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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

TILLAMOOK COUNTRY SMOKER, INC.,
an Oregon corporation,

CV '02 1540 KI []

Civil No

Plaintiff,

COMPLAINT FOR DECLARATORY JUDGMENT
OF NON-INFRINGEMENT OF TRADEMARK

v.

TILLAMOOK COUNTY CREAMERY
ASSOCIATION, an Oregon cooperative
corporation,

TRADEMARK CASE

Defendant.

For its complaint against defendant, plaintiff alleges the following:

1. Tillamook Country Smoker ("TCS") is an Oregon corporation with a principal place of business in Bay City (Tillamook County), Oregon.
2. Upon information and belief, Tillamook County Creamery Association ("TCCA") is an Oregon cooperative corporation of independent dairy farmers primarily located in or around Tillamook County.

PAGE 1 — COMPLAINT FOR DECLARATORY JUDGMENT OF NON-INFRINGEMENT

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3. This case arises under the trademark laws of the United States, 15 U.S.C. §§1051-1129. This Court has jurisdiction of the subject matter of this action pursuant to 28 U.S.C. §§1331 and 1338(a). The request for declaratory judgment relief is based on 28 U.S.C. §§2201 and 2202.

FACTS

4. Upon information and belief, TCCA has used the trademark TILLAMOOK® for dairy products since 1918, and is the owner of several U.S. Trademark Registrations for TILLAMOOK®, including No. 533,033 for cheese and butter, issued November 7, 1950; No. 1,390,972 for ice cream, fudge, milk and whey, issued April 22, 1986; and No. 2,169,687 for yogurt and sour cream, issued June 30, 1998. The products for which TILLAMOOK is registered are hereinafter referred to as "dairy products."

5. TCS has used the mark TILLAMOOK COUNTRY SMOKER since 1975 for processed meats and is the owner of U.S. Trademark Registration No. 2,031,877 for the mark TILLAMOOK COUNTRY SMOKER and Design®, for processed meats sold refrigerated and unrefrigerated as snack food, issued January 21, 1997. A copy of this trademark registration is attached as Exhibit A. TCS also owns U.S. Trademark application serial No. 75/805,642, for TILLAMOOK COUNTRY SMOKER for processed meats sold refrigerated and unrefrigerated as snack food, filed September 21, 1999. The products with which these marks are used are referred to hereinafter as "processed meats."

6. In 1975, before TCS adopted TILLAMOOK COUNTRY SMOKER as its trademark, one of the founders of TCS asked the president of TCCA if TCCA had any objection to TCS using TILLAMOOK COUNTRY SMOKER. He was told that TCCA did not object because processed meats were sufficiently different from dairy products.

7. In reasonable reliance on such assurances from the president of TCCA, TCS adopted the TILLAMOOK COUNTRY SMOKER trademark in 1975 and has used the mark continuously and extensively since that time.

8. For 27 years, since the inception of TCS in 1975, the parties have been located a few miles apart on Highway 101 in the same small community. At the time TCS was formed, the husband of one of its founders was a member of the Board of Directors of TCCA. Since 1975, the owners of TCS have been personally acquainted with the presidents of TCCA and many of the TCCA board members.

9. TCCA has been aware of TCS's use of its TILLAMOOK COUNTRY SMOKER trademark since 1975 and never complained about or objected to such use until September 7, 2000.

10. Since 1975, in reasonable reliance upon TCCA's representation that it had no objection to TCS's use of TILLAMOOK COUNTRY SMOKER, TCS has sold more than \$500 million of products under its TILLAMOOK COUNTRY SMOKER trademark. TCS's products are sold throughout the United States and in several foreign countries. TILLAMOOK COUNTRY SMOKER-branded products are sold in the retail outlets of large supermarket chains, such as Albertsons, Safeway, Fred Meyer, Costco and Winn Dixie, and in convenience store chains such as 7-11. The products are also sold in a large number of small grocery and convenience stores, and at eating and drinking establishments. Overall, TILLAMOOK COUNTRY SMOKER-branded products are sold in over 50,000 retail locations. The primary method that TCS uses to advertise its products is point-of-sale advertising displays which prominently proclaim TILLAMOOK COUNTRY SMOKER. The displays are often located in prominent positions in focal locations, such as a checkout counters or cash registers, where the displays will be noticed by the maximum number of shoppers in the case of retail sales, and the maximum number of patrons in the case

of eating and drinking establishments. Since 1996 TCS has spent more than \$9,000,000 on advertising its products, including point-of-sale advertising displays. In addition, since 1998, TCS has paid its customers nearly \$750,000 in "Slotting Allowances," to obtain preferred shelf space. The benefits obtained through this Slotting Allowances would be less if TCS had to change its trademark.

