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UNITED TACTICAL SYSTEMS, LLC and
8 Counter-Defendants ADVANCED TACTICAL
ORDNANCE SYSTEMS, LLC, *et al.* (see
9 signature page for complete list of parties
represented)

10 UNITED STATES DISTRICT COURT
11 FOR THE NORTHERN DISTRICT OF CALIFORNIA
12

13 UNITED TACTICAL SYSTEMS, LLC, a
Delaware company,
14
Plaintiff,
15
vs.
16 REAL ACTION PAINTBALL, INC., a
California corporation; and K. T. TRAN,
17 individually,
18 Defendants.

CASE NO. 3:14-cv-04050-MEJ

**PLAINTIFF’S NOTICE OF MOTION
AND MOTION FOR PARTIAL
SUMMARY JUDGMENT;
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT**

Ct. Rm: 15th Floor
Judge: Hon. Maria-Elena James
Hearing Date: June 1, 2017
Time: 10:00 a.m.

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20 AND ALL RELATED COUNTERCLAIMS
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1 **TO THE COURT, ALL PARTIES, AND THEIR ATTORNEYS OF RECORD:**

2 **PLEASE TAKE NOTICE THAT** on June 1, 2017 at 10:00 a.m., or as soon thereafter as
3 the matter may be heard in the above-entitled Court, Plaintiff United Tactical Systems, LLC
4 (“United Tactical” or “Plaintiff”) will and hereby does move the Court for an order granting partial
5 summary judgment, in its favor and against the named Defendants as to the following issues and
6 causes of action:

- 7 1. Plaintiff’s ownership of the registered PepperBall® trademark;
- 8 2. Liability as to Plaintiff’s First, Second, Third, Fourth, Fifth, Ninth, and Tenth Causes
9 of Action;
- 10 3. Plaintiff’s ownership of the registered PepperBall® trademark for purposes of
11 Plaintiff’s First, Second, Third, Fourth, Fifth, Ninth, and Tenth Causes of Action;
- 12 4. Real Action Paintball, Inc.’s (“Real Action”) use of the PepperBall® mark in a way
13 that is likely to cause confusion, or to cause mistake, or to deceive consumers for
14 purposes of a Section 32 claim under the Lanham Act (Plaintiff’s First Cause of
15 Action);
- 16 5. Real Action’s use in commerce of any word false designation of origin, false or
17 misleading description, or representation of fact relating to Plaintiff’s PepperBall®
18 trademark for purposes of a Section 43(a) claim for infringement or false association
19 under the Lanham Act (Plaintiff’s Second Cause of Action);
- 20 6. Real Action’s use of the PepperBall® mark in a way which is likely to cause
21 confusion to customers or misrepresents the characteristics of its goods or services
22 for purposes of a Section 43(a) claim for infringement or false association under the
23 Lanham Act (Plaintiff’s Second Cause of Action);
- 24 7. Real Action’s use of the PepperBall® mark in a way that is likely to cause confusion,
25 or to cause mistake, or to deceive consumers for purposes of a claim for common
26 law trademark infringement (Plaintiff’s Third Cause of Action);
- 27 8. Real Action’s false statement(s) of fact in a commercial advertisement about its own
28 or another’s product for purposes of a claim for deceptive comparative advertising

- 1 under Section 43 of the Lanham Act (Plaintiff’s Fourth Cause of Action);
- 2 9. That Real Action’s statements actually deceived or has the tendency to deceive
- 3 customers for purposes of a claim for deceptive comparative advertising under
- 4 Section 43 of the Lanham Act (Plaintiff’s Fourth Cause of Action);
- 5 10. That Real Action causes its false statement(s) to enter interstate commerce for
- 6 purposes of a claim for deceptive comparative advertising under Section 43 of the
- 7 Lanham Act (Plaintiff’s Fourth Cause of Action);
- 8 11. That Plaintiff has been or is likely to be injured as a result of the false statement for
- 9 purposes of a claim for deceptive comparative advertising under Section 43 of the
- 10 Lanham Act (Plaintiff’s Fourth Cause of Action);
- 11 12. Real Action’s use without Plaintiff’s consent of a reproduction of its registered
- 12 trademark in connection with the sale or advertising of goods for purposes of a claim
- 13 for counterfeiting under Section 32 of the Lanham Act (Plaintiff’s Fifth Cause of
- 14 Action)
- 15 13. Real Action’s use of the PepperBall® mark in such a way as to cause confusion for
- 16 purposes of a claim for counterfeiting under Section 32 of the Lanham Act
- 17 (Plaintiff’s Fifth Cause of Action);
- 18 14. That Real Action violated California’s False Advertising Law (Plaintiff’s Ninth
- 19 Cause of Action);
- 20 15. That Real Action violated California’s Unfair Competition Law (Plaintiff’s Tenth
- 21 Cause of Action);
- 22 16. As to each of Real Action’s Affirmative Defenses; and
- 23 17. That the PepperBall® trademark is not generic.

24 This Motion is made pursuant to Federal Rule of Civil Procedure 56 on the ground that there
 25 is no genuine dispute of material fact and Plaintiff and Counter-Defendants are entitled to judgment
 26 as a matter of law because the evidence is such that a reasonable jury could not return a verdict for
 27 Defendants as to the above issues. The evidence and the law here establish beyond any genuine
 28 dispute that the trademarks at issue in this case were validly transferred to Plaintiff via a foreclosure

1 sale held by its predecessor which included the trademark in question. Furthermore, the evidence
2 establishes beyond any genuine dispute that the trademarks at issue in this case were properly and
3 validly renewed.

4 This Motion is based upon this Notice of Motion and Motion, the accompanying
5 Memorandum of Points and Authorities, the Declarations of Padraic Glaspy (“Glaspy Decl.”) and
6 Gary Gibson (“Gibson Decl.”), filed concurrently herewith, the Separate Statement filed
7 concurrently herewith, the proposed order lodged and served concurrently herewith, all pleadings,
8 papers, records, and documents on file in this action, and such oral and documentary evidence as
9 may be presented at or before the hearing on the Motion.

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Dated: April 27, 2017

Respectfully submitted,

HOWARTH & SMITH

By: /s/ Don Howarth
Don Howarth

MEMORANDUM OF POINTS AND AUTHORITIES

I. SUMMARY OF FACTS

United Tactical is the registered owner of the incontestable PepperBall® trademark and the sole manufacturer of authentic PepperBall® projectiles.¹ United Tactical manufactures and sells PepperBall® branded products, including PepperBall® projectiles.² Live PepperBall® projectiles are small plastic spheres that contain a proprietary irritant powder that functions similar to pepper spray.³ United Tactical and its predecessors have sold PepperBall® projectiles to thousands of police and governmental agencies, militaries, and private security firms as a non-lethal force compliance tool.⁴ United Tactical and its authorized distributors are the sole source for PepperBall® projectiles in the U.S.⁵

United Tactical acquired the PepperBall® trademark in 2014 when it purchased all tangible and intangible assets of its predecessor Advanced Tactical.⁶ Advanced Tactical acquired the PepperBall® trademark when Advanced Tactical (at the time known as Phoenix International) foreclosed on loans to the previous owner of the trademark – Pepperball Technologies, Inc. (“Pepperball Technologies”) – and successfully bid for the collateral, including the trademark, at a January 9, 2012 public sale.⁷

By this foreclosure sale, Advanced Tactical acquired all of the tangible and intangible assets of Pepperball Technologies, including but not limited to the incontestable PepperBall® trademarks, goodwill, business name, and trade secrets.⁸ Notice of the sale was provided to all required secured creditors and in the intervening five years. No party with standing has ever complained about the procedure of the sale, or its compliance with California law.⁹ The sale was carried out in conjunction with the former owners of the trademark, Pepperball Technologies, and Advanced

¹ Gibson Decl., ¶ 3 and Ex. 34.

² Gibson Decl., ¶ 4.

³ Gibson Decl., ¶ 4.

⁴ Gibson Decl., ¶ 5.

⁵ Gibson Decl., ¶ 6.

⁶ Ex. 33 to the Gibson Decl.

⁷ Ex. 8 to the Gibson Decl. and Ex. 89 to the Glaspy Decl.

⁸ *Id.*

⁹ Gibson Decl., ¶¶ 57, 58; Drake Decl., Ex. 93 to the Glaspy Decl., at ¶ 8.

