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4	Attorneys for Plaintiff	
5	MIKE SARIEDDINE	
6	UNITED STATES	S DISTRICT COURT
7	CENTRAL DISTRICT OF CALIFORNIA	
8		
9	MIKE SARIEDDINE,	Case: 2:17-cv-2390
10	an individual	COMPLAINT FOR
	Plaintiff,	COMPLAINT FOR
11	Transcrit,	1. Federal Trademark
12	VS.	Infringement
13	D&A DISTRIBUTION, LLC (dba	2. False Designation of Origin 15 U.S.C.
14	STRICTLY E-CIG)	3. Common Law Trademark
15	a Georgia limited liability company; ELECTRONIC CIGARETTES, INC.	Infringement
	(dba WHOLESALE VAPOR)	4. California Statutory Unfair
16	a New York corporation;	Competition
17	LA VAPOR, INC.	5. California Common Law
18	a California corporation;	Unfair Competition
19	MADVAPES HOLDINGS, LLC	6. Breach of Contract
19	a North Carolina limited liability	7. Contributory Trademark
20	company; RRV ENTERPRISES LLC (dba	Infringement
21	VAPOR WORLD)	DEMAND FOR JURY TRIAL
,,	an Oklahoma limited liability company;	DENTI DE CROCKE INCLE
22	SHENZHEN IVPS TECHNOLOGY	
23	CO., LTD	
24	a Chinese corporation;	
	SHENZHEN SMOK TECHNOLOGY	
25	CO., LTD	
26	a Chinese corporation;	
27	VAPETRIK, LLC (dba RIP TRIPPER) a North Carolina limited liability	
20	company;	
/ X		

LAN & MIKE INTERNATIONAL 1 TRADING INC. (dba VaporDNA) 2 a California corporation; VAPOR AUTHORITY, INC. 3 a California corporation; VAPOR RANGE, INC. 4 a California corporation; and 5 VAPRO SUPPLY, LLC a Texas limited liability company; and 6 E-CIG GALLERY WHOLESALE 7 AND DISTRIBUTION, INC. 8 a California corporation; and DOES 1 through 10, inclusive, 9 10 Defendants. 11

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Plaintiff, Mike Sarieddine ("Sarieddine" or "Plaintiff") by and through its undersigned counsel, states as follows for his complaint against Defendants Shenzhen IVPS Technology Co., Ltd ("IVPS") and Shenzhen Smok Technology Co. Ltd. ("Smok") (collectively, the "Smok Defendants") and D&A Distribution, LLC, Electronic Cigarettes, Inc., LA Vapor, Inc., MadVapes Holdings, LLC, RRV Enterprises, LLC (dba Vapor World), Vapetrik, LLC (dba Rip Trippers), Lan & Mike International Trading Inc. ("VaporDNA"), Vapor Authority, Inc., Vapor Range, Inc., Vapro Supply, LLC., and E-Cig Gallery Wholesale Distribution, Inc. (collectively, the "Retail Defendants", and all Defendants, together with Does 1-10, are collectively referred to as the "Defendants"), and alleges as follows:

I. INTRODUCTION

1. This action arises out of Defendants' intentional and willful decisions to ignore Sarieddine's federal and common law trademark rights in its Alien Vape eliquid products, Defendants' unfair competition in violation of the Lanham Act, and Smok's intentional and willful breach of a signed settlement agreement

between Smok and Sarieddine.

- 2. Since at least as early as May 2011, Plaintiff has manufactured and sold high quality electronic cigarette products to consumers under its federally registered ALIEN VAPE® trademarks.
- 3. In 2016, the Smok Defendants began to market and sell e-liquid vaporizer products under the infringing brand name "Alien Kit."
- 4. In August 2016, Sarieddine notified the Smok Defendants of their infringement. In October 2016, Sarieddine and Smok entered into a binding settlement agreement to co-promote and sell Sarieddine's "Alien Vape"-branded eliquid products (the "Settlement Agreement") (attached hereto as **Exhibit 1**) in exchange for a license to Smok to continue using the Alien Kit name on its products.
- 5. The terms of the Settlement Agreement also prevented Smok from advertising or selling any new products using the word "Alien" in their name.
- 6. Nevertheless, in January 2017, in direct violation of the Settlement Agreement, Smok began to market and sell a new e-liquid vaporizer product under the name "Alien Baby" and failed to meet any of its other obligations in the signed Settlement Agreement.
- 7. As soon as he discovered this infringement of his Alien Vape mark, Sarieddine repeatedly notified Smok of the infringement and breach of their Settlement Agreement, both informally and through his attorney.
- 8. After repeated appeals for compliance and threats of legal action, Smok finally changed the name of their Alien Baby product to "AL85".
- 9. Despite Sarieddine's federal and common law trademark rights and Smok changing the name of the product, the Retail Defendants continue to advertise and sell the Smok AL85 vaporizer product under the infringing name "Alien Baby".
 - 10. Accordingly, due to the Defendants' collective blatant and willful

infringement, Sarieddine has no choice but to file this lawsuit seeking damages that it has suffered as a result of the Defendants' unfair competition, trademark infringement, and breach of contract.

II. JURISDICTION AND VENUE

- 11. This Court has subject matter jurisdiction over Sarieddine's Lanham Act claims pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1367, and 1338(a).
- 12. This Court has supplemental jurisdiction over Sarieddine's pendent state law claims pursuant to 28 U.S.C. § 1367 in that the state law claims are integrally interrelated with Sarieddine's federal claims and arise from a common nucleus of operative facts such that the administration of Sarieddine's state law claims with its federal claims furthers the interest of judicial economy.
- 13. This Court has personal jurisdiction over the Smok Defendants because they do substantial business and sales in this District, and advertise, distribute, offer for sale, and sell the infringing products in this District. The Smok Defendants have purposefully availed themselves and directed their business at opportunities in this District. The Smok Defendants have committed tortious acts in this District against Plaintiff, whose principal place of business is in this District. Additionally, Defendant Shenzhen Smok Technology Co. Ltd. signed a settlement agreement with Plaintiff, which includes a forum selection clause naming California's state and federal courts as the sole and exclusive forum for resolution of disputes over the Settlement Agreement.
- 14. This Court has personal jurisdiction over LA Vapor, Inc., VaporDNA, Vapor Authority, Inc., Vapor Range, Inc., and E-Cig Gallery Wholesale and Distribution, Inc. (the "California Defendants") because the California Defendants are located in this District, do substantial business and sales in this District, and advertise, distribute, offer for sale, and sell the infringing products in this District. The California Defendants have purposefully availed themselves and directed their business at the opportunities of this District. The California Defendants have

committed tortious acts in this District against Plaintiff, whose principle place of business is located in this District.

