County of San Diego 3/21/2025 4:24:59 PM 1 CLAUDIA G. SILVA, County Counsel (SBN 167868) By: JOHN P. COOLEY, Chief Deputy (SBN 162955) Clerk of the Superior Court Office of County Counsel, County of San Diego 2 ,Deputy Clerk By T. Automation 1600 Pacific Highway, Room 355 3 San Diego, California 92101-2469 Telephone: (619) 531-4860 Email: john.cooley@sdcounty.ca.gov 4 5 Additional Counsel Appearances on the next page Attorneys for Plaintiff, THE PEOPLE OF THE STATE OF CALIFORNIA, acting by and through 6 the County of San Diego 7 Plaintiff, The People of the State of California Exempt from filing fees per Gov't Code § 6103 8 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF SAN DIEGO 10 11 THE PEOPLE OF THE STATE OF Case No. 37-2024-00020896-CU-MC-CTL 12 CALIFORNIA, Action Filed: May 3, 2024 13 Plaintiff, REPLY MEMORANDUM OF POINTS AND 14 AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR v. 15 PRELIMINARY INJUNCTION COAST RUNNER INDUSTRIES, INC., 16 GHOST GUNNER, INC., and DEFENSE [Filed Concurrently Herewith: DISTRIBUTED, Declaration of John P. Cooley 17 Defendants.. Date: March 28, 2025 18 Time: 10:30 am Dept.: C-64 19 Judge: Hon. Loren G. Freestone Trial: None Set 20 21 22 23 24 25 26 27 28

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I. PRELIMINARY STATEMENT

Defendants' marketing and sale of their illegal "Coast Runner" CNC milling machine is a blatant violation of California Civil Code § 3273.62 and California's Unfair Competition Law (the "UCL"). The Coast Runner—identical in all but name to the "Ghost Gunner" CNC milling machine also produced by Defendants—allows consumers to self-manufacture "ghost guns," which have no serial numbers and are therefore impossible for law enforcement to trace.

Defendants have marketed the Coast Runner as a firearms manufacturing device. Defendants launched the Coast Runner at SHOT Show, one of the largest firearms industry conferences. In marketing materials, Defendants emphasized the Coast Runner's gun-making abilities, calling it a device that "empowers small manufacturers and gunsmiths with advanced capabilities" and introducing it as "revolutionizing small-scale manufacturing and gunsmithing." (Cooley Decl. ¶ 13.) Defendants also referred to the Coast Runner and the Ghost Gunner interchangeably in marketing materials. Defendants advertised on the Ghost Gunner website that "California residents ordering a Ghost Gunner CNC machine consent to receiving a Coast Runner CNC machine in lieu of a Ghost Gunner." (Cooley Decl. ¶ 22.) To this day, websites owned and operated by Defendants still promote the Coast Runner as identical to the Ghost Gunner. (Cooley Decl. ¶¶ 23-24; Declaration of John P. Cooley in Support of Plaintiff's Reply Memorandum (the "Cooley Reply Decl.") ¶ 3.)

In their opposition to Plaintiff's Motion ("Opp."), Defendants do not contest *any* of these facts. Instead, they attempt to confuse the issues by misinterpreting the relevant statutes and recycling baseless arguments from their previous filings. Plaintiff's requested relief—an order enjoining Defendants from selling, offering to sell, transferring, advertising, or marketing the Coast Runner in California—is modest in scope. Because Plaintiff has shown that (i) it is likely to prevail on the merits of its claims and (ii) the balance of harms decidedly favors Plaintiff, the Court should grant Plaintiff's request for a preliminary injunction.

II. ARGUMENT

A. Plaintiff is Likely to Prevail on the Merits

1. Defendants Misread Civil Code § 3273.62 and Penal Code § 29185.

As explained in Plaintiff's Memorandum of Points and Authorities in Support of its Motion for

§ 3273.62(a)

Defendants submit a declaration from Garret Walliman, a chief executive of both Coast Runner and Ghost Gunner, Inc., which claims that the Coast Runner is a "multi-purpose" CNC mill and thus

Coast Runner—in a way that promotes or facilitates conduct prohibited by § 29185. As the marketing

materials highlighted above show, the Coast Runner is the Ghost Gunner rebranded, with all of the same

functions and capabilities, and promoted for the same purpose: the illegal manufacture of "ghost guns."

