Gordon & Rees LLP 2211 Michelson Drive

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For its claims against defendants BALBOA MANUFACTURING COMPANY LLC and SPORTS ACCESSORIES AMERICA, INC. (collectively "DEFENDANTS"), plaintiff SEIRUS INNOVATIVE ACCESSORIES, INC. ("SEIRUS") hereby alleges as follows:

PARTIES

- 1. SEIRUS is a Utah corporation with its principal place of business at 13975 Danielson Street, Poway, California 92064. SEIRUS is engaged in the business of selling men's, women's, and children's action and outdoor apparel and accessories, including face masks.
- Upon information and belief, BALBOA MANUFACTURING COMPANY, LLC 2. ("BALBOA") is a California Limited Liability Company with a principal place of business at 12220 Pkwy Center Drive, Suite B, Poway, California, 92064. Upon information and belief, BALBOA is the owner and operator of the brand name ZANheadgear, and is engaged in the business of selling men's, women's, and children's action and outdoor apparel and accessories, including cold weather head gear and face masks.
- 3. Upon information and belief, SPORTS ACCESSORIES AMERICA, INC. ("S.A.A.") is a Colorado Corporation with a principal place of business at 4935 Iris Street, Wheat Ridge, Colorado 80033. Upon information and belief, S.A.A. is the owner and operator of various name brands, and is engaged in the business of selling action and outdoor apparel and accessories, including cold weather head gear and face masks.

JURISDICTION AND VENUE

- 4. This civil action for infringement, unfair competition, and declaratory relief arises under the patent laws of the United States, 35 U.S.C. §§ 271, et seq., under the Lanham Act, 15 U.S.C. § 1051 et seq., under 28 U.S.C. §§ 2201-2202, and under California state law governing unfair competition, specifically California Business and Professions Code § 17200 et seq..
- 5. This Court has subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331 and 1338(a) and (b), and supplemental jurisdiction pursuant to 28 U.S.C. § 1367.
- 6. Upon information and belief, DEFENDANTS have either directly or through their agents transacted business in the State of California and within this judicial district, and expected

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or reasonably should have expected their acts to have consequence in the State of California and within this judicial district, thus subjecting DEFENDANTS to the personal jurisdiction of this Court.

7. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391 and 1400(b) as DEFENDANTS are doing business in this judicial district and therefore may be found in this district, and/or a substantial part of the events giving rise to the claims alleged herein occurred within this district.

FACTS COMMON TO ALL CLAIMS

(A) DEFENDANTS' INFRINGEMENT OF SEIRUS'S PATENTS

SEIRUS is the owner of United States Letters Patent No. 5,214,804 (the "804") PATENT") which issued on June 1, 1993 and is titled "PROTECTIVE MASK WITH SCARF," and United States Letters Patent No. 6,272,690 (the "690 PATENT") which issued on August 14, 2001 and is titled "HEAD COVERING."

BALBOA is offering for sale and, upon information and belief, have sold in this

- judicial district and elsewhere throughout the United States, the following products or lines of products, that fall within the scope of at least one claim of the '804 PATENT: ZANHEADGEAR NEODANNA, ZANHEADGEAR COOLMAX BALACLAVA,
- ZANHEADGEAR FLEECE BALACLAVA WITH DICKIE, ZANHEADGEAR FLEECE FACE MASK WITH MESH MOUTH ("'804 PATENT ACCUSED PRODUCTS").
- 10. BALBOA is also offering for sale and, upon information belief, has sold in this judicial district and elsewhere throughout the United States, the following products or lines of products, that fall within the scope of at least one claim of the '690 PATENT:
- ZANHEADGEAR COOLMAX BALACLAVA, ZANHEADGEAR FLEECE BALACLAVA WITH DICKIE. ("'690 PATENT ACCUSED PRODUCTS").
- 11. S.A.A. is offering for sale and, upon information and belief, have sold in this judicial district and elsewhere throughout the United States products or lines of products that fall within the scope of at least one claim of the '804 PATENT.

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12. S.A.A. is also offering for sale and, upon information belief, has sold in this judicial district and elsewhere throughout the United States products or lines of products that fall within the scope of at least one claim of the '690 PATENT.

DEFENDANT'S INFRINGEMENT OF SEIRUS'S TRADE DRESS IN (B) PRODUCTS AND PACKAGING

(i) **SEIRUS'S PRODUCT TRADE DRESS**

13. By virtue of the extensive use, sale, and advertising by SEIRUS and others on behalf of SEIRUS, the shape, form and appearance of SEIRUS products (hereinafter the "SEIRUS PRODUCT TRADE DRESS"), are inherently distinctive and have acquired distinctiveness and secondary meaning to signify SEIRUS as the manufacturer and the source of these goods.