1 Tactical’s owners ensured a seamless transition with PepperBall Technologies, which included
2 retaining most employees, trainers, and suppliers.¹⁰

3 After the foreclosure sale, in August of 2012, Real Action sent e-mail blasts (the recipients
4 of which included the employees and customers of United Tactical and its predecessors) and posted
5 messages on its website that used the PepperBall® mark and falsely claimed, inter alia, that: (i)
6 Pepperball Technologies was out of business; (ii) Real Action had acquired Pepperball
7 Technologies’ formulas and manufacturing equipment; and (iii) Real Action’s “Less Lethal” rounds
8 were being made on the same equipment used by Pepperball Technologies.¹¹

9 Advanced Tactical received numerous e-mails and phone calls from customers and
10 distributors confused about Advanced Tactical’s status and whether Real Action was selling
11 authentic PepperBall® projectiles.¹² Advanced Tactical reviewed Real Action’s e-mail blast,
12 website, and Facebook postings; discovered Real Action was selling projectiles with the same color
13 scheme as United Tactical’s authentic PepperBall® projectiles; and was representing that the
14 projectiles offered for sale were effectively PepperBall® projectiles.¹³

15 Advanced Tactical through its counsel sent a cease and desist letter to KT Tran (Real
16 Action’s President).¹⁴ Real Action in response sent a second e-mail and modified some of their web
17 postings and press releases to misrepresent inter alia that: (1) Real Action sold projectiles
18 manufactured by the company that manufactured projectiles for Pepperball Technologies; (2) a
19 formula and process superior to that of Pepperball Technologies produced the projectiles; and (3)
20 Advanced Tactical had acquired Pepperball Technologies’ brand and sold a projectile other than the
21 one Pepperball Technologies had sold for roughly fourteen years.¹⁵

22 After Real Action sent this second e-mail, principles from Advanced Tactical and Real
23 Action met in an effort to resolve their issues.¹⁶ At that meeting Real Action revealed that it
24

25 ¹⁰ Gibson Decl., ¶ 56; Ex. 47 to the Glaspy Decl. at 108:21-109:10.

26 ¹¹ Gibson Decl., ¶ 9; Dkt. 84 at 61:16-24; Dkt. 85 at 3-4.

27 ¹² Gibson Decl., ¶ 10.

¹³ Gibson Decl., ¶ 11.

¹⁴ Gibson Decl., ¶ 12.

¹⁵ Gibson Decl., ¶ 13; Ex. 48 to the Glaspy Decl. at 11; Dkt. 84 at 71:2-7; Dkt. 85 at 4-5.

28 ¹⁶ Gibson Decl., ¶ 14.

1 acquired its projectiles from a former assembler of Pepperball Technologies, called APON, under a
 2 contract with Conrad Sun, a former officer of Pepperball Technologies.¹⁷

3 Advanced Tactical's management informed Defendants in the Las Vegas meeting that
 4 APON had never manufactured projectile shells for PepperBall Technologies, but had merely
 5 assembled finished projectiles from powder and shells that were provided to it by Pepperball
 6 Technologies.¹⁸ Advanced Tactical also informed Real Action that Advanced Tactical had acquired
 7 all of Pepperball Technologies' assets and that Conrad Sun could not lawfully manufacture or sell
 8 irritant powder projectiles based on PepperBall® intellectual property.¹⁹

9 After the meeting of principals failed to resolve the dispute, in August 2012 Advanced
 10 Tactical filed suit against Real Action, Conrad Sun, and APON, in the District Court for the
 11 Northern District of Indiana (the "Indiana Court") for trademark infringement and misappropriation
 12 of trade secrets, and obtained a temporary restraining order.²⁰ After roughly 40 hours of evidentiary
 13 hearings over ten months, also filled with extensive fact discovery, the Indiana Court issued a
 14 preliminary injunction in Advanced Tactical's favor enjoining Real Action from, inter alia, selling
 15 the irritant powder filled projectiles it acquired from Sun.²¹ The Indiana Court found Real Action's
 16 witnesses (both claiming to be Real Action's President) to "lack credibility almost entirely."²²

17 Defendants appealed the preliminary injunction and the Court's determination of jurisdiction
 18 over Real Action.²³ The Seventh Circuit Court of Appeals found that Indiana did not have personal
 19 jurisdiction over Defendants and ordered the preliminary injunction vacated and case dismissed, but
 20 never criticized the merits of the preliminary injunction.²⁴ Advanced Tactical reached settlement
 21 agreements with Sun and APON.

22 **II. PROCEDURAL HISTORY**

23 After the Seventh Circuit decision, United Tactical brought suit in this Court to preserve the
 24

25 ¹⁷ Gibson Decl., ¶ 15; Dkt. 84 at 71:2-7.

¹⁸ Gibson Decl., ¶ 16; Dkt. 84 at 29:25-30:17; 38:12-19.

¹⁹ Gibson Decl., ¶ 17.

²⁰ Exs. 49-50 to the Glaspy Decl.; Gibson Decl. ¶ 18.

²¹ Ex. 60 to the Glaspy Decl.

²² Ex. 60 to the Glaspy Decl. at bates page UTS 04450.

²³ Ex. 61 to the Glaspy Decl.; Gibson Decl., ¶ 20.

²⁴ Ex. 62 to the Glaspy Decl.; Gibson Decl., ¶ 20.

1 injunctive relief that Advanced Tactical had obtained, and to protect the public and United
2 Tactical's property, reputation and goodwill.²⁵ United Tactical brought a motion for preliminary
3 injunction, which this Court granted in part and denied in part.²⁶

4 Subsequently, after a settlement conference that was held in this case, the Court ordered that
5 the parties file cross-motions for summary judgment as to two key issues: "1. Whether the
6 registered trademark(s) at issue in this case was validly transferred to plaintiff and 2. Whether the
7 registered trademark(s) at issue had lapsed before it was transferred." [Dkt. 270.]

8 The parties filed such cross-motions for summary judgment, and on February 23, 2017, this
9 Court issued its rulings. [Dkt. 348.] The Court denied all of the summary judgment motions
10 brought by Real Action. In granting, in part, United Tactical's motion, the Court found as a matter
11 of law that the PepperBall® trademark had not lapsed prior to its transfer, and that the United States
12 Patent & Trademark Office's acceptance of the 2009 and 2013 Section 8 declarations and resulting
13 finding of incontestability of the PepperBall® mark were dispositive on the issue. [Dkt. 348 at 25-
14 28.] As to the transfer of the trademark, the Court ruled that a trademark can be validly transferred
15 by UCC foreclosure sale in the absence of a written assignment and that the loans acquired by
16 United Tactical's predecessor and foreclosed upon included a security interest in the intellectual
17 property assets of the company that owned the PepperBall® mark. [*Id.*]

18 The only issue upon which the Court was not prepared to give a full summary judgment
19 ruling to United Tactical at that time was whether the secured creditors of Pepperball Technologies
20 received notice of the foreclosure sale. There the Court said that United Tactical "offer[ed]
21 evidence of the notice provided, including notices placed in the San Diego Daily Transcript on
22 December 30, 2011 and January 6, 2012" but did not "provide proof of mailing of notice or other
23 evidence that PepperBall Technologies' and/or PepperBall Technologies-CA's secured creditors
24 received notice." [Dkt. 348 at 32.] Significantly, the Court found that Real Action had no evidence
25 that secured creditors did not receive notice. [Dkt. 348 at 33 ("Real Action also fails to offer facts
26 showing PepperBall Technologies' secured creditors did not receive notice of the sale.").]

27 _____
28 ²⁵ Dkt. 1.

²⁶ Dkt. 27; Dkt. 85.

1 After the summary judgment briefing was complete, Plaintiff conducted additional
2 discovery, including taking the deposition of Real Action’s 30(b)(6) witness, and co-defendant,
3 K.T. Tran. Fortified by this additional discovery, summary judgment against Real Action is now
4 appropriate as to the causes of action for trademark infringement and false advertising.

5 **III. FEDERAL STANDARD FOR MOTIONS FOR SUMMARY JUDGMENT**

6 Summary judgment is “an integral part of the Federal Rules as a whole, which are designed
7 to secure the just, speedy and inexpensive determination of every action.” *Celotex Corp. v. Catrett*,
8 477 U.S. 317, 327 (1986). Summary judgment serves the important purpose of avoiding “useless
9 and expensive litigation” by “dispos[ing] of factually unsupported claims or defenses.” *Volunteer*
10 *Elec. Co-op. v. Tennessee Val. Auth.*, 139 F. Supp. 22, 24 (E.D. Tenn. 1954) *aff’d sub nom.*
11 *Volunteer Elec. Coop. v. Tennessee Valley Auth.*, 231 F.2d 446 (6th Cir. 1956).

