

1  
2  
3  
4  
5  
6  
7  
8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA  
10

11 VLAD ZAMFIR,

12 Plaintiff,

13 v.

14 CASPERLABS, LLC,

15 Defendant.

Case No.: 21-CV-474 TWR (AHG)

**ORDER GRANTING IN PART AND  
DENYING IN PART DEFENDANT'S  
MOTION TO DISMISS**

(ECF No. 64)

16  
17 Presently before the Court is Defendant CasperLabs, LLC's Motion to Dismiss  
18 Plaintiff Vlad Zamfir's Second Amended Complaint ("Motion," ECF No. 64), as well as  
19 Plaintiff's Opposition to the Motion ("Opp'n," ECF No. 65) and Defendant's Reply in  
20 support of the Motion ("Reply," ECF No. 66). The Court heard oral argument on  
21 August 18, 2022. (See ECF No. 69.) Having carefully reviewed Plaintiff's Second  
22 Amended Complaint ("SAC," ECF No. 56), the Parties' arguments, and the law, the Court  
23 **GRANTS IN PART AND DENIES IN PART** Defendant's Motion.

24 **BACKGROUND**

25 Zamfir is a researcher in blockchain technology and adopted the name "Casper" for  
26 his correct-by-construction ("CBC") proof-of-stake ("PoS") blockchain consensus  
27 protocol. (See SAC ¶ 1.) Zamfir brings this action in response to CasperLabs' activities,  
28 beginning on or about August 2020, where they used the name "Casper" to describe their

1 PoS protocol and filed to register the CASPER mark. (*See id.*) Zamfir alleges eight causes  
2 of action: (1) False Designation of Origin in violation of Section 43(a)(1)(A) of the Lanham  
3 Act, 15 U.S.C. § 1125(a)(1)(A) (“Count 1”); (2) Unfair competition/Trademark  
4 Infringement in violation of Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C.  
5 § 1125(a)(1)(A) (“Count 2”); (3) Trademark Infringement under California Common Law  
6 (“Count 3”); (4) Unfair Competition under California Common Law (“Count 4”);  
7 (5) Cancellation of U.S. Trademark Registration No. 6202402 (“Count 5”);  
8 (6) Cancellation of U.S. Trademark Registration No. 6131157 (“Count 6”); (7) Fraud by  
9 Intentional Misrepresentation under California Civil Code §§ 1709, 1710 (“Count 7”); and  
10 (8) Unlawful and Unfair Business Practices and False Advertising under California  
11 Business & Professions Code § 17200 (“Count 8”). (*See generally* SAC.)

12 At its core, a blockchain is a distributed protocol that stores transactional records as  
13 a chain of “blocks.” (*See id.* ¶ 12.) Each block contains a cryptographic fingerprint, called  
14 a hash, of the previous block; a timestamp; and other data. (*See id.*) Certain types of  
15 blockchain applications, such as those used for cryptocurrency exchanges, rely on  
16 consensus protocols to validate the operation of the transaction. (*See id.* ¶ 14.) Historically,  
17 these blockchain-based cryptocurrencies have relied on a “proof of work” (“PoW”)  
18 consensus mechanism to secure the network. (*See id.*) PoW requires a tremendous amount  
19 of computational and electrical energy, resulting in issues with the sustainability and  
20 workability of this consensus mechanism. (*See id.*) Therefore, much of the technical  
21 development in the blockchain industry has been devoted to the development of an  
22 alternative consensus mechanism, namely, PoS. (*See id.* ¶ 15.) PoS aims to eliminate the  
23 computational waste inherent in PoW by using digital resources as opposed to  
24 computational resources to create barriers to an attack on the blockchain network. (*See id.*)

25 In 2014, Zamfir began researching and developing a new PoS blockchain protocol  
26 design in conjunction with Vitalik Buterin and the Ethereum Foundation. (*See id.* ¶ 18.)  
27 Zamfir and Buterin took their research in two separate directions. (*See id.* ¶ 20.) Buterin’s  
28 branch of research is now marketed under the name “Ethereum 2.0.” (*See id.*) Zamfir’s

1 branch of research was called “CBC Casper,” which refers to CBC software design  
2 methodology, currently known and referred to throughout the industry as “Casper.” (*See*  
3 *id.*)

4 Zamfir has been continuously conducting research and development under the  
5 Casper name in the United States and internationally since at least March 2015. (*See id.*  
6 ¶ 21.) Zamfir uses the CBC Casper and Casper names exclusively when communicating  
7 his work on PoS and distributed systems to the wider public via Twitter, Github, and his  
8 personal blogs. (*See id.* ¶ 22.) By 2017, Zamfir used the Casper mark in commerce in  
9 connection with distributing downloadable Casper CBC software and specifications under  
10 open-source licensing agreements in the United States. (*See id.* ¶ 26.)

11 Zamfir has substantially benefitted from the creation and distribution of the CBC  
12 Casper software, specification, and protocol under open-source licenses throughout the  
13 United States, including generating market shares, promoting international recognition,  
14 and obtaining free improvements to CBC Casper. (*See id.* ¶ 30.) Since 2015, Zamfir has  
15 used the Casper trademark in the United States when providing blockchain technology  
16 consulting services and marketing his CBC Casper development and consulting services at  
17 seminars, conferences, workshops, and lectures on blockchain research in the United  
18 States.<sup>1</sup> (*See id.* ¶¶ 29, 30–31.) Zamfir received compensation for several of his  
19 presentations on Casper, and Zamfir’s research on PoS protocols has received significant  
20 coverage in various media outlets. (*See id.* ¶ 35.)

21 ///

---

23 <sup>1</sup> By March 2017, Zamfir published the first formal verification of CBC Casper on GitHub, which  
24 was and remains downloadable by anyone in the United States at [https://github.com/pirapira/cbc\\_casper](https://github.com/pirapira/cbc_casper)  
25 and [https://github.com/vladzamfir/cbc\\_casper](https://github.com/vladzamfir/cbc_casper). (*See SAC* ¶ 27.) By November 2017, Zamfir and the  
26 Ethereum research group released a software prototype of Casper on GitHub, which was and remains  
27 downloadable by anyone in the United States at <https://github.com/ethereum/cbccasper/releases>. (*See*  
28 *SAC* ¶ 28.) On December 18, 2017, Zamfir uploaded to GitHub a draft CBC Casper protocol specification  
titled “Casper the Friendly Ghost A ‘Correct-by-Construction’ Blockchain Consensus Protocol.” (*See*  
*SAC* ¶ 29.) The paper notes that “[e]arly prototypes of both Casper the Friendly Binary Consensus and  
Casper the Friendly Ghost have been implemented,” and cites to the source code available for download  
at GitHub at <https://github.com/ethereum/cbc-casper>. (*See SAC* ¶ 29.)

1 In 2018, CasperLabs asked Zamfir to collaborate on developing a new blockchain.  
2 (*See id.* ¶ 37.) In exchange for Zamfir’s contribution, CasperLabs made Zamfir (1) the lead  
3 consensus protocol architect, and (2) the governance committee liaison to outside investors  
4 to present the protocol. (*See id.* ¶¶ 38, 40.)

5 On February 14, 2019, on behalf of himself and his company, Coordination  
6 Technology, Ltd. (“CoorTech”), Zamfir entered into a Research Agreement with  
7 CasperLabs, under which he would provide research, analysis, and advice to integrate CBC  
8 Casper into CasperLabs’ proposed blockchain. (*See id.* ¶ 39.) On the same day, on behalf  
9 of CoorTech, Zamfir entered into a Licensing Agreement with CasperLabs, granting  
10 CasperLabs limited rights in the use of his name and image to promote the collaboration in  
11 exchange for CasperLabs helping to fund Zamfir’s work on CBC Casper. (*See id.* ¶ 40.)

12 Within a few months, Zamfir believed that CasperLabs was doing too little to  
13 support his research. (*See id.* ¶ 41.) Zamfir grew concerned that CasperLabs was  
14 misappropriating his name and taking advantage of his reputation to mislead investors.  
15 (*See id.* ¶ 42.) Zamfir sent notice to CasperLabs that he intended to terminate both the  
16 Research and License Agreements on September 11, 2019. (*See id.* ¶ 44.) Zamfir  
17 subsequently terminated his License Agreement in October 2019, and the Research  
18 Agreement on November 2, 2019. (*See id.*)

19 Even though Zamfir no longer had any research or business relationship with  
20 CasperLabs,<sup>2</sup> CasperLabs continued to associate CasperLabs’ Casper products and  
21 services with Zamfir and his Casper products and services. (*See id.* ¶¶ 46–47.) Further,  
22 although Zamfir told CasperLabs that the name “Casper” should not be used in connection  
23 with blockchain releases that were developed because of their collaboration, CasperLabs  
24 did so anyway.<sup>3</sup> (*See id.* ¶¶ 50–67.)