(ii) **SEIRUS'S PACKAGING TRADE DRESS**

- 14. By virtue of the extensive use, sale and advertising by SEIRUS and others on behalf of SEIRUS, the shape, form and appearance in use of the packaging of SEIRUS products (hereinafter the "SEIRUS PACKAGING TRADE DRESS"), has acquired secondary meaning in the market for cold-weather headgear.
- 15. BALBOA is offering for sale and, upon information and belief, has sold in this judicial district and elsewhere throughout the United States, the following products, that copy, imitate, palm off as, and pass off their products as members of the family of products that contain the SEIRUS PRODUCT TRADE DRESS and SEIRUS PACKAGING TRADE DRESS: ZANHEADGEAR NEODANNA, ZANHEADGEAR COOLMAX BALACLAVA, ZANHEADGEAR FLEECE BALACLAVA WITH DICKIE, ZANHEADGEAR FLEECE FACE MASK WITH MESH MOUTH (the "ACCUSED TRADE DRESS PRODUCTS").
- 16. S.A.A. is offering for sale and, upon information and belief, has sold in this judicial district and elsewhere throughout the United States products that copy, imitate, palm off as, and pass off their products as members of the family of products that contain the SEIRUS PRODUCT TRADE DRESS and SEIRUS PACKAGING TRADE DRESS.

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17. Upon information and belief, BALBOA is the assignee and owner of United States Design Patent No. D566,339, entitled "Combined Nose and Mouth Guard" (the "339 PATENT"). The application (No. 29/278,839) for the '339 PATENT was filed on or about April 11, 2007, and the patent issued on or about April 8, 2008. However, the invention in the '339 PATENT was known or used by others prior to the invention thereof by the applicant for the '339 PATENT. The Claim of the '339 PATENT is invalid for failure to satisfy the statutory criteria for patentability under the patent laws of the United States, including without limitation 35 U.S.C. §§ 101, 102, 103, and 171.

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF (Patent Infringement)

- 18. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.
- 19. As alleged herein, DEFENDANTS are infringing at least one claim of the '804 and/or '690 PATENTS literally and/or under the doctrine of equivalents.
- 20. As a direct and proximate result of DEFENDANTS' infringement(s) of the '804 and/or '690 PATENTS, SEIRUS has been damaged in an amount to be proved at trial, but in an amount not less than a reasonable royalty, and includes lost sales, and/or lost profits.
- 21. Based upon its prior knowledge of SEIRUS'S patent rights, and other facts to be proved at trial, DEFENDANTS know and have known of their infringement(s) of the '804 and/or '690 PATENTS. Based on these facts and those to be proved at trial, DEFENDANTS' infringement(s) is willful and done with intentional disregard of SEIRUS'S rights in the '804 and/or '690 PATENTS, so as to render this case exceptional within the purview of 35 U.S.C. §§ 284, and 285, such that SEIRUS is entitled to enhanced damages, costs, and an award of attorneys' fees.
- 22. SEIRUS has been and continues to be damaged by the unlawful infringing activities of DEFENDANTS and will be irreparably harmed unless the unlawful infringing

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activities are preliminarily and permanently enjoined by this Court as provided by 35 U.S.C. § 283.

SECOND CLAIM FOR RELIEF (Inducing Patent Infringement)

- 23. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.
- 24. Upon information and belief, DEFENDANTS have been and are now unlawfully inducing others to infringe and/or contributorily infringe, literally or under the doctrine of equivalents, the claim of the '804 and/or '690 PATENTS by using, offering to sell, advertising for sale and selling DEFENDANTS' products in this judicial district and throughout the United States as follows: ZANHEADGEAR NEODANNA, ZANHEADGEAR COOLMAX BALACLAVA, ZANHEADGEAR FLEECE BALACLAVA WITH DICKIE, ZANHEADGEAR FLEECE FACE MASK WITH MESH MOUTH, and others to be proven at trial.
- 25. SEIRUS is marking its products that fall within the scope of the '804 and '690 PATENTS as required by 35 U.S.C. § 287; DEFENDANTS have otherwise had knowledge and notice of the '804 and/or '690 PATENTS and their activities constitute knowing and willful patent infringement. SEIRUS has been and continues to be damaged by the unlawful infringing activities of DEFENDANTS and will be irreparably harmed unless the unlawful infringing activities are preliminarily and permanently enjoined by this Court as provided by 35 U.S.C. § 271(b).
- 26. Upon information and belief, SEIRUS has suffered and continues to suffer lost sales and in turn damages as a direct result of the unlawful infringement of the '804 and/or '690 PATENTS by DEFENDANTS. Under 35 U.S.C. § 284, SEIRUS is entitled to damages to be established at trial or upon an accounting adequate to compensate for the infringement, including lost profits, but not less than a reasonable royalty.
- 27. Upon information and belief, DEFENDANTS' infringement(s) of the '804 and '690 PATENTS is willful and done with an intent to harm SEIRUS or in reckless disregard for

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the rights of SEIRUS. Therefore, this is an exceptional case and SEIRUS is entitled to enhanced damages under 35 U.S.C. § 284.

