a result of Defendants' wrongful acts. Plaintiff is presently unable to ascertain the full extent of the monetary damages suffered or are likely to suffer by reason of Defendants' acts of trademark infringement.
- 84. Plaintiff is further entitled to recover from Defendants the gains, profits, and advantages that Defendants have obtained as a result of their wrongful acts. Plaintiff is presently unable to ascertain the full extent of the gains, profits, and advantages that Defendants have realized by reason of its acts of trademark infringement.
- 85. Because of the willful nature of Defendants' wrongful acts, Plaintiff is entitled to an award of damages, including treble damages and attorneys' fees, under 15 U.S.C. § 1117.

SECOND CAUSE OF ACTION FALSE DESIGNATION OF ORIGIN

Lanham Act § 43(a)(1)(A), 15 U.S.C. §1125(a)(1)(A) against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 86. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
 - 87. Defendants' actions as alleged herein constitute a false designation of origin

in violation of 15 U.S.C. § 1125(a).

- 88. Defendants' use of the Futures Marks in commerce constitutes false designations of origin, as it is likely to cause confusion, or to cause mistake, or to deceive consumers as to an affiliation, connection, or association between Defendants and the Plaintiff or Nominal Defendant, or as to the origin, sponsorship, or approval of Defendants' goods or services by Plaintiff.
- 89. As a direct and proximate result of Defendants' willful acts, Plaintiff and Nominal Defendant are suffering irreparable harm and damage and continues to suffer and/or is likely to suffer damage to its business reputation and goodwill. Defendants will continue, unless restrained, to use the Futures Marks and will cause irreparable damage. Plaintiff has no adequate remedy at law. Plaintiff is entitled to an injunction restraining Defendants from engaging in further acts of false designation of origin. Such harm will continue and increase until Defendants are permanently enjoined from their unlawful conduct.
- 90. Plaintiff is further entitled to recover from Defendants the actual damages that they sustained and/or are likely to sustain as a result of Defendants' wrongful acts. Plaintiff is presently unable to ascertain the full extent of the monetary damages suffered or likely to suffer by reason of Defendants' acts of false designation of origin.
- 91. Plaintiff is further entitled to recover from Defendants the gains, profits, and advantages that Defendants have obtained as a result of their wrongful acts. Plaintiff is presently unable to ascertain the full extent of the gains, profits, and advantages that Defendants have realized by reason of its acts of false designation of origin.
- 92. Because of the willful nature of Defendants' wrongful acts, Plaintiff is entitled to an award of damages, including treble damages and attorneys' fees, under 15 U.S.C. § 1117.

THIRD CAUSE OF ACTION FEDERAL TRADEMARK DILUTION

Lanham Act § 43(a)(1)(C), 15 U.S.C. §1125(a)(1)(C) against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 93. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 94. The Futures Marks are inherently distinctive and have acquired distinction from other marks through long continuous and exclusive use.
- 95. The Futures Marks are famous and distinctive under 15 U.S.C. §1125(c) and 1127, as the Futures name is recognized by the surf community and consumers nationwide and internationally and serves as an iconic symbol of high-end surf equipment.
- 96. Defendants' unlawful activities described in this complaint constitute unauthorized use in interstate commerce of the Futures Marks. Defendants are using the Futures Marks with the willful intent to trade upon the world-renowned reputation of the Futures brand and to cause dilution to the Futures Marks. Defendants' unlawful activities were conducted with full recognition of Plaintiff's and Nominal Defendant's use of the Futures Marks and commenced after such trademarks became famous. Such activities are likely to dilute, have diluted and will continue to dilute or be likely to dilute, the distinctive quality of the Futures Marks by lessening their capacity to identify and distinguish Futures products and by blurring and tarnishing such marks to damage and harm Plaintiff and Nominal Defendant, their customers and the public, in violation of 15 U.S.C. §1125 (c)(1).
- 97. As a direct and proximate result of Defendants' willful acts, Plaintiff and Nominal Defendant are suffering irreparable harm and damage and continues to suffer and/or is likely to suffer dilution of the distinctive quality and blurring and tarnishing of the Futures Marks. Defendants will continue, unless restrained, to use the Futures Marks and will cause irreparable damage to Plaintiff and Nominal Defendant. Plaintiff has no

adequate remedy at law. Plaintiff is entitled to an injunction restraining Defendants from engaging in further acts of dilution. The harm will continue and increase until Defendants are permanently enjoined from their unlawful conduct.