12 Under Federal Rule of Civil Procedure 56, on motion of a party, the court “shall grant
13 summary judgment if the movant shows that there is no genuine dispute as to any material fact and
14 the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a).

15 On summary judgment, “[w]hen the moving party does not have the burden of proof on the
16 issue, he need show only that the opponent cannot sustain his burden at trial.” *Calderone v. U.S.*,
17 799 F.2d 254, 259 (6th Cir. 1986). The moving party can meet this burden by showing that the
18 respondent, having had sufficient opportunity for discovery, has no evidence to support an essential
19 element of the case. *See Street v. J.C. Bradford & Co.*, 886 F.2d 1472, 1479 (6th Cir. 1989). The
20 nonmoving party must “do more than simply show that there is some metaphysical doubt as to the
21 material facts.” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986).
22 Further, one may not oppose a properly supported summary judgment motion by mere reliance on
23 the pleadings. *See Celotex Corp.*, 477 U.S. at 324. Instead, the nonmovant must present “concrete
24 evidence supporting [their] claims.” *Cloverdale Equip. Co. v. Simon Aerials, Inc.*, 869 F.2d 934,
25 937 (6th Cir. 1989) (citations omitted). If the nonmovant does not do so, “summary judgment, if
26 appropriate, shall be entered against him.” *Celotex Corp.*, 477 U.S. at 322. The nonmovant’s
27 “failure to present any evidence to counter a well-supported motion for summary judgment alone is
28 grounds for granting the motion.” *Everson v. Leis*, 556 F.3d 484, 496 (6th Cir. 2009).

1 Based on the evidence here, there is no genuine dispute of material fact as to the issues
2 identified below and Plaintiff is entitled to judgment as a matter of law.

3 **IV. PLAINTIFF’S CAUSES OF ACTION FOR TRADEMARK INFRINGEMENT**

4 United Tactical brings claims for trademark infringement and counterfeiting under Sections
5 32 and 43 of the Lanham Act, and the common law. *See* 15 U.S.C. § 1114; 15 U.S.C. § 1125(a).
6 The touchstone for each of these claims is Plaintiff’s protectable interest in a trademark and
7 Defendants’ use of or association with the mark in a manner that causes confusion.

8 To establish a Section 32 claim for infringement of a registered trademark pursuant to 15
9 U.S.C. § 1114, a plaintiff must demonstrate: “1. ownership of valid mark (i.e. a protectable interest),
10 and 2. that the alleged infringer’s use of the mark is likely to cause confusion, or to cause mistake,
11 or to deceive consumers.” *See Kythera Biopharmaceuticals, Inc. v. Lithera, Inc.*, 998 F. Supp. 2d
12 890, 898 (C.D. Cal. 2014) (internal citations omitted); *SunEarth, Inc. v. Sun Earth Solar Power Co.,*
13 *Ltd.*, 846 F. Supp. 2d 1063, 1073 (N.D. Cal. 2012). Similarly, a Section 43(a) claim for trademark
14 infringement, or false association, pursuant to 15 U.S.C. § 1125(a) requires proof that defendant:

- 15 1. used in commerce,
- 16 2. any word, false designation of origin, false or misleading description, or
representation of fact, which
- 17 3. is likely to cause confusion to customers or misrepresents the
characteristics of his or another person’s goods or services.

18 *See Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 902 (9th Cir. 2007); *see also Spy Optic, Inc. v.*
19 *Alibaba.Com, Inc.*, 163 F. Supp. 3d 755, 764 (C.D. Cal. 2015) (“The tests for infringement of a
20 federally registered mark under § 32(1), 15 U.S.C. § 1114(1), infringement of a common law
21 trademark, unfair competition under § 43(a), 15 U.S.C. § 1125(a), and common law unfair
22 competition involving trademarks are the same²⁷.”); *see also PepsiCo, Inc. v. California Security*
23 *Cans*, 238 F. Supp. 2d 1172, 1175-76 (C.D. Cal. 2002) (requiring plaintiff on counterfeiting claim
24 under Section 32(b) to prove that (1) without consent, defendant used in commerce a reproduction
25 or copy of a registered trademark, (2) the use was in connection with the sale or advertising of any
26 goods or services; and (3) that such use is likely to cause confusion, mistake, or deceive customers).

27 _____
28 ²⁷ However, as this Court has already noted, “unlike claims under Section 32, claims under Section
43(a) do not require UTS to be the owner of a registered mark.” [Dkt. 85 at 13.]

1 Here, there is no genuine dispute of material fact as to these two issues: the undisputed
2 evidence establishes that Plaintiff United Tactical is the owner of the PepperBall® mark and
3 Defendants' representations in email blasts and web postings regarding their relationship to
4 Plaintiff's mark were both false and misleading and caused confusion in the market. Plaintiff is
5 entitled to summary judgment as to these elements of its infringement and counterfeit claims.

6 **A. There Is No Dispute of Fact That Plaintiff Owns the PepperBall® Trademark**

7 As set forth above, the only dispute remaining after this Court's February 23, 2017 ruling on
8 the summary judgment motions, regarding Plaintiff's ownership of the mark is whether or not
9 proper notice was given of the foreclosure sale by which United Tactical's predecessor, Advanced
10 Tactical, acquired the trademark. As to that issue, additional discovery in the case establishes that
11 there is no dispute of fact as to this issue.

12 At his deposition, Real Action's 30(b)(6) witness testified under oath that "I don't know any
13 secured creditors that did not get a notice." Real Action Depo, Ex. 75 to the Glaspy Decl., at
14 255:25-256:1. Under the federal rules, this admission is binding on Real Action, and Real Action
15 cannot now take a different position on summary judgment. A "30(b)(6) witness testifies as a
16 representative of the entity, his answers bind the entity...." *Mitchell Eng'g v. City & County of San*
17 *Francisco*, 2010 WL 455290, at *1 (N.D.Cal. Feb. 2, 2010); *see also Gales v. Winco Foods*, 2011
18 WL 3794887 (N.D.Cal.2011). Real Action also recently reaffirmed at a hearing with the discovery
19 magistrate in this case that it has no evidence regarding any secured creditors not receiving any
20 notice. *See* Hearing Transcript March 28, 2017, Exhibit 91 to the Glaspy Decl., at 67:5-70:12.

21 Real Action will bear the burden at trial on the issue of the validity of the foreclosure sale.
22 *Fontenot v. Wells Fargo Bank, N.A.*, 198 Cal. App. 4th 256, 270 (2011) ("[A] nonjudicial
23 foreclosure sale is presumed to have been conducted regularly, and the burden of proof rests with
24 the party attempting to rebut this presumption."); *see also Knapp v. Doherty*, 123 Cal. App. 4th 76,
25 86, fn. 4 (2004) ("A nonjudicial foreclosure sale is presumed to have been conducted regularly and
26 fairly; one attacking the sale must overcome this common law presumption...."); *Melendrez v. D &*
27 *I Investment, Inc.*, 127 Cal. App. 4th 1238, 1258 (2005); *Debrunner v. Deutsche Bank Nat. Trust*
28 *Co.*, 204 Cal. App. 4th 433, 443 (2012).

1 Therefore, Real Action’s admission regarding its lack of evidence on the notice issue is
2 dispositive. As set forth above, on summary judgment, “[w]hen the moving party does not have the
3 burden of proof on the issue, he need show only that the opponent cannot sustain his burden at
4 trial.” *Calderone v. U.S.*, 799 F.2d 254, 259 (6th Cir. 1986). The moving party can meet this
5 burden by showing that the respondent has no evidence to support an essential element of the case.
6 *See Street v. J.C. Bradford & Co.*, 886 F.2d 1472, 1479 (6th Cir. 1989).

7 Accordingly, Real Action’s admission at deposition to having no knowledge of any secured
8 creditor who did not get notice of the sale – an issue that Real Action bears the burden to prove – is
9 grounds without anything more to grant summary judgment in Plaintiff’s favor on this issue.

10 Additionally, United Tactical has now discovered and produced the documentary evidence
11 regarding the notice that this Court identified as missing in its February 23, 2017 ruling. Attached
12 as Exhibit 71 to the Gibson Declaration filed concurrently herewith is an email that John Stiska
13 (then the CEO of Pepperball Technologies) sent to the secured note holders of Pepperball
14 Technologies in advance of the foreclosure sale on December 29, 2011. Gibson Decl., Ex. 71
15 (“Enclosed are 3 documents regarding the PepperBall Sale of Assets scheduled for Monday January
16 9, 2012: 1. Notice of Public Sale (Foreclosure)...”) The copy that United Tactical has produced is
17 in an email sent to Conrad Sun, and additional documents confirm that this same notice was sent to
18 each of the secured noteholders whose interest Advanced Tactical was offering to purchase and
19 which was acquired. Gibson Decl., ¶ 55.