---

25 <sup>2</sup> CoorTech still maintains some beneficial ownership in CasperLabs “due to a lack of credible  
26 selling opportunities,” but Zamfir has no control of the company or their actions. (*See SAC* ¶ 48.)

27 <sup>3</sup> Zamfir requested that “Casper” only be used technically to refer to his PoS consensus protocol  
28 research. (*See SAC* ¶ 51.) After Zamfir objected to calling the token “Casper,” CasperLabs used “CLX”  
as a placeholder for the name of the token with ongoing discussions about a new name. (*See id.*) As part

1 On February 13, 2019, Defendant filed to register the CASPERLABS mark in its  
2 own name, (U.S. Trademark Application Serial No. 88300598). (*See id.* ¶ 63.) The mark  
3 was approved for publication on July 19, 2019. (*See id.*)

4 During the summer of 2019, Zamfir had several discussions with CasperLabs  
5 concerning its use and registration of the CASPER mark. (*See id.* ¶¶ 61–64.) On July 19,  
6 2019, CasperLabs represented that it would register the CASPER mark on Zamfir’s behalf,  
7 and, accordingly, Zamfir never sought registration of the CASPER mark. (*See id.*  
8 ¶¶ 61–62.)

9 On September 4, 2019, however, CasperLabs, LLC filed two trademark applications  
10 to register the CASPER mark in its own name for services related to cryptocurrency. (*See*  
11 *id.* ¶ 66.) The first of the two is U.S. Trademark Application Serial No. 88/979132  
12 registered as Registration No. 6202402 on November 17, 2020, bearing a date of first use  
13 on September 4, 2019, and a date of first use in commerce on August 12, 2020. (*See id.*  
14 ¶ 66.) The second is Trademark Application Serial No. 88603814, which is still pending.  
15 (*See id.*)

16 CasperLabs never informed Plaintiff of its registrations of the CASPER or  
17 CASPERLABS trademarks. (*See id.* ¶ 67.) Even though Zamfir continued to inquire about  
18 the status of the CASPER trademark application CasperLabs represented it would file on  
19 his behalf, Zamfir did not learn that CasperLabs had registered the CASPER mark until  
20 January 25, 2021. (*See id.* ¶¶ 64, 68–69.) As of the date of its Motion, CasperLabs has  
21 not assigned U.S. Trademark Registration No. 6202402 or U.S. Trademark Application  
22 Serial No. 88603814 to either Zamfir or CoorTech. (*See id.* ¶ 70.)

23 On March 23, 2021, CasperLabs launched its initial coin offering (“ICO”), or token  
24 sale, of its “CSPR” coin on CoinList. (*See id.* ¶ 81.) The Casper Network Mainnet

25 \_\_\_\_\_  
26 of their rebranding strategy, during Zamfir’s involvement, the protocol was called “CasperLabs Highway  
27 Protocol,” and then “Casper Highway Protocol”. (*See id.* ¶ 52.) By August 2020, however, in anticipation  
28 of its upcoming network launch and coin sale scheduled for March 23, 2021, CasperLabs began referring  
to its blockchain protocol and token as “Casper.” (*See id.* ¶ 53.) On August 31, 2020, CasperLabs’ website  
announced the network launch and token sale, referring to its offering as “[t]he Casper public network and  
token sale” and referring to its blockchain network simply as “Casper.” (*See id.* ¶ 54.)

1 subsequently launched on March 31, 2021. (*See id.*) CasperLabs engaged in four rounds  
2 of initial coin offerings and launched its blockchain network and cryptocurrency using the  
3 Casper name for the token and blockchain. (*See id.* ¶ 83–84.) Zamfir is neither affiliated  
4 with nor endorses CasperLabs’ blockchain network and cryptocurrency. (*See id.*)

5 Zamfir alleges that CasperLabs’ use of the Casper name to advertise and market its  
6 own blockchain technology products and services and to promote its blockchain network  
7 and coin are causing and will continue to cause confusion as to the source of the products  
8 and services. (*See id.* ¶ 71.) The confusion will lead customers to mistakenly believe  
9 CasperLabs’ products and services are Zamfir’s work or are otherwise associated with him  
10 or his company CoorTech. (*See id.*) However, CasperLabs’ protocol never met Zamfir’s  
11 advertised design requirements for CBC Casper and, due to the confusing use of the  
12 CASPER mark, any performance issues in the technology underlying the Casper Network  
13 are likely to be falsely associated with Zamfir’s research and life’s work. (*See id.* ¶¶ 82,  
14 84.)

15 CasperLabs’ use of the CASPER mark also interferes with Zamfir’s use of the  
16 Casper name in research and development because it requires resolving ambiguity and  
17 phrasing communications to avoid unintentionally promoting CasperLabs, making it  
18 harder for Zamfir to market the genuine products of his research. (*See id.* ¶ 71.) Zamfir is  
19 regularly contacted by people who are confused about his affiliation with CasperLabs’  
20 Casper-branded token sale and Mainnet launch, and people falsely assume that Zamfir’s  
21 ongoing Casper research is for CasperLabs. (*See id.* ¶ 72.)

22 Because of industry confusion caused by the false association, Zamfir has also had  
23 trouble retaining funding and promotion from an existing client, the Ethereum Foundation.  
24 (*See id.* ¶¶ 79–80.) Generally, securing funding for further research, development, and  
25 adoption of CBC Casper has become more difficult due to the alleged confusion in the  
26 marketplace. (*See id.* ¶ 78.)

27 CasperLabs moved to dismiss Zamfir’s original Complaint on May 10, 2021, (*see*  
28 *generally* ECF No. 32), following which Zamfir filed his First Amended Complaint on



1 June 1, 2021. (*See generally* ECF No. 34.) On July 15, 2021, CasperLabs moved to  
2 dismiss Zamfir’s First Amended Complaint. (ECF No. 37.) On February 15, 2022, this  
3 Court issued an order granting in part and denying in part CasperLabs’ motion to dismiss  
4 and granting Zamfir leave to amend. (“Order,” ECF No. 50.)

5 The Second Amended Complaint asserts the same six causes of action as Zamfir’s  
6 First Amended Complaint and adds two claims for (1) Fraud by Intentional  
7 Misrepresentation under Cal. Civ. Code §§ 1709, 1710; and (2) Unlawful and Unfair  
8 Business Practices and False Advertising California Business & Professions Code § 17200.  
9 (*Compare* ECF No. 34, with ECF No. 56.) Presently before the Court is CasperLabs’  
10 Motion to Dismiss Zamfir’s Second Amended Complaint. (ECF No. 64.)

### 11 LEGAL STANDARD

12 “A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to  
13 state a claim upon which relief can be granted ‘tests the legal sufficiency of a claim.’”  
14 *Conservation Force v. Salazar*, 646 F.3d 1240, 1241–42 (9th Cir. 2011) (quoting *Navarro*  
15 *v. Block*, 250 F.3d 729, 732 (9th Cir. 2001)). “A district court’s dismissal for failure to  
16 state a claim under Federal Rule of Civil Procedure 12(b)(6) is proper if there is a ‘lack of  
17 a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal  
18 theory.’” *Id.* at 1242 (quoting *Balistreri v. Pacifica Police Dep’t*, 901 F.2d 696, 699 (9th  
19 Cir. 1988)).

20 “Under Federal Rule of Civil Procedure 8(a)(2), a pleading must contain a ‘short and  
21 plain statement of the claim showing that the pleader is entitled to relief.’” *Ashcroft v.*  
22 *Iqbal*, 556 U.S. 662, 677–78 (2009) (quoting Fed. R. Civ. P. 8(a)(2)). “[T]he pleading  
23 standard Rule 8 announces does not require ‘detailed factual allegations,’ but it demands  
24 more than an unadorned, the-defendant-unlawfully-harmed-me accusation.” *Id.* at 678  
25 (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007)). In other words, “[a]  
26 pleading that offers ‘labels and conclusions’ or ‘a formulaic recitation of the elements of a  
27 cause of action will not do.’” *Id.* (quoting *Twombly*, 550 U.S. at 555).

28 ///

1 Federal “Rule [of Civil Procedure] 9(b) requires that, when fraud is alleged, ‘a party  
2 must state with particularity the circumstances constituting fraud.’” *Kearns v. Ford Motor*  
3 *Co.*, 567 F.3d 1120, 1124 (9th Cir. 2009) (quoting Fed. R. Civ. P. 9(b)). “Rule 9(b)  
4 demands that the circumstances constituting the alleged fraud be specific enough to give  
5 defendants notice of the particular misconduct . . . so that they can defend against the charge  
6 and not just deny that they have done anything wrong.” *Id.* (alteration in original) (internal  
7 quotation mark omitted) (quoting *Bly-Magee v. California*, 236 F.3d 1014, 1019 (9th Cir.  
8 2001)). “Averments of fraud must be accompanied by the who, what, when, where, and  
9 how of the misconduct charged.” *Id.* (internal quotation marks omitted) (quoting *Vess v.*  
10 *Ciba-Geigy Corp. USA*, 317 F.3d 1097, 1106 (9th Cir. 2003)).

