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| 8 | WESTERN DISTRICT OF WASHINGTON | | | | | |
| 10 | MBL/TONI&GUY PRODUCTS, L.P. and |) No. | | | | |
| 11 | TONI&GUY HAIRDRESSING ACADEMY FRANCHISE, LP, |) VERIFIED COMPLAINT | | | | |
| 12 | Plaintiffs, |) | | | | |
| 13 | VS. |) | | | | |
| 14 15 | MICHAEL KENNARD, BETTY STOCK KENNARD; and TONI & GUY HAIRDRESSING ACADEMY, INC., |))) | | | | |
| 16 | Defendants. | | | | | |
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| 18 | PLAINTIFFS' VERIFIED COMPLAINT MDI /TONIA CLIV Durdrette L. D. and TONIA CLIV Heindressing Academy Franchise LE | | | | | |
| 19 | MBL/TONI&GUY Products, L.P. and TONI&GUY Hairdressing Academy Franchise, Ll (collectively, "TONI&GUY") file this Verified Complaint, complaining of Michael Kennard | | | | | |
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| | VERIFIED COMPLAINT 1 | GRAHAM & DUNN PC Pier 70, 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 (206) 624-8300/Fax: (206) 340-9599 | | | | |

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- TONI&GUY Hairdressing Academy Franchise, LP ("TONI&GUY LP") is a 2. Delaware limited partnership with its principal place of business located in the State of Texas.
- Defendant Michael Kennard, upon information and belief, is an individual 3. residing in the State of Washington at 2915 Eldridge Avenue, Bellingham, Washington 98225-1504. All actions or omissions of Michael Kennard alleged herein were performed on behalf of and for the benefit of his marital community.
- Defendant Betty (Cis) Stock Kennard, upon information and belief, is an 4. individual residing in the State of Washington at 2915 Eldridge Avenue, Bellingham, Washington 98225-1504. All actions or omissions of Betty Kennard alleged herein were performed on behalf of and for the benefit of her marital community.
- 5. Defendant Toni & Guy Hairdressing Academy, Inc., upon information and belief, is a Washington corporation with its principal place of business at 203 W. Holly Street, Suite 206, Bellingham, Washington 98225. Toni & Guy Hairdressing Academy, Inc.'s registered agent, upon information and belief, is Michael Kennard at 2915 Eldridge Avenue, Bellingham, Washington 98225-1504.
- This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§1331 and 6. 1338(a), because it arises under the Federal Trademark Act, 15 U.S.C. §1052, et. seq. Jurisdiction over the state law claims for relief is proper under 28 U.S.C. §1338(b) because the asserted state law claims are joined with a substantial and related claims under the federal trademark laws.
- Venue is proper in this Court pursuant to 28 U.S.C. §1391(b)(2), because a 7. substantial part of the events giving rise to this claim occurred in this jurisdiction.

ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

TONI& GUY

8. TONI&GUY is one of the most powerful hairdressing brands in the world. The TONI&GUY® trademark was founded and first used in 1963. From a single unit in suburban **VERIFIED COMPLAINT -- 2** GRAHAM & DUNN PC

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London, TONI&GUY has grown to a multinational company comprised of (i) hairdressing salons, (ii) educational academies, and (iii) hair care, cosmetics, and skincare accessories and products¹ throughout the world.

- 9. With over 200 salons worldwide (including 61 salons in the United States and Canada), TONI&GUY offers stylists an opportunity for advancement through educational programs focused on both artistry and business. The salon division of TONI&GUY operates nationally with company-owned and partnership units. The salons are generally located in regional malls, which offer a steady source of clients, while creating an environment that supports career longevity and quality for the stylists.
- 10. The second component of TONI&GUY's business structure is its cosmetology schools, which assist TONI&GUY in recruiting and retaining quality stylists. TONI&GUY Hairdressing Academies train beginner and advanced stylists, in which new stylists have a dependable resource and advanced stylists and chemical technicians can strive to reach the top of their profession. In the United States, there are nine (9) TONI&GUY® Hairdressing Academies, including one in Bellingham, Washington.
- 11. For over forty years, TONI&GUY has remained at the forefront of the hairdressing industry, with the goal to upgrade the 'professional hairdresser.'
- 12. Under a service mark license agreement, non-party TONI&GUY (USA) Limited ("TONI&GUY Ltd.") granted non-party TONI&GUY Hairdressing Academy, LP ("TGHA") a non-exclusive license to use and sublicense certain trademarks in the United States. Subsequently, TGHA granted TONI&GUY LP a non-exclusive sublicense to use and sublicense certain trademarks in the United States in connection with beauty, hairdressing and cosmetology schools that are operated by its franchisees. Effective as of April 1, 2009, TONI&GUY Ltd. sold, assigned, transferred, and set over to TONI&GUY Products all its right, title and interest in

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TONI&GUY markets and sells its hair care and cosmetic accessories, BED HEAD, through the product line entity, TIGI®.