20 Further, United Tactical has obtained an email that was sent by Pepperball Technologies’
21 CEO John Stiska to the President of Primary Funding Corporation (the entity that Real Action has
22 claimed did not obtain notice of the same), dated December 30, 2011, which gave notice of the
23 foreclosure sale. Gibson Decl., Ex. 73. This document includes the responding email from the
24 president of Primary Funding, acknowledging receipt of the same. *Id.* Plaintiff is unaware of any
25 other secured creditor who was known at the time of the foreclosure sale.

26 Putting these together, United Tactical now has the documentary evidence which establishes
27 that proper notice of the foreclosure sale was given.

28 Further, as pointed out before, under the law, Real Action has no standing to challenge the

1 trademark transfer on the basis of alleged problems with the notice. It is undisputed that Real
2 Action was never a secured creditor of Pepperball Technologies and therefore has no standing as a
3 matter of law to challenge the sale on the basis of lack of notice. [Dkt. 307 at 20-21 (citing UCC §
4 9-625:8; Cal. Comm. Code § 962(a)(1); *Smith v. AFS Acceptance, LLC*, 77 U.C.C. Rep. Serv. 2d
5 794 (N.D. Ill. 2012); *Canadian Commercial Bank v. Ascher Findley Co.*, 229 Cal. App. 3d 1139,
6 1150 (1991); *Banc of Am. Leasing & Capital, LLC v. 3 Arch Tr. Servs., Inc.*, 180 Cal. App. 4th
7 1090 (2009)].] Real Action has never disputed the law on this point.

8 Nor has, or can, Real Action dispute the well-established law that, even assuming that a
9 party with standing did challenge the foreclosure sale, under the law, the only available remedy that
10 would be available to such a party would be money damages, not the unwinding of the foreclosure
11 sale. [Dkt. 307 at 22-23; *See, e.g., In re Alcom Am. Corp.*, 154 B.R. 97, 114 (Bankr. D.D.C.),
12 vacated in part, 156 B.R. 873 (Bankr. D.D.C. 1993), subsequently aff'd sub nom. *ALCOM Am.*
13 *Corp. v. Arab Banking Corp.*, 48 F.3d 539 (D.C. Cir. 1995) (“No authority exists . . . for the
14 proposition that lack of notice to the debtor is cause for setting aside an otherwise valid sale under
15 UCC § 9–504. . . .”); *In re ProvideRx of Grapevine, LLC*, 507 B.R. 132, 165–66 (Bankr. N.D. Tex.
16 2014) (“When collateral is sold in a commercially unreasonable manner, including if there are
17 deficiencies in notice, the debtor may recover damages . . . but may not rescind the sale that has
18 been made.”).] Real Action’s allegations regarding problems with notice are therefore a complete
19 smoke screen; and it cannot rely on such an alleged technicality to defeat a valid trademark, even if
20 a proper creditor had a claim for damages. Ongoing trademarks cannot be so undermined by an
21 infringer asserting some alleged deficiency unrelated to it in the chain of transfer.

22 Based on the foregoing documentary evidence, and the Court’s rulings in its February 23,
23 2017 order on the cross-motions for summary judgment, and the evidence that was submitted
24 therewith and with this motion, there can be no dispute but that the PepperBall® trademark was
25 properly transferred via foreclosure sale to United Tactical’s predecessor and that United Tactical is

26 ///

27 ///

28

1 the proper owner and registrant of the PepperBall® mark.²⁸

2 **B. There Is No Genuine Factual Dispute That Real Action Made False and Misleading**
 3 **Statements to Imply That It Was the Manufacturer of PepperBall® Projectiles**

4 Nor is there any dispute of fact that Real Action’s use of the PepperBall® trademark mark
 5 included false and misleading descriptions of its projectiles and misrepresentations of fact, which
 6 are “likely to cause confusion, or to cause mistake, or to deceive consumers.” *See Kythera*
 7 *Biopharmaceuticals, Inc. v. Lithera, Inc.*, 998 F. Supp. 2d 890, 898 (C.D. Cal. 2014) (internal
 8 citations omitted).

9 In its initial false and misleading posting regarding the PepperBall® mark, Real Action
 10 stated, in part, as follows:

11 RAP4 Resumes PepperBall Technologies Inc Production

12 RAP4 is proud to announce the acquisition of machinery, recipes, and
 13 materials once used by PepperBall Technologies Inc., the manufacturer of
 14 Less Lethal Live Rounds that are trusted by law enforcement and military
 15 units far and wide. Now we manufacture our Less Lethal Live Rounds
 directly, on that original machinery, and conforming to the original
 specifications, to provide our customers with improved quality control and
 uninterrupted supplies....

16 Earlier this year, PepperBall Technologies Inc was liquidated and foreclosed
 17 by their creditors. RAP4 acted immediately through acquisition and resume
 the machinery, recipes, and materials required to continue production of our
 18 Less Lethal Live Rounds....

19 Gibson Decl., Ex. 68.

20 Of course, Real Action had not acquired anything from Pepperball Technologies, Inc.
 21 Rather, the undisputed evidence shows that United Tactical’s predecessor in interest in fact acquired
 22 all the tangible and intangible assets of Pepperball Technologies, Inc. as a result of the foreclosure
 23 sale. And, indeed, Real Action’s 30(b)(6) deponent could not even contest that these statements
 24 were false. Rather, he testified as follows as to the statements made in Real Action’s first posting:

25 Q. That statement, ‘RAP4 Resumes PepperBall Technologies Inc.

26 ²⁸ Furthermore, as this Court held in its order on Plaintiff’s Motion for Preliminary Injunction,
 27 “UTS established that it is the senior user of the PepperBall mark as ATO used the mark and name
 28 PepperBall Technologies in commerce in January 2012 and UTS assumed the PepperBall mark and
 PepperBall Technologies name from ATO via the Trademark Assignment Agreement....” [Dkt. 85
 at 17, n. 7.]

1 Production,' was that true or was it false?

2

3 A. I can't answer.

4 Q. Okay. Fine. So going down to the first paragraph under the picture of
5 the rifle here, the first sentence says 'RAP4 is proud to announce the
6 acquisition of machinery, recipes and materials once used by PepperBall
7 Technologies Inc., the manufacturer of Less Lethal Live Rounds that are
8 trusted by law enforcement and military units far and wide.' ... Now, that
9 sentence, as that true or false? Or can you not answer?

10

11 The Witness: I don't remember.

12 Real Action Depo, Ex. 75 to the Glaspy Decl. at 58:23-64:4.

13 Real Action contends that this posting described its agreement with Conrad Sun to obtain
14 projectiles from Apon, which had been an assembler of projectiles for Pepperball Technologies.

15 However, at his own deposition Conrad Sun confirmed that the statements made by Real Action in
16 its original email blast were false:

17 Q. The original blast e-mail that Rap4 sent out started out: "Rap4 is
18 proud to announce the acquisition of machinery, recipes and materials
19 once used by PepperBall Technologies, Inc." We've already
20 established that the machinery that was used to manufacture the
21 powders were kept as PepperBall Technologies, Inc.'s facility in San
22 Diego, California, correct?

23

24 A. Correct.

25

26 Q. So those were not acquired to your knowledge by Rap4, correct?

27 A. Correct.

28 Q. The recipes that PepperBall Technology used in relation to its irritant
powder you've already testified were never given to Rap4, correct?

A. Correct.

....

Q. To your knowledge, did Rap4 acquire any recipes from PepperBall
Technologies, Inc.?

....

A. To my knowledge, no.

....

BY MR. BLUMENTHAL:

Q. Skipping the rest of that sentence and starting with the next one, it
reads: "Now we manufacture our less lethal live rounds directly on
that original machinery." Based on your testimony here today,
it would be your understanding that that is not a correct statement,
correct?

....

BY THE WITNESS:

A. Correct.

....

Q. To the best of your knowledge and understanding, the statement
involving Rap4's acting immediately through acquisition and
resume the machinery recipes and materials is not accurate, correct?

....

1 BY THE WITNESS:

A. Correct.

2 BY MR. BLUMENTHAL:

3 Q. It is not accurate based on your understanding for Rap4 to have stated
that they had PepperBall Technologies, Inc.'s equipment recipes and
standards integrated into their manufacturing; is that correct?

4

BY THE WITNESS:

A. Correct.

5 Sun Depo, Ex. 76 to the Glaspy Decl. at 255:15-257:3; *see also* Sun Depo, Ex. 76 to the Glaspy
6 Decl. at 285:9-286:7, 198:16-23.