- 98. Plaintiff is further entitled to recover from Defendants the actual damages that they sustained and/or are likely to sustain as a result of Defendants' wrongful acts. Plaintiff is presently unable to ascertain the full extent of the monetary damages suffered and/or is likely to suffer by reason of Defendants' acts of dilution.
- 99. Plaintiff is further entitled to recover from Defendants the gains, profits, and advantages that Defendants have obtained as a result of their wrongful acts. Plaintiff is presently unable to ascertain the full extent of the gains, profits, and advantages that Defendants have realized by reason of its acts of dilution.
- 100. Defendants committed the acts alleged above: (a) with previous knowledge of Plaintiff/Nominal Defendant's prior use of the Futures Marks; (b) with the willful intent to trade on the goodwill and reputation of the Futures Marks; and/or (c) with the willful intent to cause dilution of the Futures Marks.
- 101. Because of the willful nature of Defendants' wrongful acts, Plaintiff is entitled to an award of damages, including treble damages and attorneys' fees, under 15 U.S.C. §1117.

FOURTH CAUSE OF ACTION FALSE ADVERTISING

Lanham Act § 43(a)(1)(B), 15 U.S.C. §1125(a)(1)(B) against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 102. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
 - 103. Defendants, in connection with their commercial advertising and promotion,

have intentionally misrepresented and continue to misrepresent the nature, characteristics, and qualities of their goods and services.

104. As a consequence of Defendants' intentional misconduct, Plaintiff is entitled to relief as set forth below.

FIFTH CAUSE OF ACTION PATENT INFRINGEMENT 35 U.S.C. §271

against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 105. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 106. Defendants have infringed and continue to infringe, contribute to infringement, and/or induces infringement of the '588 Patent, either literally or under the doctrine of equivalents. Defendants' infringing activities in the United States and this District include, among other things, making, using, importing, exporting, selling, and/or offering to sell products, including, but not limited to the Accused Products, which infringe at least claims 1 and 18 of the '588 Patent. A claim chart showing infringement of Claim 1 by Future Australia is attached hereto as Exhibit 4 and is incorporated herein. This infringement claim chart is based on Plaintiff's current understanding of the Accused Products, which only considers publicly available information. The chart does not set forth all of Plaintiff's infringement theories or Accused Products the Accused Products embody other claims set forth in the '588 Patent.
- 107. Plaintiff reserves the right to amend or supplement its infringement theories upon more information becoming available through formal discovery and/or this Court completing its claim construction proceedings. Pursuant to the Local Rules of this Court, Plaintiff will serve a Disclosure of Asserted Claims and Infringement Contentions (that

may alter and/or supplement the infringement chart submitted herewith).

- 108. Defendants, and/or those acting in concert with Defendants, contributed to the infringement of the '588 Patent, by having its direct and indirect customers, offer for sale, use, and/or import into the United States and this District, and placing into the stream of commerce, the Accused Products, and having the specific intention to induce those direct and indirect customers to infringe at least claim 1 of the '588 Patent by instructing and promoting the use of the Accused Products.
- 109. The Accused Products include the technology disclosed in the '588 Patent, and thus infringe the '588 Patent, and have no substantially non-infringing uses.
- 110. Defendants, and/or those acting in concert with Defendants, have intentionally induced infringement of the '588 Patent, by having its direct and indirect customers sell, offer for sale, use, and/or import into the United States and this Judicial District, and placing into the stream of commerce, the Accused Products.
- 111. Upon information and belief, Defendants have generated significant sales of products incorporating the technology from the '588 Patent, exposing Defendants to significant liability for its infringement of the '588 Patent.
- 112. Upon information and belief, unless enjoined, Defendants, and/or others acting on behalf of Defendants, will continue their infringing acts, thereby causing irreparable harm to Plaintiff and Nominal Defendants for which there is no adequate remedy at law.
- 113. As a result of Defendants' infringement of the '588 Patent, Plaintiff and Nominal Defendant have suffered and will continue to suffer harm and injury, including monetary damages in an amount to be determined at trial, and is entitled to recovery of all said damages.
- 114. Plaintiff is informed and believe, and on that basis alleges, that the infringement by Defendants is willful, wanton, and deliberate, without license and with full

knowledge of the '588 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

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SIXTH CAUSE OF ACTION BREACH OF THE DUTY OF LOYALTY

against Defendant Vincent Longo (Derivatively On Behalf of Nominal Defendant)

