

The Honorable James L. Robart

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SOARING HELMET CORPORATION, a
Washington corporation,

Plaintiff,

v.

NANAL, INC., d/b/a LEATHERUP.COM, a
Nevada corporation,

Defendant.

No. C09-789-JLR

DEFENDANT NANAL, INC.'S
MOTIONS IN LIMINE

NOTE ON MOTION CALENDAR:
January 21, 2011

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1 Defendant Nanal, Inc. (“Nanal”) hereby makes the following motions in limine to
2 exclude: (1) evidence of damages not disclosed during discovery; (2) evidence of monetary
3 damages absent evidence of a causal connection between the alleged wrongful conduct and any
4 damage to Plaintiff Soaring Helmet Corporation (“Plaintiff”); (3) evidence of Plaintiff’s alleged
5 incidents of purported actual confusion; (4) any claim for injunctive relief; (5) evidence of or
6 reference to the business interests of Albert Bootesaz other than Nanal and its website,
7 LeatherUp.com; and (6) evidence of or relating to Plaintiff’s registration for the mark VEGA
8 TECHNICAL GEAR.

9 **I. EVIDENCE OF DAMAGES NOT DISCLOSED IN DISCOVERY SHOULD BE EXCLUDED.**

10 Rule 37 of the Federal Rules of Civil Procedure provides that:

11 [i]f a party fails to provide information or identify a witness as required by Rule
12 26(a) or (e), the party is not allowed to use that information or witness to supply
13 evidence on a motion, at a hearing, or at a trial, unless the failure was
14 substantially justified or is harmless.

15 FED. R. CIV. P. 37(c)(1). Rule 37(c)(1) is a broadening of the Court’s sanctioning power and is a
16 “self-executing,” “automatic” sanction. *Yeti By Molly Ltd. v. Deckers Outdoor Corp.*, 259
17 F.3d 1101, 1106 (9th Cir. 2001) (quoting FED. R. CIV. P. 37 advisory committee’s note (1993)).
18 The automatic sanction is intended to provide “a strong inducement for disclosure of material
19 that the disclosing party would expect to use as evidence, whether at a trial, at a hearing, or on a
20 motion, such as one under Rule 56.” FED. R. CIV. P. 37 advisory committee’s note (1993); *see*
21 *also Yeti*, 259 F.3d at 1106. The rule is also intended “to prevent the practice of ‘sandbagging’
22 an adversary with new evidence.” *Hewlett-Packard Co. v. Factory Mut. Ins. Co.*, No. 04 Civ.
23 2791 TPG/DF, 2006 WL 1788946, at *15 (S.D.N.Y. June 28, 2006). The Court may exclude
24 evidence under Rule 37(c)(1) even absent an explicit court order requiring disclosure or a
25 showing of bad faith or willfulness. *Yeti*, 259 F.3d at 1106. Although the evidence may still be
26 introduced if the failure to disclose is substantially justified or harmless, “the burden is on the
27 party facing sanctions to prove harmlessness.” *Yeti*, 259 F.3d at 1106-1107.

28 Pursuant to FED. R. CIV. P. 37, Nanal seeks to exclude evidence of damages not disclosed

1 in discovery, including but not limited to any computation of damages and the original Exhibit N
2 attached to the summary judgment declaration of Plaintiff's counsel (Docket No. 66-14) to the
3 extent Plaintiff intends to proffer that document at trial.

4 Rule 26(a)(1) requires, in relevant part, that a party provide in its initial disclosures:

5 a computation of each category of damages claimed by the disclosing party—who
6 must also make available for inspection and copying as under Rule 34 the
7 documents or other evidentiary material, unless privileged or protected from
disclosure, on which each computation is based, including materials bearing on
the nature and extent of injuries suffered[.]

8 FED. R. CIV. P. 26(a)(1)(A)(iii). *See also Hoffman v. Constr. Protective Servs.*, 541 F.3d 1175,
9 1179-1180 (9th Cir. 2008) (discussing Rule 26(a)(1)(A)(iii) in context of motion in limine to
10 exclude evidence of undisclosed damages under Rule 37). Rule 26(e)(1) further requires a party
11 to supplement or correct its disclosure or discovery response “in a timely manner if the party
12 learns that in some material respect the disclosure or response is incomplete or incorrect[.]” FED.
13 R. CIV. P. 26(e)(1)(A).

14 Here, Plaintiff's initial disclosures did not provide the computation of damages required
15 by Rule 26(a)(1) or identify specific documents relevant to such a computation:

16 **C. Computation of Damages.**

17 This suit is intended to recover damages suffered by Soaring Helmet for
18 the conduct set forth in the Complaint. As specified in its Complaint, if the
19 judgment is that a likelihood of confusion, mistake or deception exists, Soaring
20 Helmet seeks relief in the form of profits, enhancement of either of the foregoing,
21 costs and expenses, attorney's fees, a permanent injunction and the other relief set
22 forth in the Complaint.

23 The amount of Defendant's profits is information within the possession
24 and control of Defendant and has not yet been discovered, therefore, a
25 computation of this remedy is premature. Additionally, the extent of Soaring
26 Helmet's damages is currently unknown.

27 Documents and other evidentiary material bearing on the nature and extent
28 of injury to Soaring Helmet by reason of actions alleged in the Complaint will
either be produced or made available for inspection and copying after those
materials are discovered.

These initial computations are subject to continuing analysis and will be
revised or supplemented if and as necessary according to Rule 26(e) of the FRCP,
except for normal increases in past damages and claims of interest, all of which
should be assumed by the parties and which do not call for any specific
supplementation.

(Declaration of Stacia N. Lay in Support of Defendant Nanal, Inc.'s Motions in Limine (“Lay
Decl.”) ¶ 2, Exh. 1 at pp. 9-10.) Plaintiff never amended or supplemented its “Computation of

1 Damages” in its initial disclosures as required under Rule 26(e).

2 Nor did Plaintiff provide any specific computation of its damages in the course of
3 discovery notwithstanding discovery requests that asked Plaintiff to specifically identify the type
4 and computation of the damages Plaintiff sought on the claims alleged in its Second Amended
5 Complaint. Specifically, Nanal propounded the following two interrogatories:

6 INTERROGATORY NO. 19: Please set forth in detail each category of damage
7 Plaintiff claims to have incurred arising from the acts of Defendant complained of
8 in the Second Amended Complaint, including the computation of the amount of
9 damages Plaintiff claims to have incurred for each category.