- 15. This Court has personal jurisdiction over D&A Distribution, LLC, Electronic Cigarettes, Inc., MadVapes Holdings, LLC, RRV Enterprises, LLC (dba Vapor World), Vapetrik, LLC (dba Rip Trippers), and Vapro Supply, LLC (the "Out-of-state Defendants") because the Out-of-state Defendants do substantial business and sales in this District and advertise, distribute, offer for sale, and sell the infringing products in this District. The Out-of-state Defendants have purposefully availed themselves and directed their business at the opportunities of this District. The Out-of-state Defendants have committed tortious acts in this District against Plaintiff, whose principle place of business is located in this District.
 - 16. Venue is proper in this District under 28 U.S.C. § 1391.

III. PARTIES

- 17. Plaintiff Mike Sarieddine is an individual residing in the county of Los Angeles, California.
- 18. Upon information and belief, Defendant D&A Distribution, LLC is a Georgia limited liability company with an address of 202 Bourne Blvd., Ste 180, Savannah, GA 31408.
- 19. Upon information and belief, Defendant Electronic Cigarettes, Inc. is a New York corporation with an address of 279 Front St., Binghamton, NY 13905.
- 20. Upon information and belief, Defendant LA Vapor Inc. is a California corporation with an address of 1305 John Reed Court, City of Industry, CA 91745.
- 21. Upon information and belief, Defendant Madvapes Holdings, Inc. is a North Carolina corporation with an address of 130 Oak Park Drive, Ste A, Mooresville, NC 28117.
- 22. Upon information and belief, Defendant RRV Enterprises LLC is an Oklahoma limited liability company with an address of 2121 S. Portland Ave.,

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Oklahoma City, OK 73108.

23. Upon information and belief, Defendant Shenzhen IVPS Technology Co. Ltd. is a Chinese corporation with an address of 3rd Floor, No. 15, Kejibei 2nd Road, Nanshan District, Shenzhen, China.

- 24. Upon information and belief, Defendant Shenzhen Smok Technology Co. Ltd. is a Chinese corporation with an address of 3rd Floor, No. 15, Kejibei 2nd Road, Nanshan District, Shenzhen, China.
- 25. Upon information and belief, Defendant Vapetrik, LLC is a North Carolina limited liability company with an address of 5448 Apex Peakway #147, Apex, NC 27502-3924.
- 26. Upon information and belief, Defendant VaporDNA is a California corporation with an address of 20435 Gramercy Place, Ste 101, Torrance, CA 90501.
- 27. Upon information and belief, Defendant Vapor Authority, Inc. is a California corporation with an address of 9187 Clairemont Mesa Blvd., Ste 596, San Diego, CA 92122.
- 28. Upon information and belief, Defendant Vapor Range, Inc. is a California corporation with an address of 15210 S. Western Ave., Gardena, CA 90249.
- 29. Upon information and belief, Defendant Vapro Supply, LLC is a Texas limited liability company with an address of 4150 Freidrich Lane, Ste G, Austin, TX 78744-1052.
- 30. Upon information and belief, Defendant E-Cig Gallery Wholesale and Distribution, Inc. is a California corporation with an address of 9273 Research Dr, Irvine, CA 92618
- 31. Plaintiff is ignorant of the true names and capacities of the defendants sued as Does 1 to 10, inclusive, and therefore sues these defendants by such fictitious names. Plaintiff will amend this complaint to allege their true names and

capacities when ascertained.

IV. FACTS COMMON TO ALL CLAIMS FOR RELIEF <u>Plaintiff's Successful Alien Vape® Brand and Trademarks</u>

- 32. Since at least as early as May 2011, Plaintiff first began selling high quality e-cigarette products, and later e-liquid products and vaporizers, in California and other states, and has invested tremendous time and resources into marketing and promoting these goods under the trademark ALIEN VAPE®.
- 33. Plaintiff advertises its goods on its website at www.alienvape.com, among other forms of advertising and promotion.
- 34. The ALIEN VAPE® Marks are inherently distinctive, and have developed widespread brand recognition among consumers in California and other states as the source of high-quality e-liquid products.
- 35. As a result of Plaintiff's high-quality products, extensive advertising and promotion of the brand, and continuous and widespread use in California and other states, the ALIEN VAPE® Marks are extremely strong, distinctive, and have acquired extensive and valuable goodwill with consumers as an identifier of superior quality e-liquid products.
- 36. Plaintiff owns two United States federal trademark registrations for the ALIEN VAPE® Marks:
 - U.S. Trademark Registration No. 4997336 for the mark ALIEN VAPE® for "Electronic cigarette liquid (e-liquid) comprised of flavorings in liquid form used to refill electronic cigarette cartridges; Electronic cigarette liquid (eliquid) comprised of propylene glycol; Electronic cigarette liquid (e-liquid) comprised of vegetable glycerin; Electronic cigarettes; Oral vaporizers for smokers" in International Class 34; and
 - U.S. Trademark Registration No 4517249 for the mark ALIEN VAPE.
 VAPE JUST GOT REAL!® (and "alien head" design) for "Electronic cigarettes vaporizers for alternative smoking" in International Class 34

(collectively, the "ALIEN VAPE® Registrations")

- 37. The ALIEN VAPE® Registrations are prima facie evidence that the ALIEN VAPE® Marks are valid, and that Plaintiff is entitled to the exclusive use of the marks in commerce throughout the United States for the goods listed in the registrations.
- 38. Plaintiff also has extensive common law rights in the ALIEN VAPE® Marks due to his continuous use of the marks in commerce in California and in other U.S. states since at least as early as May 2011.
- 39. The ALIEN VAPE® Marks have become well-known with Plaintiff's customers, and have developed substantial goodwill and association in the mind of the consumer, due to Plaintiff's extensive marketing, promotion, and use of the ALIEN VAPE® Marks for nearly six years. On the basis of the inherent distinctiveness of the ALIEN VAPE®, the public differentiates Plaintiff's products from others on the market.