11. For the past 25 years, TCS's products, branded with its mark TILLAMOOK COUNTRY SMOKER, have been sold in TCCA's retail store co-located with its cheese factory. These sales have been substantial. For example, in 2001, TCS sold \$570,000 of TILLAMOOK COUNTRY SMOKER-branded products in TCCA's store. TCCA also sold TCS's TILLAMOOK COUNTRY SMOKER branded products in its gift catalogs. The cover and page 6 from TCCA's 1998-1999 Gift Catalog, offering TCS's branded products, is attached as Exhibit B.

12. TCS's mark TILLAMOOK COUNTRY SMOKER has become well known for quality processed meat products and the mark represents the goodwill that TCS has built up over the past 27 years.

13. On September 1, 2000, after knowing of TCS's use of TILLAMOOK COUNTRY SMOKER for 25 years, and despite marketing TCS-branded products in its retail store and gift catalogs for almost as many years, TCCA demanded that TCS cease use of TILLAMOOK as a portion of its trademark TILLAMOOK COUNTRY SMOKER and petitioned the United States Patent and Trademark Office to cancel TCS's trademark Registration No. 2,031,877 for TILLAMOOK COUNTRY SMOKER and Design®.

14. On May 29, 2002, TCCA issued a letter informing its patrons that the TCCA board of directors had directed the management of TCCA to "prepare and file a lawsuit against Tillamook Country Smoker" for trademark infringement of its TILLAMOOK® trademark. The letter stated "Legal counsel for TCCA is preparing a

lawsuit, and will file the lawsuit in the near future." A copy of this letter is attached as Exhibit C.

15. Upon information and belief, TCCA's lawyers have drafted a complaint for trademark infringement of TCCA's TILLAMOOK® trademark against TCS.

16. On July 8, 2002, TCCA initiated an opposition proceeding in the U.S. Trademark Office against TCS's trademark application Serial No. 75/805,642 for TILLAMOOK COUNTRY SMOKER.

17. During the period of May - August 2002, the parties engaged in settlement negotiations.

18. On or about August 30, 2002, the settlement discussions were terminated, and on September 23, 2002 TCCA informed TCS that it would proceed with the cancellation and opposition proceedings.

19. Now that the parties are no longer discussing settlement, TCS has a reasonable apprehension that TCCA will file the previously authorized lawsuit for trademark infringement.

20. TCS believes that the lawsuit threatened by TCCA includes claims of trademark infringement of TCCA's federally registered TILLAMOOK® mark pursuant to 15 U.S.C. § 1114; and/or claims for false designation of origin pursuant to 15 U.S.C. § 1125(a); and/or seeks cancellation of TCS's federal registration No. 2,031,877 for TILLAMOOK COUNTRY SMOKER and Design®; and/or opposes TCS's federal trademark application serial No. 75/805,642 for TILLAMOOK COUNTRY SMOKER.

21. Use by TCCA and TCS of their respective well-known marks TILLAMOOK® and TILLAMOOK COUNTRY SMOKER for their respective products is not likely to cause confusion.

22. Being prohibited from using and/or registering TILLAMOOK COUNTRY SMOKER would irreparably damage TCS, depriving it of its hard-earned brand recognition and goodwill.

23. Upon information and belief, after 27 years TCCA wants to stop TCS from using TILLAMOOK portion of its trademark TILLAMOOK COUNTRY SMOKER because TCCA intends to offer processed meats under TCCA's TILLAMOOK® mark.

24. TCCA's use of TILLAMOOK on processed meats would damage TCS.

FIRST CLAIM FOR RELIEF

(Declaration of Non-Infringement)

25. TCS incorporates the allegations of paragraphs 1-24.

26. In view of the facts set forth above, TCS is the owner of the trademark TILLAMOOK COUNTRY SMOKER for processed meats and its use of that mark for those products does not infringe TCCA's rights in TILLAMOOK® for dairy products.