10 INTERROGATORY NO. 20: Please state whether Plaintiff has lost sales by the
11 acts of Defendant complained of in the Second Amended Complaint, and, if so,
12 set forth in detail the computation of those lost sales.

13 (Lay Decl. ¶ 6, Exh. 5 at p. 70.) In supplemental responses¹ first received by email on August
14 26, 2010, Plaintiff gave the following identical response to both interrogatories:

15 Plaintiff has suffered damages arising out of the lost dealer in Michigan and lost
16 sales arising out of initial interest confusion. Damages **will be** calculated based
17 on either: i) the average amount of dealer purchases in Michigan; ii) the average
18 amount of dealer purchases nationwide; or iii) the amount of defendant’s profits.
19 The Lanham Act provides for the recovery of the defendant’s profits. See 15
20 U.S.C. §1117(a). Critically, a plaintiff does not need to show actual damage to
21 obtain an award reflecting the infringer’s profits. *Lindy Pen Co. v. Bic Pen Corp.*,
22 982 F.2d 1400, 1410-11 (9th Cir. 1993). Because proof of actual damage is often
23 difficult, a court may award damages based solely on defendant’s profits on a
24 theory of unjust enrichment. *Id.* at 1407.

25 (Lay Decl. ¶ 6, Exh. 5 at pp. 70-71 (bold emphasis added).)² Plaintiff never amended or
26 supplemented these responses to provide a damages calculation.

27 Plaintiff did produce some financial documents in discovery (such as the new Exhibit N
28 submitted by Plaintiff by means of a “praecipe”) but has never tied those documents to any

29 ¹ Plaintiff served supplemental interrogatory responses following a discovery conference of counsel initiated by
30 Nanal’s counsel that specifically addressed, in part, Plaintiff’s failure to provide adequate responses to these
31 interrogatories. (Lay Decl. ¶ 14, Exh. 13 at p. 151) Plaintiff’s initial response to Interrogatory No. 19 was similar,
32 although not identical, to that quoted above, and Plaintiff’s initial response to Interrogatory No. 20 was simply
33 “[s]ee answer to interrogatory number 19.” (Lay Decl. ¶ 4, Exh. 3 at p. 51.)

34 ² Nanal also propounded document requests to Plaintiff seeking information about Plaintiff’s alleged damages,
35 including most specifically Request for Production No. 27, which stated as follows: “Please produce copies of all
36 documents relating to, evidencing or supporting Plaintiff’s claims for damages in this Action, including Plaintiff’s
37 computation of the amount of damages.” (Lay Decl. ¶ 5, Exh. 4 at p. 61.) Other requests relating to Plaintiff’s
38 specific causes of action also sought documents relating to Plaintiff’s claim that it was damaged as alleged in the
39 Second Amended Complaint. (See, e.g., Lay Decl. ¶ 5, Exh. 4 at pp. 57-60 (RFP Nos. 4, 7, 20, 24).) In addition,
40 Nanal requested copies of all documents identified in Plaintiff’s interrogatory responses. (Lay Decl. ¶ 5, Exh. 4 at
41 p. 56 (RFP No. 1).)

1 computation of its alleged damages such as in responding to the interrogatories quoted above.
2 Instead, in opposition to Nanal’s motion for summary judgment, Plaintiff attached more than 31
3 pages of “spreadsheets” to its counsel’s declaration, claiming they were “true and correct copies
4 of the US and Michigan spreadsheets used to average the amount of the dealer purchases,”³ but
5 which were never produced during discovery. (Lay Decl. ¶ 12, Exh. 11 at p. 112.) Plaintiff
6 appears to concede that the spreadsheets attached as the original Exhibit N to Plaintiff’s
7 counsel’s summary judgment declaration were not produced in discovery by failing to dispute
8 that fact.⁴ (Lay Decl. ¶ 16, Exh. 15 at p. 179.)

9 In light of this unambiguous and unjustified failure to disclose specific damages evidence
10 in its initial disclosures or in response to interrogatories, Plaintiff should be precluded from
11 offering any computation of its alleged damages pursuant to Rule 37(c)(1). Nanal clearly is
12 entitled to know in advance of trial the specific damages Plaintiff claims and Plaintiff cannot
13 prove that its failure to disclose such information was harmless. *See, e.g., Hewlett-Packard*,
14 2006 WL 1788946, at *14 (“[E]arly disclosure of a party’s damages computation provide[s] [the]
15 opposing party with an early understanding of the basis and amount of any damages claim it is
16 facing, so that it may conduct meaningful discovery as to the underpinning of such a claim.”)
17 (internal quotation marks omitted). Even now, less than a month before trial, Plaintiff still has
18 not provided Nanal with a computation of its alleged damages. Plaintiff’s failure to provide a
19 computation of its damages before trial—despite an affirmative obligation to do so in its initial
20 disclosures and discovery responses—leaves Nanal unable to prepare a defense to evidence
21 relevant to an essential element of Plaintiff’s claims. *See, e.g., Estate of Gonzalez v. Hickman*,
22 No. ED CV 05-00660 MMM (RCx), 2007 WL 3237635, at *4-5 (C.D. Cal. June 28, 2007)

24 ³ It is not clear what Plaintiff meant by saying that the spreadsheets were “used” to average the amount of dealer
25 purchases as Plaintiff has never specified such averages to Nanal either in supplementation of its initial disclosures
26 or in response to the interrogatories quoted above and did not specify any averages in opposing Nanal’s summary
27 judgment motion which specifically raised the issue of Plaintiff’s lack of evidence of damages. Nor has Plaintiff
28 ever used those averages to compute damages and disclose that computation to Nanal. In any event, average
purchases from Soaring Helmet do not represent damages but rather revenues.

⁴ Plaintiff merely reiterated its assertion that the new Exhibit N contained “identical information, in a different
format” (Lay Decl. ¶ 16, Exh. 15 at p. 179), an assertion Nanal debunked (Lay Decl. ¶ 17, Exh. 16 at pp. 182-183).