Smok's Infringement of Plaintiff's Trademarks and Settlement Agreement

- 40. Sometime in 2016, the Smok Defendants began selling an e-cigarette device kit using the brand name "Alien Kit," which is a highly similar trademark to Plaintiff's ALIEN VAPE® Marks.
- 41. Around August 2016, Plaintiff discovered that the Smok Defendants were selling the Alien Kit products.
- 42. Plaintiff brought the infringement to the attention of the Smok Defendants and discussed the issue with Smok's Sales Manager, Elaine Tang, over the phone. Plaintiff and Smok then entered into settlement negotiations over the next two months.
- 43. In exchange for a license to continue using the Alien name on its Alien Kit products, Smok signed a Settlement Agreement with Plaintiff in which Smok agreed, among other things, to:
 - Respect and never challenge Plaintiff's Alien trademarks;

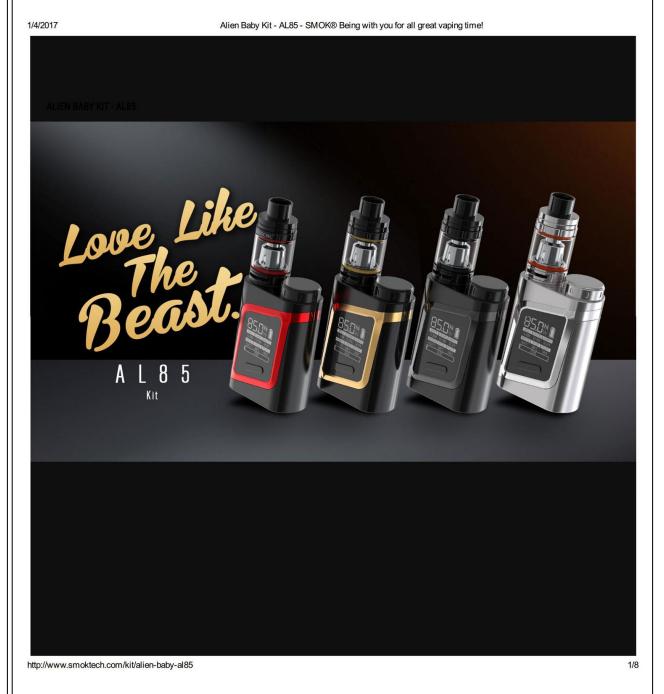
- Spend a minimum of \$15,000 per month for 18 months purchasing Plaintiff's Alien Vape-branded e-liquids;
- Advertise Plaintiff's Alien Vape-branded e-liquid products on the front page of Smok's website, online stores, on Smok's social media accounts, and through Smok's marketing emails to customers;
- Never to adopt any new trademarks anywhere in the world that include the term "Alien" or any confusingly-similar term, or to use the term "Alien" in connection with any new products, aside from their use of the word in their existing "Alien Kit" product;
- To pay attorneys' fees to Plaintiff if is the prevailing party for any litigation that relates to the Settlement Agreement.
- 44. Over the next few months, Plaintiff was forced to contact multiple Smok employees on numerous occasions, requesting that Smok simply comply with the terms of the Settlement Agreement. These requests included numerous pleas for Smok personnel to:
 - Place the initial monthly order of Alien Vape e-liquids agreed upon in the settlement;
 - Place subsequent monthly orders of Alien Vape e-liquids or pay the substitute amounts agreed upon in the settlement;
 - To display Plaintiff's banner advertisement on the front page on the Smok website www.smoktech.com;
 - To send the agreed-upon email marketing messages to Smok's customer mailing list;
 - To share Plaintiff's images to Smok's social media followers.
- 45. The Settlement Agreement also contains a provision (Section 7.1) wherein if Smok fails to meet the minimum required purchase for two consecutive months, Smok would pay Plaintiff the full value of the monthly purchase over the 18-month term within 30 days. The monetary value of this provision, \$15,000 over

17 months, is a total of USD \$255,000.

- 46. Additionally, Section 7.1 also provides that if Smok breaches the terms of the Agreement dealing with Smok's advertisement of Plaintiff's products, Smok agreed to pay Plaintiff \$5,000 per month in which they failed to satisfy those requirements. Smok failed to uphold the terms of the agreement in every month since signing. Therefore, the monetary value of \$5,000 per month over 18 months is a total of USD \$90,000.
- 47. Smok personnel have continually requested adjustments to the already-signed contract, and demanded that Plaintiff pay for expenses related to sending emails to Smok's mailing list and other concessions that were not contemplated in the Settlement Agreement.
- 48. To date, only a single monthly payment of \$15,000 has been made to Plaintiff (in November 2016).
- 49. It has been over four months since Smok's last payment, triggering the clause for Smok to pay Plaintiff out \$255,000 for the remaining 17 months.
- 50. Together, with the \$90,000 Smok owes Plaintiff for its failure to advertise and promote pursuant to the Settlement Agreement, Smok owes Plaintiff \$345,000 for breach of those two clauses alone.
- 51. Additionally, in early January 2017, Plaintiff became aware that Smok planned to launch a new e-cigarette product, the Alien Baby, a clear violation of Section 3.2 of the Settlement Agreement.
- 52. Plaintiff sent multiple emails to Smok personnel pleading with them not to advertise or release this infringing new product that would also clearly breach the Settlement Agreement.
- 53. On January 5, 2017, Plaintiff and Smok discussed the possible terms of a partnership regarding Smok's use of the Alien Baby name over WeChat and Skype.
 - 54. While those negotiations were ongoing and despite Plaintiff's pleas, the

Smok Defendants moved forward with the advertisement of the upcoming "Alien Baby" product on their website and on social media.

