

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Northern Star Council, Boy Scouts of America,

Plaintiff,

vs.

Central Mfg., Inc., a Delaware Corporation, S
Industries, Inc., a Delaware Corporation, Leo
Stoller individually and d/b/a Dark Star,
rentamark.com, Association Network
Management, Central Mfg., Inc., Central Mfg.,
Co., and S Industries, Inc.

Defendants.

Court File No. _____ / _____

**COMPLAINT FOR
DECLARATORY JUDGMENT**

Jury Trial Demanded

Plaintiff, Northern Star Council, Boy Scouts of America, for its Complaint against the above-named Defendants, states and alleges as follows:

I. THE PARTIES

1. Plaintiff Northern Star Council, Boy Scouts of America ("Northern Star Council") is a Minnesota non-profit corporation with its principal place of business located in St. Paul, Minnesota. The Northern Star Council is a chartered council of the Boy Scouts of America, National Council.

2. Defendant Central Mfg., Inc. is, on information and belief, a Delaware corporation with its principal place of business in Oak Park, IL, and doing business as Central Mfg. Co.

3. Defendant S Industries, Inc. is, on information and belief, a Delaware corporation with its principal place of business in Oak Park, Illinois.

4. Defendant Leo Stoller is, on information and belief, an individual residing in the metropolitan Chicago, IL area and doing business as, without limitation, Dark Star, rentamark.com, Association Network Management, Central Mfg. Inc., Central Mfg. Co., and S. Industries, Inc.

II. NATURE OF ACTION, JURISDICTION, AND VENUE

5. This action arises in part under the Lanham Act, 15 U.S.C. § 1121 *et seq.* Jurisdiction is predicated upon 28 U.S.C. §§ 1331 (federal question), 1332 (diversity), 1338(a) (Act of Congress relating to trademarks), 1338(b) (unfair competition claim joined with substantial and related claim under the trademark laws), and 2201 and 2202 (declaratory judgments.) This court has supplemental jurisdiction over the supplemental claims arising under state law pursuant to 28 U.S.C. § 1367(a). The parties have complete diversity of citizenship, and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

6. An actual case or controversy exists between the parties by virtue of allegations of infringement of claimed common law trademarks and federally registered trademarks, allegations of counterfeiting, and allegations of dilution of claimed "famous marks" made by Defendants against the Northern Star Council as more fully described hereinafter.

7. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and (c).

III. FACTUAL ALLEGATIONS

A. Northern Star Council

8. The Northern Star Council is a not for profit corporation chartered by the Boy Scouts of America to deliver Scouting programs in their assigned territory. It is comprised of the former St. Paul based Indianhead Council and Minneapolis based Viking Council which were consolidated in

July 2005. The Northern Star Council is one of the five largest Boy Scout Councils in the United States, presently serving more than 108,000 youths and families in all or part of twenty-one (21) counties in Minnesota and four (4) counties in Western Wisconsin.

9. The Northern Star Council adopted and began using the "NORTHERN STAR COUNCIL" word mark in commerce at least as early as July 1, 2005. The word mark and related logo were selected in part through a participatory process using online written surveys through the spring of 2005, following the vote to consolidate. The word mark was selected in part because it relates to the Council's mission of providing direction and guidance to young people.

10. The NORTHERN STAR COUNCIL word mark has been used continually by the Northern Star Council since at least as early as July 1, 2005 in interstate commerce to identify certain of its goods and services and to distinguish such goods and services from those offered and/or sold by others. These goods and services include, without limitation, educational services, namely, developing educational teaching programs and materials for others in the field of Scouting; organizing educational, recreational, sport and summer camps for youth; youth training services in the field of ethics, morals, life skills and scouting.

11. The Northern Star Council has established, through continuous, long-term use in commerce, common law rights in the word mark "NORTHERN STAR COUNCIL."

12. On August 4, 2005, the Northern Star Council applied for federal registration of the word mark "NORTHERN STAR COUNCIL" with the United States Patent and Trademark Office under Serial Number 78/685,680.

13. On April 26, 2006, the United States Patent and Trademark Office issued a Notice of Publication indicating the "NORTHERN STAR COUNCIL" mark was entitled to federal registration and would be published for opposition.

14. The Northern Star Council has expended considerable time, resources and effort in developing, and promoting the "NORTHERN STAR COUNCIL" mark and has developed substantial good will associated therewith. The expenditure of time, resources and effort has included, without limitation, obtaining the services of an advertising agency to assist in the development and selection of the mark, enlisting legal services to effectuate the name change, making appropriate corporate filings, seeking federal registration of the mark, and amending property records to reflect the new name, replacement of building and property signage, providing in excess of 50,000 new Council shoulder patches, obtaining new stationary, business cards, manuals, literature, forms and calendars, development of a new website, development of new audiovisual and marketing tools, developing/obtaining new Recognition Awards, and updating inventory for the Scout Shop and Trading Post.