7
8 In fact, the undisputed evidence shows that Real Action chose to use the wording that it did
9 in its first posting intentionally because it was confusing. Real Action's 30(b)(6) deponent testified
10 that it chose the word "acquisition" to describe its arrangement with Sun precisely because it was
11 open to interpretation, and that it could confuse customers into believing that Real Action owned or
12 purchased any assets of Pepperball Technologies, Inc.:

13 Q. Okay. And you wrote "Okay. I chose the word acquired because it
14 could mean we have acquired a contract or acquire a deal. We
avoiding using word like ownership or purchase. Acquire meaning is
up for interpretation at this point." Did I read that mostly correctly?

15 A. That's correct...

16

Q. [Y]ou had customers who were confused by this text, right?

17

The Witness: Yes.

18 Real Action Depo, Ex. 75 to the Glaspy Decl., at 76:3-80:6; Glaspy Decl., Ex. 77.

19 Of course, "acquire" does not actually have the meaning that Real Action claims: to acquire
20 something is to come into ownership of something. Real Action's choice of words is therefore
21 deliberately misleading. And in fact the undisputed evidence here is that Real Action deliberately
22 used this misleading language was to create the false impression of a connection to Pepperball
23 Technologies, Inc., in order to lend its products legitimacy. *See* Real Action Depo, Ex. 75 to the
24 Glaspy Decl., at 107:10-16, 111:11-20; Glaspy Decl., Exhibit 78; *see also* Real Action Depo, Ex. 75
to the Glaspy Decl., at 118:12-24.

25 Nor is it disputed that Real Action needed to create legitimacy for its products. As Real
26 Action's 30(b)(6) deponent testified, Real Action's own reputation in the industry at the time of this
27 posting was very poor:
28

1 Q. Okay. And that understanding and your belief that you were CRAP4
 continued through 2012, 2013 and 2014, correct?

2 THE WITNESS: That's right.... It's okay to call yourself crap -- Mr.
 3 Blumenthal, it's okay to call your CRAP4. It was clear to undermine
 4 the business so that way we can focus and do better. It's our intention
 5 to call ourself CRAP4. It's intention to saying that we are not -- we are
 number 2. We are the worst. So that we can crawl ourself out from the
 hole. Rather than not recognizing that we are crap, we recognize that
 we are crap.

6 Real Action Depo, Ex. 75 to the Glaspy Decl., at 324:12-329:17. Therefore, it is undisputed that
 7 Real Action deliberately made false, misleading statements, with the intent to confuse consumers.

8 **C. It Is Undisputed That Real Action Caused Confusion**

9 There is also no genuine dispute of fact that Real Action did succeed in confusing
 10 consumers as to its relationship with Plaintiff's trademark. Generally to succeed on an infringement
 11 claim, "a plaintiff must show more than simply a possibility of...confusion." *Rearden LLC v.*
 12 *Rearden Commerce, Inc.*, 683 F.3d 1190, 1209 (9th Cir. 1979). However, "[w]hen the alleged
 13 infringer knowingly adopts a mark similar to another's, reviewing courts presume that the defendant
 14 can accomplish his purpose: that is, that the public will be deceived." *Aut-Tomotive Gold, Inc. v.*
 15 *Volkswagen of America, Inc.*, 457 F.3d 1062, 1076 (9th Cir. 2006) (quoting *AMF Inc. v. Sleekcraft*
 16 *Boats*, 599 F.2d 341, 354 (9th Cir. 1979)). Here, as set forth above, it is undisputed that Real
 17 Action intentionally used Plaintiff's mark, and that this presumption applies.

18 Additionally, here, Real Action has admitted that this initial posting had caused confusion in
 19 the market. This admission is contained in one of the subsequent postings that Real Action made,
 20 shortly after its first statement, which stated as follows:

21 It has come to our Attention that there has been some misinformation and
 22 confusion in relation to our acquisition of Pepperball Technology.

23 1. Pepperball Technology is Forclosed, information about this can be found at
 the following link....

24 2. The Original Recipe and machinery to produce pepperballs was
 25 acquisitioned by RAP4 and RAP4 is r to manufacture the original pepperball
 under the name of RAP4 Less Lethal.

26 3. Perfect Circle originally produced Pava Ball for SWAT (Security with
 27 Advanced Technology)

28 4. All rights to the name Pepperball belong to the new owners, which is
 Phoenix International, LLC LI LIABILITY COMPANY INDIANA 2713

Ferguson Road Fort Wayne INDIANA 46809

We are in no way trying to confuse or deceive anyone as to the origin of our less lethal rounds and technology.

Glaspy Decl., Exhibit 79.

This “clarification” admitted that Real Action had caused confusion with its initial posting. Real Action admitted the same thing at deposition – that the clarification was necessary because its earlier posting had caused confusion:

Q. Okay. So you eventually, though, issued that clarification we went over, right?

A. Yes.

Q. Why did you do that?

A. We did that because we mentioned earlier some customer were confused.

Real Action Depo, Ex. 75 to the Glaspy Decl., at 128:25-129:11.

Of course, the “clarification” went on to repeat several of the same false representations concerning Real Action’s “acquisition of Pepperball Technology,” which never happened, that Real Action had acquired “Original Recipe and machinery,” and was able to “manufacture the original pepperball under the name of RAP4.” *Id.* In ruling on Plaintiff’s preliminary injunction motion, this Court already found that the implication of even this “clarification” was that Real Action’s projectiles were PepperBall® projectiles: “While these disclaimers are perhaps an attempt at clarification, the Court cannot ignore the full context. The previous section of the announcement describes how RAP4’s Live Rounds ‘are produced by the original OEM manufacturer that once produced for PepperBall Technologies Inc.’ *Id.* The implication is that RAP4’s projectiles are, for all intents and purposes, PepperBalls.” [Dkt. 85 at 24.] And, at deposition, Real Action admitted that the statements made were not true:

Q. Okay. So if we go to that bullet point number -- not bullet point, but numbered sentence 2, “The Original Recipe and machinery to produce PepperBalls was acquisitioned [sic] by RAP4, and RAP4 is r to manufacture the original PepperBall under the name of RAP4 Less Lethal.” Do you see that?

A. Yes.

Q. ...So after your deal with Mr. Sun, you believed you were manufacturing the original PepperBall under a new name; is that right?

....
THE WITNESS: No.

....
Q. So what you said here is wrong, what Real Action said here is wrong?

1 THE WITNESS: Yes, that's not right.

2 Real Action Depo, Ex. 75 to the Glaspy Decl., at 89:24-91:10.

3 Therefore, while Real Action admitted that its initial posting caused confusion, there is no
4 dispute that the "clarification" that it posted was inaccurate in the same way, and caused the same
5 confusion. *See, e.g.*, Glaspy Decl. Exhibit 79. As this Court has already observed:

6 While RAP4 is purportedly clarifying the confusion, in the very same breathe
7 it insinuates that it has acquired PepperBall Technology. This is not a singular
8 error; the titles of these statements are "Clarification About RAP4's
9 Acquisition of PepperBall Technology[.] The statements also declare that
10 "[t]he Original Recipe and machinery to produce pepperballs was
11 acquisitioned by RAP4 and RAP4 is now able to manufacture the original
pepperball under the name of RAP4 Less Lethal." While these statements
acknowledge that "Pepperball Technology is Forclosed[sic]" and "[a]ll rights
to the name Pepperball belong to the new owners, which is Phoenix
International, LLC[,]" the implication and likelihood of confusion remains
that RAP4 is now the manufacturer of PepperBall irritant projectiles.

12 [Dkt. 85 at 24.]

13 Additionally, there is substantial undisputed evidence that customers contacted both Real
14 Action and Plaintiff's predecessor regarding their confusion over the statements made by Real
15 Action. Under well-settled law, the confusion element of a trademark infringement claim may be
16 proven by evidence of customers contacting the mark holder regarding their confusion. *See, e.g.*,
17 *Mustang Motels, Inc. v. Patel*, 226 U.S.P.Q. 526 (C.D. Cal. 1985) (testimony of employees that
18 customers phoned plaintiff asking for information about defendant admissible); *Conversive, Inc. v.*
19 *Conversagent, Inc.*, 433 F. Supp. 2d 1079 (C.D. Cal. 2006); *Sinhdarella, Inc. v. Vu*, 85 U.S.P.Q.2d
20 2007 (N.D. Cal. 2008); *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 509 (9th Cir. 2011). Additionally,
21 such confusion may be proved by emails that were received from confused customers. *See, e.g.*,
22 *Mary Kay, Inc. v. Weber*, 601 F. Supp. 2d 839, 846-47 (N.D. Tex. 2009); *Leelanau Wine Cellars,*
23 *Ltd. v. Black & Red, Inc.*, 452 F. Supp. 2d 772, 786 (W.D. Mich. 2006), *aff'd*, 502 F.3d 504 (6th
24 Cir. 2007). Plaintiff has offered several such emails submitted herewith as Exhibit 69 to the Gibson
25 Decl. and Exhibit 80 to the Glaspy Decl.

