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Of Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON  
PORTLAND DIVISION

**SECURITY CHAIN COMPANY, a  
division of BURNS BROS., INC.,** an  
Oregon corporation,

Plaintiff,

vs.

**QUALITY CHAIN CORPORATION,** an  
Oregon corporation,

Defendant.

No. CV 10-1257 PK

**FIRST AMENDED COMPLAINT FOR  
PATENT INFRINGEMENT, FALSE  
ADVERTISING, TRADE DRESS  
INFRINGEMENT, UNFAIR  
COMPETITION, FALSE DESIGNATION  
OF ORIGIN, FALSE MARKING AND  
INJUNCTIVE RELIEF**

**DEMAND FOR JURY TRIAL**

Plaintiff Security Chain Company, a division of Burns Bros., Inc. (collectively referred to herein as “SCC” and/or “Plaintiff”), hereby submits its Complaint against Defendant Quality Chain Corporation (collectively referred to herein as “Defendant” or “Quality Chain”), and states as follows:

### **NATURE OF CLAIMS**

1. SCC seeks injunctive and monetary relief against Quality Chain for patent infringement in violation of 35 U.S.C. §§ 271, 281, 283-285.
2. SCC additionally seeks injunctive and monetary relief against Quality Chain for false advertising, trade dress infringement, unfair competition, and false designation of origin, in violation of the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*
3. SCC additionally seeks injunctive and monetary relief against Quality Chain for trade dress infringement in violation of Oregon common law.
4. SCC additionally seeks monetary relief against Quality Chain for false marking of its patent in violation of the patent laws, namely 35 U.S.C. § 292.

### **THE PARTIES**

5. Plaintiff SCC is a division of Burns Bros., Inc., a corporation organized and existing under the laws of the State of Oregon, with its principal place of business located at 4949 SW Meadows Road, Suite 330, Lake Oswego, Oregon 97035. Burns Bros., Inc. is the owner of all of SCC's intellectual property.
6. Defendant Quality Chain Corporation is a corporation organized and existing under the laws of the State of Oregon, with its principal place of business at 3365 NW 216<sup>th</sup> Avenue, Hillsboro, Oregon 97124-7137.

### **JURISDICTION AND VENUE**

7. This action arises under the United States patent laws, namely 35 U.S.C. § 271 *et seq.*, the Lanham Act, 15 U.S.C. § 1051 *et seq.*, and Oregon common law.
8. This Court has original subject matter jurisdiction over the federal claims asserted in this Complaint pursuant to 28 U.S.C. § 1338, and has subject matter jurisdiction over the claims asserted pursuant to 15 U.S.C. § 1116 and 28 U.S.C. § 1331 because the action relates in part to 15 U.S.C. § 1125. This Court has supplemental jurisdiction over related state claims for trade dress infringement pursuant to 28 U.S.C. § 1338(b) because these claims are joined with substantial and related claims under federal patent law, and

pursuant to the doctrine of supplemental jurisdiction under 28 U.S.C. § 1367.

9. This court has personal jurisdiction over Quality Chain because it is a corporation organized and existing under the laws of the State of Oregon.
10. Venue is proper in this district under 28 U.S.C. § 1391(b)(1) and (c) and in this division because Quality Chain resides in this state and has a principal place of business in this district, at 3365 NW 216<sup>th</sup> Avenue, Hillsboro, Oregon 97124-7137.

### **FACTS COMMON TO ALL CLAIMS**

#### **SCC's Business**

11. Burns Bros., Inc. ("Burns Bros.") was started by brothers Jack and Bob Burns. Burns Bros. opened its doors in March of 1947 with a single truck stop in the central eastside of Portland, Oregon. Over the years, the Burns brothers grew their business into one of Oregon's most successful companies, with initiatives in Interstate travel stops, wholesale auto parts distribution, wholesale tires and wheels, manufacture and distribution of battery-operated lighting products, manufacture and distribution of tire chains, and real estate development. Burns Bros. remains a privately-held Oregon corporation today.
12. SCC is a division of Burns Bros. and is the nation's leading innovator in tire chain technology and principal marketer of products such as winter traction products (e.g., tire chains), industrial hardware chain, and cargo control devices. SCC has offices and/or warehouses in several domestic and international locations, including, but not limited to Portland, Oregon; Memphis, Tennessee; Japan; and Germany.
13. Burns Bros. is committed to protecting its innovations and related intellectual property against infringement by others, and has obtained multiple patents and trademark registrations to protect its innovative designs and marks, and to further promote the unique characteristics of its products as indicators of product source.
14. For two decades, one of SCC's most successful product lines has been the "Z"-product line, which includes a variety of tire chain products for use in passenger vehicles, emergency vehicles, light trucks/SUVs, and commercial trucks. The Z-products were

