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 LIGHTS OUT HOLDINGS, LLC
 7 and SHAWNE MERRIMAN

8
 9 UNITED STATES DISTRICT COURT
 10 SOUTHERN DISTRICT OF CALIFORNIA

11 LIGHTS OUT HOLDINGS, LLC., a
 12 California Limited Liability Company,
 13 and SHAWNE MERRIMAN, an
 individual,

14 Plaintiffs,

15 vs.

16 THE VERMONT TEDDY BEAR
 17 COMPANY, INC., a Delaware
 Corporation

18 Defendant.

Case No. '16CV0813 JLS RBB

COMPLAINT FOR:
(1) TRADEMARK INFRINGEMENT;
(2) UNFAIR COMPETITION;
(3) FALSE ENDORSEMENT RIGHT
OF PUBLICITY

[JURY DEMANDED]

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1 Lights Out Holdings, LLC (“Lights Out Holdings”) and Shawne Merriman
2 (together, “Plaintiffs”) bring this suit for trademark infringement, federal unfair
3 competition, common law unfair competition, and false endorsement against The
4 Vermont Teddy Bear Company, Inc. (“Vermont” or “Defendant”) and allege as
5 follows:

6 **THE PARTIES**

7 1. Plaintiff LIGHTS OUT HOLDINGS is a California limited liability
8 company.

9 2. Plaintiff SHAWNE MERRIMAN is a resident and citizen of the State of
10 California.

11 3. Upon information and belief, VERMONT TEDDY BEAR COMPANY,
12 INC. is a Delaware corporation with its principal place of business in Vermont.

13 4. Defendant’s actions alleged herein were those of itself, its agents, and/or
14 licensees.

15 **JURISDICTION AND VENUE**

16 5. This Court’s jurisdiction rests upon 15 U.S.C. §§ 1121(a), 28 U.S.C.
17 §§ 1338(a) & (b), and 28 U.S.C. § 1367(a).

18 6. This Court has jurisdiction over the federal trademark infringement
19 claim pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. § 1338(a).

20 7. This Court has jurisdiction over the federal false endorsement claim
21 pursuant to 15 U.S.C. § 1125(a).

22 8. This Court has supplemental jurisdiction over the state law claims
23 pursuant to 28 U.S.C. § 1338(b) and § 1367(a) as all claims herein form part of the
24 same case or controversy.

25 9. Personal jurisdiction exists over the Defendant because it conducts
26 substantial business in California and, therefore, has sufficient contacts such that it
27 would not offend traditional notions of fair play and substantial justice to subject
28 Defendant to suit in this forum. Defendant purposefully directed its harmful conduct

1 alleged below at this forum, and purposefully availed itself of the benefits of
2 California with respect to the claims alleged herein. A substantial part of the
3 protected intellectual property in this action exists in this district.

4 10. Venue in this district is proper under 28 U.S.C. § 1391 and 28 U.S.C.
5 §1400 because a substantial part of the events or omissions giving rise to the claim
6 occurred in this district.

7 **FACTUAL ALLEGATIONS**

8 11. Plaintiff Shawne Merriman has turned his passion for football into a
9 nationally recognized brand. By high school, Mr. Merriman had earned himself the
10 nickname “Lights Out” when, while a standout player at Frederick Douglass High
11 School in Maryland, he rendered four opposing players unconscious in the first half
12 of one football game.

13 12. After a distinguished collegiate career, Mr. Merriman was a first-round
14 selection in the 2005 NFL Draft for the San Diego Chargers. In his first season,
15 Mr. Merriman earned NFL Defensive Rookie of the Year honors. In addition, from
16 2005-2007, his first three seasons with the Chargers, Mr. Merriman recorded 39 1/2
17 quarterback sacks and was selected each year to the Pro Bowl and All Pro teams.

18 13. Mr. Merriman’s on-field successes brought the “Lights Out” nickname
19 to fast national (and indeed international) prominence. The “Lights Out” name is
20 readily associated with Shawne Merriman and his successful professional athletic
21 career.