Defendants themselves have referred to the two machines interchangeably: the Coast Runner Operator's

Manual refers to the Coast Runner as the Ghost Gunner, stating: "GG doesn't have a brain... but you

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do." (Cooley Decl. ¶ 11.) (emphasis added).

does not have the "primary function of manufacturing firearms" because the U.S. Department of Commerce classified it as a "general purpose industrial machine." (Walliman Decl. ¶ 20-21.) However, Defendants fail to mention that *the Ghost Gunner itself* is classified as a "general purpose machine" by the U.S. Department of Commerce. (Cooley Decl. ¶ 5.) There is no dispute that the Ghost Gunner is an arms-manufacturing device. Indeed, on its website, Ghost Gunner, Inc. describes its purpose: "to allow individuals to manufacture their own un-serialized firearms." (Cooley Decl. ¶ 4.)¹

Second, Defendants claim that the rebuttable presumption in California Civil Code § 3273.62(b) only applies "when there is no objective evidence of a machine's legal 'function." (Opp. at 3.) This standard, which Defendants appear to have invented from thin air, is incorrect. § 3273.62(b) is explicit: "[t]here shall be a rebuttable presumption" if two conditions are met.² First, the "person offers to sell, advertises, or markets a CNC milling machine . . . in a manner that, under the totality of the circumstances, is targeted at purchasers seeking to manufacture firearms or that otherwise affirmatively promotes the machine['s] . . . utility in manufacturing firearms, regardless of whether the machine . . . is otherwise described or classified as having any other capabilities." (emphasis added). Second, the person sells or transfers the CNC mill without verifying that the purchaser is a licensed firearms manufacturer or not otherwise prohibited from purchasing or using the machine to manufacture firearms.

Both conditions are met here. Defendants' efforts to market the Coast Runner have been consistently "targeted at purchasers seeking to manufacture firearms." As described above, Defendants promoted the Coast Runner in its own booth at SHOT Show, a large firearms industry trade show. (Cooley Decl. ¶ 13.) Marketing materials for SHOT Show described it as a mill that "empowers small manufacturers and gunsmiths with advanced capabilities." (*Id.*) Consumers "seeking to manufacture firearms" understand that the Coast Runner is simply a rebranded Ghost Gunner, with one Reddit user commenting "[t]he base model is just a rebranded GhostGunner, made by the same people even, and

statute, is ordinarily construed as mandatory.").

In a prior lawsuit challenging § 29185, Defense Distributed described the Ghost Gunner as a CNC milling machine "that gives purchasers the ability to complete unfinished frames and receivers for various types of firearms, including the AR-15, AR-308, M1911, and AK-47." (Cooley Decl. ¶ 6.)

See Guerrero v. Hestrin, 56 Cal. App. 5th 172, 189 (2020) ("[T]he word 'shall,' when used in a

intended to sell in non-permissive areas." (Cooley Reply Decl. ¶ 7.) Another post shows the Ghost Gunner and Coast Runner side-by-side with the caption "Hey, can I copy your homework? Sure just change it up a bit so it's not obvious you copied." (*Id.* ¶ 8.) Defendants make no effort to contest the facts regarding their marketing of the Coast Runner. Defendants also do not contest that they sell the Coast Runner without verifying that purchasers are federally licensed firearms dealers or are not otherwise prohibited from manufacturing firearms with the Coast Runner. There is this no factual dispute that both conditions of the rebuttable presumption are met here.³

Defendants also take the position that "even if a material part of these statutes were ambiguous, the rule of lenity would operate for the Defendants to defeat the motion." (Opp. at 3.) This is plainly incorrect. The rule of lenity "ensures that *criminal statutes* will provide fair warning concerning conduct rendered illegal and strikes the appropriate balance between the legislature, the prosecutor, and the court in defining *criminal liability*." *People ex rel. Lungren* v. *Superior Ct.*, 14 Cal. 4th 294, 313 (1996) (emphasis added). In *Lungren*, a civil action brought in the name of the People of California, the California Supreme Court rejected the defendant's invocation of the rule of lenity, concluding instead that "civil statutes for the protection of the public are, generally, broadly construed in favor of that protective purpose." *Id.*⁴