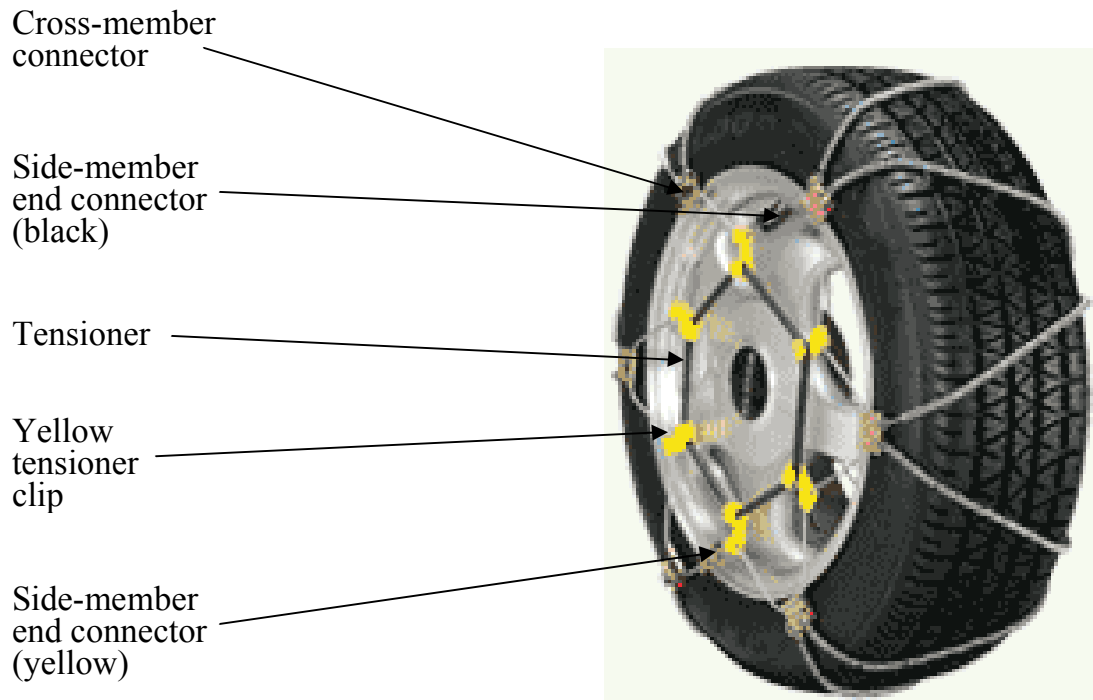
first introduced by Burns Bros. in 1990.

15. Burns Bros. is the owner of a federal trademark registration for the mark “Z,” U.S. Registration No. 2,109,149, used in connection with tire chains for land vehicles. SCC and Burns Bros. have used this mark in commerce since at least as early as July, 1995.
16. Burns Bros. is also the owner of a federal trademark registration for the mark “Z-CHAIN,” U.S. Registration No. 1,681,605, for use in connection with tire chains for land vehicles. SCC and Burns Bros. have used this mark in commerce since at least as early as September, 1991.
17. Burns Bros. maintains the following additional trademarks for use with Z-products:
  - a. ICEBEAR Z – European Community Trade Mark (“CTM”) Registration No. 002974723
  - b. ICEMAN Z – CTM Registration No. 002974665
  - c. SHUR GRIP Z - U.S. Registration No. 1,914,900
  - d. SUPER Z - U.S. Registration No. 1,914,801
  - e. SUPER Z6 - U.S. Registration No. 3,049,077
18. Burns Bros. holds all right, title and interest in U.S. Patent 5,299,613 (“‘613 Patent”), entitled “Tire Chain Cross Member Assemblies and Tire Chains Using the Same.” The ‘613 Patent was issued April 5, 1994. All maintenance fees have been paid. A copy of the ‘613 Patent is attached to this Complaint as Exhibit 1. The ‘613 Patent is generally directed to a “split-bushing” used to couple a cross member to a side member of a tire chain. This bushing design solved a significant problem that arose with diagonally disposed cross members, which included the cross member cable shearing at or near the side member coupling point. This innovation substantially improved the endurance of tire chains using cross-member assemblies. The invention of the ‘613 Patent has been used on SCC’s products, including the Z-products, for at least 16 years. The invention was introduced in 1994 on the Shur Grip Z™ cable tire chain product (a Z-product).
19. SCC maintains the informational website, [www.scc-chain.com](http://www.scc-chain.com), through which it