22 14. Capitalizing on his early success with the San Diego Chargers,
23 Mr. Merriman saw an opportunity to develop a LIGHTS OUT brand that could
24 motivate and excite consumers, a brand that could carry a message during and long
25 after his NFL days. To that end, in 2007, Mr. Merriman formed Plaintiff Lights Out
26 Holdings, LLC — a company dedicated to further expanding the LIGHTS OUT
27 brand.

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1 15. In 2004, the United States Patent and Trademark Office granted Lights
2 Out Holdings federal trademark registration number 2,885,212 (the
3 “212 Registration”). The ‘212 Registration enjoys a priority date of February 10,
4 2003, well before Vermont’s first use of LIGHTS OUT. The mark has been
5 registered since September 14, 2004 and has since become incontestable and was
6 acquired by Plaintiff Lights Out Holdings. The ‘212 Registration is attached as
7 **Exhibit A** hereto.

8 16. The ‘212 Registration covers various items of apparel, such as:
9 “Clothing for men, women and children, namely, bottoms, boxer shorts, caps, hats,
10 headwear, night wear, shirts, shorts, sleepwear, sweatshirts, tank tops, tops, T-shirts,
11 underwear.”

12 17. Lights Out Holdings’ LIGHTS OUT products have enjoyed substantial
13 success and popularity, and have been sold by Wal-Mart, ShawneMerriman.com, and
14 LightsOutBrand.com among other retailers. The LIGHTS OUT brand products have
15 been continuously used and sold and are extremely valuable to Lights Out Holdings.

16 18. Upon information and belief, in early 2015 and for some period before
17 and after, Vermont was using the LIGHTS OUT mark on some of its products such as
18 adult and kids’ sleepwear. Vermont markets the infringing products to the general
19 public.

20 19. Vermont’s “Lights Out” pajamas were sold nationally through an online
21 retail store — www.pajamagram.com. A screenshot of the Lights Out pajama’s listed
22 for sale on this website is attached as **Exhibit B** and **Exhibit C** hereto. Upon
23 information and belief, Vermont has made substantial sales of the Lights Out
24 sleepwear since it began its infringement.

25 20. After Plaintiffs learned that Vermont was wrongfully using the LIGHTS
26 OUT mark, Plaintiffs contacted Vermont. Plaintiffs demanded that Vermont cease
27 and desist use of the LIGHTS OUT mark and further engaged in extensive efforts to
28 negotiate a resolution without litigation. However, Vermont refused to cooperate.

1 Accordingly, Lights Out and Shawne Merriman bring this suit to protect their
2 valuable trademark rights and seek recovery for their violation.

3 **FIRST CAUSE OF ACTION**

4 **TRADEMARK INFRINGEMENT**

5 **15 U.S.C. §§ 1114, 1125 et seq. and Common Law)**

6 **(On Behalf of Plaintiff Lights Out Holdings)**

7 21. Plaintiffs incorporate by reference all other paragraphs contained in this
8 Complaint.

9 22. Lights Out Holdings owns the LIGHTS OUT mark, including the
10 '212 Registration.

11 23. Defendant has used the LIGHTS OUT mark or a confusingly similar
12 variation of the mark in connection with the sale, offering for sale, distribution or
13 advertising of goods and/or services. The marks are identical, used on the same
14 goods (sleepwear), sold through identical means (in an online retail store featuring
15 apparel) and target the same audience (the general public).

16 24. Defendant's use of the LIGHTS OUT mark is also willful, in that, for
17 some time, it has continued to use the mark following notification by Lights Out
18 Holdings that its use has caused actual consumer confusion.

19 25. Defendant's use of the infringing mark has caused confusion in the
20 marketplace, is likely to cause both confusion and mistake, and is likely to deceive
21 consumers; the marks used by Defendant are identical or substantially similar in
22 sound, appearance, and meaning to Lights Out Holdings' trademark.

23 26. Such use was done willfully and with knowledge that such use would or
24 was likely to cause confusion and deceive others.