15. The "NORTHERN STAR COUNCIL" mark is inherently distinctive when used in conjunction with the Northern Star Council's goods and services.

16. Due to the continual use of the "NORTHERN STAR COUNCIL" mark by the Council, the mark has acquired secondary meaning with the public as indicating a single source of the Council's quality goods and services.

B. Leo Stoller's History of Abusing the Trademark System

17. On information and belief, Defendant Leo Stoller, by and through various alleged business entities, has engaged in a repeated pattern of abusing the trademark system by frivolously

alleging, without limitation, trademark infringement and or dilution against persons or entities utilizing any mark bearing even an insignificant or de minimis resemblance to marks purportedly owned by Stoller or his various alleged business entities.

18. On information and belief, Stoller's purported business entities have included, without limitation, "CENTRAL MANUFACTURING CO."; "CENTRAL MFG. CO."; "S. INDUSTRIES INC."; "TERMINATOR"; "STEALTH"; "RENTAMARK"; "RENTAMARK.COM"; "STEALTH SPORTS AND MARINE"; "ASSOCIATION NETWORK MANAGEMENT"; "STEALTH INDUSTRIES, INC."; "CENTRAL MFG INC."; and "S INDUSTRIES" (collectively referred to as "the Stoller companies").

19. The Stoller companies have repeatedly commenced litigation in federal district court alleging Lanham Act based claims. *See, e.g., Central Mfg. Co. et al. v. Brett*, 2005 WL 2445898 (N.D. Ill. Sept. 30, 2005) (Coar, J.) ("Stoller appears to be running an industry that produces often spurious, vexatious, and harassing federal litigation."); *S. Indus. Inc. v. Stone Age Equip., Inc.*, 12 F. Supp. 2d 796 (N.D. Ill. 1998) (Castillo, J.) (Stoller initiates "litigation lacking in merit and approaching harassment."); *S. Indus. Inc. v. Hobbico, Inc.*, 940 F. Supp. 210, 211 (N.D. Ill. 1996) (Shadur, J.) (Stoller "appears to have entered into a new industry – that of instituting federal litigation."); *Central Mfg. Co. et al. v. Pure Fishing, Inc.*, 2005 U.S. Dist. LEXIS 28280, *3 n.1 (N.D. Ill. Nov. 16, 2005) ("Since 1988, Leo Stoller, individually or through one of his many wholly-owned corporate entities, has been involved in at least 49 cases in the Northern District of Illinois").

20. Stoller and/or the Stoller companies have been repeatedly sanctioned and/or ordered to pay their opponent's attorneys' fees due to the frivolous and/or bad faith nature of their asserted claims. *See, e.g., Central Mfg. Co. et al. v. Pure Fishing, Inc.*, 2005 U.S. Dist. LEXIS 28280, *2–3

(N.D. Ill. Nov. 16, 2005); *Central Mfg. Co. et al. v. Brett*, 2005 WL 2445898 (N.D. Ill. Sept. 30, 2005) (Coar, J.); *S Indus., Inc. v. Ecolab Inc.*, 1999 WL 162785 (N.D. Ill. Mar.16, 1999) (Gottschall, J.); *S Indus., Inc. v. Stone Age Equip., Inc.*, 12 F. Supp. 2d 796, 798-99, 819-20 (N.D. Ill. 1998) (Castillo, J.); *S Indus., Inc. v. Centra 2000, Inc.*, 1998 WL 157067 (N.D. Ill. Mar. 31, 1998) (Lindberg, J.), *aff'd*; 249 F.3d 625, 627-29 (7th Cir. 2001); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 991 F.Supp. 1012 (N.D. Ill. 1998) (Andersen, J.); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 17 F.Supp.2d 775 (N.D. Ill. 1998) (Andersen, J.); *S Indus., Inc. v. Diamond Multimedia Sys., Inc.*, 1998 WL 641347 (N.D. Ill. Sept. 10, 1998) (Andersen, J.); *S Indus., Inc. v. Kimberly-Clark Corp.*, 1996 WL 388427 (N.D. Ill. July 9, 1996) (Shadur, J.); *S Indus., Inc. v. Hobbico, Inc.*, 940 F.Supp. 210, 212 (N.D. Ill. 1996).