promotes its transportation and industry products. SCC spends a substantial sum each year promoting its various products, including “Z” tire chain products. Attached to the Complaint as Exhibit 2 is a copy of a sample of SCC’s website description of the Shur Grip Z<sup>TM</sup> cable tire chain product which uses the technology of the ‘613 Patent. Prominently displayed on the right-hand side is the statement “USA Patent 5,299,613”.

20. SCC has marked and continues to mark products made under the ‘613 Patent, including by marking product packaging with notice of the ‘613 Patent, and listing the patent number on installation instruction sheets included with the product and in SCC product catalogs.
21. SCC sells the majority of its cable tire chain products including the Z-products to buyers purchasing tire chains for sale through retailers or mass-merchandisers. SCC has derived substantial revenues from sales of Z-products, which have been sold to companies throughout the United States, Canada, Japan, Europe, New Zealand, Bosnia, Hungary, Poland, Chile and Argentina. Some of SCC’s most popular Z-products include the Shur Grip Z<sup>TM</sup>, the Z-Chain<sup>TM</sup>, the Super Z<sup>TM</sup> and Super Z<sup>TM</sup> LT. The Shur Grip Z<sup>TM</sup> and Super Z<sup>TM</sup> products are the two most popular retail products sold by SCC.
22. In addition to the innovative bushing design protected by the ‘613 Patent, all passenger, light truck and truck Z-products - with one exception - include a bungee-like tensioner with spaced yellow tensioner clips. The tensioner exerts tension on the tire chain once it is applied to the tire, thereby keeping the chain in proper position during use. The tensioner is hooked to the tire chain and is positioned over the central portion or hubcap area of the tire. Accordingly, the tensioner with the yellow clips is the most prominently visible component of a tire chain assembly when viewed from vehicle’s side. The only product on which this tensioner and clip assembly is not used is the Z-Chain product, which is a specialized chain that is designed for abusive conditions, such as for police and emergency vehicles that need to travel at excessive speeds. Such use is inconsistent with the use of a tensioner and clip assembly.

23. The use of the color yellow on the tensioner clips serves no functional purpose. The color yellow was arbitrarily selected by SCC, and has been used in connection with the sale of the Z- products since at least as early as 1994. From 1994-2002, SCC incorporated yellow hold-down tensioner clips on its Super Z<sup>TM</sup> truck product, and a yellow plastic washer with a metal hook on its Shur Grip Z<sup>TM</sup> and Super Z<sup>TM</sup> LT products. In 2002, the tensioner clip design used on the Shur Grip Z<sup>TM</sup> and Super Z<sup>TM</sup> LT product designs was changed to a broad-bodied shape while maintaining the yellow color used since 1994. A significant portion of consumers, including buyers purchasing tire chains for sale by retailers, associate the color yellow on cable tire chain tensioner clips with the Z-products.
24. The tensioner with yellow tensioner clips as installed on a tire chain assembly constitutes SCC's protectable trade dress, as shown for example on SCC's Shur Grip Z<sup>TM</sup> and Super Z<sup>TM</sup> LT Z- products in paragraph 35 below ("Z-products trade dress"). SCC's advertising for these products routinely features the Z-products trade dress, which has been consistently used on the Z- products since their first use, including photos posted on SCC's website, print advertisements, brochures, and flyers. SCC's use of the Z-products trade dress has been substantially exclusive for at least five years and has resulted in substantial sales.
25. In addition to the tensioner with yellow tensioner clips, certain other features of the Z-products are distinctive to SCC (although not claimed as part of SCC's protectable trade dress). These include the use of yellowed-zinc cross-member connectors, as opposed to silvered metal component. In addition, SCC's Z-products feature black side-member end connectors and yellowed-zinc side-member end connectors, which serve to orient a user for removal of installed tire chains.
26. An example of the SCC look is below:



### **Defendant Quality Chain Corporation's Business**

27. On information and belief, Quality Chain is a tire chain importer owned and operated by its President, Rick Schmunk. On information and belief, Quality Chain maintains a corporate office in Hillsboro, Oregon.
28. Upon information and belief, persons on behalf of Quality Chain, including Rick Schmunk, Quality Chain employees, and independent sales agents routinely visit existing and potential customers in multiple states including California, Oregon, and Washington, to display and discuss Quality Chain's existing and future products. In the tire chain industry, sales visits by tire chain manufacturers and/or marketing companies are routinely made well prior to the selling season (winter, for tire chains) to allow retailers to pre-order stock from the manufacturer or importer.
29. Quality Chain also operates a website, [www.chainquest.com](http://www.chainquest.com), through which, upon information and belief, it sells tire chains directly to consumers. On this website, Quality Chain states it has "other locations" at Rocklin, California; Sparks, Nevada; Surrey, B.C.; Harrisburg, Pennsylvania; Denver, Colorado; and Salt Lake City, Utah. Upon

information and belief, these locations are exclusively for distribution and shipping of product.

30. Quality Chain has been a direct competitor of SCC in the tire chain industry for several years, although Quality Chain has not, by its own admission to SCC, been successful in competing with SCC's superior Z-products.
31. Upon information, belief, and past experience, Quality Chain has previously attempted to trade off of SCC's goodwill in its "Z"-formative trademarks as used with tire chains by previously incorporating "Z" into its product descriptions and in other ways. SCC and Quality Chain have resolved these past matters in confidential settlements, but since SCC first became aware of Quality Chain's actions, SCC has monitored, to the extent possible, any attempts by Quality Chain to use SCC's intellectual property. For example, by letter from undersigned counsel on August 16, 2010, SCC demanded, among other things, that Quality Chain remove "Z" from the title of a tire-chain installation video Quality Chain had posted on You-Tube. Quality Chain agreed to the removal and apologized for its actions.
32. Quality Chain has also previously infringed the '613 patent at issue in this case. In 2004, SCC learned that Quality Chain had offered to sell products for use on the Tri-Met transit system that contained the split-bushing technology covered by the '613 Patent, as well as technology covered by other SCC patents. SCC notified all parties involved, including Quality Chain, of SCC's rights under the '613 Patent, including that tire chains featuring the split-bushing technology are covered by the '613 Patent and that the offers to sell the patented technology violated SCC's patent rights. Through these events a mere six years ago, Quality Chain received actual notice of the '613 Patent. The parties subsequently resolved the issue out of court.



#### **Defendant Quality Chain's Unlawful Activities at Issue**

33. Despite that Quality Chain had actual notice of the '613 Patent that covers SCC's Z-products, in early December 2009, Quality Chain notified SCC that it was preparing to



copy SCC's Z and Super Z cable chain products. Since Quality Chain's notice, SCC has monitored, to the extent possible, any attempt by Quality Chain to duplicate SCC's Z-products.

34. On July 26, 2010, one of SCC's customers in California forwarded to SCC a brochure it received from Quality Chain via mail. The brochure is attached to this Complaint as Exhibit 3. The brochure "Introduces" the "Volt" tire chains and describes them as "A New Member to our Lightning Cable Family." The brochure reflects four styles of tire chains installed on four types of tires – passenger ("Volt"), emergency vehicle ("High Volt"), light trucks/SUVs ("Volt LT"), and commercial trucks ("Volt Truck").
35. Below is a comparison of the four advertised "Volt" products taken from the brochure of Exhibit 3 and the corresponding SCC Z-products Quality Chain copied as shown on the SCC website:

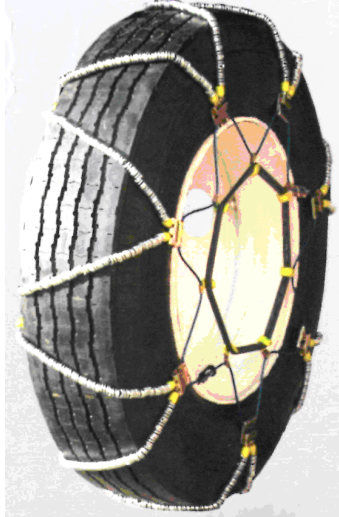
Quality Chain Product	SCC Z-Product
 <p data-bbox="532 1480 586 1516"><b>Volt</b></p>	 <p data-bbox="995 1486 1166 1522"><b>Shur Grip Z</b></p>