SECOND CLAIM FOR RELIEF

(Declaration of Validity of U.S. Trademark Reg. No. 2,031,877)

27. TCS incorporates the allegations of paragraphs 1-24.

28. TCS's U.S. Trademark Registration No. 2,031,877 for TILLAMOOK COUNTRY SMOKER and Design® is valid and TCS is entitled to maintain its registration.

THIRD CLAIM FOR RELIEF

(Declaration that a Trademark Registration be issued for TILLAMOOK COUNTRY SMOKER)

29. TCS incorporates the allegations of paragraphs 1-24.

30. TCS is entitled to issuance of a U.S. Trademark registration for the trademark TILLAMOOK COUNTRY SMOKER for processed meats.

FOURTH CLAIM FOR RELIEF

(Estoppel)

31. TCS incorporates the allegations of paragraphs 1-24.

32. In view of TCCA's representation in 1975 that it did not object to TCS's use of TILLAMOOK COUNTRY SMOKER, and TCS's reasonable reliance upon that representation, TCCA is estopped from asserting trademark rights in TILLAMOOK® against TCS, and TCS's use of TILLAMOOK COUNTRY SMOKER does not infringe TCCA's rights in TILLAMOOK®.

FIFTH CLAIM FOR RELIEF

(Acquiescence)

33. TCS incorporates the allegations of paragraphs 1- 24.

34. By representing to TCS in 1975 that TCCA did not object to TCS's use of TILLAMOOK COUNTRY SMOKER, and by selling TCS's TILLAMOOK COUNTRY SMOKER-branded processed meats in its retail store and its gift catalog for many years, and by peacefully coexisting with TCS for 27 years, TCCA has acquiesced to TCS's use of TILLAMOOK COUNTRY SMOKER for processed meats and TCS's use of its mark does not infringe TCCA's TILLAMOOK® mark.

SIXTH CLAIM FOR RELIEF

(Laches)

35. TCS incorporates the allegations of paragraphs 1-24.

36. Knowing of and failing to object to TCS's use of TILLAMOOK COUNTRY SMOKER for 25 years is an unreasonable delay and TCCA is barred by the equitable doctrine of laches from now claiming infringement of its rights in

TILLAMOOK®, and TCS's use of the TILLAMOOK COUNTRY SMOKER does not infringe TCCA's rights in TILLAMOOK®.

PRAYER

Wherefore, plaintiff TCS prays for declaratory judgment in its favor on all claims for relief and for an Order:

(a) that TCS is the owner of the mark TILLAMOOK COUNTRY SMOKER for processed meats and its use of that mark for processed meats does not infringe TCCA's rights in TILLAMOOK;

(b) pursuant to 15 U.S.C. § 1119, that U.S. Trademark Registration No. 2,031,877 is valid and TCS is entitled to maintain the registration;

(c) pursuant to 15 U.S.C. § 1119, TCS has the right to register TILLAMOOK COUNTRY SMOKER for processed meats sold refrigerated or unrefrigerated as snack food on the Principal Register of the United States Patent and Trademark Office;

(d) that TCCA is estopped from asserting its trademark rights in TILLAMOOK® against TCS's use of TILLAMOOK COUNTRY SMOKER for processed meats and TCS's use of its mark does not infringe TCCA's rights in TILLAMOOK®;

(e) that TCCA has acquiesced to TCS's use of the TILLAMOOK COUNTRY SMOKER trademark for processed meats and TCS's use of its mark does not infringe TCCA's rights in TILLAMOOK®;

(f) that according the equitable doctrine of laches, TCCA is barred from asserting its trademark rights in TILLAMOOK® against TCS's use of TILLAMOOK COUNTRY SMOKER for processed meats, and TCS's use of the mark does not infringe TCCA's rights in TILLAMOOK®;

(g) that under 15 U.S.C. § 1117, TCCA's threats to sue TCS for trademark infringement were willful and in bad faith, making this case exceptional, and that TCS is therefore entitled to an award of its costs and reasonable attorney fees;

(h) enjoining TCCA from using its mark TILLAMOOK in connection with processed meats;

(i) enjoining TCCA from asserting that TCS's use of TILLAMOOK COUNTRY SMOKER infringes upon TCCA's rights in TILLAMOOK; and

(j) for such other relief as the Court shall deem appropriate.

