

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

PENNZOIL-QUAKER STATE COMPANY	§	
700 Milam Street	§	
Houston, Texas 77002,	§	
	§	
Plaintiff,	§	
	§	
v.	§	CIVIL ACTION NO. 8:08-cv-00430
	§	
ANTON SCHMIDT, JR. and AUTO LUBE, INC.	§	
8301 Spruce Hill Dr.	§	
Laurel, Maryland 20707	§	
Prince George's County,	§	
	§	
Defendants.	§	

**COMPLAINT FOR TRADEMARK INFRINGEMENT, COUNTERFEITING, DILUTION,
UNFAIR COMPETITION, FALSE ADVERTISING, UNJUST ENRICHMENT,
BREACH OF CONTRACT, AND CONVERSION**

For its complaint, Pennzoil-Quaker State Company, appearing through the undersigned counsel, alleges as follows based on knowledge, information and belief:

PARTIES

1. Pennzoil-Quaker State Company is a Delaware corporation having its principal place of business at 700 Milam Street, Houston, Texas 77002.

2. On information and belief, Defendant Anton Schmidt, Jr. ("Schmidt") is an individual residing in this district and doing business under the name "Auto Lube" at 8301 Spruce Hill Dr., Laurel, Maryland 20707. On information and belief, Schmidt is the owner of Auto Lube, Inc. and has actively participated in the acts complained of herein.

3. On information and belief, Defendant Auto Lube, Inc. (“Auto Lube”) is a Maryland corporation having its principal place of business at 8301 Spruce Hill Dr., Laurel, Maryland 20707.

NATURE OF ACTION AND JURISDICTION

4. This is an action for trademark infringement, counterfeiting, dilution, unfair competition, false advertising, unjust enrichment, breach of contract, and conversion under the Trademark Act of 1946, as amended, 15 U.S.C. § 1051 *et seq.* (“Lanham Act”), and the laws of the state of Maryland.

5. This Court has jurisdiction over this action under Section 39 of the Lanham Act, 15 U.S.C. § 1121, and Title 28 of the United States Code, §§ 1331 and 1338, and supplemental jurisdiction over state law claims under 28 U.S.C. § 1367(a).

6. The matter in controversy in this action exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between citizens of different states. Accordingly, this Court also has subject matter jurisdiction pursuant to 28 U.S.C. § 1332.

FACTS



A. Pennzoil-Quaker State Company and Its Marks


7. Pennzoil-Quaker State Company, along with its predecessors and affiliates (collectively “PQS”), has been a leading source of automotive lubricants and related products and services for many years starting at least as early as 1915.

8. Since at least as early as 1915, PQS and its authorized dealers and distributors have used the mark PENNZOIL and the PENNZOIL logo in connection with the sale and promotion of lubricants and other petroleum-related products. The PENNZOIL logo

incorporates “PENNZOIL” in black letters over a red “Liberty Bell” design on a yellow background, sometimes presented within an oval design.

9. In addition to its extensive common-law rights, PQS owns federal trademark registrations for its marks, including those shown in the chart below:

MARK	REGISTRATION NO./ REGISTRATION DATE	GOODS/SERVICES
	<p>1,505,755/ September 27, 1988</p>	<p>Oil filters, air filters and crankcase breathers for internal combustion engines for land vehicles (IC 12)</p>
<p>PENNZOIL 10 MINUTE OIL CHANGE</p>	<p>1,562,593/ October 24, 1989</p>	<p>Automotive lube center services (IC 37)</p>
	<p>2,175,045/ July 21, 1998</p>	<p>Chemical fuel and motor oil additives for internal combustion engines; chemical additives for engine and fuel treatment; and chemical preparations for use in the manufacture of motor oil and fuel additives (IC 1) Carburetor cleaners; automatic choke cleaner; injector nozzle cleaner; degreasers and engine cleaners for vehicles (IC 3) Motor oil; automotive, industrial and general</p>

MARK	REGISTRATION NO./ REGISTRATION DATE	GOODS/SERVICES
		purpose greases and lubricants; automatic transmission fluids (IC 4) Clothing, namely, T-shirts, sweatshirts, hats, jackets, sweaters, tank shirts, sport shirts, neckties and children's clothing, namely, sleepwear, T-shirts, jackets and sweatshirts (IC 25) Automobile service station services (IC 37)
	2,175,082/ July 21, 1998	Chemical fuel and motor oil additives for internal combustion engines; chemical additives for engine and fuel treatment; and chemical preparations for use in the manufacture of motor oil and fuel additives (IC 1) Carburetor cleaners; automatic choke cleaner; injector nozzle cleaner; degreasers and engine cleaners for vehicles (IC 3) Motor oil; automotive, industrial and general purpose greases and lubricants; automatic transmission fluids (IC 4)

MARK	REGISTRATION NO./ REGISTRATION DATE	GOODS/SERVICES
		Clothing, namely, T-shirts, sweatshirts, hats, jackets, sweaters, tank shirts, sport shirts, neckties and children's clothing, namely, sleepwear, T-shirts, jackets and sweatshirts (IC 25) Automobile service station services (IC 37)

10. The above registrations are valid, enforceable, subsisting and incontestable pursuant to 15 U.S.C. § 1065. Copies of the certificates of registration for the above registrations are attached as Exhibit A. The PENNZOIL marks described above are collectively referred to herein as the “PENNZOIL Marks.”