1 (concluding that failure to disclose damages computation under Rule 26(a)(1)(C) sufficiently
2 prejudicial to warrant exclusion as it precluded defendants “from taking the necessary discovery
3 and obtaining an appropriate expert opinion”); *EEOC v. GLC Restaurants, Inc.*, No. CV05-618
4 PCT-DGC, 2007 WL 30269, at *9 (D. Ariz. Jan. 4, 2007) (stating that “[a]s a general matter,
5 disclosing a computation of damages under Rule 26(a) is necessary for the opposing party to
6 produce responding evidence, such as an expert report” and concluding that failure to disclose
7 damages computation was not harmless and precluding plaintiff from presenting any
8 computation of damages at trial); *Gilvin v. Fire*, No. 99-CV-530, 2002 WL 32170943, at *3
9 (D.D.C. Aug. 16, 2002) (precluding plaintiff from presenting evidence at trial of damages where
10 did not provide any computation of the alleged damages and noting that the failure was
11 “particularly significant in light of the fact that less than seven weeks remain before trial”);
12 *Colombini v. Members of the Bd. of Dirs. of the Empire College Sch. of Law*, No.
13 C9704500CRB, 2001 WL 1006785, at *8 (N.D. Cal. Aug. 17, 2001) (“[P]laintiff’s failure to
14 provide any information whatsoever about the computation of his damages is harmful to the
15 defendants, as they have no way to defend against the plaintiff’s damages claims.”), *aff’d*, 61
16 Fed. Appx. 387 (9th Cir. 2003).

17 Nor is there any substantial justification for Plaintiff’s failure to disclose. Any evidence
18 about Plaintiff’s own damages are solely within Plaintiff’s control and could have been disclosed
19 at any time. To the extent Plaintiff continues to claim Nanal’s profits—despite a lack of legal
20 entitlement⁵—that evidence too is in Plaintiff’s possession.⁶ Similarly, Plaintiff cannot blame
21 Nanal for Plaintiff’s failure to disclose its damages computation by arguing that Nanal was
22 required to depose Plaintiff’s witnesses to obtain the damages computation. Plaintiff had an
23 affirmative obligation to provide a damages computation in its initial disclosures, to respond
24

25 ⁵ Where, as here, Plaintiff seeks an award of defendant’s profits under a theory of unjust enrichment (as opposed to
26 as an alternate measure of Plaintiff’s damages), Plaintiff is required to, but cannot, prove willful infringement.
Adray v. Adry-Mart, Inc., 76 F.3d 984, 988 (9th Cir. 1995).

27 ⁶ Plaintiff may resurrect its argument that Nanal did not provide evidence of deductions from Nanal’s profits.
28 Although Nanal does not agree with Plaintiff’s argument, even assuming it was accurate that has nothing to do with
Plaintiff’s ability to state the amount of Nanal’s profits that Plaintiff claims.

1 fully and completely to Nanal's interrogatories and to supplement those disclosures and
2 responses to the extent they were incomplete or incorrect. *See* FED. R. CIV. P. 26(a)(1)(A)(iii),
3 26(e)(1)(A). Nanal should not be blamed for Plaintiff's disregard of its obligations.
4 Additionally, Nanal is not required to conduct discovery in the manner and using the methods
5 that Plaintiff prefers particularly when depositions are generally ill-suited to obtaining damages
6 computations. The Court also is not required to make any finding of willfulness or bad faith to
7 exclude Plaintiff's damages evidence, even though such a finding would not be inappropriate
8 given Plaintiff's blatant failure to disclose its damages computation even now with trial less than
9 a month away. *See Hoffman*, 541 F.3d at 1180 (affirming exclusion of undisclosed evidence of
10 damages and "reject[ing] the notion that the district court was required to make a finding of
11 willfulness or bad faith to exclude the damages evidence").

12 As a result, Nanal requests that Plaintiff be precluded from offering any damages
13 computation, including any evidence supporting such a computation, at trial. Further, to the
14 extent Plaintiff intends to offer the original Exhibit N to the summary judgment declaration of
15 Plaintiff's counsel at trial, Nanal requests that Plaintiff be precluded from doing so.

16 **II. ABSENT EVIDENCE OF A CAUSAL CONNECTION, PLAINTIFF SHOULD BE
17 PRECLUDED FROM RECOVERING MONETARY DAMAGES.**

18 Plaintiff's Second Amended Complaint alleges two "wrongs" that must be considered
19 separately both for purposes of liability and damages: (1) use of the keyword term "vega" in the
20 Google AdWords advertisement;⁷ and (2) use of the word "vega" in the descriptive sentence,
21 "Xelement Extreme Vega Black and Gray Tri-Tex™ Fabric Jacket with Breathable 3 Way
22 Lining with Level-3 Advanced Armor by Xelement" (Lay Decl. ¶ 3, Exh. 2 at p. 48). In light of
23 Plaintiff's failure to disclose any damages computation as discussed above, Plaintiff has also
24 failed to adduce any evidence that it has suffered any injury caused by Nanal's alleged use of the

25 ⁷ The Google AdWords advertisement at issue appeared as follows as a "Sponsored Link:"

26 50% Off Vega Helmets
27 www.LeatherUp.com Half face, full face helmets from \$29.95,
28 Top Brands HJC, Shoei, Bell

(Lay Decl. ¶ 3, Exh. 2 at p. 34.) The advertisement made no reference to motorcycle jackets.

1 word “vega” in these two instances. As a result, the Court should preclude Plaintiff from
2 claiming monetary damages in light of the lack of any proof demonstrating that Plaintiff suffered
3 any injury whatsoever that was caused by these two alleged wrongs.