- 115. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 116. Defendant Vincent is a 50% co-owner of Nominal Defendant TSS and a Manager of Futures Fins.
- 117. As a Director of TSS and Manager of Futures Fins, Defendant Vincent owes a duty of loyalty to TSS and Futures Fins.
- 118. Defendants have engaged in a variety of self-dealing, including without limitation: (i) intentionally misappropriating revenues received from Futures Fins for their own benefit; (ii) intentionally misappropriating intellectual property rights of TSS and Futures Fins for Future Australia for their own benefit; (iii) assisting in the concealment of such misappropriation; and (iv) assisting in transactions for the benefit of Future Australia using Futures Fins' funds.
- 119. Defendants' breaches of their duty of loyalty have damaged Plaintiff and TSS in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION BREACH OF FIDUCIARY DUTY

against Defendant Vincent Longo (Derivatively On Behalf of Nominal Defendant)

120. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.

- 121. Defendant Vincent is a 50% co-owner of Nominal Defendant TSS.
- 122. As a Director of TSS, Vincent owes fiduciary duties to TSS.
- 123. Defendant has engaged in extensive self-dealing, including without limitation:
- (i) misappropriating TSS revenues for his own benefit; (ii) intentionally misappropriating intellectual property rights of TSS for his own benefit; (iii) assisting in the concealment of the misappropriation; and (iv) assisting in transactions for the benefit of Future Australia, to the detriment of Plaintiff.
- 124. Defendant's breaches of his fiduciary duties have damaged Plaintiff in an amount to be determined at trial.

EIGHTH CAUSE OF ACTION UNFAIR COMPETITION

Cal. Bus. & Prof. Code §17200 and the Common Law against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 125. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 126. Cal. Bus. & Prof. Code §17200, et seq., states that unfair competition shall mean and include any "unlawful, unfair or fraudulent business act or practice."
- 127. Defendants' actions as alleged herein constitute unlawful business acts and/or practices under Cal. Bus. & Prof. Code §17200, et seq.
- 128. Defendants' conduct constitutes unfair business acts and/or practices because Defendants have unfairly used and infringed the Futures Marks and Patents violating the Lanham Act and 35 U.S.C. §271, respectively, while engaging in a business practice.
- 129. Defendants' conduct constitutes fraudulent business acts and practices because Defendants have deceptively and unfairly marketing, advertised, sold, and/or distributed products under trademarks that are confusingly similar to the Futures Marks.

- 130. Defendants' conduct constitutes fraudulent business acts and practices because Defendants have deceptively and unfairly marketing, advertised, sold, and/or distributed products that infringe the Futures Patents.
- 131. As a direct and proximate result of Defendants' wrongful acts, Plaintiff and Nominal Defendant are likely to suffer, and/or have suffered, and are likely to continue to suffer damage to their business reputation and goodwill. Defendants will continue, unless restrained, to use the Futures Marks and will cause irreparable damage to Plaintiff and Nominal Defendant. Plaintiff has no adequate remedy at law. Plaintiff is entitled to an injunction restraining Defendants from engaging in further acts of dilution. The harm will continue and increase until Defendants are permanently enjoined from their unlawful conduct.
- 132. Plaintiff is further entitled to recover from Defendants the actual damages that they sustained or are likely to sustain as a result of Defendants' wrongful acts. Plaintiff is presently unable to ascertain the full extent of the monetary damages suffered or is likely to suffer by reason of Defendants' acts of unfair competition.
- 133. Plaintiff is further entitled to recover from Defendants the gains, profits, and advantages that Defendants have obtained as a result of their wrongful acts. Plaintiff is presently unable to ascertain the full extent of the gains, profits, and advantages that Defendants have realized by reason of its acts of unfair competition.
- 134. Because of the willful nature of Defendants' wrongful acts, Plaintiff is entitled to an award of punitive damages.