11. PENNZOIL-branded products are available for purchase and installation through authorized oil-change centers throughout the United States. There are thousands of authorized PENNZOIL oil-change centers across the U.S., including a large number in Maryland.

12. Operators of authorized PENNZOIL oil-change centers are selected through a screening process and are required to meet PQS’s quality control requirements in the handling and installation of PENNZOIL-branded products. These provisions have been established in order to ensure that customers receive high-quality, authentic PENNZOIL-branded products. Similar control is placed on PQS’s product distributors of PENNZOIL products to ensure that the authorized products delivered to authorized installers are unadulterated and meet PQS’s high

quality standards. The use of PENNZOIL Marks by these operators is under license from PQS. PQS and its distributors loan signage bearing the PENNZOIL Marks to the operators of authorized PENNZOIL oil-change centers for the purpose of communicating to the public that they are authorized oil-change centers offering genuine PENNZOIL products.

13. Over the years, PQS has invested great effort and resources in advertising and promoting the PENNZOIL Marks throughout the United States, including the state of Maryland.

14. The PENNZOIL Marks are inherently distinctive, serving to identify and indicate the source and quality of PQS's products and services to the consuming public, and to distinguish its products and services from those of other manufacturers and retailers.

15. Additionally, as a result of PQS's extensive use and promotion of PENNZOIL Marks, the Marks have become distinctive and famous to designate PQS, and are well-known and widely recognized by consumers. PQS has developed valuable goodwill in the famous PENNZOIL Marks.

16. PQS has developed common-law rights in the PENNZOIL Marks in Maryland and throughout the United States.

B. Defendants' Unauthorized Use of the PENNZOIL Marks

17. Defendants Schmidt and Auto Lube, Inc. (collectively "Defendants") operate an oil change facility at 8301 Spruce Hill Dr., Laurel, Maryland 20707 (under the name "Auto Lube").

18. On July 23, 2003, Defendant Schmidt signed a Lube Center Sales Agreement and a Sign Agreement with PQS on behalf of Defendant Auto Lube, Inc. to become an authorized

installer of PENNZOIL products and to receive a PENNZOIL sign on loan from PQS (the “Agreement”). A copy of the Agreement is attached as Exhibit B.

19. The Agreement provided, inter alia:

(a) That BUYER would make minimum quarterly purchases of PENNZOIL products from PQS or a PQS distributor;

(b) That BUYER would not mix or blend PENNZOIL products with other products or mix PENNZOIL products of different grades or viscosities;

(c) That BUYER would allow PQS representatives to take samples of BUYER’s products for testing to ensure freedom from adulteration, misbranding and/or contamination;

(d) That BUYER would not misrepresent other products as PENNZOIL products;

(e) That PQS or one of its authorized distributors would loan PENNZOIL signs to BUYER for use at BUYER’s facility, which signs would remain the property of PQS and would be returned to PQS upon termination of the Agreement; and

(f) Subject to BUYER’s continuing compliance with the Agreement, PQS would grant BUYER a license to display PENNZOIL signs and use the PENNZOIL Marks in other specified manners for communicating to the public that BUYER was an authorized installer of PENNZOIL products.

20. PQS delivered products to Defendants valued at \$25,891.52 for which PQS has not received payment, despite Defendants’ agreement to pay such amount and PQS’s repeated demands for payment.

21. Subsequent to execution of the Agreement, Defendants ceased purchasing PENNZOIL products from PQS or authorized sources of PQS.

22. As a result of Defendants' breaches of the Agreement, PQS terminated the Agreement upon notice to Defendants.

23. PQS has repeatedly demanded (both orally and in writing) that Defendants stop using the PENNZOIL Marks and stop misrepresenting their products and services as featuring PENNZOIL products and services, but Defendants have ignored PQS's demands.

24. Despite the termination of the Agreement and failure to purchase PENNZOIL products, Defendants to this day have not returned the PENNZOIL signs loaned by PQS and continue to display exterior and interior signage prominently bearing the PENNZOIL Marks, including signage stating "We feature PENNZOIL." Photographs of Defendants' exterior signage are attached as Exhibit C.