4 To be entitled to monetary recovery for trademark infringement or unfair competition,
5 Plaintiff must show “actual business damages and losses” or its “loss of profits” both of which
6 must be “caused by the wrong.” *Kelley Blue Book v. Car-Smarts, Inc.*, 802 F. Supp. 278, 292
7 (C.D. Cal. 1992). *See also Societe Civile Succession Richard Guino v. Beseder Inc.*, No. CV 03-
8 1310-PHX-MHM, 2007 WL 3238703, at *4 (D. Ariz. Oct. 31, 2007) (“[E]vidence of some
9 damage or harm to a Lanham Act plaintiff is still required to justify [a damages] award.”), *aff’d*,
10 305 Fed. Appx. 334 (9th Cir. 2008); *Lindy Pen Co. v. Bic Pen Corp.*, 14 U.S.P.Q.2d 1528, 1531
11 (C.D. Cal. 1989) (to recover damages, “plaintiff must prove both the fact and amount of
12 damages,” a two-pronged test intended to ensure “that the defendant does not retain the fruits of
13 his unauthorized use while preventing the plaintiff from reaping a windfall”), *aff’d*, 982 F.2d
14 1400 (9th Cir. 1993). In addition, “[b]ecause damages benefit only plaintiffs and not consumers
15 at large, courts require a heightened level of proof of injury to recover damages.” *Taylor Made*
16 *Golf Co. v. Carsten Sports, Ltd.*, 175 F.R.D. 658, 661-662 (S.D. Cal. 1997). “[I]f the record in
17 the district court contains no evidence of actual damage or actual profit in dollars and cents, no
18 monetary award may be made and the trademark owner must be content with injunctive relief.”
19 *Taylor Made*, 175 F.R.D. at 662 (quoting *Caesars World, Inc. v. Venus Lounge, Inc.*, 520 F.2d
20 269, 274 (3d Cir. 1975)). Although courts may require a lower burden of proof needed to show
21 the exact amount of damages, “the plaintiff may not recover if he fails to prove that the
22 defendant’s actions caused the claimed harm.” *Harper House, Inc. v. Thomas Nelson, Inc.*, 889
23 F.2d 197, 209 (9th Cir. 1989) (quoting *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d
24 738, 745 (7th Cir. 1985)).

25 Here, Plaintiff has no proof of either the fact or the amount of its alleged damages with
26 respect to either of the two separate “wrongs” alleged in Plaintiff’s Second Amended Complaint.

27 As to the alleged use of the keyword “vega” in connection with the Google AdWords
28

1 program, Plaintiff has alleged that a single retailer in Michigan, Holiday Powersports, refused to
2 become an authorized dealer of Plaintiff's VEGA helmets after conducting a Google search. But
3 Plaintiff has never proffered evidence from the retailer that its alleged decision was in fact
4 specifically caused by viewing Nanal's advertisement (as opposed to the number of other ads for
5 cheap helmets appearing on the search results page (*see* Lay Decl. ¶ 3, Exh. 2 at p. 34)) or
6 evidence about the amount of sales the retailer represented to Plaintiff. Instead, Plaintiff has
7 stated that its damages with respect to Nanal's Google AdWords advertisement "will be"
8 calculated based on "the average amount of dealer purchases in Michigan" or "the average
9 amount of dealer purchases nationwide." (Lay Decl. ¶ 6, Exh. 5 at pp. 70-71.) But not only has
10 Plaintiff never disclosed either calculation of its purported damages (including appropriate
11 deductions for costs and expenses) but has also never established that such an averaging of
12 dealer purchases from Plaintiff either in Michigan or in the United States as a whole is an
13 appropriate measure of its damages for the alleged loss of a single retailer in Michigan about
14 which Plaintiff has offered no specific evidence.⁸ The existence of the spreadsheets purportedly
15 reflecting all of the dealer purchases in the United States and Michigan—whichever version of
16 the spreadsheets containing different information Plaintiff proffers—does not change the lack of
17 evidence of Plaintiff's damages causally related to the two separate wrongs Plaintiff has alleged
18 in this case. At most, by Plaintiff's own description, the spreadsheets represent figures from
19 which Soaring Helmet's total national or Michigan gross revenues or average dealer purchases
20 from Soaring Helmet could be computed. But they do not represent any losses or lost profits or
21 provide the elements from which such damages could be computed.

22 And with respect to the alleged use of the description "Xelement Extreme Vega Black
23 and Gray Tri-Tex™ Fabric Jacket with Breathable 3 Way Lining with Level-3 Advanced Armor

24 ⁸ At best Plaintiff's "evidence" of damages with respect to Nanal's Google AdWords advertisement consists solely
25 of the small number of sales resulting from the "clicks" Nanal received during the brief period of time in which the
26 ad appeared. (*See* Lay Decl. ¶ 21, Exh. 20 at pp. 203, 208-209.) But even with that "evidence," Plaintiff cannot
27 establish that the sales resulted from viewing the word "Vega" in the advertisement as opposed to the other third-
28 party brands of helmets specifically named in the ad including HJC, Shoeni and Bell, which were among the brands
of helmets ultimately sold to the users who "clicked through" to Nanal's website. (Lay Decl. ¶ 3, Exh. 2 at p. 34,
¶ 21, Exh. 20 at pp. 208-209.) As a result, even that "evidence" of alleged damages should be excluded.

1 by Xelement” (Lay Decl. ¶ 3, Exh. 2 at p. 48), Plaintiff has never identified any injury
2 whatsoever resulting from the description or even any suggested calculation of any unspecified
3 damages resulting from the description.

4 In light of this complete absence of evidence establishing any injury causally related to
5 the two alleged wrongs, Plaintiff’s claim for monetary relief is nothing more than the rankest
6 speculation and any such claim should therefore be precluded. *See Truong Giang Corp. v.*
7 *Twinstar Tea Corp.*, No. C 06-03594 JSW, 2007 WL 1545173, at *13 (N.D. Cal. May 29, 2007)
8 (“[M]onetary damages cannot be merely speculative or punitive; they can only be issued for
9 actual injury caused.”); *Colombini*, 2001 WL 1006785, at *8 (after concluding that plaintiff
10 would be precluded from introducing evidence at trial about damages computation under Rule
11 37(c)(1), finding that “[w]ith no evidence that the plaintiff was damaged by the defendants’
12 alleged [conduct] and no evidence regarding the extent of those damages, no reasonable jury
13 could find that [plaintiff] was damaged”).