2. Civil Code § 3273.62 and Penal Code § 29185 Do Not Violate the Second Amendment

Perhaps recognizing they cannot dispute the facts showing that the Coast Runner is designed and marketed to make "ghost guns," Defendants next invoke a generalized Second Amendment right to sell a device that allows anyone to make a "ghost gun." This argument is without merit as both statutes are clearly constitutional. Under the standard articulated by the Supreme Court in *New York State Rifle* &

See also People ex rel. Lockyer v. R.J. Reynolds Tobacco Co., 37 Cal. 4th 707, 717 (2005), as modified (Jan. 18, 2006).

Defendants also argue that Plaintiff's second claim for violation of the UCL "entails a showing of 'unlawful' business practice that Plaintiff's motion says (at 15) is met by a violation of Section 3273.62." (Opp. at 2.) However, as Plaintiff's Motion makes clear, the second claim for relief is based not only on the "unlawful" prong of the UCL, but also on the "unfair" prong, which prohibits any business practice that "offends an established public policy or when the practice is immoral, unethical, oppressive, unscrupulous or substantially injurious to consumers." *Smith* v. *State Farm Mut. Auto. Ins. Co.*, 93 Cal. App. 4th 700, 719 (2001), *as modified* (Nov. 20, 2001) (citation omitted). Here, Defendants' conduct is both unlawful and unfair under the UCL because their sale and marketing of the Coast Runner offends the established public policy promulgated by California's legislature in § 3273.62.

Pistol Association, Inc. v. Bruen, 597 U.S. 1 (2022), "when the Second Amendment's plain text covers				
an individual's conduct, the Constitution presumptively protects that conduct." Bruen, 597 U.S. at 17				
If the regulation implicates conduct protected by the plain text of the Second Amendment, then "th				
government must demonstrate that the regulation is consistent with this Nation's historical tradition o				
firearm regulation." Id. Here, neither § 3273.62 nor § 29185 implicates conduct protected by the				
Second Amendment's "plain text." § 29185 regulates the possession and use of CNC mills, not "Arms."				
District of Columbia v. Heller, 554 U.S. 570, 581 (2008) (defining "Arms" as "weapons"). Similarly				
California Civil Code § 3273.62 regulates sales and marketing practices with respect to CNC mills; no				
"Arms." Defendants misleadingly assert that "no appellate court has ever held" that the statutes do no				
implicate conduct protected by the Second Amendment. (Opp. at 5). But the reason for that is simple				
the issue has never been before an appellate court. Notably, however, a federal district court has ruled—				
in a case brought by Defendant Defense Distributed invoking many of the same arguments Defendant				
make here—that "AB 1621 has nothing to do with 'keep[ing]' or 'bear[ing]' arms." Def. Distributed v				
Bonta, 2022 WL 15524977, at *4 (C.D. Cal. Oct. 21, 2022) (quoting Bruen, 597 U.S. at 19). In that				
case, the district court considered whether § 29185's prohibition on the right to "self-manufacture o				
firearms" was covered by the plain text of the Second Amendment and concluded that "[t]ry as you				
might, you will not find a discussion of any such 'right(s)' in the 'plain text' of the Second				
Amendment." Id. (cleaned up).				
Even if the Court determines that § 3273.62 and § 29185 implicate conduct protected by the				
plain text of the Second Amendment, both statutes are consistent with this Nation's historical tradition				
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plain text of the Second Amendment, both statutes are consistent with this Nation's historical tradition of firearm regulation. Defendants flatly assert the Coast Runner is part of a supposedly long-standing tradition of unregulated self-manufacture of firearms. (Opp. at 7). To the contrary, at the Founding "[t]he vast majority of guns in the colonies came from Europe" and firearms manufacturing that did occur in early America was carried out "by a small number of experts." This is a far cry from the self-manufacturing of firearms that can be carried out by any amateur gunsmith using the Coast Runner.

Brian DeLay, *The Myth of Continuity in American Gun Culture*, 113 CAL. L. REV. 1, 63 (2025). Courts have relied upon Professor DeLay's historical research to conclude that modern laws regulating "ghost guns" are consistent with historical tradition. *Palmer*, 2024 WL 4432818, at *7.