11 “To survive a motion to dismiss, a complaint must contain sufficient factual matter,  
12 accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Id.* (quoting  
13 *Twombly*, 550 U.S. at 570). “A claim has facial plausibility when the plaintiff pleads  
14 factual content that allows the court to draw the reasonable inference that the defendant is  
15 liable for the misconduct alleged.” *Id.* (citing *Twombly*, 550 U.S. at 556). “[W]here the  
16 well-pleaded facts do not permit the court to infer more than the mere possibility of  
17 misconduct, the complaint has alleged—but it has not ‘show[n]’—‘that the pleader is  
18 entitled to relief.’” *Id.* at 679 (second alteration in original) (quoting Fed. R. Civ. P.  
19 8(a)(2)).

20 “If a complaint is dismissed for failure to state a claim, leave to amend should be  
21 granted ‘unless the court determines that the allegation of other facts consistent with the  
22 challenged pleading could not possibly cure the deficiency.’” *DeSoto v. Yellow Freight*  
23 *Sys., Inc.*, 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schreiber Distrib. Co. v. Serv-Well*  
24 *Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)). “A district court does not err in  
25 denying leave to amend where the amendment would be futile.” *Id.* (citing *Reddy v. Litton*  
26 *Indus.*, 912 F.2d 291, 296 (9th Cir. 1990), cert. denied, 502 U.S. 921 (1991)).

27 ///

28 ///



1 ANALYSIS

2 CasperLabs moves to dismiss each of Zamfir’s claims, which the Court addresses in  
3 turn.

4 **I. Counts 1 and 4: False Association Under Lanham Act § 43(a) and Unfair**  
5 **Competition Under California Common Law**

6 CasperLabs moves to dismiss Zamfir’s claims for false association under Section  
7 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and unfair competition under California  
8 common law. (See Mot. at 6–11.) Section 43(a) of the Lanham Act prohibits the use of  
9 false designations of origin, false descriptions, and false representations in the advertising  
10 and sale of goods and services. See *Smith v. Montoro*, 648 F.2d 602, 603 (9th Cir. 1981).  
11 To survive a motion to dismiss on a claim for false designation of origin under Section  
12 43(a)(1)(A) and its corollary for unfair competition under California law, Zamfir must  
13 adequately allege the following five elements:

- 14 (1) defendant uses a designation (any word, term, name, device, or any  
15 combination thereof) or false designation of origin;
- 16 (2) the use was in interstate commerce;
- 17 (3) the use was in connection with goods or services;
- 18 (4) the designation or false designation is likely to cause confusion, mistake, or  
19 deception as to (a) the affiliation, connection, or association of defendant with  
20 another person[;] or (b) as to the origin, sponsorship, or approval of defendant’s  
21 goods, services, or commercial activities by another person; and
- 22 (5) the plaintiff has been or is likely to be damaged by these acts.

23 *United Tactical Sys., LLC v. Real Action Paintball, Inc.*, 143 F. Supp. 3d 982, 1015 (N.D.  
24 Cal. 2015).

25 In its prior Order, the Court dismissed without prejudice Zamfir’s false association  
26 and unfair competition claims. (See Order at 12–13.) The Court concluded that, although  
27 Zamfir “adequately allege[d] [in his First Amended Complaint] that CasperLabs’ use of  
28 the name ‘Casper’ ha[d] caused confusion and association with Zamfir—independent of

1 his work with CasperLabs,” Zamfir had not provided sufficient factual allegations to  
 2 support his alleged harm and, thus, had failed to meet all elements of the false association  
 3 standard. (*Id.*) As before, CasperLabs argues that Zamfir does not meet the last two  
 4 elements of the standard by failing “to establish, (1) any likelihood of confusion, or (2) any  
 5 actual or likely damages because of CasperLabs’ use of the Casper Name.” (*See Mot.* at  
 6 6.) The Court finds that the “likelihood of confusion” element is adequately pled in  
 7 Zamfir’s Second Amended Complaint. The Court agrees, however, with CasperLabs’  
 8 claim that Zamfir has failed to sufficiently allege he suffered a cognizable harm.

9 **A. False Association**

10 CasperLabs argues that Zamfir’s claims should be dismissed because: (1) Zamfir  
 11 does not allege that CasperLabs’ representations were false, and (2) the allegations of  
 12 confusion arise from Zamfir’s previous association with CasperLabs. (*See Mot.* at 10–11.)  
 13 The Court finds again, however, that Zamfir adequately alleges his false association claim.

14 The Second Amended Complaint provides additional facts not alleged in the First  
 15 Amended Complaint regarding the alleged false representations by CasperLabs, including  
 16 statements on CasperLabs’ website, stating that:

- 17 • “*The consensus protocol is built on Vlad Zamfir’s correct-by-construction (CBC)*  
 18 *Casper work.*”
- 19 • “*Casper is an open-source Proof-of-Stake blockchain network built off the CBC*  
 20 *(Correct-by-Construction) Casper specification originally established by early*  
 21 *Ethereum developers.*”
- 22 • “*Casper operates using a Proof-of-Stake consensus mechanism per the Highway*  
 23 *Protocol, which is a specification of Correct-by-Construction Casper (CBC*  
 24 *Casper).*”

25 (SAC ¶ 46 (emphasis in the original).)

26 First, CasperLabs’ argument that Zamfir has not provided facts to support false  
 27 designation fails. (*See Mot.* at 10–11.) The statements in the Second Amended Complaint  
 28 can be read to mean CasperLabs’ protocol not only parallels Zamfir’s CBC Casper

1 protocol, but also meets Zamfir’s standards for the CBC Casper Protocol. (*See* SAC ¶ 46.)  
2 Zamfir also specifically alleges that he has “no confidence that the products of CasperLabs  
3 will meet his technical standards in PoS economics or in distributed system performance  
4 and correct-by-construction design.” (*See id.* ¶ 77.) Any assertion that Zamfir’s CBC  
5 Casper is the process behind CasperLabs’ protocol would be false, as Zamfir does not  
6 believe the process implemented by CasperLabs follows CBC Casper specifications. (*See*  
7 *id.*)

8 Second, CasperLabs’ argument that the confusion arises from the prior relationship  
9 with Zamfir and not the use of the mark is also unpersuasive. (*See* Mot. at 10–11.) Zamfir  
10 provides several tweets that suggest public confusion due to CasperLabs’ use of the name  
11 “Casper” and not the prior relationship with CasperLabs. (*See* SAC ¶ 73.) In particular,  
12 Zamfir provides tweets stating that CasperLabs should try to “distinguish themselves and  
13 perhaps change their name[], it just confuses people” and that a consumer had seen emails  
14 from CoinList and wrote, “I am an example of how CasperLabs’ marketing material easily  
15 confused investors.” (*See id.*) In response, CasperLabs points to posts provided in the  
16 Second Amended Complaint that illustrate that the confusion some individuals have  
17 experienced was based on Zamfir’s prior relationship with CasperLabs and argues that if  
18 the confusion is based on their partnership rather than the use of the mark, then it is not  
19 actionable. (*See* Reply at 3; *see also* SAC ¶ 73.)