26 This Court recognized the evidence of customer confusion in its order on Plaintiff's motion
27 for preliminary injunction, observing: "The evidence shows confusion over RAP4's
28 announcements." [Dkt. 85 at 18.] Nor did Real Action dispute that customers were confused in its

1 sworn deposition testimony. Rather, Real Action's 30(b)(6) designee testified as follows:

2 Q. Now, we've gone through a lot of documents about statements you've
3 made, that Real Action made about acquiring machinery and recipes
4 from PepperBall Technologies Inc., right?

5 A. Yes.

6 Q. And we've seen documents where your customers were confused by
7 those statements, right?

8 A. Yes.

9 Q. And some documents that you have no reason to believe are forgeries
10 that my client's customers were confused, right?

11 A. That's right.

12 Real Action Depo, Ex. 75 to the Glaspay Decl., at 186:7-18; *see also id.* at 80:2-6 ("Q. [Y]ou had
13 customers who were confused by this text, right?... The Witness: Yes."), 92:2-92:22, 94:16-95:21,
14 and 103:19-104:5. It is therefore undisputed that Real Action's statements caused customer
15 confusion in the market.

16 As set forth above, there is no genuine dispute of material fact as to the primary elements of
17 Plaintiff's trademark infringement claims under Section 32 and Section 43 of the Lanham Act, and
18 Plaintiff is entitled to summary judgment on the issues of the ownership of the trademark, Real
19 Action's use of and false statements in commerce regarding the trademark, and Real Action's
20 causation confusion in the market, leaving only the issue of damages for trial on these claims.²⁹

21 **V. PLAINTIFF IS ENTITLED TO SUMMARY JUDGMENT ON ITS FALSE**
22 **ADVERTISING AND UNFAIR COMPETITION CLAIMS**

23 For the same reasons partial summary judgment is also appropriate on Plaintiff's false
24 advertising and unfair competition claims. Plaintiff brings claims for deceptive comparative
25 advertising under Section 43(a)(1)(B) of the Lanham Act. To prevail on such a claim, a plaintiff
26 must show (1) a false statement of fact by the defendant in a commercial advertisement about its
27 own or another's product; (2) the statement actually deceived or has the tendency to deceive a
28 substantial segment of its audience; (3) the deception is material, in that it is likely to influence the
purchasing decision; (4) the defendant caused its false statement to enter interstate commerce; and
(5) the plaintiff has been or is likely to be injured as a result of the false statement. *Wells Fargo &*

²⁹ Plaintiff would not need to prove damages to be entitled to injunctive relief. *See, e.g., Southland Sod*, 108 F.3d at 1145-46 ("[E]ven if Plaintiffs had failed to raise a triable issue as to causation and injury, their Lanham Act claim would still be viable to the extent it sought an injunction.")

1 *Co. v. ABD Ins. & Fin. Servs., Inc.*, 758 F.3d 1069, 1071 (9th Cir. 2014), *as amended* (Mar. 11,
2 2014) (citing *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997)).

3 Here, for the reasons set forth above, United Tactical is entitled to summary judgment on the
4 first element of this claim: a reasonable juror could only find that the announcements and emails by
5 Real Action included false statements of fact about its own product. As to the second element, as
6 set forth above, it is undisputed that Real Action's announcements caused confusion to customers,
7 and that Real Action intended to sow such confusion. Where a defendant "intentionally misled
8 consumers, we would presume consumers were in fact deceived." *William H. Morris Co. v. Grp.*
9 *W, Inc.*, 66 F.3d 255, 258 (9th Cir.) *supplemented sub nom. William H. Morris Co. v. Grp. W. Inc.*,
10 67 F.3d 310 (9th Cir. 1995); *see also Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 210
11 (9th Cir. 1989) (intent to mislead justifies presumption that consumers are in fact deceived);
12 *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1146 (9th Cir. 1997). Here, based on the
13 undisputed evidence of actual customer confusion and the evidence as to Real Action's intent to
14 confuse, Plaintiff is entitled to summary judgment on this element as well.

15 It is similarly undisputed that Real Action sent its announcements by email and posted them
16 on its website and other online forums. Courts have held that such acts are sufficient to establish
17 that a defendant caused its false statement to enter interstate commerce. *See, e.g., SuccessFactors,*
18 *Inc. v. Softscape, Inc.*, 544 F. Supp. 2d 975, 982 (N.D. Cal. 2008); *Neighborhood Assistance Corp.*
19 *of Am. v. First One Lending Corp.*, 2012 WL 1698368, *18 (C.D. Cal. May 15, 2012). Therefore,
20 Plaintiff is entitled to summary judgment as to that element of its deceptive comparative advertising
21 claim. As to the injury element, commercial injury is generally presumed "when defendant and
22 plaintiff are direct competitors and defendant's misrepresentation has a tendency to mislead
23 consumers." *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 826 (9th Cir. 2011); *see also*
24 *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1393 (2014). Real Action
25 admits that it is the direct competitor of United Tactical. [*See, e.g., Dkt. 281, ¶¶ 28, 73.*] Therefore,
26 United Tactical is entitled to summary judgment on that element of its claims.

27 For the same reasons, Plaintiff is entitled to summary judgment on its claims under
28 California's Unfair Competition Law and False Advertising Law. The Ninth Circuit "has

1 consistently held that . . . actions pursuant to California Business and Professions Code § 17200 are
 2 ‘substantially congruent’ to claims made under the Lanham Act.” *Zeltiq Aesthetics, Inc. v. BTL*
 3 *Indust., Inc.*, 32 F. Supp. 3d 1088, 1099 (N.D. Cal. 2014) (quoting *Clearly v. News Corp.*, 30 F.3d
 4 1255, 1262-63 (9th Cir. 1994)); *see also Philip Morris v. Shalabi*, 352 F. Supp. 2d 1067, 1072 (C.D.
 5 Cal. 2004). Because Plaintiff is entitled to summary judgment as to its claims for violation of the
 6 Lanham Act, it is also entitled to summary judgment as to liability on its claims for violation of
 7 California’s Unfair Competition Law and False Advertising Law, leaving only damages for trial.

8 **VI. UNITED TACTICAL IS ENTITLED TO SUMMARY JUDGMENT OR PARTIAL**
 9 **SUMMARY JUDGMENT ON ALL OF REAL ACTION’S AFFIRMATIVE**
 10 **DEFENSES**

11 In its October 30, 2014 Answer to United Tactical’s Complaint, Real Action asserted sixteen
 12 affirmative defenses. [Dkt. 52 at 31-34.] United Tactical is entitled to summary judgment as a
 13 matter of law as to each defense as there are no genuine disputes of material fact as to any of them.

14 **A. Real Action Admitted at Deposition That It Has No Factual Basis for Its**
 15 **Affirmative Defenses**

16 Real Action was deposed on February 13, 2017, pursuant to Federal Rule of Civil Procedure
 17 30(b)(6). The deposition notice served by United Tactical obligated Real Action to produce a
 18 representative to testify to “[e]ach and every affirmative defense asserted by RAP in its operative
 19 Answer or any proposed Answer and the factual basis for same.”³⁰ At that deposition, Real Action
 20 testified that it did not know of any factual basis for any of the affirmative defenses asserted in its
 21 Answer, save for its fifth affirmative defense of genericide. As Real Action’s witness testified:

22 Q. Can you review and just tell me if there’s anywhere you can give me a
 23 factual basis for Real Action’s assertion of any of these defenses?

24 A. I think the one we discuss about was PepperBall Technology term
 25 being generic.

26 Q. Which?

27 A. Fifth.

28

Q. Okay. Any other ones where you can tell me a factual basis?

A. No. That’s all I have.

³⁰ Notice of Deposition of Real Action Paintball, Exhibit 81 to Glaspy Decl.