**Volt LT**



**Super Z LT**



**Volt Truck**



**Super Z**



**High Volt**



**Z-Chain**

36. On information and belief and after careful examination of an enhanced original copy of the Volt brochure, SCC has concluded that the tire chains featured on the Volt brochure are, in fact, four of SCC's own "Z" chains. SCC's informed conclusion is based upon the presence of at least the following features on the tire chains in the photograph:

- a. Characteristic diagonal crossing of the tire chain relative to the tire tread;
- b. Cross-member assemblies including the "split-bushing" element protected by the '613 Patent;
- c. Metal deformations or "crimp marks" are evident on the cross-member cable connectors. Such marks are a signature of the proprietary manufacturing process SCC uses to manufacture these parts;
- d. A single black side-member end connector and a yellowed-zinc side-member end connector, reflective of SCC's Z-products;
- e. Yellowed-zinc cross-member connectors, reflective of SCC's Z-products;
- f. A bungee-like tensioner with 6 yellow tensioner clips, reflective of SCC's distinctive Z-product trade dress; and
- g. Smudged areas corresponding to the locations where "SCC" is stamped in metal pieces during the manufacturing process, suggesting the photographs were doctored to obscure SCC's identification stamp prior to distribution of the brochure.

37. On August 16, 2010, counsel for SCC notified Mr. Schmunk of its informed belief that the brochure of Exhibit 3 featured photographs of SCC's products, and identified the various intellectual property rights belonging to SCC which protect these products, including patent and trade dress rights. In addition, counsel notified Quality Chain that its distribution of a brochure containing photographs of SCC's chains was actionable under at least the federal Lanham Act. SCC demanded that the brochures be removed from circulation and destroyed, that Quality Chain notify all customers who received the brochure that the brochure contained misinformation, and that Quality Chain request that

those customers also destroy their copy of the brochure. The August 16, 2010 correspondence is attached as Exhibit 4.

38. Quality Chain responded to the August 16 letter through counsel. Subsequent email exchanges between counsel has made the following clear:

- a. Quality Chain is currently having exact duplicates of SCC's chains made by a Chinese manufacturer;
- b. Quality Chain will not cease circulation of the "Volt" brochure; and
- c. Quality Chain denies that its making of exact duplicates of these chains violates any intellectual property right belonging to SCC.

39. Quality Chain's counsel also claimed that, despite the striking product identity, the chains used for the photograph were not SCC's products. In an attempt to corroborate Quality Chain's representation, counsel for SCC requested to examine the chains that were photographed to create the brochure of Exhibit 3. Quality Chain's counsel refused to allow inspection of the chains, claiming that the chains were currently being tested by customers. SCC believes the chains used to create the photographs are "unavailable" for inspection because they do not exist – the hallmarks in the photographs make clear that the photographs are indeed of SCC's chains.

40. Despite SCC's timely assertion of its intellectual property rights and its efforts to prevent Quality Chain from entering the market with infringing products, Quality Chain has made clear that it believes its making of identical copies of SCC products does not infringe any intellectual property right of SCC, and Quality Chain intends to make good on its current promises to deliver the duplicated chains to retailers beginning in late October 2010, when the chains arrive from China.

**COUNT I**

**(Patent Infringement)**

41. SCC restates and realleges the allegations set forth in paragraphs 1 through 40 as if fully set forth herein.
42. Quality Chain, through its President, Rick Schmunk, has had - at least since 2004 - actual notice of the '613 Patent.
43. Quality Chain has circulated the brochure of Exhibit 3 to numerous customers and potential customers, and has further offered to sell the products featured in the brochure.
44. The tire chains shown in the brochure of Exhibit 3 include a split-bushing coupling the tire chain cross members with the side member couplers, which is SCC's invention duly protected by the '613 Patent. As previously stated, SCC believes in good faith that the tire chains illustrated in the brochure of Exhibit 3 are in fact SCC Z-products, and thus Quality Chain's unauthorized offer for sale of infringing product infringes the '613 Patent. Even if the chains are not SCC Z-products, as Quality Chain has asserted, Quality Chain remains liable for offering to sell a product that infringes the '613 Patent, as the products offered for sale feature a split-bushing coupling the tire chain cross members with the side member couplers.
45. Quality Chain is further liable for infringement based on its importation, use and offer for sale and/or sale of infringing products, which infringe claims 1-13 of the '613 Patent in violation of 35 U.S.C. § 271(a).
46. Quality Chain's infringement of the '613 Patent has been willful and in blatant disregard of SCC's patent rights despite Quality Chain's actual knowledge of the '613 Patent. Quality Chain's infringement has injured and will continue to injure SCC unless and until the Court enjoins further infringement of the '613 Patent.
47. As a direct and proximate result of Quality Chain's conduct, SCC has suffered damages in an amount to be proven at trial, but in no event shall such damages be less than a reasonable royalty of Quality Chain's infringing sales.