14 **III. PLAINTIFF’S EVIDENCE OF PURPORTED ACTUAL CONFUSION SHOULD**
15 **BE EXCLUDED.**

16 In response to an interrogatory requesting that Plaintiff describe with specificity all
17 incidents of actual confusion it claimed resulted from the alleged use of Plaintiff’s VEGA mark
18 in the two ways described above (*see supra* p. 6), Plaintiff identified only two incidents:

19 In approximately April 2009, a potential dealer of Plaintiff’s products, Jim Squire
20 of Holiday Powersports in Michigan Center, Michigan, refused to do business
21 with Plaintiff after it performed a search of Plaintiff’s VEGA mark on the Google
22 search engine. The results of the dealer’s Google search triggered an
23 advertisement for Defendant, falsely stating that Defendant offered “50% off
24 VEGA helmets.” Holiday Powersports refused to become an authorized dealer of
25 Plaintiff’s products because they mistakenly believed that Plaintiff sold its
26 products to “deep discount” online retailers. The contact information for Jim
27 Squire is as follows: 4501 Page Avenue, Michigan Center, Michigan, 49254,
28 (517) 764-3600. Further, in approximately December 2009, one of Plaintiff’s
sales representatives, Joy Loga, spoke on the telephone with Plaintiff regarding a
product offered for sale on Defendant’s Leatherup.com website. The product on
Defendant’s website was a motorcycle jacket sold under the designation,
“Xelement Extreme Vega.” The representative inquired as to whether Plaintiff
was the manufacturer of the jacket.

1 (Lay Decl. ¶ 6, Exh. 5 at pp. 66-67.)⁹ Although Plaintiff never amended or supplemented its
2 interrogatory response, for the first time in opposition to Nanal’s summary judgment motion
3 Plaintiff identified two new individuals—Ed and Jim Machnik—who purportedly were involved
4 in the alleged incident involving Holiday Powersports but who had never been identified in
5 Plaintiff’s initial disclosures or interrogatory responses.¹⁰ (Lay Decl. ¶ 9, Exh. 8 at pp. 93-94,
6 ¶ 11, Exh. 10 at pp. 105-106.) Similarly, for the first time in opposition to summary judgment,
7 Plaintiff claimed that one of its “top dealers”—who Plaintiff has never identified—purportedly
8 called Joy Loga, Plaintiff’s sales representative, and asked if Plaintiff was selling leather jackets.
9 (Lay Decl. ¶ 8, Exh. 7 at p. 87, ¶ 10, Exh. 9 at p. 99.) Plaintiff should be precluded from
10 introducing evidence regarding these two alleged incidents because (1) they constitute
11 inadmissible hearsay; (2) they do not constitute relevant, actionable confusion; and/or (3) they
12 are de minimis as a matter of law.

13 Plaintiff must first surmount the hearsay hurdle to its alleged confusion evidence.
14 Hearsay is an out-of-court statement “offered in evidence to prove the truth of the matter
15 asserted.” FED. R. EVID. 801(c). Plaintiff has not provided specific quotes of statements made
16 by the two purportedly confused individuals—Jim Squire and Joy Loga—or the other individuals
17 identified for the first time in opposition to Nanal’s summary judgment motion—Ed and Jim
18 Machnik of Holiday Powersports and the still unnamed “top dealer” who purportedly
19 communicated with Joy Loga—making it difficult to make the hearsay determination.
20 Nonetheless, to the extent Plaintiff intends to offer their statements regarding purported
21 confusion to prove the existence of that confusion, the statements constitute inadmissible hearsay
22 unless one of the exceptions to the hearsay rule applies. *Programmed Tax Sys., Inc. v. Raytheon*
23

24 ⁹ Plaintiff gave an identical response to an interrogatory asking it to detail all facts concerning its allegation that
25 “Defendant’s deceptive acts or practices injured Soaring Helmet.” (Lay Decl. ¶ 6, Exh. 5 at pp. 68-69 (Int. No. 11).)

26 ¹⁰ Plaintiff also alleged for the first time that these previously unidentified individuals from Holiday Powersports
27 purportedly made a comment about Plaintiff being a “price whore.” (Lay Decl. ¶ 11, Exh. 10 at p. 106.) Notably, in
28 reliance on Plaintiff’s interrogatory response—which only identified Jim Squire of Holiday Powersports—Nanal
contacted Mr. Squire about Plaintiff’s allegations. Mr. Squire never mentioned the two other individuals Plaintiff
later alleged were involved in the purported incident or referenced any “price whore” comment. (Declaration of
Katherine Hendricks in Support of Defendant Nanal, Inc.’s Motions in Limine ¶ 2.)

1 Co., 439 F. Supp. 1128, 1131 n.1 (S.D.N.Y. 1977). Courts have not hesitated to find that such
2 evidence of confusion constitutes inadmissible hearsay. See, e.g., *Duluth News-Tribune v.*
3 *Mesabi Publ'g Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996) (finding that proof of confusion through
4 misdirected mail and phone calls was “hearsay of a particularly unreliable nature”); *Icon Enters.*
5 *Int'l, Inc. v. Am. Products Co.*, No. CV 04-1240 SVW (PLAx), 2004 WL 5644805, at *13-15
6 (C.D. Cal. Oct. 7, 2004) (collecting cases and concluding that “testimony of the retailers that
7 unidentified consumers were confused is inadmissible”); *Matrix Motor Co. v. Toyota Jidosha*
8 *Kabushiki Kaisha*, 290 F. Supp. 2d 1083, 1093 (C.D. Cal. 2003) (finding claims of actual
9 confusion “to be unreliable and nothing more than inadmissible hearsay”); *Avery Dennison*
10 *Corp. v. Acco Brands, Inc.*, No. CV99-1877DT (MCX), 1999 WL 33117262, at *17-18 (C.D.
11 Cal. Oct. 12, 1999) (concluding that allegations of actual confusion contained in declarations of
12 plaintiff’s representatives were inadmissible hearsay); *Alchemy II, Inc. v. Yes! Entm’t Corp.*, 844
13 F. Supp. 560, 570 n.12 (C.D. Cal. 1994) (concluding that evidence of confusion was
14 inadmissible hearsay and even if considered did not demonstrate “significant actual confusion”).