NINTH CAUSE OF ACTION

against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

135. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.

- 136. Defendants intentionally misappropriated cash, revenue and the goodwill of the Futures Marks by, among other things: (i) misappropriating TSS revenues for their own benefit; (ii) intentionally misappropriating intellectual property rights of TSS to Future Australia for their own benefit; (iii) assisting in the concealment of the misappropriation; and (iv) assisting in transactions for the benefit of Future Australia.
- 137. As a result of Defendants' misappropriation of Plaintiff's and Nominal Defendant's resources, Defendants were enriched unjustly.
- 138. Plaintiff and Nominal Defendant were harmed by Defendants' misappropriation.
- 139. Defendants' retention of monies gained through its deceptive business practices, infringements, and otherwise would serve to unjustly enrich Defendants and would be contrary to the interests of justice.
- 140. Defendants have thus been unjustly enriched and have damaged Plaintiff and Nominal Defendant in an amount to be determined at trial.

TENTH CAUSE OF ACTION CONVERSION

against Defendants Vincent Longo and Future Australia (Derivatively On Behalf of Nominal Defendant)

- 141. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 142. Defendants intentionally misappropriated cash, revenue and the goodwill of TSS and its Futures Marks by, among other things: (i) misappropriating TSS revenues for their own benefit; (ii) intentionally misappropriating intellectual property rights of TSS for their own benefit; (iii) assisting in the concealment of such misappropriation; and (iv) assisting in transactions for the benefit of Future Australia.
 - 143. Defendants' willful misappropriation of Plaintiff's and Nominal Defendant's

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revenue and assets constitutes conversion.

144. Defendants' conversion has damaged Plaintiff and Nominal Defendant in an amount to be determined at trial, including punitive damages.

DIRECT CLAIMS

145. Plaintiff brings the following claims on behalf of himself individually.

TWELFTH CAUSE OF ACTION BREACH OF THE DUTY OF LOYALTY against Defendant Vincent Longo

- 146. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
 - 147. Plaintiff Anthony is a 50% shareholder of TSS.
 - 148. Defendant Vincent is a 50% shareholder of TSS.
 - 149. As a Director of TSS, Defendant Vincent owes a duty of loyalty to Plaintiff.
- 150. Defendant has engaged in a variety of self-dealing, including intentionally and wrongfully impeding the flow of TSS distributions from Plaintiff and infringing the Futures Marks and Patents.
- 151. Defendant's breaches of his duty of loyalty have damaged Plaintiff in an amount to be determined at trial.

THIRTEENTH CAUSE OF ACTION BREACH OF FIDUCIARY DUTY against Defendant Vincent Longo

- 152. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
 - 153. Plaintiff Anthony is a 50% shareholder of TSS.

- 154. Defendant Vincent is a 50% shareholder of TSS.
- 155. As a Director of TSS, Defendant Vincent owes a fiduciary duty to Plaintiff.
- 156. Defendant has engaged in a variety of self-dealing, including intentionally and wrongfully impeding the flow of TSS distributions from Plaintiff and infringing the Futures Marks and Patents.
- 157. Defendant's breaches of his fiduciary duties have damaged Plaintiff in an amount to be determined at trial.

FOURTEENTH CAUSE OF ACTION CONVERSION

against Defendants Vincent Longo and Future Australia

- 158. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 159. Defendants intentionally misappropriated cash and revenues by, among other things, intentionally impeding the flow of TSS distributions from Plaintiff.
- 160. Defendants' willful misappropriation of Plaintiff's revenue and assets constitutes conversion.
- 161. Defendants' conversion has damaged Plaintiff in an amount to be determined at trial.

FIFTEENTH CAUSE OF ACTION UNJUST ENRICHMENT against Defendants Vincent Longo and Future Australia

- 162. Plaintiff repeats and realleges the allegations in the paragraphs above as if fully set forth herein.
- 163. Defendants intentionally misappropriated cash and revenues by, among other things, intentionally impeding the flow of TSS distributions from Plaintiff.