20 CasperLabs cites to two cases, both previously cited in their prior motion to dismiss,  
21 to support their argument. (*See* Mot. at 10.) For the same reasons discussed in the Court’s  
22 prior Order, (*see* ECF No. 50 at 10–13), both cases remain inapposite. *See Varsity News*  
23 *Network, Inc. v. Carty Web Strategies, Inc.*, No. CV 17-2574 PSG (EX), 2018 WL 6137189  
24 at \*4 (C.D. Cal. Feb. 13, 2018) (finding plaintiff failed to allege likelihood of confusion  
25 under the Lanham Act because allegations themselves tied confusion to prior relationship  
26 and not unauthorized use of mark); *Archi’s Acres, Inc. v. Whole Foods Market Serv., Inc.*,  
27 No. 19-CV-2478 JLS (MSB), 2021 WL 424286, at \*4 (S.D. Cal. Feb. 8, 2021) (dismissing  
28 plaintiff’s false association claim because article forming basis of claim did not mislead

1 consumers about plaintiffs’ and defendants’ association because article’s information was  
2 truthful). This case is unlike *Varsity News*, in which the plaintiff *did not* attribute the  
3 likelihood of confusion to the unauthorized use of their mark, because Zamfir specifically  
4 points to the use of the CASPER mark as the basis of confusion. *See* 2018 WL 6137189  
5 at \*4; (*see also* SAC ¶¶ 71–74). *Archi’s Acres* is also distinguishable because the article at  
6 issue in that case was both truthful and reflected the current partnership between the parties,  
7 meaning there was no possibility of confusion. *See* 2021 WL 424286, at \*4–5. Here, by  
8 contrast, Zamfir alleges that CasperLabs’ website’s use of the CASPER mark is misleading  
9 and does not comport with their prior agreements and communications. (*See e.g.*, SAC  
10 ¶ 59 (“Zamfir was not willing to compromise on his refusal to allow “Casper” to be used  
11 as a name for CasperLabs’ blockchain network.”).) It is clear from the Second Amended  
12 Complaint that the alleged confusion stems from the use of the mark and not the prior  
13 relationship. Thus, CasperLabs has not provided an appropriate basis for the Court to  
14 deviate from its prior ruling. The Court once again finds that Zamfir has adequately alleged  
15 a likelihood of confusion based on CasperLabs’ use of the CASPER mark.

### 16 **B. Damages**

17 The Court previously granted CasperLabs’ motion to dismiss Count 1 and Count 4  
18 because Zamfir failed to allege damages. (*See* Order at 12.) The Court reasoned that  
19 “Plaintiff points to no specific instance in which he had difficulty seeking funding as a  
20 result of the purported affiliation with Defendant, nor does he identify any present impact  
21 on the credibility of his research in anything other than generalized terms.” (*Id.*)

22 In the Second Amended Complaint, Zamfir describes his damages due to the false  
23 association as: (1) having trouble seeking funding from the Ethereum Foundation and other  
24 potential investors; (2) lessening of “the marketable value of his reputation and goodwill  
25 in the industry;” and (3) being forced to let go of contractors, and thereby delay the  
26 production of promised protocols under the Casper name.” (*See* SAC ¶¶ 91–97.) Zamfir  
27 adds two specific instances to his Second Amended Complaint where he had trouble  
28 seeking funding from the Ethereum Foundation because of industry confusion:

1 79. Upon information and belief, existing clients, including the Ethereum  
2 Foundation, forewent providing additional funding to Mr. Zamfir and  
3 CoorTech because of industry confusion caused by CasperLabs.

4 80. Upon information and belief, existing clients including the Ethereum  
5 Foundation forewent promoting Mr. Zamfir’s Casper products and services  
6 under the Casper name by minimizing references to Casper products and  
7 services on their roadmaps and documentation under the Casper name,  
8 because of industry confusion caused by CasperLabs.

9 (SAC ¶¶ 79–80.) CasperLabs argues that the Second Amended Complaint does not cure  
10 the defects in Zamfir’s First Amended Complaint because the only damages alleged by  
11 Zamfir are “conclusory labels . . . [in] generalized terms.” (Mot. at 7). The Court agrees.

12 The damage requirements under Section 43(a) are met when a plaintiff pleads “an  
13 injury to a commercial interest in sales or business reputation proximately caused by the  
14 defendant’s [conduct].” *See Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572  
15 U.S. 118, 140 (2014); *see also Jack Russell Terrier Network of N. Cal. v. Am. Kennel Club,*  
16 *Inc.*, 407 F.3d 1027, 1037 (9th Cir. 2005) (holding for “false association” damages “a  
17 plaintiff need only allege commercial injury based upon the deceptive use of a trademark  
18 or its equivalent”). And those allegations must be specific: “formulaic recitations” and  
19 “naked assertions” devoid of factual enhancement do not satisfy this obligation. *See Iqbal*,  
20 556 U.S. at 678; *Marco Bicego*, 2017 WL 2651985, at \*4 (dismissing claim where  
21 “[p]laintiffs do not allege how the [challenged action] caused any lost sales or damage to  
22 their brand”).

23 Here, Zamfir again fails to allege sufficient facts to proceed to discovery. Plaintiff’s  
24 allegations are generalized, identifying no specific instance in which he had difficulty  
25 seeking funding due to the purported association with Defendant or any present impact on  
26 the credibility of his research. Even considering the additional allegations in the Second  
27 Amended Complaint regarding Ethereum’s investments, Zamfir provides no facts as to the  
28 significance of the loss of investment or what funding the investors would have provided.  
Further, Zamfir fails to allege the impact of the lessened market value or goodwill in the

///

1 industry that he alleges CasperLabs’ use and registration of the mark has caused. (*See*  
2 *generally* SAC.)

3 Because Zamfir does not provide sufficient factual allegations to support his alleged  
4 harm, the Court **GRANTS** CasperLabs’ Motion to Dismiss Counts 1 and 4.

5 **II. Counts 2 and 3: Trademark Infringement Under 15 U.S.C. § 1125(a) and**  
6 **California Common Law.**

7 Zamfir asserts trademark infringement claims under both federal and state law. (*See*  
8 SAC ¶¶ 101–13.) The Court previously found that Zamfir sufficiently pled his trademark  
9 infringement claims in his First Amended Complaint because he alleged that he used the  
10 CASPER mark for his consulting services before CasperLabs, thus satisfying the “use in  
11 commerce” test. (*See* Order at 7). The Second Amended Complaint asserts the same facts  
12 as the First Amended Complaint, and CasperLabs’ arguments remain largely the same.  
13 The Court therefore reaffirms its prior ruling and **DENIES** CasperLabs’ Motion to Dismiss  
14 Counts 2 and 3. Because a considerable amount of briefing was devoted to these claims  
15 and to provide Parties with a clear record of the Court’s reasoning, however, the Court  
16 briefly addresses those arguments again.

17 “The Lanham Act grants trademark protection only to marks that are used to identify  
18 and to distinguish goods or services in commerce—which typically occurs when a mark is  
19 used in conjunction with the actual sale of goods or services.”<sup>4</sup> *Brookfield Commc’ns, Inc.*  
20 *v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1051 (9th Cir. 1999). “A party claiming mark  
21 ownership typically must be the first to use it “in the sale of good or services.” *Id.* at 1051.  
22 Mere invention of a mark does not confer ownership. *Id.* at 1047. Neither does mere  
23 preparation to use a mark. *Id.* at 1052. To confer ownership, “a party pursuing a trademark  
24 claim must meet a threshold ‘use in commerce’ requirement.” *Rearden LLC v. Rearden*  
25 *Commerce, Inc.*, 683 F.3d 1190, 1203 (9th Cir. 2012). Importantly, “evidence of actual  
26

---

27 <sup>4</sup> “The purpose of a trademark is to help consumers identify the source, but a mark cannot serve a  
28 source-identifying function if the public has never seen the mark and thus is not meritorious of trademark  
protection until it is used in public in a manner that creates an association among consumers between the  
mark and the mark’s owner.” *Brookfield Commc’ns*, 174 F.3d at 1051.



1 sales, or lack thereof, is not dispositive in determining whether a party has established ‘use  
2 in commerce.’” *Id.* at 1205.

3 A court therefore must examine the “totality of the circumstances” to determine  
4 whether a service mark falls within “the protection of the Lanham Act.” *See Chance v.*  
5 *Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159 (9th Cir. 2001). “The [totality of circumstance]  
6 approach turns on evidence showing first, adoption, and second, [u]se in a way sufficiently  
7 public to identify or distinguish the marked goods in an appropriate segment of the public  
8 mind.” *See Rearden*, 683 F.3d at 1205. In so doing, the court considers factors such as the  
9 “genuineness and commercial character of the activity, the determination of whether the  
10 mark was sufficiently public to identify or distinguish the marked service in an appropriate  
11 segment of the public mind as those of the holder of the mark, the scope of the non-sales  
12 activity relative to what would be a commercially reasonable attempt to market the service,  
13 the degree of ongoing activity of the holder to conduct the business using the mark, [and]  
14 the amount of business transacted.” *See Chance*, 242 F.3d at 1159. Since “non-sales  
15 activities such as solicitation of potential customers may be taken into account as part of  
16 the ‘totality of the circumstances’ inquiry, the initial sale of a service may not establish  
17 “prior use of the contested mark” based on the opponent’s “prior non-sales activities.” *See*  
18 *Rearden*, 683 F.3d at 1205–06. “[A] state law trademark infringement claim . . . is subject  
19 to the same legal standards as their Lanham Act trademark claim.” *Id.* at 1221; *see also*  
20 *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 632 (9th Cir. 2008).