15 In addition, at least with respect to the alleged incident involving Plaintiff’s sales
16 representative Joy Loga, double hearsay is involved, each level of which must fit within a
17 hearsay exception to be admissible. Plaintiff has not identified Ms. Loga as a witness who will
18 or may testify at trial therefore presumably, Plaintiff intends to elicit testimony from Jeanne
19 DeMund as to what Ms. Loga told her about what the unnamed “top dealer” told Ms. Loga.
20 Even assuming arguendo that the first level of hearsay—the unspecified statement allegedly
21 made by the unnamed “top dealer” to Ms. Loga—would be admissible under the “state of mind”
22 hearsay exception, FED. R. EVID. 803(3), that exception does not apply to the second level of
23 hearsay—Ms. Loga’s alleged statement to Jeanne DeMund about the statement allegedly made
24 by the unnamed “top dealer” to Ms. Loga. *Ocean Bio-Chem, Inc. v. Turner Network Television,*
25 *Inc.*, 741 F. Supp. 1546, 1559 (S.D. Fla. 1990) (concluding that double hearsay, “in that an out-
26 of-court declarant attests to the out-of-court statements of others,” is not admissible under the
27 state of mind exception); *Programmed Tax Sys.*, 439 F. Supp. at 1131 n.1 (finding that “insofar
28

1 as any declarant was informing [the witness] about the state of someone else’s mind, . . . the
2 state-of-mind exception would not be available”). Additionally, the state of mind exception is
3 inapplicable given Plaintiff’s failure, even when referring to the “top dealer” for the first time in
4 opposition to summary judgment, to specifically identify that dealer. *Smith Fiberglass Prods.,*
5 *Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1331 & n.2 (7th Cir. 1993) (declining to craft new hearsay
6 exception “for paraphrases of state of mind declarations by unknown declarants”).

7 Even setting aside the hearsay issues, the inquiry from Plaintiff’s sales representative “as
8 to whether Plaintiff was the manufacturer of the [Xelement] jacket” is not relevant, actionable
9 confusion. (Lay Decl. ¶ 6, Exh. 5 at p. 67.) First, an inquiry from Plaintiff’s sales representative
10 is not relevant confusion because “the relevant confusion to be avoided is that which affects
11 purchasing decisions, not confusion generally.” *Echo Drain v. Newsted*, 307 F. Supp. 2d 1116,
12 1126-1127 (C.D. Cal. 2003) (quoting *Sunenblick v. Harrell*, 895 F. Supp. 616, 631 (S.D.N.Y.
13 1995), *aff’d*, 101 F.3d 684 (2d Cir. 1996); *see also Programmed Tax Sys.*, 439 F. Supp. at 1132
14 (noting that it is not the purpose of trademark law “to protect against any type of confusion
15 which may arise” but rather “the confusion . . . which affects the ‘market,’ i.e., the purchasing
16 and selling of the goods or services in question”). And “[a]ttestations from persons in close
17 association and intimate contact with [the trademark owner] do not reflect the views of the
18 purchasing public.” *Walter v. Mattel, Inc.*, 210 F.3d 1108, 1111 (9th Cir. 2000) (quoting *Self-*
19 *Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 910 (9th Cir.
20 1995)). Courts have approached evidence of purported actual confusion from employees or
21 agents of the plaintiff with healthy skepticism, which only increases when, as here, the person
22 allegedly confused is plaintiff’s own representative. *Citizens Fin. Group, Inc. v. Citizens Nat’l*
23 *Bank of Evans City*, 383 F.3d 110, 122 (3d Cir. 2004) (“In general, ‘actual confusion’ evidence
24 collected by employees of a party in a trademark action must be viewed with skepticism because
25 it tends to be biased or self-serving.”); *Vitek Sys., Inc. v. Abbott Labs.*, 675 F.2d 190, 193 (8th
26 Cir. 1982) (where plaintiff offered testimony of its employees and consultants that customers had
27 told them that they were confused by the marks’ similarity, “the district court could refuse to
28

1 credit the uncorroborated testimony of such interested persons”); *Componentone, L.L.C. v.*
2 *Componentart, Inc.*, No. 02:05cv1122, 2008 WL 4790661, at *20 (W.D. Pa. Oct. 27, 2008)
3 (“The Court must approach these statements [contained in the affidavits of current and former
4 employees of plaintiff] with a healthy amount of skepticism and cannot accord much evidentiary
5 value to them.”). *See also Self-Realization Fellowship Church*, 59 F.3d at 910 (stating, in
6 context of question of genericness, that “[t]rademark law is skeptical of the ability of an associate
7 of a trademark holder to transcend personal biases to give an impartial account”).

8 Second, the type of inquiry Plaintiff’s sales representative allegedly made—whether
9 Plaintiff manufactured the jacket—actually demonstrates that Plaintiff’s representative is *not*
10 confused. “Inquiries about the relationship between an owner of a mark and an alleged infringer
11 do not amount to actual confusion. Indeed, such inquiries are arguably premised upon a *lack* of
12 confusion between the products such as to inspire the inquiry itself.” *Nora Beverages, Inc. v.*
13 *Perrier Group of Am., Inc.*, 269 F.3d 114, 124 (2d Cir. 2001); *see also Duluth News-Tribune*, 84
14 F.3d at 1098 (question as to “which News-Tribune [reporter] worked for indicates a distinction
15 in the mind of the questioner, rather than confusion”); *Miss World (UK) Ltd. v. Mrs. Am.*
16 *Pageants, Inc.*, 856 F.2d 1445, 1451 (9th Cir. 1988) (inquiry about the existence of a pageant for
17 married women was inconclusive as “[i]t might well indicate an understanding that a beauty
18 pageant for married women was being offered by another source”), *abrogated in part on other*
19 *grounds by Eclipse Assocs. Ltd. v. Data Gen. Corp.*, 894 F.2d 1114, 1116 n.1 (9th Cir. 1990);
20 *Gruner+Jahr USA Publ’g v. Meredith Corp.*, 793 F. Supp. 1222, 1232 (S.D.N.Y. 1992) (finding
21 that evidence demonstrated “only that certain persons thought to inquire as to whether or not a
22 relationship between plaintiff and defendant existed, and not that such persons assumed that
23 [they] were in any manner related” and therefore deeming it not probative evidence of actual
24 confusion), *aff’d*, 991 F.2d 1072 (2d Cir. 1993); *Penta Hotels Ltd. v. Penta Tours*, 9 U.S.P.Q.2d
25 1081, 1102 (D. Conn. 1988) (“Questions regarding the relationship between the trademark owner
26 and an alleged infringer do not constitute actual confusion.”).