- 164. As a result of Defendants' misappropriation of Plaintiff's resources, Defendants were enriched unjustly.
 - 165. Plaintiff was harmed by Defendants' misappropriation.
- 166. Defendants' retention of monies gained through its deceptive business practices, infringements, and otherwise would serve to unjustly enrich Defendants and would be contrary to the interests of justice.
- 167. Defendants have thus been unjustly enriched and have damaged Plaintiff in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants, and each of them, as follows:

- 1. For damages in an amount to be proven at trial for trademark infringement under 15 U.S.C. §1114/Lanham Act §43(a);
- 2. For damages in an amount to be proven at trial for false designation of origin under 15 U.S.C. §1125(a)/Lanham Act §43(a);
- 3. For damages in an amount to be proven at trial for dilution under 15 U.S.C. §1125(c)/Lanham Act §43(a);
 - 4. For disgorgement of Defendants' profits under 15 U.S.C. §1117(a);
- 5. For injunctive relief barring Defendants and their agents, employees, subsidiaries, licensees, successors, and assigns, and all other persons in active concert, privity or participation with it, from doing, abiding, causing or abetting any direct or indirect use of the Futures Marks, or any confusingly similar trademarks in any way, including in advertising, promoting, or selling Defendants' products and services, which infringe upon Plaintiff's and Nominal Defendant's rights or compete unfairly with Plaintiff/Nominal Defendant;

- 6. For all damages, costs and attorneys' fees under 15 15 U.S.C. §1117(a);
- 7. Judgment that Defendants have directly infringed, and induced others to infringe, the '588 Patent, either literally and/or under the doctrine of equivalents;
- 8. A permanent injunction under 35 U.S.C. § 283 enjoining Defendants, their officers, directors, agents, servants, resellers, retailers, and employees, and those persons acting in concert or participation with them, from infringing the '588 Patent in violation of 35 U.S.C. § 271;
- 9. An award to Plaintiff of his lost profits and/or a reasonably royalty for Defendants' sales of the Accused Products;
- 10. Judgment awarding Plaintiff all of his costs, including his attorneys' fees, incurred in prosecuting this action, including, without limitation, pursuant to 35 U.S.C. § 285 and other applicable law;
 - 11. An award to Plaintiff for pre-judgment and post-judgment interest;
- 12. For an order from the Court requiring that Defendants provide complete accountings and for equitable relief, including that Defendants disgorge and return or pay their ill-gotten gains obtained from the illegal transactions entered into or pay restitution, including the amount of monies that should have been paid if Defendants complied with their legal obligations, or as equity requires;
- 13. For an order from the Court that an asset free or constructive trust be imposed over all monies and profits in Defendants' possession which rightfully belong to Plaintiff/Nominal Defendants;
 - 14. For damages in an amount to be proven at trial for unjust enrichment;
 - 15. For such other and further relief as the Court may deem just and equitable.

DEMAND FOR JURY TRIAL Plaintiff respectfully demands a trial by jury in this action. Respectfully submitted, LEJEUNE LAW, P.C. Dated: June 18, 2020 By: /s/ Cody R. LeJeune Cody R. LeJeune 2801 Camino Del Rio South, Suite 200A San Diego, California 92108 Telephone: (985) 713-4964 Attorneys for Plaintiff ANTHONY LONGO, individually and derivatively on behalf of TODOS SANTOS SURF, INC.

VERIFICATION

I, Anthony Longo, verify that I am a shareholder of Todos Santos Surf, Inc. I have reviewed the allegations in this Verified Shareholder Derivative Complaint. As those allegations of which I have personal knowledge, I believe them to be true; as to those allegations of which I lack personal knowledge, I rely upon my counsel and my counsel's investigation, and believe them to be true. Having received a copy of the complaint and reviewed it with counsel, I authorize its filing.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 17, 2020.

Anthony Longo

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Dated: June 18, 2020

CERTIFICATE OF SERVICE

I hereby certify that on June 18, 2020, I caused a copy of the foregoing

FIRST AMENDED VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT FOR DAMAGES AND DECLARATORY RELIEF

and attachments thereto to be served *via* electronic mail to counsel for all parties and their counsel of record, who are deemed to have consented to electronic service using the Court's CM/ECF system.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

LEJEUNE LAW, P.C.

By: /s/ Cody R. LeJeune

Cody R. LeJeune 2801 Camino Del Rio South

Suite 200A

Phone: (985) 713-4964

Attorneys for Plaintiff, Anthony Longo