- 55. Throughout early January 2017, Plaintiff continued to alert Smok personnel that the infringing Alien Baby name was on their website and social media. Smok personnel eventually responded, claiming that they had removed the infringing images, and renamed the Alien Baby product to "AL85".
- 56. Despite purportedly having renamed the "Alien Baby" product to "AL85", Smok continues to use the infringing "Alien Baby" name.
- 57. At least as late as January 4, 2017, the text of the URL for the AL85 page and the meta-tag description of the AL85 product page on Smok's website contains the infringing "Alien Baby" name. This is shown from the printout of the AL85 product page below:



58. On January 5, 2017, Smok sent a marketing email to customers announcing their new product, using the infringing "Alien Baby" name:

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Alien Vape Mail - [AD]Alien Baby - AL85 Kit



Alien Vape <info@alienvape.com>

[AD]Alien Baby - AL85 Kit

messages

SMOK <service@smoktech.com> Reply-To: service@smoktech.com To: info@alienvape.com Thu, Jan 5, 2017 at 7:24 PN

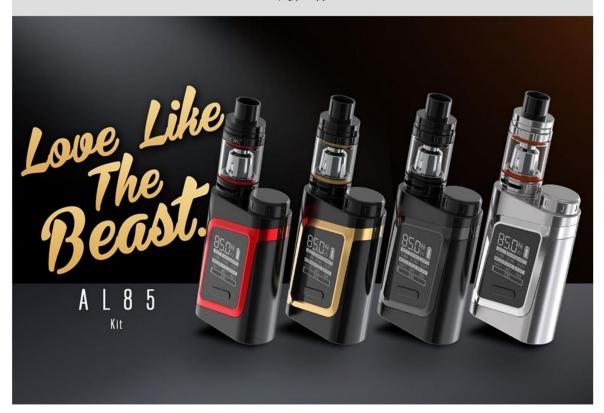
SMOK[®]

ALIEN BABY - AL85 KIT

Love Like The Beast

Alien Baby - AL85 Kit, consists of AL85 mod and TFV8 Baby tank features with delicate design, smooth streamline and integrated functional buttons. You would enjoy thoughtful experience and innovative design fror SMOK when its 85W output power combines with Cloud Beast TFV8 Baby tank.

Vaping, just enjoy it.

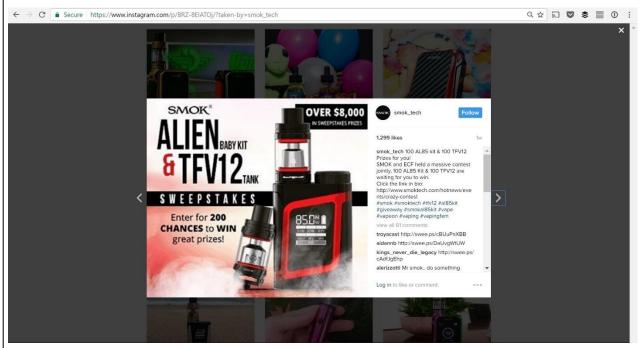


LOVE LIKE THE BEAST

Alien Baby Kit, consists of AL85 mod and TFV8 Baby tank features with delicate design, smooth streamline and integrated functional buttons. You would enjoy thoughtful experience and innovative d esign from SMOK when its 85W output power combines with Cloud Beast TFV8 Baby tank. Vaping, just enjoy it.

59. Additionally, an Instagram post made on or around March 8, 2017 on Smok's official smok_tech account contains the infringing name, advertising a sweepstakes giveaway featuring the AL85, but referring to the device as the "Alien

Baby Kit":



60. Also on or around March 9, 2016, the official Smok Instagram Account profile contained a link to an e-cigarette online discussion forum thread that clearly used the infringing "Alien Baby" name in the URL, in connection with a giveaway of the AL85 e-cigarette devices. See screenshot below:



smok_tech

Follow

1,766 posts

113k followers

258 following

SMOK TECHNOLOGY Customer Service:

support@smoktech.com Promotion:

marketing@smoktech.com Wholesale:

manager@smoktech.com | Newest: 100 AL85 kit & 100

TFV12 for you www.e-cigarette-

forum.com/forum/threads/winning-is-back-again-massive-8000-of-smok-alien-baby-kits-up-for-grabs.792047







- 61. These uses of the "Alien Baby" name constitute not only a blatant infringement of Plaintiff's registered ALIEN VAPE® Marks, but also a willful breach of the Settlement Agreement signed by Smoke just months before.
- 62. On February 6, 2017, Smok informed Plaintiff that Smok would no longer be allowed to sell e-liquid products, due to a notice from the "Industry and Trade Commerce Bureau". However, Section 7.1 of the Settlement Agreement explicitly provides that if Smoke does not purchase and advertise Plaintiff's e-liquid products, it will pay Plaintiff a total of \$20,000 per month. Furthermore, the contract contains no Force Majeure or other similar clauses excusing Smok's performance.

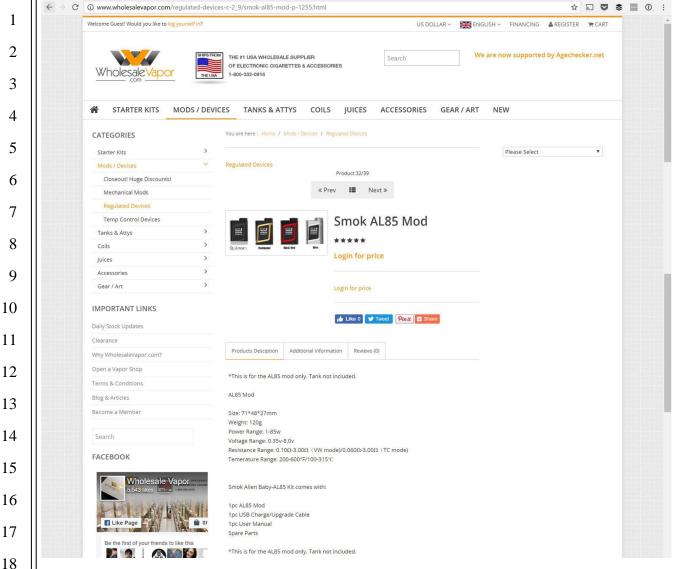
Infringement by Retail Defendants

- 63. On March 9, Smok informed Plaintiff that they had notified retailers that Smok had ceased usage of the "Alien Baby" name in connection with the AL85 product.
- 64. Despite this, numerous e-cigarette retailers and reviewers continue to refer to the AL85 device as the "Alien Baby" or "Baby Alien", a clear infringement of Plaintiff's trademark rights to "Alien" for vaporizers and e-cigarette products. Screenshots of representative examples of this infringement on the Retail Defendants' websites and marketing emails are shown below:

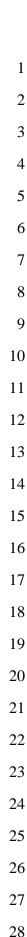


source: D&A Distribution, LLC (dba Strictly E-Cig)

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source: Electronic Cigarettes, Inc. (dba Wholesale Vapor)

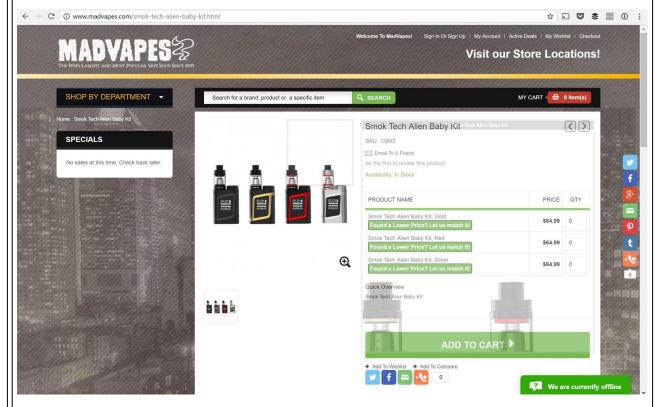




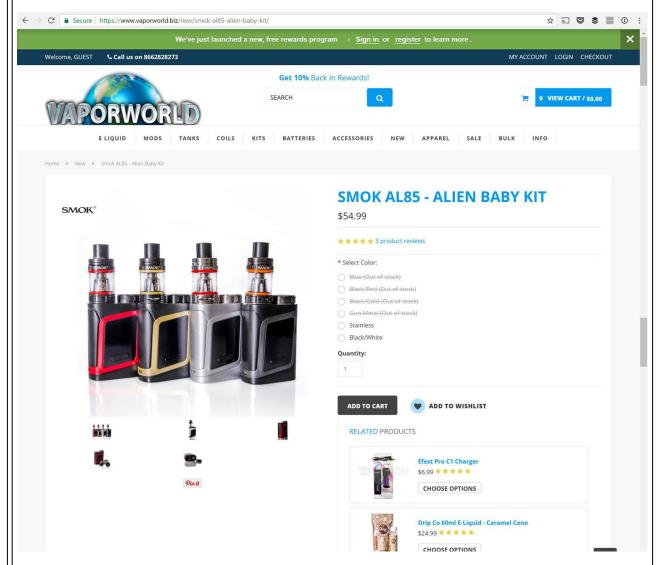


source: LA Vapor, Inc.

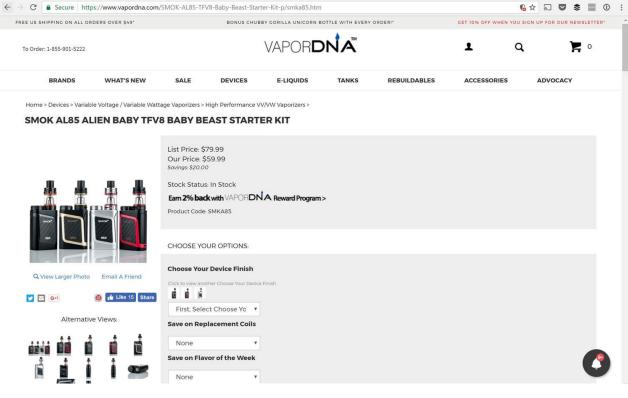
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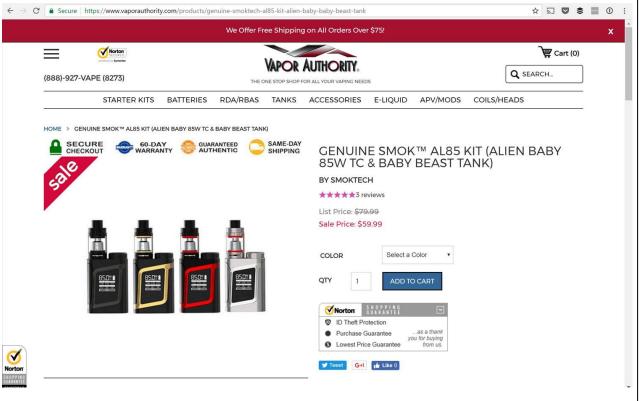
source: MadVapes Holdings, LLC



source: RRV Enterprises LLC (dba Vaporworld)