25 27. As a direct and proximate result of Defendant's trademark infringement,
26 Lights Out Holdings has been damaged within the meaning of 15 U.S.C. § 1114
27 *et seq.*

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1 28. Defendant’s use constitutes a counterfeit, which was willfully used, and
2 thus Lights Out Holdings is entitled to statutory damages of up to \$2 million per
3 counterfeit mark per type of goods or services sold, offered for sale, or distributed,
4 under 15 U.S.C. § 1117.

5 29. As a direct and proximate result of Defendant’s trademark infringement,
6 Lights Out Holdings has been damaged within the meaning of 15 U.S.C. § 1125
7 *et seq.*

8 30. Lights Out Holdings has suffered damages in an amount to be
9 established after proof at trial or in the statutory amount.

10 31. Lights Out Holdings is further entitled to disgorge Defendant’s profits
11 for its willful sales and unjust enrichment.

12 32. This case qualifies as an “exceptional case” within the meaning of
13 15 U.S.C. § 1117(a) in that Defendant’s acts were malicious, fraudulent, deliberate
14 and willful, and taken in bad faith, entitling Lights Out Holdings to its attorney’s fees
15 and a trebling of its damages.

16 33. Lights Out Holdings’ remedy at law is not adequate to compensate for
17 injuries inflicted by Defendant. Thus, Lights Out Holdings is entitled to temporary,
18 preliminary and permanent injunctive relief.

19 **SECOND CAUSE OF ACTION**

20 **STATUTORY (Cal. B&P 17200 *et seq.*) AND**

21 **COMMON LAW UNFAIR COMPETITION**

22 **(On Behalf of Lights Out Holdings)**

23 34. Plaintiffs incorporate by reference all other paragraphs contained in this
24 Complaint.

25 35. Lights Out Holdings has trademark rights throughout the entire United
26 States and California to the mark LIGHTS OUT.

27 36. Defendant has committed acts of unfair competition, including the
28 practices and conduct referred to in this Complaint. These actions constitute

1 unlawful, unfair or fraudulent business acts or practices, and/or unfair, deceptive,
2 untrue or misleading business practices. The actions were done in connection with
3 sales or advertising.

4 37. As a direct and proximate result of Defendant's wrongful acts, Lights
5 Out Holdings has suffered and continues to suffer substantial pecuniary losses and
6 irreparable injury to its business reputation and goodwill. As such, Lights Out
7 Holdings' remedy at law is not adequate to compensate for injuries inflicted by
8 Defendant. Accordingly, Lights Out Holdings is entitled to temporary, preliminary
9 and permanent injunctive relief.

10 38. By reason of such wrongful acts, Lights Out Holdings is and was, and
11 will be in the future, deprived of, among other damages, the profits and benefits of
12 business relationships, agreements, and transactions with various third parties and/or
13 prospective business relationship. Defendant has wrongfully obtained profit and
14 benefits instead of Lights Out Holdings. Lights Out Holdings is entitled to
15 compensatory damages and disgorgement of Defendant's said profits, in an amount to
16 be proven at trial.

17 39. Such acts, as alleged above, were done with malice, oppression and/or
18 fraud, thus entitling Lights Out Holdings to exemplary and punitive damages.

19 **THIRD CAUSE OF ACTION**

20 **FALSE ENDORSEMENT RIGHT OF PUBLICITY**

21 **(15 U.S.C. § 1125 et seq. and Cal. Civ. Code § 3344)**

22 **(On Behalf of Plaintiff Shawne Merriman)**

23 40. Plaintiffs incorporate by reference all other paragraphs contained in this
24 Complaint.

25 41. Mr. Merriman is a publicly known professional sports athlete who
26 enjoys nationwide celebrity status. Mr. Merriman's nickname "Lights Out" is a
27 uniquely distinguishing characteristic of his celebrity persona.

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1 42. Defendant has used the LIGHTS OUT mark or a confusingly similar
2 variation of the mark in connection with the sale, offering for sale, distribution or
3 advertising of goods and/or services. The mark is identical to Mr. Merriman's
4 famous "Lights Out" nickname, is used on apparel without Plaintiffs' consent, is sold
5 in an online retail store featuring sleepwear, and is marketed for purposes of
6 advertising primarily to the general public; and Vermont's adoption of it was
7 knowing and willful.