1 Real Action Depo, Ex. 75 to the Glaspy Decl., at 294:16-295:9.³¹

2 Under well-establish federal law, a corporate entity is “obligated to produce the ‘most
3 qualified’ person [or persons] to testify” when served with a Rule 30(b)(6) deposition subpoena.
4 *Mattel Inc. v. Walking Mountain Productions*, 353 F.3d 792, 798 fn.4 (9th Cir. 2003). “The
5 Corporation has a duty to educate its witnesses so they are prepared to fully answer the questions
6 posed at the deposition.” *Louisiana Pac. Corp. v. Money Market Inst. Inv. Dealer*, 285 F.R.D. 481,
7 486 (N.D. Cal. 2012). Furthermore, a “30(b)(6) witness testifies as a representative of the entity,
8 his answers bind the entity and he is responsible for providing all the relevant information known or
9 reasonably available to the entity.” *Mitchell Eng’g v. City & County of San Francisco*, 2010 WL
10 455290, at *1 (N.D. Cal. Feb. 2, 2010). The answers given by the person designated by the
11 corporate entity under Rule 30(b)(6) are admissions by the corporation: “The designated witness is
12 ‘speaking for the corporation.’” *United States v. Taylor*, 166 F.R.D 356 at 361 (M.D. N.C. 1996);
13 *Gales v. Winco Foods*, 2011 WL 3794887 (N.D. Cal. 2011).

14 Courts applying this rule on summary judgment motions have precluded parties from
15 introducing conflicting evidence in connection with a summary judgment motion. For example, in
16 *Rainey v. American Forest & Paper Ass’n, Inc.*, 26 F. Supp. 2d 82, 95 (D.D.C. 1998), the court held
17 that an affidavit could not be considered in connection with a summary judgment motion where it
18 contradicted the deposition testimony of the party’s 30(b)(6) deponent:

19 Unless it can prove that the information was not known or was inaccessible, a
20 corporation cannot later proffer new or different allegations that could have
21 been made at the time of the 30(b)(6) deposition.... Rule 30(b)(6) does not
22 require a corporate party to facilitate preparation of its opponent’s legal case;
23 but it binds the corporate party to the positions taken by its 30(b)(6) witnesses
24 so that opponents are, by and large, insulated from trial by ambush....
25 Defendant’s argument cannot forestall the conclusion that introduction of the
26 Kurtz affidavit would constitute a violation of Rule 30(b)(6).

27 *Rainey v. American Forest and Paper Ass’n, Inc.*, 26 F. Supp. 2d 82, 94–96 (D.D.C. 1998).

28 Real Action is therefore bound by the deposition testimony of its Rule 30(b)(6)
representative, such that it may not rely on different factual allegations in defense of a summary
judgment motion. This includes the admission that Real Action does not know of any factual basis

³¹ See also, e.g., Real Action Depo, Exhibit 75 to Glaspy Decl., at 292:7-296:9.

1 for any of the affirmative defenses it has asserted in its Answer, save for the Fifth affirmative
 2 defense that the PepperBall® mark is generic. As Real Action has conceded it has no factual basis
 3 to assert these affirmative defenses, , there is no triable issue of material fact remaining as to the
 4 First, Second, Third, Fourth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth,
 5 Fourteenth, Fifteenth, or Sixteenth affirmative defenses asserted in its Answer, and United Tactical
 6 is entitled to summary judgment as to these claims.³²

7 **B. The PepperBall Mark Is Not Generic and United Tactical Is Entitled to**
 8 **Summary Judgment on That Issue**

9 Real Action has asserted as an affirmative defense that the PepperBall® mark is generic, and
 10 thus is not entitled to trademark protection as an enforceable mark. [Dkt. 52 at 31.]. Real Action’s
 11 argument is premised on a misunderstanding of applicable trademark law. The established facts of
 12 this case, when taken together with the actual legal standards governing such a determination,
 13 establish beyond genuine dispute of fact that the PepperBall® mark is not generic.

14 **1. Legal Standards Governing Determination of Genericide**

15 To determine whether a mark is protectable, a court must assign the mark to one of five
 16 categories, which, arranged in order of increasing distinctiveness, are: (1) generic, (2) descriptive,
 17 (3) suggestive, (4) arbitrary, or (5) fanciful. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763,
 18 768 (1992). A trademark loses protection when it has become the generic name for the goods in
 19 connection with which it is used. *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir.

20 _____
 21 ³² Real Action made an untimely request to amend its Answer to include affirmative defenses of
 22 statute of limitations and release. This motion was opposed by Plaintiff and the Court has not yet
 23 ruled on it. Therefore, those defenses are not currently at issue. But if they were, Plaintiff would be
 24 entitled to summary judgment as a matter of undisputed evidence. As to the statute of limitations, it
 25 is undisputed that Plaintiff brought this suit in 2014, less than the three or four-year statutory period
 26 after the alleged infringing actions in 2012. *See Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304
 27 F.3d 829, 836 (9th Cir. 2002); *Internet Specialties West v. Milon-Digiorgio*, 559 F.3d 985, 990 n.2
 28 (9th Cir. 2009). Furthermore, this period would be even further extended by equitable tolling that
 would apply during the pendency of the Indiana litigation which was brought the same year as the
 infringing actions. Real Action apparently alleges that it was released by Advanced Tactical’s
 settlement with Sun, which it claims included a release of Sun’s partners. Real Action’s theory of
 release similarly fails as a matter of undisputed facts: At deposition, Real Action’s 30(b)(6) witness
 testified that he never entered a partnership agreement with Sun, nor even spoken with Sun about
 the same. Real Action Depo, Ex. 75 to Glaspy Decl., at 119:24-120:24; 122:22-124:22; 304:6-
 306:15. Additionally, the terms of the release contained in the settlement agreement specifically
 and expressly exclude K.T. Tran.

1 2007). *Surgicenters of America, Inc. v. Med. Dental Surgeries, Co.*, 601 F.2d 1011, 1014 (9th Cir.
2 1979) (defining “generic” as “the genus of which the particular product or service is a species”).

3 In determining whether a mark has become generic, a court must engage in a two-step
4 inquiry: “First, what is the genus of goods or services at issue? Second, is the term sought to be
5 registered or retained on the register understood by the relevant public primarily to refer to that
6 genus of goods or services?” *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d
7 987, 990 (Fed.Cir.1986). “The primary significance of the registered mark to the relevant [...] shall
8 be the test for determining whether the registered mark has become the generic name of goods or
9 services on or in connection with which it has been used.” 15 U.S.C. § 1064(3). That the mark
10 “may have different meanings to different groups of listeners” is immaterial; “the way to determine
11 whether a term is generic is to determine whether consumers of [the] products and services think it
12 is generic.” *Self-Realization Fellowship Church v. Ananda*, 59 F. 3d 902, 909-910 (9th Cir. 1995).

13 2. Registered Marks Carry a Strong Presumption They Are Non-Generic

14 “[R]egistered marks are endowed with a strong presumption of validity, and a defendant has
15 the burden of showing genericness by a preponderance of the evidence.” *Reno Air Racing Ass’n.,*
16 *Inc. v. McCord*, 452 F.3d 1126, 1135 (9th Cir. 2006). Indeed, this presumption is so strong that
17 courts routinely hold that it alone is enough to satisfy a plaintiff’s burden on a motion for summary
18 judgment: “By virtue of the presumption that the trademark [...] is not generic, [plaintiff] has met
19 its burden of demonstrating that the genericness of the trademark [...] does not raise a genuine issue
20 of material fact.” *Coca-Cola Co. v. Overland, Inc.*, 692 F. 2d 1250, 1254 (9th Cir. 1982). There is
21 no dispute that PepperBall® mark at issue in this litigation has been registered with the U.S. Patent
22 & Trademark Office, accordingly, that mark is presumed to be non-generic, and the Court must
23 grant summary judgment to Plaintiff on this subject unless Real Action can carry its burden in
24 adducing evidence demonstrating the existence of a genuine issue of material fact on this point.

25 3. Real Action Has No Evidence That the Primary Significance of the 26 PepperBall® Trademark Is Generic

27 The only evidence that Real Action has produced in discovery as to its genericide claim is
28 the same compilation of internet webpages and other materials it submitted in support of its failed

1 motion for summary adjudication on this issue. [Dkt. 316-12.] Through the deposition testimony
2 of its Rule 30(b)(6) witness, Real Action explained that its basis for asserting genericide was based
3 exclusively on these same types of internet search results.³³

4 As a matter of law, the only evidence Real Action has identified in this case is insufficient to
5 show that a mark is generic as a matter of law. The relevant standard governing a court's inquiry on
6 genericide is not whether some, or even most, members of the general public use the term
7 "PepperBall" in a generic way. Rather, the test is what is the primary significance that the relevant
8 consumers attach to the term. 15 U.S.C. § 1064(3). It is well established that where a party fails to
9 submit evidence of the primary significance of the mark to a majority of the relevant consumers, but
10 only submits the kinds of evidence relied on by Real Action, that summary judgment is appropriate.