48. In addition to the damages to which SCC is entitled for the infringing activities, SCC is further entitled to recover its reasonable attorneys' fees and costs pursuant to 35 U.S.C. § 285, to the extent the Court finds this case to be exceptional.

**COUNT II**

**(False Advertising 15 U.S.C. § 1125(a))**

49. SCC restates and realleges the allegations set forth in paragraphs 1 through 48 as if fully set forth herein.

50. Quality Chain's "Volt" brochure contains literally false statements in that the brochure features photographs of SCC's Z-products but claims the tire chain products are Quality Chain's own "new" product line.

51. Quality Chain's unlawful, unauthorized and unlicensed advertising, marketing, and offer for sale, and/or sale of its goods in interstate commerce using literally false statements of fact are material in that the brochures have the capacity to deceive and are likely to influence the purchasing decisions of consumers, including buyers purchasing tire chains for sale through retailers.

52. Quality Chain's aforesaid acts are in knowing and willful violation of SCC's rights under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

53. As a direct and proximate result of Quality Chain's conduct, SCC has suffered injury and damages in an amount to be determined at trial.

54. SCC has no adequate remedy at law, and if Quality Chain's activities are not enjoined, SCC will continue to suffer irreparable harm and injury to its goodwill and reputation.

55. In addition to the damages to which SCC is entitled for Quality Chain's false advertising, SCC is further entitled to recover its reasonable attorneys' fees and costs pursuant to 15 U.S.C. § 1117(a), to the extent the Court finds this case to be exceptional.



**COUNT III**

**(Trade Dress Infringement, Unfair Competition, and False Designation of Origin)**

**15 U.S.C. § 1125(a))**

56. SCC restates and realleges the allegations set forth in paragraphs 1 through 55 as if fully set forth herein.

57. SCC's Z-products trade dress comprises a tensioner with yellow clips, as used for example on SCC's Shur Grip Z<sup>TM</sup> and Super Z<sup>TM</sup> LT Z- products.

58. SCC's Z-products trade dress and the goodwill of the business associated with it in Oregon and throughout the US and Canada are of great value, are distinctive and non-functional, and have become associated in the minds of consumers, including buyers purchasing tire chains for sale through retailers, with SCC's reputation for high quality goods and excellent customer service. SCC's Z-products trade dress is non-functional because it does not affect the cost or quality of the product, nor is this trade dress essential to the use or purpose of the product.

59. SCC's Z-products' trade dress has achieved secondary meaning as demonstrated by SCC's long-term use of the Z-products, advertising and publicity, and the substantial sales of the Z-products that SCC has enjoyed. In addition, the Z-products are protected by a variety of trademarks which are used to advertise the Z-products in conjunction with visual images displaying the Z-products' trade dress. SCC's use of the Z-products trade dress has been substantially exclusive for at least five years.

60. Because of the harsh weather conditions in which cable tire chain products are used and the importance of reliable and safe transportation, consumers, including buyers purchasing tire chains for sale through retailers, are likely to purchase goods whose trademark or trade dress they recognize. SCC's goodwill and the secondary meaning attached to SCC's Z-products leads consumers, including buyers purchasing tire chains for sale through retailers, to seek out and purchase SCC's products.

61. Quality Chain's cable tire chains and SCC's Z-products are sold in identical trade

channels and highly similar if not identical marketing channels. Upon information and belief, Quality Chain's goods are being marketed to tire chain retailers in Oregon, Washington, and California, and possibly throughout the nation. Quality Chain's sales channels for these products include in-person offers for sale and direct-to-customer mailings. Both Quality Chain and SCC also maintain Internet sites for product advertisement.