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and to certain trademarks. A true and correct copy of the assignment agreement is attached as Exhibit "A." Therefore, TONI&GUY Products (as trademark holder) and TONI&GUY LP (as sublicensee and franchisor) jointly bring this trademark infringement action against Defendants.

13. TONI&GUY Products has registered for the following well-known and famous trademarks and service marks on the Principal Register of the United States Patent and Trademark Office:

| <u>Mark</u> | Serial/ <u>Registration No.</u> | Application/ Registration Date | <u>Status</u> |
|----------------------------------|------------------------------------|-----------------------------------|---------------|
| TONI&GUY | 1,525,304 | Feb. 21, 1989 | Registered |
| TONI&GUY HAIRDRESSING | 3,236,350 | May 1, 2007 | Registered |
| TONI&GUY HAIRDRESSING ACADEMY | 3,486,906 | Aug. 19, 2008 | Registered |

The foregoing trademarks and service marks will collectively be referred to as the "Marks." True and correct copies of the Marks' registration certificates are attached as <u>Exhibit "B."</u> The Marks are used for instructional purposes, hairdressing and beauty salon services, and for educational services, namely providing courses and seminars for persons engaged in the operation of hairdressing and beauty salons.

14. TONI&GUY LP is a franchisor that offers franchises for the operation of TONI&GUY® Hairdressing Academies throughout the United States. Through franchise agreements, TONI&GUY LP grants rights to franchisees to construct or convert, own and operate a TONI&GUY® Hairdressing Academy at a designated site for an initial term of ten (10) years. Such franchisees are allowed to use TONI&GUY LP's business methods, designs,

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arrangements and standards for developing and operating TONI&GUY® Hairdressing Academies (the "Business Operating System"). In addition, the franchisees are allowed to use (i) the TONI&GUY service mark and logo, (ii) the TONI&GUY trade name, (iii) the elements and components of a TONI&GUY Hairdressing Academy's Trade Dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that TONI&GUY LP adopts to identify its Business Operating System.

- TONI&GUY has continuously used each of the Marks since the date of their registration and these Marks are in full force and effect pursuant to 15 U.S.C. §1065, in connection with the unique services offered at its salons and academies.
- 16. TONI&GUY has given notice to the public of the registration of the Marks as provided in 15 U.S.C. §1111.
- 17. TONI&GUY also has the following registered domain names, which promote the company's business throughout the United States: www.toniguy.com and www.toniguyacademy.com.
- TONI&GUY has invested substantial time, skill, effort and money to develop the TONI&GUY brand and goodwill in its trade names, trademarks, and service marks, which cause consumers throughout the United States (and internationally) to recognize the Marks as distinctly designating TONI&GUY services and products as originating with TONI&GUY.
- 19. The value of the goodwill developed in the Marks does not lend itself to a precise monetary calculation, but because (i) the TONI&GUY® trademark and salons are nationally and internationally recognized, and (ii) TONI&GUY LP has a national franchise system and is widely known as a provider of quality hairdressing academies, the value of TONI&GUY's goodwill is substantial.
- 20. In addition, locations operated by TONI&GUY and its affiliates, including TONI&GUY LP's franchisees, have inside and outside signage using one or more of the Marks.

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21. TONI&GUY has produced a significant number of brochures and other print, radio, and television advertisements bearing one or more of the Marks. TONI&GUY has distributed these advertisements throughout the United States and internationally.

The Kennards and Toni & Guy Hairdressing Academy, Inc.

- Upon information and belief, the Kennards are the owners and operators of 22. Bellingham Beauty School in Bellingham, Washington. The Bellingham Beauty School is located at 4192 Meridian Street, Bellingham, Washington. Upon information and belief, the Bellingham Beauty School provides orientation, basic training, clinics, and test preparation for individuals seeking to obtain his or her cosmetology license from the State of Washington. More information regarding the Bellingham Beauty School may be found www.bellinghambeautyschool.edu. More information regarding the Kennards can be found on this same website under the "Faculty" tab.
- 23. Upon information and belief, TONI&GUY's now-current franchisee in Bellingham, Washington, who operates a TONI&GUY® Hairdressing Academy (the "Bellingham Franchisee"), approached the Kennards in 2007 regarding the purchase of the Bellingham Beauty School. Upon information and belief, the Bellingham Franchisee informed the Kennards that he would be opening a TONI&GUY® Hairdressing Academy in Bellingham. Upon information and belief, although the Kennards provided the Bellingham Franchisee with information and financials regarding the Bellingham Beauty School, the parties did not consummate a sale.
- 24. In March 2009, TONI&GUY learned that the Kennards are also the owners of an entity called "Toni & Guy Hairdressing Academy, Inc." TONI&GUY has since discovered additional information regarding Defendants, which has caused TONI&GUY to experience substantial harm and disruption to its franchise system.
- 25. Under the Corporations Division of the State of Washington Secretary of State,
 Toni & Guy Hairdressing Academy, Inc. is an active, for-profit corporation. Toni & Guy
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Hairdressing Academy, Inc. was incorporated on November 6, 2007—just a few months AFTER the Bellingham Franchisee informed the Kennards that his TONI&GUY® Hairdressing Academy would be opening in Bellingham. Toni & Guy Hairdressing Academy, Inc.'s corporate license registration is set to expire on November 30, 2009. Michael Kennard is Toni & Guy Hairdressing Academy, Inc.'s registered agent. A true and correct copy of the Registration Detail for Toni & Guy Hairdressing Academy, Inc. from the Washington Secretary of State is attached as Exhibit "C."