11 The *Elliot v. Google Inc.* case is directly on point on this issue. The plaintiff in *Elliot* sought
12 cancellation of the trademark for the term "Google," alleging that the term had become generic
13 because a large percentage of the general public used the term "google" to describe the general act
14 of searching the internet. *Elliot v. Google Inc.*, 45 F. Supp. 3d 1156, 1161 (D. Ariz. 2014). The
15 *Elliot* court emphasized that casual, non-purchasing uses of marks are not evidence of generic
16 usage, and went on to determine that "[a] genericism inquiry guided by grammatical formalism is
17 incompatible with the intent of the Lanham Act..." *Id.* Rather, "[t]he dispositive inquiry is
18 whether a majority of the consuming public considers the primary significance of the mark to be an
19 indication of origin rather than an indication of nature and class." *Id.* at 1164.

20 The Court then turned to the evidence presented by the parties. To attempt to show that the
21 mark was generic, plaintiff submitted evidence as to the use of the term in the media. *Id.* at 1172-
22 1173. In reviewing those documents, the Court noted that "some of Plaintiffs' media evidence
23 recognizes the trademark significance of the GOOGLE mark [...]. Plaintiffs' media evidence
24 consists mostly of verb usage, some of which is followed by recognition of trademark significance."

25 In ruling that defendant Google was entitled to summary judgment, the Court determined
26 that plaintiff had failed to present evidence as to the primary significance of the mark to relevant
27

28 ³³ Real Action Depo, Ex. 75 to the Glaspy Decl., at 153:16-154:4.

1 consumers. Rather, plaintiff’s evidence merely established that the word “google” was sometimes
2 used in a generic way as a verb for searching the internet. *Id.* at 1173-1174. As a matter of law,
3 such a showing was insufficient to avoid summary judgment. *Id.* at 1175.

4 The same result is compelled here. Real Action has argued that the PepperBall® mark is
5 generic because some online articles and blog posts use the “PepperBall” mark in a non-capitalized
6 sense to describe irritant-filled projectiles. As in the *Elliot* case, such an argument fundamentally
7 misstates the applicable inquiry. That some people use the term in a grammatically generic sense is,
8 without more, insufficient to rebut the presumption that the mark is not generic. Real Action has
9 identified no evidence as to the primary significance of the mark. And even if Real Action could
10 show, which it has not and cannot, that a majority of the general public uses the word in a generic
11 sense, that would not make the mark generic under *Elliot*.

12 As with the plaintiff in *Elliot*, Real Action has failed to offer any evidence as to the primary
13 significance of the PepperBall mark. In fact, Real Action’s evidence here falls well below that
14 which was presented by the plaintiff who lost on summary judgment in *Elliot*. The *Elliot* plaintiff
15 presented consumer survey evidence to demonstrate the frequency with which the term “google”
16 was used as a verb. Here, Real Action has failed to offer any consumer surveys or studies or any
17 other scientific evidence to support any claim about the frequency with which the term PepperBall
18 is primarily understood by relevant consumers to be a generic term.³⁴ Further, its evidence lacks
19 any foundation from which a reasonable juror could draw such a conclusion: Real Action fails to
20 present any evidence establishing that the statements it relies on were (1) were made by relevant
21 consumers, (2) represent the “primary significance” of the PepperBall® mark, or (3) that this view
22 is shared by a majority of relevant consumers. Real Action’s evidence is simply irrelevant to the
23 issue of whether the PepperBall® mark has, as a matter of law, become generic.

24 Since Real Action lacks any evidence of the primary significance of the mark, United
25 Tactical is entitled to summary judgment on this issue as a matter of law.

26 **4. Real Action’s Own Evidence Shows That the Mark Is Not Generic**
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28 ³⁴ Deposition of Real Action, Ex. 75 to the Glaspy Decl., at 154:6-14.

1 In addition, the evidence submitted by Real Action overwhelmingly supports the non-
2 genericness of the PepperBall® mark. The only evidence relevant to whether or not Real Action
3 that can overcome the presumption of non-genericness that attaches to United Tactical’s federally
4 registered mark is what is the primary significance of the mark to relevant consumers. Since
5 PepperBall® products are sold to governmental and private law enforcement agencies, the issue for
6 this Court to decide is the “primary significance” of the PepperBall® mark to these consumers.

7 Among the items of “evidence” offered by Real Action are documents which it purports to
8 be “use of force” policies from various governmental agencies. [Dkt. 316-12 at 3.] From those
9 documents, it is abundantly clear that the law enforcement agencies understand and use the term
10 “PepperBall” as a brand name rather than generic term. The Beaverton Police Dept., Frederiksburg
11 Police Dept., U.S. Border Patrol, Los Angeles County, Missoula Police Dept., Peoria Police Dept,
12 Department of Justice, U.S. Customs and Border Protection, University of California Irvine Police
13 Dept., Sonoma County Sheriff’s Office, and the Erie County Dept. of Corrections all use the term
14 PepperBall® as a specific brand name, some even going so far as to include a registered symbol
15 where the term appears.³⁵ The only two agencies (out of the thirteen included in the materials
16 selected by Real Action) not to capitalize the term were the Hillsboro Police Dept. and the website
17 for the Ball State University Police Dept.

18 The documents which Real Action has identified and relied upon also show that pepper-
19 filled irritant projectiles are not only referred to as “PepperBall”, but also as “pepper bullets,”
20 “pepper rounds,” “pepper projectiles,” and “ball[s] of pepper juice.”³⁶ The fact that alternative
21 terms are used to describe these products shows that the word “pepperball” has not become the
22 generic way to refer to them. If competitors can accurately describe their products or services
23 without using the mark in question, it is not generic. *Elliot, supra*, 45 F. Supp. 3d at 1172, *citing*
24 *Salton Inc. v. Cornwall Corp.*, 477 F. Supp. 975, 986 (D.N.J.1979) Similarly, the existence of a
25 simple descriptive term for the genus to which the trademark belongs also evidences the mark in
26 question as not generic. *Q-Tips, Inc. v. Johnson & Johnson*, 108 F. Supp. 845, 863 (1952). That

27 _____
28 ³⁵ Dkt. 316-12 at 343-348, 364-375, 384-612, 617-637, 641-661.

³⁶ *Id.* at 9, 17, 19, 33, 55.

1 this genus can be accurately referred to by simple descriptive names such as “irritant projectiles,”
2 “pepper rounds,” or “less lethal projectiles,” is evidence that the PepperBall® mark is not generic.

3 Additionally, the PepperBall® trademark encompasses more than just pepper-filled balls.
4 Here, the PepperBall® mark is used as a branding identifier for a number of different products such
5 as: identification marking projectiles, inert training projectiles, water-filled projectiles, solid nylon
6 (or glass-breaking) projectiles, as well as a number of launchers for the same. Not surprisingly,
7 Defendants completely ignore this fact in their discussion of genericide, and fail to offer any
8 evidence whatsoever that the term “pepper ball” has become the generic name for water-filled
9 projectiles, glass-breaking projectiles, or the launchers which fire such projectiles.

10 In fact, the United Tactical parties have evidence that the only circumstance in which the
11 word “pepperball” was used to refer to less lethal products or projectiles other than the ones they
12 manufactured, was by Real Action, which gave rise to this lawsuit. [Dkt. 320-2 at ¶¶ 4-6.] And
13 even Real Action has testified that it previously had never used the term to refer to its projectiles.
14 *See, e.g.*, Real Action Depo, Ex. 75 to the Glaspy Decl., at 132:19-24.

15 Given the presumption of non-genericness set forth above, United Tactical is entitled to
16 summary judgment on this issue even if it presented no evidence on the question as Real Action has
17 not and cannot produce any admissible evidence showing that the mark is generic under the
18 established law, in accordance with the *Elliot* case. Here, the case is even stronger; the evidence
19 that has been produced demonstrates that the primary significance of the PepperBall mark is not
20 generic to the relevant consumers. No reasonable juror could conclude from the evidence presented
21 and given the presumption that attaches to federally registered marks that the PepperBall® mark has
22 become generic. United Tactical is entitled to summary judgment on this issue.

23 **VII. CONCLUSION**

24 For the foregoing reasons, the Court should grant Plaintiff’s motion for partial summary
25 judgment as to the issues specified herein above.

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Dated: April 27, 2017

Respectfully submitted,

HOWARTH & SMITH

By: /s/ Don Howarth
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