- 28. This is an exceptional case under 35 U.S.C. § 285 entitling SEIRUS to its reasonable attorneys' fees.
- 29. SEIRUS has been and continues to be damaged by the unlawful infringing activities of the DEFENDANTS and will be irreparably harmed unless the unlawful infringing activities are preliminarily and permanently enjoined by this Court as provided by 35 U.S.C. § 283.

THIRD CLAIM FOR RELIEF

(Federal Trade Dress Infringement) [15 U.S.C. § 1125(a)]

- 30. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.
- 31. DEFENDANTS' actions in connection with the sale, offering for sale, distribution or advertising of the ACCUSED TRADE DRESS PRODUCTS in interstate commerce, without the consent of SEIRUS, constitute willful, deliberate and intentional infringement(s) of the SEIRUS PACKAGING TRADE DRESS and SEIRUS PRODUCT TRADE DRESS, and have caused and continue to cause a likelihood of confusion, in violation of 15 U.S.C. § 1125.
- 32. By reason of the foregoing, SEIRUS has been injured in an amount to be proven. In addition, as a result of DEFENDANTS' unlawful acts, SEIRUS has suffered and will continue to suffer irreparable harm, and SEIRUS has no adequate remedy at law with respect to this injury. Unless the acts of trademark infringement(s) are enjoined by this Court, SEIRUS will continue to suffer a risk of irreparable harm. DEFENDANTS' actions have been knowing, intentional, wanton, and willful, entitling SEIRUS to damages, treble damages, profits, attorneys' fees, statutory damages, and the costs of this action.

FOURTH CLAIM FOR RELIEF False Designation of Origin [15 U.S.C. § 1125(a)]

33. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.

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	34.	DEFENDANTS' a	actions in connection with the sale, offering for sale, distribution
or adve	ertising	of the ACCUSED	ΓRADE DRESS PRODUCTS in interstate commerce, without
SEIRU	JS'S cor	nsent, is a false desi	gnation of origin, and have caused and continue to cause a
likelih	ood of c	onfusion, mistake,	and deception as to source, sponsorship, affiliation, and/or
connec	ction in	the minds of the pul	blic.

- 35. DEFENDANTS' false designation of origin is in violation of §43(a) of the Lanham Act, 15 U.S.C. §1125(a)(1).
- By reason of the foregoing, SEIRUS has been injured in an amount not yet fully 36. determined, but believed to be in excess of \$75,000. In addition, as a result of DEFENDANTS' acts of infringement, SEIRUS has suffered and will continue to suffer irreparable harm, and SEIRUS has no adequate remedy at law with respect to this injury. Unless DEFENDANTS' acts of infringement are further enjoined by this Court, SEIRUS will continue to suffer a risk of irreparable harm.
- 37. DEFENDANTS' actions have been knowing, intentional, wanton, and willful, entitling SEIRUS to damages, treble damages, profits, attorney's fees, and the costs of this action pursuant to 15 U.S.C. § 1117 in this Court's discretion.

FIFTH CLAIM FOR RELIEF (Unfair Competition) [15 U.S.C. § 1125(a)(1)]

- 38. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.
- 39. SEIRUS manufactures and sells products and lines of products, and by virtue of the extensive, use, sale and advertising by SEIRUS, the associated SEIRUS PRODUCT TRADE DRESS and SEIRUS PACKAGING TRADE DRESS have become inherently distinctive and have acquired distinctiveness, secondary meaning, and sufficient fame to signify SEIRUS as the manufacturer and source of said products and lines of products.
- 40. Upon information and belief, DEFENDANTS have unlawfully and without license or right, copied, imitated, and otherwise created a collection of products and lines of