21 As an initial matter, CasperLabs argues that Plaintiff’s “burden is higher when  
22 attacking a registered mark holder like CasperLabs, which is entitled to a rebuttable  
23 presumption of ownership.” (Mot. at 12 (citing *Levy v. Adidas AG*, No. 18-6542, 2020 WL  
24 1934977, at \*3 (C.D. Cal. Mar. 24, 2020)).) Although CasperLabs is correct that federal  
25 registration of the mark is prima facie evidence that the registrant is the owner of the mark,  
26 the non-registrant can rebut this presumption by showing that the registrant had not  
27 established valid ownership rights in the mark at the time of registration. *See Sengoku*  
28 *Works Ltd. v. RMC Int’l, Ltd.*, 96 F.3d 1217, 1220 (9th Cir.), *as modified*, 97 F.3d 1460

1 (9th Cir. 1996). “[I]n other words, if the non-registrant can show that he used the mark in  
2 commerce first, then the registration may be invalidated.” *Id.*

3 First, CasperLabs contends that Zamfir’s allegations “demonstrate that his  
4 consulting services were *about* Casper *but not called* ‘Casper,’ dooming his trademark-  
5 cancellation and infringement claims.” (*See* Mot. at 11 (emphasis in original).) In support  
6 of this argument, CasperLabs cites several cases standing for the proposition that services  
7 about a named product but not called by that name cannot support a service mark. (*See id.*  
8 at 12–14.)

9 As the Court has already explained, however, “[w]hether the service is called  
10 ‘Casper’ is not the question . . . . [T]he ‘real inquiry is whether the trademark was used in  
11 connection with a sale of goods or services.’” (*See* Order at 7 (quoting *Bosley Med. Inst.,*  
12 *Inc. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005)).) Zamfir did offer consulting services  
13 using the CASPER mark. (*See* SAC ¶ 31.) Zamfir alleges that he used the name “Casper”  
14 in connection with the “sale or advertising of consulting services,” namely, to “support the  
15 implementation of the Casper CBC protocol in commercial products and services offered  
16 in the United States.” (*See id.*) Each case provided by CasperLabs to support their  
17 argument demonstrate that a service mark must be used in commerce: (1) directly identify  
18 the specified service, and (2) “sufficiently public[ly] to identify or distinguish the marked  
19 goods in an appropriate segment of the public mind.” *See Rearden*, 683 F.3d at 1205; *see*  
20 *also Dep’t of Parks & Rec. v. Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1126 (9th Cir. 2006)  
21 (affirming denial of the plaintiff’s common law trademark rights where plaintiff provided  
22 no evidence showing that it adopted and commercially used the marks “to identify or  
23 distinguish” its services “in an appropriate segment of the public mind as activities  
24 conducted by the State”); *In re Moody’s Invs. Serv. Inc.*, 13 U.S.P.Q.2d 2043 (T.T.A.B.  
25 1989) (affirming denial of applicant’s registration where the mark was not associated with  
26 applicant’s financial services, but rather a symbol used to designate risk in their financial  
27 services, meaning applicant failed to show that “that [the mark was] used in such a manner  
28 that it would be readily perceived as identifying [applicant’s] services”); *In re Universal*

1 *Oil Prods. Co.*, 476 F.2d 653, 655 (C.C.P.A. 1973) (affirming denial of applicant’s  
2 registration where applicant only used the marks to identify certain processes used in their  
3 services and not to identify the engineering services for which registration was sought); *In*  
4 *re Nicklaus Cos.*, No. SERIAL 77511461, 2010 WL 2513869, at \*1 (June 4, 2010)  
5 (affirming denial of registrant’s registration, where “record d[id] not show the mark sought  
6 to be registered [was used in connection with] golf course design and consulting services,”  
7 but rather golf courses); *In re DSM Pharms.*, 87 U.S.P.Q.2d 1623, at \*1 (2008) (affirming  
8 denial of applicant’s registration where mark was used in applicant’s brochure to refer only  
9 to specific software and not to service for which applicant sought registration).

10 The Second Amended Complaint alleges that Zamfir named his formal specification  
11 for a consensus protocol CBC Casper, which is currently known and referred to throughout  
12 the industry and consuming public as “Casper.” (See SAC ¶ 20.) “Since at least 2015, and  
13 continuously through present day, [Zamfir] has provided blockchain technology consulting  
14 services using the Casper trademark in the United States.” (See *id.* ¶ 31.) Further, Zamfir  
15 used the CASPER mark in commerce in connection with distributing downloadable Casper  
16 CBC software and specifications under opensource licensing agreements in the United  
17 States. (See *id.* ¶ 26.) Zamfir has also marketed his CBC Casper development and  
18 consulting services using the Casper trademark in connection with seminars, conferences,  
19 workshops, and lectures on blockchain research in the United States. (See *id.* ¶ 33.) This  
20 is not a case where the trademark bears “no reference to, or association with” the consulting  
21 service at issue; rather, Zamfir’s use of CASPER is in direct connection to the service he  
22 is providing. See *In re DSM Pharms.*, 87 U.S.P.Q.2d, at \*1. The CASPER mark is not  
23 merely incidental to Zamfir’s service, but rather, the core identifier of his service. (See  
24 SAC ¶¶ 21–49.)

25 Second, CasperLabs argues that the prototypes published by Zamfir are evidence of  
26 mere preparation for using the mark rather than actual usage of the mark. (See Mot. at 10.)  
27 This argument is weakened by the implementation of Zamfir’s protocol as a consensus  
28 mechanism in a blockchain platform named RChain, thus establishing that the protocol is

1 not a stale process, but one actually used in the marketplace. (*See* SAC ¶¶ 31–32.) In any  
 2 event, Zamfir’s prototypes—and the fact that there is no evidence of any downloads of the  
 3 prototypes—are irrelevant to the Court’s analysis. (*See* Mot. 15–16; SAC ¶¶ 26–29.) The  
 4 Court finds that Zamfir used the Casper mark in commerce in the open source and  
 5 blockchain communities prior to CasperLabs, sufficiently establishing “use in commerce”  
 6 in the industry.

7 CasperLabs cites to several cases finding that the plaintiffs use of the contested mark  
 8 was too minimal to justify “use of commerce.” (*See* Mot. at 15 (citing *Brookfield*, 174 F.3d  
 9 at 1051, 1052; *Levy*, 2020 WL 1934977, at \*4; *Lucent Info. Mgmt., Inc. v. Lucent Techs.,*  
 10 *Inc.*, 186 F.3d 311, 317 (3d Cir. 1999); *Windows User, Inc. v. Reed Business Pub. Ltd.*, 795  
 11 F. Supp. 103, 109 (S.D.N.Y. 1992); *Future Domain Corp. v. Trantor Sys. Ltd.*, No. 93-812,  
 12 1993 WL 270522, at \*4–5 (N.D. Cal. May 3, 1993); *Ghomeshi v. StrongVolt, Inc.*, 851 F.  
 13 App’x 193, 199–200 (Fed. Cir. 2021); *Nexsan Techs., Inc. v. EMC Corp.*, 260 F. Supp. 3d  
 14 68, 76 (D. Mass. 2017). That, however, is not the case here. Zamfir has come to be  
 15 associated with the term Casper and uses the mark in his consulting services and  
 16 implementations of his protocol. (*See* SAC ¶¶ 21–49.) Zamfir provides many examples  
 17 to demonstrate that the CASPER mark was used extensively to promote and implement his  
 18 protocol. (*See id.*) Therefore, the Court **DENIES** CasperLabs’ motion to dismiss Counts  
 19 2 and 3.

### 20 **III. Counts 5 and 6: Cancellation of CasperLabs’ Trademarks**

21 Zamfir’s Second Amended Complaint requests cancellation of two of CasperLabs’  
 22 trademarks of the CASPER mark, U.S. Trademark Registration Nos. 6202402 and  
 23 6131157, under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). (*See* SAC  
 24 ¶¶ 118–31.) Zamfir’s First Amended Complaint also sought cancellation of CasperLabs’  
 25 trademark registrations based on CasperLabs’ use in commerce of the Casper name falsely  
 26 suggesting a connection with Zamfir in violation of Section 2(a) of the Lanham Act, 15  
 27 U.S.C. § 1052(a). (*See generally* ECF No. 34.) Because CasperLabs’ prior motion to  
 28 dismiss was limited to Section 2(a), (*see generally* ECF No. 37), so was the Court’s prior

1 Order dismissing Counts 5 and 6 of the First Amended Complaint. (*See generally* Order.)  
2 Here, the Court finds that Zamfir’s cancellation claims are adequately pled under Section  
3 2(d) of the Lanham Act.