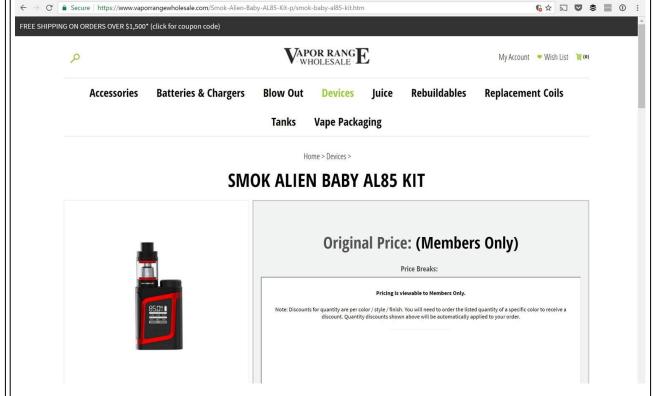


source: VaporDNA

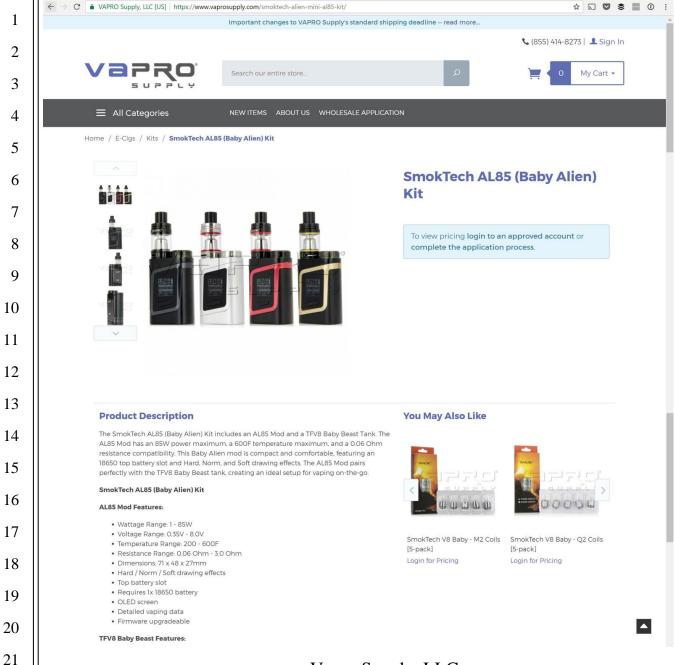


source: Vapor Authority, Inc.

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source: Vapor Range, Inc.



source: Vapro Supply, LLC

- 66. The Rip Trippers YouTube channel contains a video published February 3, 2017, named "The SMOK AL85 Quick Glance! Its The Baby Alien Starter Kit!", in which the AL85 kit from Smok is reviewed (the "Video")¹.
- 67. In the description of the Video, there are links to www.bevapehappy.com and www.vapordna.com to purchase. The links,

https://www.bevapehappy.com/?rfsn=167690.4700b and http://www.vapordna.com/?Click=106881 are "affiliate" links that attribute sales of the AL85 product to Vapetrik, LLC. Vapetrik, LLC then receives a commission for each sale of the AL85 product. The code following the main URLs in each of these links is Vapetrik, LLC's affiliate code, used to track sales made when a user visits the site through that link.

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https://www.youtube.com/watch?v=7CP9SBuhohQ.

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Consumer Confusion

- 68. Evidence of actual consumer confusion abounds, as Plaintiff has received numerous emails from Smok's customers asking about the Alien Kit and Alien Baby devices, and about vaporizers in general, which Plaintiff does not currently sell (but plans to start selling again soon).
- 69. Examples of this confusion from customer emails include (emphasis added, and all typos and errors left in their original format):
 - November 1, 2016 "I bought **one of your vapes, 220 Watt gold and black** at eb vape attic in Philipsburg PA. I went to twist the top piece off (the part containing the juice) and the part that connects the box and the top piece twisted and came with it and pulled the wire. I am unsure why this happened and so is the owner of the shop. I paid near to \$300 and didn't have it for three months. **They told me to contact you about this problem** to see if I could get the problem fixed."
 - (Demonstrating confusion both by the consumer and the retailer as to the source of the "Alien"-branded e-cigarette product).
 - Dec 28, 2016 "I have only had my Allen [sic] mod for 1 day and it is already tasting metallic . .why is this?? The coil can't be burn pur already!!!"
 - Jan 20, 2017 "I bought the **Smok Alien 220W** tc from you but the only thing is the screen is very very dim but it's at 100% contrast and you can only see the screen if your in the dark with the lights off. I love my Smok Alien but it makes it difficult to see what anything on it is. So, is there anyway I could make it a lot brighter to look what it's supposed to look like?!"
 - Feb 7, 2017 "Hello, I have a complaint. I purchased my vape on Black Friday. I love this vape but it has a defect. Something is wrong with the charging portal. Can someone please assist me with this matter? I feel it cost too much to have this issue. Thank you"

- Feb 15, 2017 "I just bought my vape used, and I am trying to charge it. It says its charging, and I left it plugged in for 4 hours, but it still says low battery. Is this a battery issue or a mod issue?"
- Feb 17, 2017 "I bought an alien mod a few weeks ago and I have never dropped my mod ever and It kept reading ohms too low and I opened up the top part with the proper screw and there is a wire snapped I have the warranty card could I get a new one? Thanks."
- Feb 17, 2017 "I would like to ask if it's possible **to send smok alien vape** to a country that has Vape's as an prohibited item in anyway??"
- Feb 20, 2017 "Hi I bought an alien 220w tc. I love the product except the tank leaks all the time it's installed properly and it closes all the way. I'm very unhappy with this I bought it less then a month ago I still have the receipt I don't over fill the tank of anything. [...] But I don't want to spend more money and none of them match my mod, I hope there is something you can do because of know **I would not recommend your product** nor will I buy another tank to have the same exact problem!"

 (Demonstrating the harm that the customer association with Smok's infringement is causing to Plaintiff's brand).
- Feb 21, 2017 "Hi I brought one of your 220 w alien vape I looking to get a tank and coil that goes up to the 220w are able to point me in the right direction please"
- Feb 25, 2017 "Hello, So I have the **alien smok kit** with the baby beast. My baby best drip tip broke and would like to get a new tip. Is there anyway I can buy a new tip that is the exact same as the one that came with it?"
- Feb 28, 2017 "Hi names Phil and I'm a fan of the **smok alien 220w** tc. vape mod and the baby beast tank I been looking for a great e-juice to vape that's equal in flavor and cloud production. I read a lot about the roswell and area 51 juices on your website after I got an email about them I'm interested

in trying these e-juices but unfortunately I'm outta state."
(Showing that Smok's usage of the infringing "Alien" mark is causing confusion as to the source of goods, since the Roswell and Area 51 e-juices mentioned in the email are from Plaintiff).

• March 8, 2017 – "Good afternoon! You spoke with one of our employees here at Crystal Vapor regarding Alien Vape E-liquids. I would like to inquire about the availability of any Smok Alien hardware that you also be selling. Thank you for your time and consideration. Hope to hear from you very soon! Crystal Vapor"

(Demonstrating retailer confusion between Plaintiff's and Smok's brands).