21. Stoller's bad faith and vexatious conduct has also included commencing administrative trademark opposition proceedings before the Trademark Trial and Appeal Board. On information and belief, the Stoller companies have commenced in excess of 275 administrative proceedings before the Trademark Trial and Appeal Board. Stoller has repeatedly been sanctioned by the TTAB. *See, e.g., Central Mfg. Inc. v. Third Millennium Technology, Inc.*, 2001 TTAB LEXIS 836, *14, 61 USPQ2d (BNA) 1210 (TTAB 2001) (Stoller "acted in bad faith and for improper purposes, i.e., to obtain additional time to harass applicant, to obtain unwarranted extensions of the opposition period, and to waste resources of applicant and the Board. Furthermore, we note that this Board has previously sanctioned another corporation headed by Leo Stoller for precisely this type of conduct, i.e., for making misrepresentations regarding the existence of settlement negotiations between one of his corporations and an applicant").

C. Stoller's Accusations and Threat of Litigation Against The Northern Star Council

22. On or about May 19, 2006, Stoller, as President of Central Mfg. Co., filed a request for and obtained from the Trademark Trial and Appeal Board a ninety (90) day extension to file a notice of opposition against the Northern Star Council's "NORTHERN STAR COUNCIL" mark.

23. On or about May 22, 2006, Stoller d/b/a "Dark Star" sent a cease and desist letter to the Northern Star Council alleging and accusing the Northern Star Council of infringing multiple alleged "DARK STAR" marks. The letter inaccurately accuses the Northern Star Council of "using the DARK STAR mark as a corporate name, trademark, tradename, domain name, and/or service mark." A true and correct copy of the May 22, 2006 cease and desist letter with attachments is attached hereto as Exhibit A.

24. The May 22, 2006 cease and desist letter further alleges the Northern Star Council's use of the accused mark "constitutes an infringement of [Stoller's] common law rights in and to the mark DARK STAR and/or our registered trademarks, if not actual counterfeiting."

25. The May 22, 2006 letter further threatens or suggests that the Northern Star Council's use of the accused mark constitutes dilution under the Federal Trademark Dilution Act ("FTDA") and/or state dilution law, and/or unfair competition.

26. The May 22, 2006 letter demanded the Northern Star Council to discontinue all use of the accused mark, turn over all materials bearing the accused mark, and provide an accounting of "all sales made to date. . .bearing [the accused] mark."

27. The May 22, 2006 letter threatened to file an opposition proceeding before the Trademark Trial and Appeal Board and/or commence litigation against the Northern Star Council in the event the Northern Star Council did not comply with Stoller's demands. The May 22, 2006

expressly stated that Stoller would seek "an award of damages for all lost sales and profits; and an award of attorneys' fees" if the Northern Star Council did not capitulate to his demands.

28. Included with the May 22, 2006 cease and desist letter was a proposed "SETTLEMENT AGREEMENT" and proposed "TRADEMARK LICENSE AGREEMENT" between Northern Star Council predecessor Indianhead/Viking Council, Boy Scouts of America (legal name of the corporation for the first year following the vote to consolidate) and an entity entitled RENTAMARK.COM. Without limitation, the proposed agreement calls for the Northern Star Council to a) assign to Central Mfg. Co. all interest in the "NORTHERN STAR COUNCIL" mark; b) pay an up front licensing fee of \$5,000.00; and c) pay an additional license fee of 2% of "gross selling price" or a minimum of \$1,250.00 per quarter.

29. There exists no good faith basis for Stoller and/or the Stoller companies to allege or threaten that the Northern Star Council's use of the "NORTHERN STAR COUNCIL" infringes upon, dilutes, constitutes counterfeiting or unfair competition, or in any way creates a likelihood of confusion with any of Defendants' purported "DARK STAR" marks. The allegations and/or threats contained in the May 22, 2006 cease and desist letter were asserted wrongfully, unreasonably or in bad faith. Such threats and allegations were part of Stoller's ongoing pattern and practice of abusing the trademark system and harassing persons having valid trademark rights.

30. Defendants' unfounded and bad faith allegations concerning the "NORTHERN STAR COUNCIL" mark cause harm to the value, reputation and good will associated with the "NORTHERN STAR COUNCIL" mark.

31. The Northern Star Council would sustain significant harm and/or damage if required to cease use of its "NORTHERN STAR COUNCIL" mark. Such harm and/or damage includes, without

limitation, the loss of good will associated with the mark, and the expenditure of significant time, money and resources to develop, implement, and acquire good will and secondary meaning with a new mark.

32. Based on Defendants' pattern of conduct described herein, as well as the allegations and threats contained in the May 22, 2006 cease and desist letter, the Northern Star Council has a reasonable apprehension of litigation, specifically, and without limitation, a reasonable apprehension Defendants will commence a suit against the Northern Star Council for trademark infringement, dilution, counterfeiting, and/or unfair competition. Accordingly, a case or controversy under 28 U.S.C. § 2201 exists.