4 Under Section 2(d) of the Lanham Act, the test for trademark registration uses the  
5 same “likelihood of confusion” standard as the test for trademark infringement. *Tillamook*  
6 *Country Smoker, Inc. v. Tillamook Cty. Creamery Ass’n*, 465 F.3d 1102, 1111 (9th Cir.  
7 2006); *see also B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 144 (2015). The  
8 Court has the authority to cancel CasperLabs’ trademark registrations on “‘any ground that  
9 would have prevented registration in the first place . . . ,’ including that there exists a  
10 ‘likelihood of confusion between the mark sought to be canceled and a mark for which the  
11 party seeking cancellation can establish either prior use or prior registration.’”<sup>5</sup> *Pinkette*  
12 *Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1021 (9th Cir. 2018); *see also* 15  
13 U.S.C. § 1052(d). Zamfir has adequately alleged that a likelihood of confusion exists, *see*  
14 *supra* Section I.A, and thus his trademark cancellation claims survive CasperLabs’ Motion.

15 CasperLabs raises two additional arguments that the Court addresses briefly. First,  
16 CasperLabs argues that Zamfir cannot allege ownership of a source-identifying trademark  
17 while simultaneously alleging that Buterin used the CASPER mark to represent his  
18 research. (*See* Mot. at 17.) CasperLabs, however, misquotes the Second Amended  
19 Complaint in stating that Buterin “has also used the name ‘Casper’ for that research.” (*See*  
20 *id.* (purportedly quoting SAC ¶ 16).) In actuality, the Second Amended Complaint alleges  
21 that “the other lead researcher associated with Casper is Vitalik Buterin, founder of  
22 Ethereum.” (*See* SAC ¶ 16.) In fact, rather than indicating that Buterin uses the Casper  
23 name to promote his services, Zamfir alleges that Buterin’s protocol is separate from  
24 Zamfir’s research and is marketed under the name “Ethereum 2.0,” not “Casper.” (*See id.*  
25 ¶ 20.) Second, CasperLabs argues that the alleged plan for it to register CASPER assumes  
26

---

27 <sup>5</sup> Petitions for cancellation are typically heard by the Trademark Trial and Appeal Board; but where, as here,  
28 an action brought in federal court involves a registered mark, the district court may order cancellation of the  
registration. *See* 15 U.S.C. § 1119.

1 that CasperLabs owned the mark in the first place, as only an owner can register a mark  
 2 and only on its own behalf. (*See* Mot. at 17.) Zamfir, however, contests CasperLabs’  
 3 ownership of the mark. (*See generally* SAC.) Therefore, the Court **DENIES** CasperLabs’  
 4 motion to dismiss Count 5 and 6.

5 **IV. Count 7: Fraud by Intentional Misrepresentation Under California Civil Code**  
 6 **§§ 1709 and 1710**

7 Plaintiff alleges intentional misrepresentation based on the following two statements  
 8 from a communication from Scott Walker on July 10, 2019: (1) “Varun is leading the  
 9 follow up on trying to get ‘Casper’ trademark set up and done for CoorTech,” and  
 10 (2) “Casper is going to be very tough to trademark for numerous reasons.” (*See* SAC  
 11 ¶¶ 60–66; 132–44.) CasperLabs argues that Zamfir lacks standing and fails to plead  
 12 multiple elements of a fraud claim with the particularity required by Federal Rule of Civil  
 13 Procedure 9(b), namely: falsity, knowledge or intent, reliance, and damages. (*See* Mot. at  
 14 19.) The Court finds that Zamfir does not provide sufficient factual allegations to support  
 15 his alleged harm and his claim therefore fails to meet Rule 9(b)’s heightened standard.

16 **A. Zamfir’s Standing**

17 CasperLabs argues that Zamfir lacks standing because CasperLabs promised to  
 18 register the “Casper” mark for CoorTech rather than for Zamfir himself. (*See* Mot. at 19.)  
 19 Further, CasperLabs argues that CoorTech is a separate legal entity that is not a party to  
 20 this action and Zamfir does not have standing to sue on CoorTech’s behalf. (*Id.*)

21 However, “the mere presence of an injury to [a] corporation does not . . . negate the  
 22 simultaneous presence of an individual injury.” *Van Steenwyk v. Van Steenwyk*, No.  
 23 220CV02375FLAAFMX, 2021 WL 4815212, at \*5 (C.D. Cal. Mar. 23, 2021) (citation  
 24 omitted). For example, in *Sutter v. General Petroleum Corp.*, the California Supreme  
 25 Court rejected an argument that the plaintiff lacked standing merely because his company  
 26 was also injured, explaining that “[i]f the injury is one to the plaintiff as a stockholder and  
 27 to him individually . . . [, such as] on a fraud affecting him directly, it is an individual  
 28 action.” *See* 28 Cal. 2d 525, 530 (1946). Here, as in *Sutter*, Zamfir alleges CasperLabs’



1 fraudulent conduct directly and individually injured him. (*See* SAC ¶ 49.) CasperLabs’  
2 promises of a trademark registration resulted in Zamfir not registering the CASPER mark  
3 himself, resulting in confusion in the marketplace and damage to Zamfir’s personal  
4 research and development in the Blockchain ecosystem. (*See id.* ¶¶ 49, 62, 72.) Based on  
5 these allegations, Zamfir has standing. (*See, e.g., id.* ¶ 49 (“There has been irreparable  
6 harm and damage to the Casper name and to Mr. Zamfir’s and the broader blockchain  
7 research ecosystem due to CasperLabs’ misappropriation and misuse of the Casper  
8 name.”); *id.* ¶ 72 (“Mr. Zamfir’s name has already been associated with CasperLabs in a  
9 way that has been harmful to his reputation . . . [where people] are given a false impression  
10 that Mr. Zamfir’s research is being financed by some relationship with CasperLabs.”).)

11 Zamfir has sufficiently alleged that his harm is independent of any harm to  
12 CoorTech; however, for the same reasons discussed above, *see supra* Section I.B, Zamfir  
13 does not provide sufficient factual allegations to support his alleged harm.

14 ***B. Zamfir Fails to Plead the Elements of Fraud with Particularity***

15 For claims based on fraud, Rule 9(b) applies and imposes a heightened pleading  
16 standard. *See Davidson v. Kimberly-Clark Corp.*, 889 F.3d 956, 964 (9th Cir. 2018).  
17 Under Rule 9(b), a plaintiff must state with “particularity the circumstances constituting  
18 the fraud or mistake.” Fed. R. Civ. P. 9(b). Thus, a plaintiff must state the “who, what,  
19 when, where, and how’ of the misconduct charged.” *Vess v. Ciba-Geigy Corp. USA*, 317  
20 F.3d 1097, 1106 (9th Cir. 2003) (citation omitted). The plaintiff must also state “what is  
21 false or misleading about the purportedly fraudulent statement, and why it is false.”  
22 *Davidson*, 889 F.3d at 964 (citations omitted). Under Rule 9(b), knowledge may be  
23 “pleaded generally,” such allegations are sufficient if they “set out sufficient factual matter  
24 from which a defendant’s knowledge . . . might reasonably be inferred.” *United States ex*  
25 *rel. Silingo v. WellPoint, Inc.*, 904 F.3d 667, 679–80 (9th Cir. 2018); *see also Iqbal*, 556  
26 U.S. at 686 (“Rule 9 . . . excuses a party from pleading . . . intent under an elevated pleading  
27 standard.”). As the Ninth Circuit has recognized, “[w]hen a complaint alleges with  
28 particularity the circumstances constituting fraud, as required by [Rule 9(b)], then generally

1 it will also have set forth facts from which an inference of scienter could be drawn[.]”  
 2 *Cooper v. Pickett*, 137 F. 3d 616, 628 (9th Cir. 1997).

3 Here, since Plaintiff’s claims are rooted in fraud, Rule 9(b) applies. CasperLabs  
 4 argues that Zamfir fails to plead with the required specificity (1) that CasperLabs’  
 5 statements were false when made, (2) Zamfir’s reliance on those statements, and  
 6 (3) resulting damages. (*See Mot. at 20–21.*) Based on the factual allegations in the  
 7 Complaint, the Court agrees that Plaintiff fails sufficiently to allege resulting damages from  
 8 the alleged fraud, thereby falling short of the heightened Rule 9(b) standard.

9 *1. Misrepresentation and Knowledge of Misrepresentation*

10 To state a claim for intentional misrepresentation, the complaint must allege facts  
 11 showing that the challenged statement was made with actual knowledge of falsity. *See*  
 12 *Madden v. Independence Bank*, 771 F. Supp. 1506, 1509 (C.D. Cal. 1991.) At the motion  
 13 to dismiss stage of litigation, under Rule 9(b), knowledge may be “pleaded generally” and  
 14 such allegations suffice if they “set out sufficient factual matter from which a defendant’s  
 15 knowledge . . . might reasonably be inferred.” *See Anita Silingo*, 904 F.3d at 679–80.