62. At a retailer's store, SCC's products and Quality Chain products are very likely to occupy the same sales space if both brands are purchased and displayed. Therefore, the goods would be in very close proximity at a retail store.
63. The "Volt" brochure contains pictures of products that are not merely identical to SCC's Z-products, but rather, upon information and belief, are actual SCC Z-products. Quality Chain is knowingly using the brochure to pass-off its goods as SCC's Z-products by advertising, marketing, offering for sale and/or "selling" these goods in direct competition with SCC, and by taking pre-orders and promising to deliver such goods when its shipment arrives from China.
64. Quality Chain's actions in notifying SCC it was duplicating SCC's products and in marketing the "Volt" brochure containing photographs of SCC products make clear its intent to precisely duplicate SCC's Z-products in order to trade off of SCC's goodwill and acquired distinctiveness in the Z-products trade dress.
65. Quality Chain's use of the brochure images to advertise, market, offer for sale and/or "sell" its identical products in interstate commerce constitutes trade dress infringement, unfair competition, and/or false designation of origin in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), as consumers, including buyers purchasing tire chains for sale through retailers, are likely to be confused or caused to mistakenly believe that the "Volt" products identified in the brochure are in fact SCC's Z-products, or that the "Volt" products are somehow affiliated with or associated with the Z-products, or vice versa.



66. Quality Chain's aforesaid acts are in knowing and willful violation of SCC's rights under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).
67. As a direct and proximate result of Quality Chain's conduct, SCC has suffered damages to its valuable Z-product trade dress, and other damages in an amount to be proved at trial.
68. SCC has no adequate remedy at law, and if Quality Chain's activities are not enjoined, SCC will continue to suffer irreparable harm and injury to its goodwill and reputation.
69. In addition to the damages to which SCC is entitled for Quality Chain's trade dress infringement, unfair competition and false designation of origin, SCC is further entitled to recover its reasonable attorneys' fees and costs pursuant to 15 U.S.C. § 1117(a), to the extent the Court finds this case to be exceptional.

#### **COUNT IV**

##### **(Common Law Trade Dress Infringement)**

70. SCC restates and realleges the allegations set forth in paragraphs 1 through 69 as if fully set forth herein.
71. SCC has built valuable goodwill in the Z-product trade dress with consumers, including buyers purchasing tire chains for sale through retailers, which trade dress is eligible for protection under Oregon common law. SCC is the senior user of such trade dress.
72. With full knowledge that the Z-product trade dress is owned by SCC, Quality Chain is intentionally trading on the goodwill associated therewith, causing a likelihood of confusion among consumers as to whether the "Volt" products are in fact the Z-products created by SCC, or that the "Volt" products are somehow affiliated with or associated with the Z-products, or vice versa.
73. Quality Chain's unauthorized use of the identical Z-product trade dress on its goods is likely to and does permit Quality Chain to pass off its goods to the public as genuine SCC goods, to the detriment of SCC and the enrichment of Quality Chain.
74. Quality Chain's act of trade dress infringement is likely to cause confusion and mislead

and deceive the public as to the source of Quality Chain's goods, permit Quality Chain to pass off its goods as SCC's, and to falsely suggest a connection between Quality Chain and SCC, and will continue to do so, in violation of the common law of the State of Oregon.

75. Quality Chain's aforesaid acts are in knowing and willful violation of SCC's common law trade dress.

76. As a proximate and direct result of Quality Chain's conduct, SCC has suffered damages to its valuable Z-product trade dress, and other damages in an amount to be proved at trial.

77. SCC has no adequate remedy at law, and if Quality Chain's activities are not enjoined, SCC will continue to suffer irreparable harm and injury to its goodwill and reputation.

### **COUNT V**

#### **(False Marking)**

78. SCC restates and realleges the allegations set forth in paragraphs 1 through 77 as if fully set forth herein.

79. Exhibit A to this First Amended Complaint is a copy of the cover page and page 20 of a 2006 Quality Chain sales catalog. Upon information and belief, Quality Chain circulated this catalog in 2006. The Spider Bungie product on page 20 is marked as "Pat. pending," although U.S. Patent and Trademark Office records reflect that Quality Chain did not file for a patent that would cover the Spider Bungie until April 4, 2007.

80. Exhibit A advertised a product as "patent pending" when no patent application was pending that would cover the product, and is thus a false patent marking under 35 U.S.C. § 292.

81. Quality Chain used Exhibit A, and the false patent marking therein, for the purpose of deceiving the public, based on the facts alleged below.

82. Quality Chain is intimately familiar with patent protection and has been since at least since at least June 7, 1989, when a patent application that issued as U.S Patent No. 4,958,415 was

filed, listing Quality Chain as assignee.

83. Beginning since at least 2001, Quality Chain has been represented by experienced patent counsel on patent infringement issues. That patent counsel is the same counsel advising Quality Chain on patent issues in this lawsuit, including, on information and belief, the false marking claims asserted by Quality Chain against SCC.