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- 41. The activities of DEFENDANTS in advertising, selling and offering to sell each of the ACCUSED TRADE DRESS PRODUCTS, separately and together, is likely to cause confusion, mistake, and deception as to the source and origin thereof so that purchasers thereof and others will likely be confused and believe the ACCUSED TRADE DRESS PRODUCTS emanate from SEIRUS. In turn, DEFENDANTS are unfairly competing and misrepresenting their products to be those of SEIRUS in violation of 15 U.S.C. § 1125(a).
- 42. The activities of DEFENDANTS in advertising for sale, offering for sale, and selling the ACCUSED TRADE DRESS PRODUCTS constitute unlawful and tortious unfair competition, palming off and passing off, and misrepresentation as to the source of goods in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1).
- 43. SEIRUS believes it has suffered and continues to suffer lost sales and, in turn, damages as a direct result of the unlawful and unfair competition of DEFENDANTS. Under 15 U.S.C. § 1117, SEIRUS is entitled to damages, including lost profits and the costs of this action, to be shown at trial or upon an accounting.
- 44. On information and belief, DEFENDANTS' unfair competition in violation of 15 U.S.C. § 1125(a)(1) is willful and done with an intent to harm SEIRUS or in reckless disregard for the rights of SEIRUS such that SEIRUS is entitled to triple damages under 15 U.S.C. § 1117(b).
- 45. Under 15 U.S.C. § 1117(b), this is an exceptional case and SEIRUS is entitled to recover its attorneys' fees.
- 46. SEIRUS has been and continues to be damaged by the unlawful unfair competition of DEFENDANTS and will be irreparably harmed unless the unlawful infringing activities are permanently enjoined by this Court under the provisions of 15 U.S.C. § 1116.

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SEIRUS is entitled to an injunction enjoining and restraining DEFENDANTS from further acts of unfair competition.

SIXTH CLAIM FOR RELIEF **Unfair Competition** [Cal. Bus. & Prof. Code § 17200 et seq.]

- 47. SEIRUS refers to, re-alleges, and incorporates herein by this reference, each and every allegation in the foregoing paragraphs, as though fully set forth herein.
- 48. California Business & Professions Code § 17200 et seq. provides that unfair competition means and includes "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising."
- 49. By and through DEFENDANTS' conduct, including the conduct detailed above, DEFENDANTS have engaged in activities that constitute unlawful, unfair, and fraudulent business practices prohibited by Business & Professions Code § 17200 et seq.
- 50. DEFENDANTS' acts of intentional and willful trade dress infringement as alleged above constitute unfair competition actionable under the laws of the State of California as unlawful business acts or practices in that, *inter alia*, said acts violate the federal Lanham Act. Specifically, and without limitation, DEFENDANTS' actions of designing, manufacturing, packaging, selling, distributing, and/or offering for sale in interstate commerce products bearing the SEIRUS PRODUCT TRADE DRESS and SEIRUS PACKAGING TRADE DRESS, without consent of SEIRUS, have caused and continue to cause a likelihood of confusion, mistake, and deception in the minds of the public. Furthermore, said actions have a significant negative impact on the commercial value of and market for SEIRUS'S products under the SEIRUS PRODUCT TRADE DRESS and SEIRUS PACKAGING TRADE DRESS, as well as the value of and market for other products bearing the SEIRUS name.
- 51. DEFENDANTS' acts of infringement as alleged above constitute unfair competition actionable under the laws of the State of California as fraudulent business acts or practices, in that, *inter alia*, said acts are likely to confuse the public as to the origin of the products.

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- 53. Such acts and omissions described above are unlawful, unfair, fraudulent, deceptive, misleading, and untrue and constitute a violation of Business & Professions Code §17200 et seq. SEIRUS reserves the right to identify additional violations by DEFENDANTS as may be established through discovery.
- 54. As a result of DEFENDANTS' said acts of unfair competition, SEIRUS has suffered and will continue to suffer irreparable harm, and SEIRUS has no adequate remedy at law with respect to this injury. Unless the acts of unfair competition are enjoined by this Court, SEIRUS will continue to suffer irreparable harm.
- 55. As a direct and legal result of DEFENDANTS' unlawful, unfair, and fraudulent conduct described above, DEFENDANTS have been and will continue to be unjustly enriched with ill-gotten gains.

SEVENTH CLAIM FOR RELIEF (Declaratory Relief for Invalidity of Patent)

- 56. Upon information and belief, BALBOA is the assignee and owner of United States Design Patent No. D566,339, entitled "Combined Nose and Mouth Guard" (the "339 PATENT").
- 57. The application (No. 29/278,839) for the '339 PATENT was filed on or about April 11, 2007, and the patent issued on or about April 8, 2008. However, the invention in the '339 PATENT was known or used by others prior to the invention thereof by the applicant for the '339 PATENT. The Claim of the '339 PATENT is invalid for failure to satisfy the statutory criteria for patentability under the patent laws of the United States, including without limitation 35 U.S.C. §§ 101, 102, 103, and 171.
- 58. SEIRUS'S '804 PATENT was issued on June 1, 1993. SEIRUS has in the past and continues to dedicate enormous resources to the research, development, and marketing of products implementing the '804 PATENT.