16 The fraud allegation reads as follows:

17 On [] July 10th, 2019, following further discussion, [then Managing Director  
 18 of CasperLabs] Mr. Walker represented to [Plaintiff’s agent and consultant]  
 19 Mr. Daliana on the same communication chain, that Defendant would try to  
 20 get the Casper trademark “set up and done for CoorTech.” Specifically,  
 21 Mr. Walker said that “Varun”, referring to Varun Gupta[,] CasperLabs’  
 22 General Counsel, was leading the efforts to secure the CASPER trademark for  
 CoorTech, Zamfir’s company, although he cautioned that “Casper is going to  
 be very tough to trademark for numerous reasons.”

23 (SAC ¶ 61.) CasperLabs argues that Zamfir has not alleged facts suggesting that Walker  
 24 knew that CasperLabs would not trademark the CASPER mark for CoorTech or that it was  
 25 even possible for CasperLabs to do so. (*See Mot. at 21.*)

26 As to Walker’s knowledge, however, Zamfir need only allege such knowledge  
 27 “generally” under Rule 9(b). *See Anita Silingo*, 904 F.3d at 679–80; (*see also* SAC ¶¶ 61,  
 28 63–68, 134–38.) Here, CasperLabs affirmatively represented that they would try to register

1 Zamfir’s mark. (See SAC ¶ 61.) On August 20, 2019, Gupta, CasperLabs’ general counsel,  
 2 deferred to another member of the team when asked about the status of Zamfir’s trademark  
 3 application, stating that “Steven was handling.” (See *id.* ¶ 64.) Thereafter, on September 4,  
 4 2019, CasperLabs filed two trademark applications to register the CASPER mark in its  
 5 own name for services related to cryptocurrency. (See *id.* ¶ 66.) As of the date of the  
 6 Second Amended Complaint, CasperLabs had not assigned either U.S. Trademark  
 7 Registration to Zamfir or CoorTech. (See *id.* ¶ 70.)

8 Based on these facts, it is reasonable to assume that the general counsel for  
 9 CasperLabs had knowledge of the company’s trademark applications and potentially  
 10 withheld this information from Zamfir when Zamfir asked about the progress of the  
 11 trademark application CasperLabs represented it would be filing on his behalf.  
 12 Accordingly, Zamfir has “set out sufficient factual matter from which a defendant’s  
 13 knowledge . . . might reasonably be inferred.”<sup>6</sup> See *Anita Silingo*, 904 F.3d at 679–80.

## 14 2. Reliance

15 A fraud claim is subject to dismissal when a plaintiff fails to plead facts showing his  
 16 reliance. See *Oestreicher v. Alienware Corp.*, 544 F. Supp. 2d 964, 974 (N.D. Cal. 2008);  
 17 see also *Hearn v. R.J. Reynolds Tobacco Co.*, 279 F. Supp. 2d 1096, 1114–16 (D. Ariz.  
 18 2003). “[I]f the conduct of the complaining party in the light of his own intelligence and  
 19 information, or ready availability of information, was manifestly unreasonable, he will be  
 20 denied recovery.” *Kahn v. Lischner*, 128 Cal. App. 2d 480, 489 (1954); see also *Soliman*  
 21 *v. Phillip Morris, Inc.*, 311 F. 3d 966, 975 (9th Cir. 2002). However, “[e]xcept in the rare  
 22 case where the undisputed facts leave no room for a reasonable difference of opinion, the  
 23 question of whether a plaintiff’s reliance is reasonable is a question of fact.” *All. Mortg.*

24  
 25  
 26 <sup>6</sup> CasperLabs argues that the language Zamfir is referring to is only “puffery.” (See Mot. at 22.) To  
 27 assess whether a statement is puffery, courts look to whether “an allegedly misleading statement [is]  
 28 capable of objective verification.” See *Or. Pub. Emps. Ret. Fund v. Apollo Grp. Inc.*, 774 F.3d 598, 606  
 (9th Cir. 2014). For example, “puffing”—expressing an opinion rather than a knowingly false statement  
 of fact—is not misleading. *Id.* This is not the case here. The relevant statements from Gupta were not  
 merely sharing an opinion, but rather asserting that he would try to trademark Casper on Zamfir’s behalf.

1 *Co. v. Rothwell*, 10 Cal. 4th 1226, 1239 (1995). “Whether a party’s reliance was justified  
2 may be decided as a matter of law if reasonable minds can come to only one conclusion  
3 based on the facts.” *Id.* at 1239. Here, Zamfir’s claims are not unreasonable.

4 CasperLabs argues that Zamfir does not, and cannot, allege facts establishing that he  
5 justifiably relied on CasperLabs’ communications with him regarding the registration of  
6 the Casper mark. (*See Mot.* at 23.) The relevant allegation in Zamfir’s Second Amended  
7 Complaint, from a communication dated July 10, 2019, reads as follows:

8 Varun is leading the follow up on trying to get Casper trademark set up and  
9 done for CoorTech. He will be in touch with you[] via email so you (and of  
10 course Vlad) can see the real time updates on what they can and cannot do.  
(Casper is going to be very tough to trademark for numerous reasons).

11 (*See SAC* ¶ 61.) Zamfir alleges that he “relied upon Defendant’s representation that it  
12 would register the CASPER mark on his behalf and, as a consequence of those  
13 representations, did not separately seek registration of the CASPER mark.” (*See id.* ¶ 62.)  
14 Adding further support to Zamfir’s reliance, CasperLabs assured Zamfir “that [it] would  
15 not use the CASPER mark to refer to [its] blockchain and/or blockchain token.” (*See id.*  
16 ¶ 141.) Zamfir adequately alleges that he did not protect his intellectual property in  
17 reliance on CasperLabs’ statements and assurances that it would register the Casper mark  
18 under his or CoorTech’s name.

### 19 3. Damages

20 Zamfir alleges he was harmed because, in reliance of CasperLabs’  
21 misrepresentations, he “did not separately seek registration of the CASPER mark.” (*See*  
22 *SAC* ¶ 62.) CasperLabs argues that Zamfir’s fraud claim fails as he cannot plead resulting  
23 damages because: (1) the trademark assignment that Zamfir alleges CasperLabs promised  
24 him would have failed anyway as an invalid “assignment in gross;” and (2) Zamfir had no  
25 bona fide intent to use the mark in a way that could support his trademark registration or  
26 ownership, so he is in no different of a position than if CasperLabs had never made the  
27 alleged promise in the first place. (*See Motion* at 24–25); *see also* 15 U.S.C. §1051(b)  
28 (registration of mark under intent-to-use application requires bona fide intent to use); 15

1 U.S.C. §1060(a)(1) (registration of mark shall be assignable only with the goodwill of the  
2 business).

3 The Court does not find CasperLabs’ arguments to be persuasive.<sup>7</sup> However, as  
4 discussed above, Zamfir does not provide sufficient factual allegations to support his  
5 alleged harm from CasperLabs’ alleged wrongdoing. *See supra* Section I.B. Zamfir  
6 therefore has not adequately alleged damages, and the Court **GRANTS** CasperLabs’  
7 Motion to Dismiss Count 7.

8 **V. Count 8: Claim Under California’s Unfair Competition Law, Business and**  
9 **Professions Code § 17200**

10 Zamfir claims that CasperLabs violated the California’s Unfair Competition Law  
11 (“UCL”) by “using a false designation of origin under Section 43(a) of the Lanham Act,  
12 15 U.S.C. § 1125(a).” (*See* SAC ¶ 147.) CasperLabs argues that Zamfir fails to state a  
13 UCL claim because he does not plead any particular connection to California and fails to  
14 show he suffered any injury. (*See* Mot. at 17.) The Court agrees with both of CasperLabs’  
15 arguments.

16 The UCL provides a private cause of action for injunctive relief against any person  
17 who engages in unfair competition in California. *See* Cal. Bus. & Prof. Code § 17200. To  
18 bring a claim under the UCL, a plaintiff must “(1) establish a loss or deprivation of money  
19

---

20 <sup>7</sup> Indeed, CasperLabs admits that it is possible to assign a trademark application or registration if  
21 the applicant also assigns “the underlying business and products accompanying the mark.” (*See* Mot. at  
22 24–25 (discussing 15 U.S.C. §1060(a)(1)).) Even if an assignment of the associated goodwill was  
23 impossible, however, the claim is based on Zamfir’s reliance on CasperLabs’ statement that it would  
24 register or assign the trademark to Zamfir or CoorTech. (*See* SAC ¶ 61.) The resulting damage is that  
25 Zamfir was unable to register his CASPER mark. (*See id.* ¶ 62.) CasperLabs’ argument is especially  
26 questionable because its General Counsel Varun Gupta, a member of the California bar, asserted that the  
27 trademark would be registered and transferred, and that Steven Nerayoff, another attorney, was “handling”  
28 this registration. (*See id.*) Even if obtaining a trademark on Zamfir’s or CoorTech’s behalf would be  
invalid, it would be reasonable for Zamfir to expect that Gupta and Nerayoff would be privy to that  
information and would not promise a legal impossibility. Zamfir relied on the prior promises of  
registration from CasperLabs’ attorneys when deciding not to apply to register his mark. (*See id.* ¶ 64.)  
The argument that Zamfir has “no bona fide intent to use the mark that could support his trademark  
registration or ownership” also fails because, as explained above, *see supra* Section II, Zamfir’s  
allegations of “use of commerce” of the mark are sufficient at the pleading stage.