DATED this 12 day of November 2002

CHERNOFF, VILHAUER, MCCLUNG & STENZEL LLP

By: 

J. Peter Staples, OSB No. 79404
Of Attorneys for Plaintiff

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Int. Cl.: 29

Prior U.S. Cl.: 46

United States Patent and Trademark Office

Reg. No. 2,031,877

Registered Jan. 21, 1997

**TRADEMARK
PRINCIPAL REGISTER**



TILLAMOOK COUNTRY SMOKER, INC.
(OREGON CORPORATION)
8250 WARREN STREET
BAY CITY, OR 971070128

FOR: PROCESSED MEATS SOLD REFRIG-
ERATED AND UNREFRIGERATED AS
SNACK FOODS, IN CLASS 29 (U.S. CL. 46).
FIRST USE 6-30-1980; IN COMMERCE
6-30-1980.

THE STIPLING IN THE DRAWING IS FOR
SHADING PURPOSES ONLY AND IS NOT IN-
TENDED TO INDICATE COLOR.

SER. NO. 75-016,940, FILED 11-7-1995.

EVERETT FRUEHLING, EXAMINING ATTOR-
NEY

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Tillamook



TILLAMOOK COUNTY CREAMERY, TOCA
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A delicious new twist to an old favorite - beef
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- 1.2 lbs. Teriyaki #486 - \$17.95
- 1.2 lbs. Natural Beef #487 - \$17.95





TILLAMOOK COUNTY CREAMERY ASSOCIATION

Producers of genuine "TILLAMOOK® CHEESE"
www.tillamookcheese.com

May 29, 2002

To our Patrons:

As you know, for nearly 100 years the Tillamook County Creamery Association (TCCA) has operated under one guiding principle: a commitment to making the best dairy products available anywhere. Our purity of purpose and determination in this endeavor has created some of the most well known and established branded cheese and dairy products in the country. Consumers know and look for the Tillamook® label because it represents quality and consistency. They understand that before we put the Tillamook® brand on any product, that product has met rigorous standards for quality assurance.

The TCCA trademark has been a symbol of premium quality since 1918 – we were the first to market our award-winning cheeses under the Tillamook® brand. The trademark (Tillamook®) is more than a symbol, it's a promise to you and to consumers that any product carrying the Tillamook name is, simply put, a premium value.

We have a clear brand management policy that seeks to identify improper uses of similar brands. If consumers mistakenly believe that products sold by others are manufactured or endorsed by TCCA, it could potentially erode the value of our brand. And we don't want to create any confusion over a brand we've worked so hard to build through the years.

Because of this, the TCCA board of directors recently directed management to prepare and file a lawsuit against the Tillamook Country Smoker. We believe the similarity of our Tillamook® trademark and the brand name used on Tillamook Country Smoker products creates confusion in the minds of consumers. This action will be taken in order to put the best interests of our customers, employees and the Tillamook brand name and heritage first. Legal counsel for TCCA is preparing the lawsuit, and will file the lawsuit in the near future.

In the coming months there is likely to be a loud discussion over the merits of this lawsuit. A lot of misinformation and rumors may circulate throughout Tillamook County relating details of our decision to move forward with this legal action. We will be issuing a brief statement to some local media outlets in response to their inquiries, but we will not engage in a public debate of the matter. This is a private, legal business issue that we will handle through the proper channels.

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Our first concern is protecting and enhancing the strength of the TCCA trademark, just as vigorously as TCCA is committed to producing the best products available to consumers. Our successful brand makes it possible to keep farms in Tillamook and remain an independent cooperative.

TCCA is accountable to you, our members, and as such we want to ensure you have all the facts. If you have any questions relating to the above information, please contact any of the Tillamook Directors or Alternates. If you are asked any questions about this matter by anyone outside of TCCA, we ask that you refer them to Jim McMullen.

Thank you for your continued hard work and support of Tillamook. We look forward to many more successful years.

Sincerely,

Robert Clark	John McMullen
George Allen	Tim Emmerich
Steve Lewis	Wayne Woods
Joe or Joan	Chuck Bailey
Gay Petty	Ron Hullman
Don Jon	Richard Heatterman
Barb Hisee	
Norman M. Mante	
Tom Leuthardt	
Bob Dull	
Robert F. Quiston	