59.	SEIRUS and BALBOA have an actual case or controversy as to the invalidity of
the '339 PAT	TENT that is appropriate for adjudication by this Court. To avoid legal uncertainty
and to protec	t its substantial investment, and anticipated future investment, in its business,
SEIRUS now	brings this declaratory relief action.

60. This is an exceptional case and SEIRUS is entitled to recover from BALBOA reasonable attorneys' fees and expenses in bringing this claim for relief.

WHEREFORE, SEIRUS requests that this Court enter judgment in its favor, and against DEFENDANTS as follows:

- 1. For judgment that DEFENDANTS have infringed, contributorily infringed and/or induced the infringement of, at least one claim of the '804 PATENT and/or '690 PATENT;
- 2. That SEIRUS recover damages against DEFENDANTS under 35 U.S.C. § 284 in an amount to be determined at trial or by accounting for the lost profits, but no less than a reasonable royalty, on all sales of each of the infringing products alleged above and any others that are subsequently discovered in the course of this proceeding, plus pre-judgment and post-judgment interest;
- 3. That the damages awarded pursuant to the preceding paragraph be increased to three times the amount awarded because this is an exceptional case under 35 U.S.C. § 284;
- 4. That the Court declare this is an exceptional case and SEIRUS be awarded all of its attorneys' fees in connection with this matter under 35 U.S.C. § 285;
- 5. That the Court preliminarily and/or permanently enjoin and restrain DEFENDANTS, its officers, agents, servants, employees and those persons in active concert or participation with DEFENDANTS, from further acts of infringement for the remaining life of the '804 PATENT and '690 PATENT under 35 U.S.C. § 283;
- 6. That the Court preliminarily and permanently enjoin DEFENDANTS and its employees, servants, agents, affiliates, distributors, dealers, attorneys, successors and/or assigns, and all persons in active concert or participation with DEFENDANTS, from manufacturing, using, selling, offering to sell, importing for sale, advertising, displaying, or using any of the

ACCUSED TRADE DRESS PRODUCTS, or any products likely to cause confusion, mistake,
and deception, or to misappropriate SEIRUS'S intellectual property;
7. That the Court award SEIRUS damages for lost profits, loss of goodwill or other
damages as appropriate;
8. For judgment that SEIRUS be awarded damages under U.S.C. § 1117 for all of it
lost profits, the profits of DEFENDANTS, and the costs of this action;

- 9. That the damages awarded under the preceding paragraph are to be increased to three times the amount awarded under 15 U.S.C. § 1117(b);
- 10. That DEFENDANTS, their officers, agents, servants, employees and those persons in active concert of participation with any of them, be permanently enjoined from further acts of unfair competition in violation of 15 U.S.C. § 1125(a)(1);
- 11. That the Court direct the destruction of DEFENDANTS' current advertising, promotional and related materials and products, as they relate to such activity in the United States, that bear the SEIRUS PRODUCT TRADE DRESS and/or SEIRUS PACKAGING TRADE DRESS and/or any other confusingly similar trade dress, and DEFENDANTS' current inventory of products pursuant to 15 U.S.C. § 1118 and other applicable laws;
 - 12. That the Court award punitive damages for intentional and willful acts;
- 13. That the Court award SEIRUS its costs, expenses, and attorneys' fees in this action pursuant to 15 U.S.C. § 1117, 35 U.S.C. § 235, and other applicable laws;
- 14. For a declaration that the BALBOA'S United States Design Patent No. D566,399 is invalid; and
 - 15. For such other and further relief as the Court deems proper.

Dated: February 10, 2010 GORDON & REES LLP

By: /s/ Matthew D. Murphey
Matthew D. Murphey
Kimberly D. Howatt
Lindsay J. Hulley
Marc A. Holmquist
Attorneys for Plaintiff

SEIRUS INNOVATIVE ACCESSORIES, INC.

Demand for Jury Trial

Plaintiff SEIRUS hereby demands a jury trial on all issues as to which a jury is available, as provided by Rule 38 the Federal Rules of Civil Procedure.

Dated: February 10, 2010 GORDON & REES LLP

By: /s/ Matthew D. Murphey
Matthew D. Murphey
Kimberly D. Howatt
Lindsay J. Hulley
Marc A. Holmquist
Attorneys for Plaintiff
SEIRUS INNOVATIVE ACCESSORIES, INC.

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