1	Moreover, when considering cases involving "dramatic technological changes," courts may engage in "a
2	more nuanced approach" to the historical inquiry. Bruen, 597 U.S. at 27. Here, "the self-assembly of
3	firearms by non-professionals was never a threat to public safety in the founding era, and thus would not
4	have been in the contemplation of founding-era lawmakers." Palmer v. Sisolak, 2024 WL 4432818, at
5	*7 (D. Nev. Oct. 7, 2024). Therefore, this court should use a more nuanced approach that asks whether
6	the challenged laws are "consistent with the principles that underpin the Nation's regulatory tradition."
7	United States v. Rahimi, 602 U.S. 680, 681 (2024).

The historical traditions of "regulating both types of firearms and who could possess them for public safety reasons" are relevantly similar to § 3273.62 and § 29185. Palmer, 2024 WL 4432818, at *2. For example, a "1652 New York law outlawed illegal trading of guns, gun powder, and lead by private individuals" and a "1631 Virginia law required the recording not only of all new arrivals to the colony, but also 'of arms and munitions." United States v. Serrano, 651 F. Supp. 3d 1192, 1211-12 (S.D. Cal 2023) (internal citations omitted) (analyzing 18 U.S.C. § 922(k), which prohibits firearms with obliterated serial numbers). These historical regulations "were designed to combat illegal arms and ammunition trafficking and to ensure that individuals considered dangerous did not obtain firearms." Id. at 1212.

Likewise, laws like § 3273.62 and § 29185 were enacted to combat the production of ghost guns, which "can be manufactured by an unlicensed buyer with parts that can be acquired without a background check or manufacturing license" and are therefore "difficult for law enforcement to trace." Senate Committee on Appropriations, Analysis of AB 1089, 2023-2024 Reg. Sess., at 1 (Cal. Aug. 11, 2023). § 29185 was enacted in response to the "proliferation of unserialized ghost guns," which have "caused enormous harm and suffering, hampered the ability of law enforcement to trace crime guns and investigate firearm trafficking and other crimes, and dangerously undermined the effectiveness of laws and protections critical to the health, safety, and well-being of Californians." 2022 Cal. Legis. Serv. Ch. 76 (A.B. 1621) (West). Accordingly, both § 3273.62 and § 29185 are consistent with this Nation's historical tradition of firearm regulation.

> Plaintiff's Claims Do Not Require Alter Ego Liability, and Plaintiff Has 3. **Demonstrated Such Liability in Any Event**

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Defendants next argue that Plaintiff's claims cannot succeed because they "presuppose" that Defense Distributed and Ghost Gunner Inc. are alter egos of Coast Runner Industries, Inc. (Opp. at 9.) This argument also fails. Plaintiff's claim is that all three Defendants have taken individual actions that violate § 3273.62 and the UCL. As just one example, Ghost Gunner Inc. included a notice on its website that California customers would receive a Coast Runner in lieu of a Ghost Gunner. (Cooley Decl. ¶ 22.) Plaintiff's claims thus do not "presuppose" that the Defendants are alter egos.

Even if the alter ego status of the Defendant companies were relevant, the evidence shows that any distinctions between Coast Runner Industries, Inc., Ghost Gunner, Inc., and Defense Distributed are illusory. For instance, at the Maker Faire event held in the Bay Area in October 2024, Coast Runner Industries, Inc. stated that "[o]ur company has a ten-year history in 3D printing and desktop CNC technology." (Cooley Decl. ¶ 29.) Given that Coast Runner Industries, Inc. has only been in existence since 2023, this reference can only be to Defense Distributed and Ghost Gunner, Inc. In addition, all three companies are operated by the same individuals, which is indicative of alter ego liability. See Shaoxing Cnty. Huayue Imp. & Exp. v. Bhaumik, 191 Cal. App. 4th 1189, 1198 (2011); Salazar v. Coastal Corp., 928 S.W.2d 162, 170 (Tex. App. 1996) (alter ego factors include "identity of shareholders, directors, officers, and employees").