COUNT I

DECLARATORY JUDGMENT THAT THE "NORTHERN STAR COUNCIL" MARK NEITHER VIOLATES THE LANHAM ACT NOR CONSTITUTES TRADEMARK INFRINGEMENT OR UNFAIR COMPETITION UNDER STATE LAW

33. The Northern Star Council incorporates by reference the allegations of the preceding paragraphs.

34. The Northern Star Council's use of the "NORTHERN STAR COUNCIL" word mark is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of the Northern Star Council with Defendants or any other person, or as to the origin, sponsorship, or approval of Northern Star Council goods and/or services by Defendants or any other person.

35. Accordingly, the Northern Star Council is entitled to a declaratory judgment that its use of the "NORTHERN STAR COUNCIL" word mark does not violate Section 32 or Section 43(a)

of the Lanham Act, 15 U.S.C. § 1114 or 11125(a), or constitute unfair competition or trademark infringement under the common law or statutes of any state in the United States.

COUNT II

DECLARATORY JUDGMENT THAT THE "NORTHERN STAR COUNCIL" MARK DOES NOT CONSTITUTE DILUTION UNDER FEDERAL LAW

36. The Northern Star Council incorporates by reference the allegations of the preceding paragraphs.

37. Defendants' purported "DARK STAR" marks are not famous.

38. Defendants' purported "DARK STAR" marks do not have any distinctive quality.

39. The Northern Star Council's use of its "NORTHERN STAR COUNCIL" word mark causes no likelihood of confusion and has not caused dilution of Defendants' purported "DARK STAR" marks.

40. Accordingly, the Northern Star Council is entitled to a declaratory judgment that its use of the "NORTHERN STAR COUNCIL" mark does not violate Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

COUNT III

DECLARATORY JUDGMENT THAT THE "NORTHERN STAR COUNCIL" MARK DOES NOT CONSTITUTE DILUTION UNDER STATE LAW

41. The Northern Star Council incorporates by reference the allegations of the preceding paragraphs.

42. Defendants' purported "DARK STAR" marks are not famous.

43. The Northern Star Council's use of the "NORTHERN STAR COUNCIL" word mark creates no likelihood of confusion with or dilution of Defendants' purported "DARK STAR" marks.

44. Accordingly, the Northern Star Council is entitled to a declaratory judgment that its use of the "NORTHERN STAR COUNCIL" mark does not violate any applicable state anti-dilution statutes or common law.

COUNT IV

DECLARATORY JUDGMENT THAT THE "NORTHERN STAR COUNCIL" MARK IS NOT A COUNTERFEIT

45. The Northern Star Council incorporates by reference the allegations of the preceding paragraphs.

46. The Northern Star Council's "NORTHERN STAR COUNCIL" mark is not a counterfeit of any of Defendants' purported "DARK STAR" marks under the Lanham Act, 15 U.S.C. § 1127.

47. Accordingly, the Northern Star Council is entitled to a declaratory judgment that its "NORTHERN STAR COUNCIL" is not a counterfeit of any of Defendants' purported "DARK STAR" marks under the Lanham Act, 15 U.S.C. § 1127.

WHEREFORE, the Northern Star Council prays for the following relief:

(a) That the Court enter a judgment declaring that the Northern Star Council's use of the "NORTHERN STAR COUNCIL" word mark does not violate Section 32 or Section 43(a) of the Lanham Act, 15 U.S.C. § 1114 or 1125(a), or constitute unfair competition or trademark infringement under the common law or statutes of any state in the United States;

(b) That the Court enter a judgment declaring that the Northern Star Council's use of the "NORTHERN STAR COUNCIL" word mark does not violate Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c);

(c) That the Court enter a judgment declaring that the Northern Star Council's use of the "NORTHERN STAR COUNCIL" word mark does not violate any applicable state anti-dilution statutes or common law.

(d) That the Court enter judgment enjoining the Defendants, their agents, servants, employees, attorneys and those persons in active concert with any of them, from (1) interfering with, or threatening to interfere with the use of the "NORTHERN STAR COUNCIL" mark by the Northern Star Council or its agents, employees, representatives, successors or assigns, and/or (2) threatening to institute or instituting any action, including, without limitation, any administrative proceeding, placing at issue the right of the Northern Star Council to use the "NORTHERN STAR COUNCIL" mark;

(e) That the Court enter a judgment declaring that the Northern Star Council is entitled to a declaratory judgment that its "NORTHERN STAR COUNCIL" is not a counterfeit of any of Defendants' purported "DARK STAR" marks under the Lanham Act, 15 U.S.C. § 1127;

(f) That the Court find that this is an exceptional case and award the Northern Star Council its attorneys' fees;

(g) That the Court award the Northern Star Council its costs and expenses incurred in this action; and

(h) That the Court grant the Northern Star Council such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a jury trial on all issues.

BRIGGS AND MORGAN, P.A.

Dated: July 18, 2006

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