- March 15, 2017 "I have had my set up for less than a month and the lights have stopped working. My screen is blank but it would still let me vape."
- March 19, 2017 "My vape was hitting fine 1 second I put it down and 5 minutes later the screen is black and doesn't fire but can still be read by the computer"
 - (Again, demonstrating confusion with Smok's infringing devices).
- March 21, 2017 "I purchased an order of two juice bottles on the 7th of march, I was wondering if you could let me know how much more time it will take for it to arrive. I've never ordering online with you before and I'm really just curious. I am quite happy with he Alien220W TC by the way, great product!"
- March 23, 2017— "The display on my Alien 220w mod stopped working.
 What could I have done? It's about 2 months old. I replaced the batteries with no luck. It still works, however. Thank you"
 (Showing confusion between Plaintiff's and Smok's Alien brands).
- 70. To this day, the Retail Defendants continue to advertise and sell the Smok AL85 product using the infringing "Alien Baby" trademark. And the Smok

Defendants continue to use the infringing "Alien Baby" and "Alien Kit" trademark in their links and page description.

71. The Smok Defendants and the Retail Defendants must now answer for their infringing conduct, which will include an injunction barring all future sale or advertisement of the Alien Kit and the AL85 "Alien Baby" products, Plaintiff's actual damages, the disgorgement of 100% of Defendants' profits to Plaintiff, and enhanced damages for the Defendants' willful infringement.

FIRST CAUSE OF ACTION

(Federal Trademark Infringement Under 15 U.S.C. § 1114) (Against all Defendants)

- 72. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 73. Plaintiff is the sole owner of the ALIEN VAPE® Marks, which are registered to Plaintiff on the Principal Register at the USPTO. These registrations constitute prima facie evidence that the ALIEN VAPE® Marks are valid; that they are owned by Plaintiff; and that Plaintiff has the exclusive right to use the ALIEN VAPE® Marks in commerce in connection with the goods specified in the ALIEN VAPE® Registrations.
- 74. Furthermore, Plaintiff has continuously used the ALIEN VAPE® Marks in commerce since at least as early as May 2011. Meanwhile, on information and belief, the Defendants began their infringement of the ALIEN VAPE® Marks by using the ALIEN VAPE® Marks in commerce after the Plaintiff began using his marks. Therefore, Plaintiff clearly has priority of use of the ALIEN VAPE® Marks as against the Defendants. As such, for at least this additional reason, Plaintiff is the owner of the ALIEN VAPE® Marks, and has the exclusive right to use the marks in commerce.
 - 75. The Defendants' infringement of the ALIEN VAPE® Marks, in the

manner set forth above, supra, trades on the ALIEN VAPE® Marks and the goodwill associated therewith, and is likely to confuse and deceive the consuming public into believing that the Defendants are associated with ALIEN VAPE® and/or Plaintiff.

76. The actions of the Defendants complained of herein are likely to cause confusion, to cause mistake or to deceive others into erroneously believing that the Defendants' goods are authorized by, licensed by, sponsored by, endorsed by, or otherwise associated with ALIEN VAPE® and/or Plaintiff. The likelihood of confusion is particularly strong because, inter alia, (i) the ALIEN VAPE® Marks are strong due to Plaintiff's extensive use of the marks since at least as early as May of 2011 and therefore carry a high degree of consumer recognition; (ii) Plaintiff's mark ALIEN VAPE® and the designations used by the Defendants, "Alien Baby" and "Alien Kit", are highly similar; and (iii) both the Defendants and Plaintiff use the marks in connection with identical or highly-related vaping products; (iv) the Defendants and Plaintiff share the same marketing and trade channels; and (v) on information and belief, concurrent use of the marks by the Defendants and Plaintiff has already resulted in actual confusion among consumers.

77. In view of the foregoing, and on information and belief, the acts and conduct of the Defendants complained of herein constitute willful and deliberate infringement of Plaintiff's ALIEN VAPE® Marks in violation of Section 32 of the Lanham Act, 15 U.S.C. 1114.

78. By reason of the foregoing, Plaintiff has been damaged and is being damaged by the Defendants' willful infringement of the ALIEN VAPE® Marks. Therefore, pursuant to 15 U.S.C. § 1117(a), Plaintiff is entitled to recover at least (i) the Defendants' profits gained from their infringement; (ii) Plaintiff's damages suffered due to the Defendants' infringement; and (iii) Plaintiff's costs in this action.

79. Moreover, Plaintiff has been and will continue to be, irreparably injured by the continued infringing acts of the Defendants, until and unless such acts are enjoined. Plaintiff has no adequate remedy at law. Therefore, in addition to the foregoing, the Defendants should be preliminarily and permanently enjoined from their infringing acts under 15 U.S.C. § 1116.

SECOND CAUSE OF ACTION

(False Designation of Origin Under 15 U.S.C. § 1125(a)) (Against all Defendants)

- 80. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 81. The Defendants' use of the infringing "Alien Baby" and "Alien Kit" marks has resulted in and continues to result in confusion, mistake and deception among consumers as to the source of origin of Plaintiff and Smok's products.
- 82. Through the Settlement Agreement between Plaintiff and Smok, and from numerous emails between Plaintiff and Smok expressly discussing their infringement, Smok was aware at least as early as August 2016 of Plaintiff's prior rights to the ALIEN VAPE® Marks.
- 83. Through explicit notification by Smok and through Smok's revised advertising and marketing materials, the Retail Defendants were aware as early as January 2017 that Smok was no longer referring to the AL85 by the infringing "Alien Baby" mark.
- 84. By having actual and constructive knowledge of Plaintiff's rights and trademarks and continuing to use the infringing Alien Baby mark, the Defendants have, without consent of Plaintiff, willfully violated 15 U.S.C. § 1125(a).
- 85. The Defendants have done and are continuing to do so with the intent to unfairly compete against Plaintiff, to trade upon Plaintiff's reputation and goodwill by causing confusion and mistake among consumers and the public, and to deceive

the public into believing that the e-cigarette products being sold by the Defendants are associated with, sponsored by, or approved by Plaintiff, when they are not.

- 86. The Defendants' aforementioned acts and statements have caused damages to Plaintiff in an amount to be proven at trial.
- 87. Plaintiff is also being irreparably injured. Such irreparable injury will continue unless the Defendants are permanently enjoined by this Court from further violation of Plaintiff's rights, for which Plaintiff has no adequate remedy at law.