84. Between the time Exhibit A was published and used by customers of Quality Chain in 2006 until April 4, 2007, Quality Chain knew that there was no pending patent that covered the Spider Bungie, because, on information and belief, Quality Chain had no patent applications on file with the PTO during that period.

85. Quality Chain's used of a false notice as described above is in violation of 35 U.S.C. § 292 and the public deception and/or competitive harm caused by Quality Chain's false marking has and continues to harm the United States, including SCC, a competitor and representative of the public. As a statutorily-authorized relator in this case, SCC is entitled to collect a fine of up to \$500 per violation.

### **PRAYER FOR RELIEF**

WHEREFORE, SCC respectfully requests that Quality Chain be cited to appear in this case, and upon final judgment, that SCC receive the following relief:

1. That Quality Chain, its officers, agents, servants, subsidiaries, successors, employees, associates, attorneys, and assigns, and all persons acting for, in privity with, by, through or under it be temporarily and/or preliminarily enjoined and restrained, at first during pendency of this action and, thereafter, permanently:
  - a. From making, using, importing, selling or offering to sell products that infringe the claims of SCC's '613 Patent;
  - b. From distributing the brochure of Exhibit 3, or any similar document that falsely advertises, misrepresents, and/or passes off SCC's Z-products as Quality Chain products;

- c. From using trade dress confusingly similar in any manner to the SCC Z-products trade dress on any of its goods, namely using tensioners with yellow tensioner clips or any product that so resembles SCC's Z-products trade dress as to be likely to cause confusion, deception or mistake on or in connection with the advertising, marketing, offering for sale, or sale of any product not SCC's or not authorized by SCC to be sold in connection with SCC's Z-products trade dress;
- d. From passing off, inducing, or enabling another to sell or pass off any product as a product made by SCC that is not SCC's or is not produced under the control and supervision of SCC and approved by SCC for sale under the SCC Z-products trade dress;
- e. From making statements or committing any acts calculated to cause purchasers to believe that Quality Chain's goods are sold under the control and supervision of SCC, or sponsored or approved by, or connected with, or guaranteed by, or produced under the control and supervision of SCC;
- f. From further infringing SCC's Z-products trade dress and damaging SCC's goodwill;
- g. From producing, shipping, delivering, or otherwise distributing, in any manner, brochures or other materials bearing SCC's Z-products trade dress in a manner not authorized by SCC;
- h. From making false statements in connection with its advertising and promotional materials, including sales brochures, that SCC's Z-products are its own;
- i. From otherwise competing unfairly with SCC in any manner; and
- j. From assisting any other party in or inducing any other party to commit the acts described above;

2. A judgment, order, or award of damages adequate to compensate SCC for Quality Chain's infringement of the '613 Patent, in no event less than a reasonable royalty, together with prejudgment interest from the date infringement of the '613 Patent began;
3. A judgment, order, or award of damages adequate to compensate SCC for Quality Chain's false advertising;
4. A judgment, order, or award of damages adequate to compensate SCC for Quality Chain's infringement of SCC's Z-products trade dress, unfair competition and passing off of SCC's Z-products as Quality Chain's own products;
5. That SCC be awarded reasonable attorneys' fees and costs pursuant to 35 U.S.C. § 285, to the extent this Court finds this case to be exceptional;
6. An order trebling the damage award under 35 U.S.C. § 284, together with prejudgment interest;
7. That SCC be awarded reasonable attorneys' fees and costs pursuant to 15 U.S.C. § 1117(a), to the extent the Court finds this case to be exceptional;
8. That SCC be awarded reasonable attorney's fees and costs pursuant to ORS 646.638(3);
9. That Quality Chain, within thirty (30) days after service of judgment with notice of entry thereof upon it, be required to file with the Court and serve upon SCC a written report under oath, and with penalty of perjury, setting forth in detail the manner in which Quality Chain has complied with paragraph 1 above; and
10. That SCC be awarded such other and further relief as the Court may deem equitable including, but not limited to, any relief set forth under Sections 34-39 of the Lanham Act.
11. A judgment, order, or award of a fine of up to \$500 for each sale by Quality Chain of a falsely marked product.

**JURY DEMAND**

Plaintiff respectfully demands a trial by jury on all claims and issues so triable.

Dated this 1<sup>st</sup> day of April, 2011.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

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