4. This Court Has Personal Jurisdiction over Defendants

Defendants' contention that Plaintiff cannot prevail on its claims "because personal jurisdiction is lacking" is also meritless. (Opp. at 11.) As an initial matter, Defendants have waived any personal jurisdiction defense by failing to file a motion to quash. California Code of Civil Procedure § 418.10(e)(3) provides that a defendant's failure to move to quash service of summons on the ground of personal jurisdiction "at the time of filing a . . . motion to strike constitutes a waiver of the issue of lack of personal jurisdiction[.]" Here, Defendants failed to move to quash when they moved to strike in October 2024. In addition, "it has long been the rule in California that a party waives any objection to the court's exercise of personal jurisdiction when the party makes a general appearance in the action."

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Defendants are wrong to assert that "both sides agree" that Texas is "the controlling jurisdiction" (Opp. at 10) for purposes of determining alter ego. In its opposition to Defendants' motion to strike, Plaintiff explained that "[b]ecause there is no true conflict between California and Texas law . . Plaintiff prevails regardless of which state's law applies." (Opp. to Mot. to Strike at 12, n.1.)

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Roy v. Superior Ct., 127 Cal. App. 4th 337, 341 (2005). Defendants made "a general appearance" in their motion to strike and have therefore waived any personal jurisdiction defenses. Cal. Civ. Proc. Code § 1014; see Dial 800 v. Fesbinder, 118 Cal. App. 4th 32, 52-54 (2004).

Even if Defendants have not waived their personal jurisdiction arguments, the Court may properly exercise personal jurisdiction. A court may exercise specific jurisdiction over a nonresident defendant if "(1) the defendant has purposefully availed himself of forum benefits; (2) the controversy relates to, or arises out of, the defendant's contacts with the forum; and (3) the exercise of jurisdiction comports with fair play and substantial justice." Yue v. Yang, 62 Cal. App. 5th 539, 547 (2021). All three prongs of the specific jurisdiction analysis are met here.

First, Defendants purposefully and voluntarily directed their activities at California. Perhaps most significantly, Defendants marketed the Coast Runner at the "Maker Faire" trade show in Mare Island, California on October 18-20, 2024. (Cooley Decl. ¶ 29.) Additionally, Coast Runner's Terms and Conditions provided that use of its website was "governed by and construed in accordance with the laws of the State of California . . . and to be entirely performed within the State of California." (Id. ¶ 42); Burger King Corp. v. Rudzewicz, 471 U.S. 462, 482 (1985) (choice-of-law provisions relevant to personal jurisdiction analysis). Defendants do not deny any of Plaintiff's allegations concerning Defendants' contacts with California. Instead, they repeat their argument that "[n]o Coast Runner machine has ever shipped to California." (Opp. at 13.) That allegedly no Coast Runner has been shipped to California does not mean that the Court may not exercise personal jurisdiction over Defendants. Plaintiff has alleged that Defendants targeted the California market by, for example, advising California customers seeking to purchase a Ghost Gunner that they would receive a Coast Runner instead (Cooley Decl. ¶ 22) and by including California-specific provisions in the Coast Runner's Terms and Conditions (Id. ¶ 42). Moreover, if Defendants are indeed not shipping Coast Runners to California, then Plaintiff's requested relief—a preliminary injunction prohibiting them from selling and marketing the Coast Runner in California—should not even be contested. Defendants' arguments against the issuance of an injunction speak volumes as to their true intent.

Second, this controversy arises out of Defendants' contacts with California because it is based on Defendants' marketing and advertising of the Coast Runner to California residents in violation of California's Civil Code and the UCL. *Snowney* v. *Harrah's Ent., Inc.*, 35 Cal. 4th 1054, 1069 (2005) ("Because the harm alleged by plaintiff relates directly to the content of defendants' promotional activities in California, an inherent relationship between plaintiff's claims and defendants' contacts with California exists.").

Third, the Court's exercise of personal jurisdiction comports with fair play and substantial justice. California has a strong interest in adjudicating Plaintiff's claims, as its legislature passed laws specifically designed to prohibit the type of conduct in which Defendants have engaged, and Defendants face no burden by appearing in this forum, particularly given that Defendants themselves designated San Diego as the forum for litigating any disputes related to the Coast Runner. (Cooley Decl. ¶ 42); Vons Companies, Inc. v. Seabest Foods, Inc., 14 Cal. 4th 434, 448 (1996) (instructing courts to consider "the burden on the defendant of appearing in the forum" and "the forum state's interest in adjudicating the claim").