25. In addition to the signage present at the Auto Lube location, Defendants continue to use business cards bearing the PENNZOIL logo in conjunction with the "Auto Lube" trade name and contact information. A copy of a sample business card is attached as Exhibit D.

26. In addition to Defendants' violations of the Agreement and holding themselves out as an authorized installer of PENNZOIL products, Defendants are not offering or selling genuine PENNZOIL products even when such products are requested by consumers. PQS has obtained and analyzed oil provided by Defendants as "PENNZOIL" in Defendants' oil-change service, and such analysis confirms that Defendants are not using genuine PENNZOIL products; Defendants are selling counterfeit products.

27. Defendants are misrepresenting themselves as an authorized PQS oil-change center and are misrepresenting their products and services as featuring PENNZOIL products.

28. Defendants have engaged in a deliberate course of conduct to deceive consumers into believing that the motor oil and lubrication services offered by Defendants emanate from, or are authorized, connected or affiliated with, PQS and Defendants continue to falsely represent that they feature genuine PENNZOIL Products in order to trade on PQS's enormous reputation and goodwill, and to injure PQS and PQS authorized centers. Defendants' unauthorized use of the PENNZOIL Marks began long after the PQS Marks became famous.

29. Defendant Schmidt has actively participated in these violations of PQS's trademarks.

C. Effect of Defendants' Activities on PQS and the Consuming Public

30. Defendants' unauthorized use of the PENNZOIL Marks in this manner is likely to cause confusion, to cause mistake, and to deceive customers and potential customers as to the affiliation, connection, sponsorship or association of Defendants with PQS, or as to the origin, affiliation, sponsorship, or approval of Defendants' products or services by PQS.

31. Defendants' unauthorized use of the PENNZOIL Marks falsely indicates to the purchasing public that Defendants, their businesses, and their products or services, are affiliated, connected, or associated with PQS, or are sponsored, endorsed, or approved by PQS, or are in some manner related to PQS or its products or services when that is not true.

32. Defendants' unauthorized use of the PENNZOIL Marks falsely designates the origin of Defendants' products and services, and falsely or misleadingly describes and misrepresents facts with respect to Defendants and their products and services.

33. Defendants' unauthorized use of the PENNZOIL Marks is likely to cause dilution of the distinctive quality of the PENNZOIL Marks, and is causing such dilution.

34. Defendants' unauthorized use of the PQS Marks enables Defendants to trade on and receive the benefit and goodwill in the reputation of the PQS Marks and to gain acceptance for Defendants services not solely on Defendants' own merits.

35. Defendants' unauthorized use of the PENNZOIL Marks in this manner enables Defendants to pass off products and services on the unsuspecting public as those of PQS when they are not PQS products.

36. Defendants' unauthorized use of the PQS Marks deceives consumers into believing that the motor oil products used by Defendants are genuine PQS products.

37. Defendants' unauthorized use of the PQS Marks in this manner deceives consumers into believing that the oil-change services provided by Defendants are genuine PQS-authorized, oil-change services when that is not the case.

38. Defendants' unauthorized use of the PQS Marks removes from PQS the ability to control the nature and quality of products and services provided under the PQS Marks and places the valuable reputation and goodwill of PQS in the unfettered control of Defendants.

39. As a result of Defendants' unauthorized use of the PENNZOIL Marks, Defendants are being unjustly enriched at PQS's expense.

40. Unless these unfair and deceptive practices and acts of unfair competition by Defendants are enjoined by this Court, these practices and acts will continue, and will continue to cause irreparable injury to PQS and to the public, for which there is no adequate remedy at law.

D. Willful Nature of Defendants' Activities

41. Defendants' activities complained of herein have been malicious, fraudulent, deliberate, willful, intentional, and in bad faith, with full knowledge and conscious disregard of PQS's rights. In view of the egregious nature of Defendants' actions, this is an exceptional case within the meaning of Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a).

E. Interests of Bankruptcy Estate Not Affected

42. Upon information and belief, neither of the Defendants own the premises at 8301 Spruce Hill Drive, Laurel, Maryland 20707, at which Defendants conduct their business and other activities, and Defendants are in possession of such premises pursuant to an agreement, lease or contract with one or both of the persons believed to be the owners of such property, Minh Vu Hoang and Thanh Hoang.

43. Minh Vu Hoang and Thanh Hoang are debtors in pending bankruptcy cases jointly administered under Case No. 05-21078, in the United States Bankruptcy Court for the District of Maryland. The voluntary petition filed in said Case No. 05-21078 under date of May 10, 2005, Docket Entry #1, shows Minh Vu Hoang as the debtor in such case (the "Initial Case"). Thanh Hoang is shown as the debtor in Case No. 05-25738, in the United States Bankruptcy Court for the District of Maryland (the "Second Case"). The Initial Case and the Second Case are together called the "Bankruptcy Cases." The Bankruptcy Cases are jointly administered under Case No. 05-21078 pursuant to Order entered September 28, 2005.