27 Nor is the alleged incident involving Jim Squire (or the two new individuals identified for
28

1 the first time in opposition to Nanal’s summary judgment motion, Ed and Jim Machnik) of
2 Holiday Powersports probative evidence of actual confusion with respect to the Google
3 AdWords advertisement. “In order for an alleged actual confusion event to be probative of a
4 likelihood of confusion, there must be ‘a causal connection between the use of similar marks and
5 instances of actual confusion.’” *Componentone*, 2008 WL 4790661, at *19 (quoting *Rockland*
6 *Mortgage Corp. v. Shareholders Funding, Inc.*, 835 F. Supp. 182, 197 (D. Del. 1993)). Here,
7 Plaintiff has never established, and cannot establish, a causal connection between Nanal’s
8 Google AdWords advertisement and the purported confusion of the individual(s) from Holiday
9 Powersports. Put differently, Plaintiff has never established that it was Nanal’s advertisement, as
10 opposed to the number of other ads that appeared in the search results for cheap VEGA helmets
11 (see Lay Decl. ¶ 3, Exh. 2 at p. 34), which led Holiday Powersports to allegedly conclude that
12 Plaintiff was a “price whore.”

13 Finally, Plaintiff’s limited evidence of purported actual confusion—one incident each for
14 the two alleged wrongful uses of Plaintiff’s VEGA mark—is de minimis and should be excluded
15 as such. See, e.g., *Smith Fiberglass*, 7 F.3d at 1331 (district court may discount de minimis
16 evidence of actual confusion); *Penta Hotels*, 9 U.S.P.Q.2d at 1102 (“Limited evidence of actual
17 confusion is *de minimus* and may be dismissed by the court.”) (citing *Nutri/Sys., Inc. v. Con-Stan*
18 *Indus., Inc.*, 809 F.2d 601, 606-607 (9th Cir. 1987)); see also *Avery*, 1999 WL 33117262, at *18
19 (finding proof of actual confusion to be unclear and insubstantial and stating that evidence of
20 actual confusion cannot be de minimis). To the contrary, the question involved is whether “an
21 appreciable number of ordinary purchasers are likely to be . . . misled.” *Duluth News-Tribune*,
22 84 F.3d at 1099. Here, disregarding the purported confusion of Plaintiff’s sales representative—
23 who cannot be considered an “ordinary purchaser”—a single incident of alleged confusion
24 pertaining to only one of the alleged wrongs cannot be considered an “appreciable number”
25 under any logical, reasonable interpretation of the phrase.

1 **IV. PLAINTIFF HAS CONCEDED ITS CLAIM FOR INJUNCTIVE RELIEF.**

2 In its summary judgment motion, Nanal argued that Plaintiff did not have a claim for
3 injunctive relief because it was undisputed that Nanal had stopped the allegedly unlawful
4 conduct and there was no demonstrable threat of irreparable harm in the future, thereby making a
5 claim for injunctive relief inappropriate. (Lay Decl. ¶ 18, Exh. 17 at pp. 187-190.) Plaintiff
6 acknowledged that Nanal raised that specific issue but nonetheless failed to address the issue.
7 (Lay Decl. ¶ 19, Exh. 18 at p. 193 (“*Defendant claims that Plaintiff has no evidence to support*
8 *its claim for either damages or injunctive relief, and thus, summary judgment is appropriate.*”)
9 (emphasis added).) Instead, Plaintiff’s response focused entirely on the issue of damages,
10 offering no evidence or authority in support of a claim for injunctive relief and thereby leaving
11 unopposed Nanal’s contention that Plaintiff had no evidence of threatened injury and irreparable
12 harm to support such a claim.¹¹ (See, e.g., Lay Decl. ¶ 19, Exh. 18 at pp. 193-197)

13 “The law is clear that failure to respond to issues raised in a summary judgment motion
14 constitutes waiver.” *Morgan v. Snider High School*, No. 1:06-CV-337, 2007 WL 3124524, at *5
15 (N.D. Ind. Oct. 23, 2007) (citing in part FED. R. CIV. P. 56(e)). Here, Plaintiff offered no
16 response—factual or legal—to the assertion that it had no claim for injunctive relief. As a result,
17 Plaintiff has waived its claim for injunctive relief and should therefore be precluded from
18 offering any evidence of or otherwise making such a claim at trial.

19 **V. EVIDENCE OF OTHER BUSINESS INTERESTS OF ALBERT BOOTESAZ HAS**
20 **NO RELEVANCE TO THIS ACTION.**

21 In its draft pretrial order, Plaintiff has identified a trial exhibit that appears to pertain in
22 large part to Albert Bootesaz and his alleged business interests other than Nanal and its website
23 LeatherUp.com, specifically, Plaintiff’s proposed trial exhibit number 14, comprised of
24 documents Bates numbered SHC 189 through SHC 211. (Lay Decl. ¶ 15, Exh. 14.)
25 Additionally, in various papers filed with the Court, Plaintiff has exhibited a propensity to refer
26 to Mr. Bootesaz’s alleged other business interests, references which have no apparent relevance

27 ¹¹ In its summary judgment reply, Nanal also explicitly referenced Plaintiff’s failure to address the issue of
28 injunctive relief. (Lay Decl. ¶ 20, Exh. 19 at p. 200 n.15.)

1 to any issue in this case other than to apparently attempt to disparage Mr. Bootesaz.

2 Mr. Bootesaz's other alleged business interests have no conceivable relevance to
3 Plaintiff's trademark claims, all of which are directed solely at the alleged conduct of Nanal in
4 connection with its website LeatherUp.com. As a result, because evidence about Mr. Bootesaz's
5 other business interests—or Plaintiff's opinions about those interests—has absolutely no
6 “tendency to make the existence of any *fact that is of consequence to the determination of the*
7 *action* more probable or less probable than it would be without the evidence,” it should be
8 excluded under Rule 402 of the Federal Rules of Evidence. FED. R. EVID. 401 (emphasis added).

9 Even if such evidence was relevant—which it manifestly is not—it should be excluded
10 under FED. R. EVID. 403, which provides that even relevant evidence “may be excluded if its
11 probative value is substantially outweighed by the danger of unfair prejudice, confusion of the
12 issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless
13 presentation of cumulative evidence.” “‘Unfair prejudice’ within its context means an undue
14 tendency to suggest decision on an improper basis, commonly, though not necessarily, an
15 emotional one.” FED. R. EVID. 403 advisory committee's note (1972 Proposed Rules); *see also*
16 *United States v. Ellis*, 147 F.3d 1131, 1135 (9th Cir. 1998) (defining evidence that presents a
17 danger of unfair prejudice in part as “‘evidence designed to elicit a response from the jurors that
18 is not justified by the evidence’”) (quoting 2 JACK B. WEINSTEIN & MARGARET A. BERGER,
19 WEINSTEIN'S FED. EVID. § 403.04[1][b] (2d ed. 1997)). Here, this evidence has no relevance as
20 described above but even assuming some marginal relevance, any probative value is far
21 outweighed by the danger of unfairly prejudicing Nanal by attempting to paint one of its officers
22 as a “bad” person with respect to issues that have nothing to do with Plaintiff's trademark claims
23 against Nanal. *See United States v. Spencer*, 1 F.3d 742, 744 (9th Cir. 1993) (district courts
24 given wide latitude when balancing prejudicial effect of evidence against its probative value).