8 43. Through the use of the LIGHTS OUT mark that is publicly associated
9 with Mr. Merriman, Defendant is knowingly and intentionally misrepresenting and
10 falsely designating to the general public the affiliation, connection, association,
11 origin, source, sponsorship, endorsement, and approval of its Lights Out sleepwear
12 line by Mr. Merriman.

13 44. Defendant's use of the infringing mark has caused confusion in the
14 marketplace, is likely to cause both confusion and mistake, and is likely to deceive
15 consumers as to the affiliation, connection, association, origin, source, sponsorship,
16 or approval of Vermont's Lights Out pajamas by Mr. Merriman; the marks used by
17 Defendant are identical or substantially similar in sound, appearance and meaning to
18 Mr. Merriman's mark—his nickname "Lights Out."

19 45. Defendant's acts constitute false endorsement and false designation of
20 origin in violation of 15 U.S.C. § 1125(a)(1)(A) and Cal. Civ. Code § 3344.

21 46. As a direct and proximate result of Defendant's false endorsement
22 Mr. Merriman has been damaged within the meaning of 15 U.S.C. § 1125 *et seq.*

23 47. Mr. Merriman has suffered damages in an amount to be established after
24 proof at trial or in the statutory amount.

25 48. Mr. Merriman is further entitled to disgorge Defendant's profits for its
26 willful sales and unjust enrichment.

27 49. Mr. Merriman is further entitled to punitive and statutory damages under
28 Cal. Civ. Code § 3344 *et seq.*

1 50. This case qualifies as an “exceptional case” within the meaning of
2 15 U.S.C. § 1117(a) in that Defendant’s acts were malicious, fraudulent, deliberate
3 and willful, and taken in bad faith, entitling Mr. Merriman to its attorney’s fees and a
4 trebling of its damages.

5 51. Mr. Merriman’s remedy at law is not adequate to compensate for injuries
6 inflicted by Defendant. Thus, Mr. Merriman is entitled to temporary, preliminary and
7 permanent injunctive relief.

8 **WHEREFORE**, Plaintiffs LIGHTS OUT HOLDINGS and SHAWNE
9 MERRIMAN demand the following relief for each cause of action:

- 10 1. A judgment in favor of Plaintiffs and against Defendant on all counts;
- 11 2. A preliminary and permanent injunction from trademark infringement,
12 false endorsement, and unfair business practices by Defendant;
- 13 3. Damages in an amount to be determined at trial;
- 14 4. Defendant’s unjust enrichment and/or disgorgement of Defendant’s
15 profits;
- 16 5. Trebling of damages for willful infringement, unfair competition and
17 dilution;
- 18 6. Exemplary and punitive damages;
- 19 7. Pre-judgment interest at the legally allowable rate on all amounts owed;
- 20 8. Statutory damages of up to \$2 million under 15 U.S.C. § 1117(c) for
21 infringement of a registered mark, including by use of a counterfeit
22 mark;
- 23 9. Statutory damages under Cal. Civ. Code section 3344;
- 24 10. Costs and expenses;
- 25 11. Attorney’s fees and other fees under, among others, 15 U.S.C. § 1117(a)
26 *et seq.* as an exceptional case;
- 27 12. Restitution; and
- 28 13. Such other and further relief as this Court may deem just and proper.

1 Dated: April 5, 2016

MINTZ LEVIN COHN FERRIS GLOVSKY
AND POPEO PC

2
3 By: s/Andrew D. Skale
4 Andrew D. Skale
5 Natalie Prescott

6 Attorneys for Plaintiffs
7 LIGHTS OUT HOLDINGS, LLC
8 and SHAWNE MERRIMAN
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DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury trial as to all issues that are so triable.

Dated: April 5, 2016

MINTZ LEVIN COHN FERRIS GLOVSKY
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By: s/Andrew D. Skale
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