44. The Schedules filed in the Bankruptcy Cases show that at least one (and perhaps both) of the debtors claim an ownership interest in the premises at 8301 Spruce Hill Drive, Laurel, Maryland 20707

45. PQS, being aware that the interest of one or more persons claiming an ownership interest in the premises at 8301 Spruce Hill Drive, Laurel, Maryland 20707 appears to be property of the estate in at least one of the Bankruptcy Cases, does not seek by this Complaint to interfere with, or to obtain possession of or exercise control over, any property of either (or both) of the Estates in the Bankruptcy Cases.

46. Counsel for PQS wrote Roger Schlossberg, Esq., counsel to the Bankruptcy Trustee, Gary A. Rosen, Esq., on or about March 16, 2007 to advise that PQS planned to file this Complaint and to request that counsel for the Trustee notify PQS of any objections to such filing. PQS has received no response from the Trustee or his counsel.

COUNT I: FEDERAL TRADEMARK INFRINGEMENT

47. PQS repeats the above allegations as if fully set forth herein.

48. The acts of Defendants complained of herein constitute infringement of PQS's registered trademarks in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114.

COUNT II: FEDERAL TRADEMARK COUNTERFEITING

49. PQS repeats the above allegations as if fully set forth herein.

50. The acts of Defendants complained of herein constitute counterfeiting in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114.

COUNT III: FEDERAL UNFAIR COMPETITION

51. PQS repeats the above allegations as if fully set forth herein.

52. The acts of Defendants complained of herein constitute unfair competition in violation of Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A).

COUNT IV: FEDERAL TRADEMARK DILUTION

53. PQS repeats the above allegations as if fully set forth herein.

54. The acts of Defendants complained of herein constitute dilution of PQS's famous marks in violation of Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

55. Defendants willfully intended to trade on PQS's reputation and to cause such dilution.

**COUNT V: COMMON LAW TRADEMARK INFRINGEMENT
AND UNFAIR COMPETITION**

56. PQS repeats the above allegations as if fully set forth herein.

57. The acts of Defendants complained of herein constitute trademark infringement and unfair competition in violation of the common law of Maryland.

COUNT VI: FALSE ADVERTISING

58. PQS repeats the above allegations as if fully set forth herein.

59. The acts of Defendants complained of herein constitute false advertising in violation of Section 43(a)(1)(B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B).

COUNT VII: UNJUST ENRICHMENT

60. PQS repeats the above allegations as if fully set forth herein.

61. The acts of Defendants complained of herein constitute unjust enrichment of Defendants at PQS's expense.

COUNT VIII: BREACH OF CONTRACT

62. PQS repeats the above allegations as if fully set forth herein.

63. The acts of Defendants complained of herein constitute breach of contract in violation of the common law of Maryland.

COUNT IX: CONVERSION

64. PQS repeats the above allegations as if fully set forth herein.

65. The acts of Defendants complained of herein constitute the tort of conversion, in violation of the common law of Maryland.

WHEREFORE, PQS prays that:

- a) Defendants, Defendants' agents, servants, employees, attorneys, and all those persons in active concert or participation with Defendants, be permanently enjoined from using the PENNZOIL Marks, any counterfeit reproduction of the PENNZOIL Marks, copy or colorable imitation of the PENNZOIL Marks, or any other mark confusingly similar thereto or likely to dilute their distinctive quality or otherwise simulate PQS's trade identity;
- b) Defendants be ordered to deliver to PQS any and all signage, business cards and other advertising or promotional materials in the possession of Defendants or under their control bearing any of the PENNZOIL Marks.
- c) Defendants be ordered to file with this Court and to serve upon PQS, within 30 days after the entry and service on Defendants of an injunction, a report in writing and under oath setting forth in detail the manner and form in which Defendants have complied with the injunction;

- d) Defendants be ordered to pay PQS for all monies owed;
- e) PQS recover all damages it has sustained as a result of Defendants' activities and that said damages be trebled;
- f) An accounting be directed to determine Defendants' profits resulting from Defendants' illegal activities, and that such profits be paid over to PQS and increased as the Court finds to be just under the circumstances of their case;
- g) PQS recover statutory damages pursuant to Section 35 of the Lanham Act, 15 U.S.C. § 1117, which provides for awards up to \$1,000,000 per violation.
- h) PQS recover its reasonable attorney fees;
- i) PQS recover its costs of this action and prejudgment and post-judgment interest;
and
- j) PQS recover such other relief as the Court may deem appropriate.

Date: February 15, 2008

Respectfully submitted,

/s/

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