B. The Balancing of Harms Favors Issuing a Preliminary Injunction

Defendants do not contest that the people of California face imminent and irreparable harm from the sale and marketing of Coast Runner machines. Rather, they claim that "the balance must be struck differently" when "First and Second Amendment rights are implicated." (Opp. at 14.) There is zero support for this argument. This case concerns Defendants' marketing and sale of an illegal CNC milling machine; not First or Second Amendment rights. *See supra* § II.A.2.⁷

Defendants also argue that Plaintiff must provide "[c]ompelling empirical support" of the "benefit" of the requested relief. (Opp. at 15 (internal quotations omitted).) Once again, Defendants misstate the relevant standard. The cases cited by Defendants do not even involve California law or motions for preliminary injunctions. *See United States* v. *Playboy Ent. Grp., Inc.*, 529 U.S. 803 (2000) (Telecommunication Act § 505); *Globe Newspaper Co.* v. *Superior Ct. for Norfolk Cnty.*, 457 U.S. 596 (1982) (Massachusetts statute allowing exclusion of press from certain trials); *Lorillard Tobacco Co.* v.

Because Defendants do not develop any particular First Amendment arguments in their opposition, this Court should consider the issue waived for purposes of this motion. Regardless, the requested preliminary injunction is not a "prior restraint" because it seeks to prohibit unlawful commercial speech and conduct. *People ex rel. Gascon* v. *HomeAdvisor, Inc.*, 49 Cal. App. 5th 1073, 1089 (2020) ("Once specific expressional acts are properly determined to be unprotected by the First Amendment, there can be no objection to their subsequent suppression.") (cleaned up).

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27 28 Reilly, 533 U.S. 525 (2001) (Massachusetts restrictions on cigarette advertising).

Under California law, where, as here, a governmental entity seeks to enjoin illegal activity, "a rebuttable presumption arises that the potential harm to the public outweighs the potential harm to the defendant." IT Corp. v. Cnty. of Imperial, 35 Cal. 3d 63, 72 (1983). Here, the California legislature has already determined that significant public harm will result from the marketing and sale of CNC milling machines such as the Coast Runner by enacting § 3273.62, and sub-section (d) of the statute expressly authorizes injunctive relief. There is therefore a rebuttable presumption that the harm to the public outweighs any potential harm to Defendants.

As detailed extensively in § III.B of Plaintiff's Motion, the harm posed by ghost guns—and the CNC mills that create them—is profound. California has more ghost gun recoveries than any other state, and the number of ghost guns recovered in connection with criminal activity has skyrocketed in recent years. (Mot. at 9-11.) Since Plaintiff filed its Motion in October 2024, there have been more instances of violent crime carried out with ghost guns in California. In December 2024, a man in northern California used a ghost gun to shoot and severely injure two kindergarten students. (Cooley Reply Decl. ¶ 4.) In February 2025, officials in Solano County arrested a man who used a ghost gun in a freeway shooting that left multiple people injured. (Id. ¶ 5.) Defendants' Ghost Gunner machine has also been involved in recent crimes. In February, the U.S. Department of Justice charged six individuals in Florida who "assembled, manufactured, and modified semi-automatic and automatic firearms" using a Ghost Gunner in connection with a gun trafficking operation. ($Id. \P 6$.)

III. **CONCLUSION**

For all the foregoing reasons, Plaintiff respectfully asks this Court to enter the requested injunction order enjoining Defendants and their employees, agents, attorneys, experts, assigns, and all those acting in concert with them from: selling, offering to sell, transferring, advertising, or marketing the Coast Runner, and any other CNC milling machine, in California.⁸

Defendants argue that the Court should reject Plaintiff's request for injunctive relief with respect to "any other CNC milling machine." (Opp. at 15.) Plaintiff includes this request because Defendants' sale and marketing of the Coast Runner shows that they will simply rebrand their existing Ghost Gunner machine in order to evade any regulation of the device.

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