1 or property sufficient to qualify as injury in fact, i.e., economic injury[;] and (2) show that  
2 the economic injury was the result of, i.e., caused by, the unfair business practice or false  
3 advertising that is the gravamen of the claim.” *Kwikset Corp. v. Super. Ct.*, 51 Cal. 4th  
4 310, 322 (2011). A plaintiff must also establish that he has “personally suffered such  
5 harm.” *Id.* at 323. The economic injury must be an invasion of a legally protected interest  
6 which is “concrete and particularized” and “actual or imminent,” not “conjectural or  
7 hypothetical.” *Id.* at 322. “At the pleading stage, general factual allegations of injury  
8 resulting from the defendant's conduct may suffice.” *Id.* (citation omitted).

9 **A. UCL Standing**

10 “California law embodies a presumption against the extraterritorial application of its  
11 statutes.” *See Diamond Multimedia Sys., Inc. v. Super. Ct.*, 19 Cal. 4th 1036, 1060 n.20  
12 (1999). “With respect to the UCL specifically, section 17200 does not support claims by  
13 non-California residents where none of the alleged misconduct or injuries occurred in  
14 California.” *Churchill Vill., L.L.C. v. Gen. Elec. Co.*, 169 F. Supp. 2d 1119, 1126 (N.D.  
15 Cal. 2000), *aff’d*, 361 F.3d 566 (9th Cir. 2004.)

16 Zamfir, a Canadian resident, alleges “that CasperLabs’ principal place of business is  
17 in California and that it “conduct[ed] business” within California. (*See* SAC ¶ 11).  
18 Nonetheless, CasperLabs argues that Zamfir has failed to allege that any injury related to  
19 this action occurred in California. (*See* Mot. at 18.) Zamfir responds that an allegation  
20 that a corporate defendant and/or its principals reside and transact business in California is  
21 sufficient to establish UCL standing when the alleged misconduct is “reasonably likely to  
22 have come from or been approved by [the defendant’s] corporate headquarters in  
23 California[.]” *See, e.g., In re Mattel, Inc.*, 588 F. Supp. 2d 1111, 1119 (C.D. Cal. 2008)  
24 (non-California plaintiffs had standing under the UCL when they alleged  
25 misrepresentations that were “reasonably likely to have come from or been approved by  
26 [the defendant’s] corporate headquarters in California”). In *Parks v. Eastwood Insurance*  
27 *Services, Inc.*, for example, the plaintiff sufficiently alleged standing because defendant  
28 maintained its headquarters, and 23 of its 40 offices, in California, and its officers



1 “directed, authorized, ratified, and or/participated in the conduct that [gave] rise to the  
2 claims[.]” *See* 2002 WL 34370244, at \*2 (C.D. Cal. July 29, 2002).

3 Here, Zamfir sufficiently alleges that CasperLabs’ principal place of business is in  
4 California. (*See* SAC ¶¶ 7, 11.) Yet alleging CasperLabs’ principal place of business is  
5 not enough. Plaintiff also must allege conduct occurring in California to establish standing  
6 under UCL. *See e.g., Tidenberg v. Bidz.com, Inc.*, No. CV-08-5553-PSG-FMOX, 2009  
7 WL 605249, at \*4 (C.D. Cal. Mar. 4, 2009) (dismissing UCL cause of action because the  
8 mere presence of defendant’s principal place of business in California was insufficient to  
9 meet the “significant contact” with California standard and rejecting a presumption “that  
10 any false and misleading statements emanated from California” because the defendant’s  
11 principal place of business was in California). Here, Zamfir argues that “[CasperLabs]  
12 does not even attempt to argue—it could not truthfully do so—that it did not make the  
13 alleged statements, and engage in the alleged conduct, in California.” (*See* Opp’n at 17.)  
14 That may be true, but Plaintiff’s standing is based on the allegations in his operative  
15 pleadings. Without any allegations suggesting that Defendant’s alleged wrongdoing took  
16 place in California, the Court cannot conclude Zamfir adequately alleges standing for his  
17 UCL claim.

### 18 ***B. Damages***

19 To seek relief under the UCL, Zamfir must demonstrate that he “has suffered injury  
20 in fact and has lost money or property as a result of the unfair competition.” *See* Cal. Bus.  
21 & Prof. Code § 17204; *see also Kwikset Corp.*, 51 Cal. 4th at 322. “The ‘lost money or  
22 property’ requirement therefore requires a plaintiff to demonstrate ‘some form of economic  
23 injury’ as a result of [its] transactions with the defendant.” *Hinojos v. Kohl’s Corp.*, 718  
24 F.3d 1098, 1103–04 (9th Cir. 2013) (quoting *Kwikset*, 51 Cal. 4th at 323). CasperLabs  
25 argues that Zamfir’s allegations of unspecified harm to his reputation, “difficulties securing  
26 funding for further research,” and reduced “promotion” of his products and services do not  
27 meet this standard. (*See* Mot. at 18–19; *see also* SAC ¶¶ 72, 78, 80.)

28 ///

1 Numerous courts have held that the “[d]evaluation of . . . intellectual property or  
2 intangible business assets is sufficient to meet the injury requirements under § 17200.” *See*  
3 *Rise Basketball Skill Dev., LLC v. K Mart Corp.*, No. 16-cv-04895-WHO, 2017 WL  
4 2775030, at \*5 (N.D. Cal. June 27, 2017); *see also Millennium Dental Techs. Inc. v. Terry*,  
5 No. SACV180348DOCKESX, 2018 WL 5094965, at \*15 (C.D. Cal. July 16, 2018)  
6 (allegations of harm in the form of “lost sales, lost profits, lost market share, and harm to  
7 the goodwill associated with [the plaintiff’s] products and trademark” were sufficient to  
8 state claim under § 17200); *Storm Mfg. Grp. Inc. v. Weather Tec Corp.*, No. CV 12-10849  
9 CAS FFMX, 2013 WL 5352698, at \*7 (C.D. Cal. Sept. 23, 2013) (finding UCL standing  
10 requirement met by allegations that the defendants’ misstatements caused the plaintiff “to  
11 lose customers, damage[d] plaintiff’s goodwill, and diminish[ed] the value of plaintiff’s  
12 products”).

13 While Zamfir cites to a number of cases establishing that “lost sales, lost profits, lost  
14 market share, and harm to the goodwill associated with [the plaintiff’s] products and  
15 trademark” are sufficient to state claim under § 17200,” *see e.g. Millennium Dental Techs.*,  
16 2018 WL 5094965, at \*15, the Second Amended Complaint lacks any non-conclusory  
17 allegation that the value of the Casper’s service has decreased. (*See generally* SAC.)  
18 Although “the issue here is only the threshold matter of standing . . . [and] a specific  
19 measure of the amount of [the alleged] loss is not required,” some detail as to the general  
20 value of the alleged injury is still necessary to allege damages under a UCL claim. *See*  
21 *Hinojos*, 718 F.3d at 1105.

22 Zamfir has failed to properly allege UCL’s statutory standing requirements, and the  
23 Court therefore **GRANTS** CasperLabs’ Motion to Dismiss Count 8.

### 24 **CONCLUSION**

25 For the reasons set forth above, the Court **GRANTS IN PART AND DENIES IN**  
26 **PART** CasperLabs’ Motion to Dismiss. Specifically, the Court **DENIES** CasperLabs’  
27 Motion to Dismiss Zamfir’s second, third, fifth, and sixth causes of action and **GRANTS**  
28 **WITHOUT PREJUDICE** the Motion to Dismiss as to Zamfir’s first, fourth, seventh, and

1 eighth causes of action. Plaintiff **MAY FILE** an amended complaint curing the above-  
2 identified deficiencies within twenty-one (21) days of the electronic docketing of this  
3 Order. *Should Plaintiff decline to file a timely amended complaint, this action will proceed*  
4 *as to Plaintiff's surviving causes of action.*

5 **IT IS SO ORDERED.**

6 Dated: October 25, 2022

7 

8 Honorable Todd W. Robinson  
9 United States District Judge  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28