25 Nanal therefore respectfully requests that the Court exclude Plaintiff's proposed trial
26 exhibit number 14 and any other evidence or testimony about Mr. Bootesaz and his other alleged
27 business interests other than Nanal and its website LeatherUp.com.
28

1 **VI. EVIDENCE RELATING TO PLAINTIFF'S UNPLEADED VEGA TECHNICAL**
2 **GEAR MARK SHOULD BE EXCLUDED.**

3 In each of Plaintiff's two complaints filed in this action naming Nanal as a defendant,
4 Plaintiff has consistently pleaded only Plaintiff's VEGA mark, Registration No. 2,087,637, for
5 "motorcycle helmets" as the basis for all of Plaintiff's trademark claims. That trademark was the
6 only mark referenced in Plaintiff's First and Second Amended Complaints and the certificate of
7 registration for that mark was the only registration attached to Plaintiff's complaints. Even
8 Plaintiff's rejected Third Amended Complaint references and attaches only Plaintiff's
9 Registration No. 2,087,637 for the VEGA mark.

10 But on September 17, 2010, three days before the September 20th discovery deadline,
11 Plaintiff identified an alleged registration for the mark VEGA TECHNICAL GEAR in
12 connection with "motorcycle helmets and protective clothing." Specifically, in response to a
13 request for admission asking Plaintiff to admit that it "has not obtained a registration for the
14 VEGA mark for use in connection with the sale of motorcycle jackets," Plaintiff responded that
15 it "has obtained a federal registration for VEGA TECHNICAL GEAR for 'motorcycle helmets
16 and protective clothing,' therefore Plaintiff does not admit nor deny." (Lay Decl. ¶ 7, Exh. 6 at
17 p. 77 (RFA No. 2).) Plaintiff then produced a copy of this alleged registration by email on
18 September 17th, followed by a hard copy received on September 21st. (Lay Decl. ¶ 13,
19 Exh. 12.)

20 Plaintiff has never offered any explanation for its failure to identify this alleged
21 registration or plead reliance on the registration in any of Plaintiff's two filed complaints or its
22 proposed third amended complaint. By failing to reference, much less plead, reliance upon the
23 VEGA TECHNICAL GEAR registration, Plaintiff apparently concedes that it has no relevance
24 to Plaintiff's trademark claims. Nor is there anything to suggest that Plaintiff could not identify
25 this alleged registration until literally days before the close of discovery. The application was
26 filed in December 2008 and was registered in June 2009, nearly a year before Plaintiff filed its
27 Second Amended Complaint that made the relevant allegations regarding the Xelement
28 motorcycle jacket. (Lay Decl. ¶ 13, Exh. 12.)

1 Therefore, Plaintiff's alleged ownership of and registration for the mark VEGA
2 TECHNICAL GEAR has no relevance to this action and even if marginally relevant, in light of
3 Plaintiff's repeated failure to plead reliance on that mark, introducing evidence regarding it
4 would confuse the issues to be tried in this case all of which have been based solely on Plaintiff's
5 VEGA mark for "motorcycle helmets." See FED. R. EVID. 403. Nanal therefore respectfully
6 requests that Plaintiff be precluded from offering any evidence of or relating to the VEGA
7 TECHNICAL GEAR mark, including the existence of and registration for that mark.

8 DATED this 4th day of January, 2011.

9 Respectfully submitted,

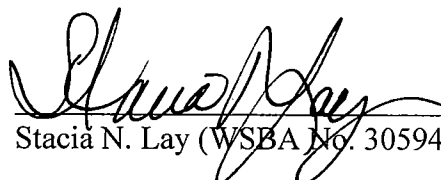
10 HENDRICKS & LEWIS PLLC

11 By: s/Katherine Hendricks
12 Katherine Hendricks (WSBA No. 14040)
13 Stacia N. Lay (WSBA No. 30594)
14 Email: kh@hllaw.com
15 Email: sl@hllaw.com

16 **ATTORNEY CERTIFICATION**

17 Pursuant to CR 7(d)(4), I certify that I represent Defendant Nanal, Inc., the movant
18 herein, and that I conferred in good faith with counsel for Plaintiff Soaring Helmet Corporation,
19 Heather M. Morado, on December 29, 2010, in an effort to resolve which matters really are in
20 dispute with respect to Nanal's motions in limine.

21 DATED this 4th day of January, 2011.

22 By: 
23 Stacia N. Lay (WSBA No. 30594)

1 **PROOF OF SERVICE**

2 I am employed in the County of King, State of Washington. I am over the age of
3 eighteen years and am not a party to the within action. My business address is Hendricks &
4 Lewis PLLC, 901 Fifth Avenue, Suite 4100, Seattle, Washington 98164.

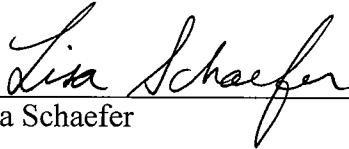
5 I hereby certify that on January 4, 2011, I electronically filed the foregoing with the Clerk
6 of the Court using the CM/ECF system which will send notification of such filing to the
7 following CM/ECF participants:

8 Heather M. Morado, Esq.
9 Stacie Foster, Esq.
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11 1000 Second Avenue, Suite 3310
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hmorado@invictalaw.com
sfoster@invictalaw.com
sedmiston@invictalaw.com

14 Attorneys for Plaintiff Soaring
15 Helmet Corporation

16 I declare under penalty of perjury under the laws of the State of Washington that the
17 foregoing is true and correct.

18 Executed January 4, 2011, at Seattle, Washington.

19 
20 _____
21 Lisa Schaefer