THIRD CAUSE OF ACTION

(California Statutory Unfair Competition, Cal. Bus. & Prof. Code § 17200) (Against all Defendants)

- 88. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 89. By virtue of the acts complained of herein, the Defendants have intentionally caused a likelihood of confusion among consumers and the public and has unfairly competed with Plaintiff in violation of Cal. Bus. & Prof. Code § 17200, *et seq*.
- 90. The Defendants' acts constitute unlawful, unfair, malicious or fraudulent business practices, which have injured and damaged Plaintiff.
- 91. As a direct and proximate result of the Defendants' acts, Plaintiff has suffered and will suffer great harm in an amount to be determined at trial. Plaintiff has also been irreparably injured. Plaintiff will continue to be irreparably damaged unless Defendants are enjoined from further committing unfair and unlawful business practices against Plaintiff.

FOURTH CAUSE OF ACTION

(Common Law Trademark Infringement)

(Against all Defendants)

- 92. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 93. The Defendants have caused a likelihood of confusion among the purchasing public in this District and elsewhere, thereby infringing Plaintiff's common law trademark rights.
- 94. Plaintiff is being irreparably injured. Such irreparable injury will continue unless the Defendants are permanently enjoined by this Court from further violations of Plaintiff's rights.

FIFTH CAUSE OF ACTION

(California Common Law Unfair Competition)

(Against all Defendants)

- 95. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 96. The Defendants have caused a likelihood of confusion among the purchasing public in this District and elsewhere, thereby infringing Plaintiff's trademark rights, in violation of the common law of the State of California.
- 97. Plaintiff is being irreparably injured. Such irreparable injury will continue unless the Defendants are permanently enjoined by this Court from further violations of Plaintiff's rights.

SIXTH CAUSE OF ACTION

(Breach of Contract)

(Against the Smok Defendants)

- 98. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 99. Plaintiff and Smok entered into the Settlement Agreement on October 28, 2016, to settle matters related to Smok's infringement of the ALIEN VAPE® Marks.
- 100. Plaintiff has fully performed or tendered all performances required by the Settlement Agreement.
- 101. Smok has breached their obligations in clause 3.1.1 of the Settlement Agreement by failing to pay Plaintiff \$15,000 per month for Plaintiff's e-liquid products.
- 102. Smok has breached their obligations to Plaintiff in clauses 3.1.2 through 3.1.7 of the Settlement Agreement by failing to adhere to the advertising requirements set forth, including the placement of an ALIEN VAPE® banner ad on the first slide of the front page of the Smok website www.smoktech.com, regular social media postings.
- 103. Smok has breached their obligations under clause 3.1.9 and 3.1.10 of the Settlement Agreement by failing to resell and distribute Plaintiff's Alien Vape e-liquid.
- 104. Smok also breached the contract by introducing a second "Alien" branded e-cigarette product (the "Alien Baby"), in direct violation of clause 3.2.
- 105. Smok's numerous breaches go to the heart of the Settlement Agreement and, accordingly, Plaintiff is entitled to terminate the contract, to collect the agreed-upon damages, and to recover any additional damages directly and proximately caused by Smok's breach, including interest.
 - 106. As a direct and proximate result of the Smoke Defendants' acts,

Plaintiff has suffered and will suffer great harm in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION

(Contributory Trademark Infringement)

(Against the Smok Defendants)

- 107. Plaintiff refers to and re-alleges each and every allegation 1 through 71, all inclusive, above as if set forth herein.
- 108. The Retail Defendants are engaged in illegal trademark infringement of Plaintiff's ALIEN VAPE® Marks in that they each sell, offer for sale, promote, and advertise, infringing Alien Baby and Alien Kit e-cigarette products.
- 109. The Smok Defendants have actual knowledge of the Retail Defendants' illegal activities.
- 110. The Smok Defendants have materially encouraged, enabled, contributed to, and induced the infringing conduct of the Retail Defendants by providing, among other things, the infringing products to the Retail Defendants and encouraged them to sell, market, and promote them.
- 111. The Smok Defendants therefore bear contributory liability for the Retail Defendants' trademark infringement of Plaintiff's ALIEN VAPE® Marks.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands a judgment against the Defendants and prays that this Court grants:

a. Permanent injunctive relief against all Defendants and their parents, subsidiaries, affiliated companies, and their respective officers, directors, employees, and agents from using the Alien trademarks, any marks likely to cause confusion with the Alien trademarks, and selling any of the Alien Baby/AL85 and Alien Kit vaporizer products;

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- b. An accounting of, and disgorgement of, any and all profits derived by the Defendants and all damages sustained by Plaintiff, trebled, by virtue of the Defendants' infringing and illegal acts, in an amount to be determined at trial;
- c. Prejudgment interest, the costs of this action, witness fees, and Plaintiff's attorneys' fees, pursuant to the Settlement Agreement between Plaintiff and the Smok Defendants, 15 U.S.C. § 1117, 1118, and California Civil Code § 3288;
- d. Punitive, enhanced, treble, and exemplary damages for the Defendants' acts of unfair competition and willful infringement;
- e. The agreed-upon damages set forth in the Settlement Agreement between Plaintiff and the Smok Defendants;
- f. Other economic and consequential damages in an amount to be determined at trial;
- g. The destruction of all materials bearing infringements of Plaintiff's ALIEN VAPE® trademarks;
- h. That the Defendants be held jointly and severally liable;
- i. A judgment that the Defendants have unfairly competed with Plaintiff and violated the trademark laws of California and the United States; and
- j. Grant to Plaintiff such further relief as may be equitable and proper.
 Respectfully submitted,

By: <u>/s/ Stephen McArthur</u>

Dated: March 28, 2017

Stephen Charles McArthur The McArthur Law Firm PC Attorneys for Plaintiff, Mike Sarieddine 10008 National Blvd., #295 Los Angeles, CA 90034 (323) 639-4455 **DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a jury trial pursuant to Rule 38 of the Federal Rules of Civil Procedure as to all issues in this lawsuit.

By: /s/ Stephen McArthur
Stephen Charles McArthur
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(323) 639-4455

Dated: March 28, 2017