- 26. In addition, Toni & Guy Hairdressing Academy, Inc. has filed (and obtained) its business registration with the City of Bellingham. Toni & Guy Hairdressing Academy, Inc. operates under the business name "Toni & Guy Hairdressing Academy." Toni & Guy Hairdressing Academy, Inc.'s business location is 203 W. Holly St. #206, Bellingham, Washington 98225 (the "Infringing Location"). A true and correct copy of the Business Registration is attached as Exhibit "D." Toni & Guy Hairdressing Academy, Inc.'s business license has also been disclosed to the public through the Internet. The issuance of Toni & Guy Hairdressing Academy, Inc.'s business license can be found at http://www.thebellinghambusinessjournal.com/september2008/businessLicenses.php.
- Toni & Guy Hairdressing Academy, Inc. has also registered (and obtained) its 27. Washington State Business License from the Department of Licensing. In addition to listing its mailing address as the Kennard's home address, Toni & Guy Hairdressing Academy, Inc. has registered twenty (20) trade names, including trade names starting with "TIGI" (i.e., TONI&GUY's product line, see FN 1) and "BEAUTYWERKS" and "BEAUTYWORKS" (i.e., upon information and belief, the Kennard's registered trade name for the sole proprietorships for True and correct copies of the License Detail from Washington State's the Kennards). Department of Licensing for Toni & Guy Hairdressing Academy, Inc. and the Kennards' sole proprietorships are attached as Exhibit "E."

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- Whatcom County Yellow Pages under the name "Toni & Guy Hairdressing Academy," located at "203 W. Holly St APT 206." A true and correct copy of the Yellow Pages listing is attached as Exhibit "F." When the telephone number listed in the Yellow Pages is called, no one answers. After a few rings, the operator intercepts the call and states that the voice mail has not been set up yet. Therefore, all consumers who call Toni & Guy Hairdressing Academy, Inc., under the mistaken belief that they are calling TONI&GUY, are directed to a dead end, resulting in substantial and irreparable harm to TONI&GUY.
- 29. Defendants have NO authority from TONI&GUY to use the Marks in connection with the operation of Toni & Guy Hairdressing Academy, Inc. or otherwise.
- 30. Interestingly, upon information and belief, Defendants do not operate a beauty school or hairdressing academy from the Infringing Location. Despite the unlawful advertisements, business registrations, and representations to the public, the Infringing Location is a shared office space in which the doors to the office suite regularly remained locked. Therefore, any consumer who visits the Infringing Location, under the mistaken belief that it is related to TONI&GUY, is led to a dead end, again, resulting in substantial and irreparable harm to TONI&GUY.
- 31. Defendants' actions to divert potential TONI&GUY clients to an unattended telephone line or to a locked business space are intentional, willful, and deliberate.

TONI&GUY notified Defendants of their infringement

32. In a letter dated March 5, 2009, TONI&GUY notified Defendants that their use of the Marks in the name "Toni & Guy Hairdressing Academy, Inc." to denote and describe their business and in connection with hairdressing and beauty school services constituted, at a minimum, trademark infringement. TONI&GUY demanded that Defendants immediately cease using the Marks and any other marks confusingly similar to the Marks. A true and correct copy of the March 5th cease and desist letter is attached as Exhibit "G."

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VERIFIED COMPLAINT -- 9

33. The Kennards received the letter as early as March 5, 2009 (sent via electronic mail), and no later than March 23, 2009, (a copy of the green card confirming receipt of the certified mailing is attached as <u>Exhibit "H"</u>). In an April 1, 2009 letter from Defendant Betty Kennard, she refused to comply with TONI&GUY's cease and desist demands and threatened to take legal action if TONI&GUY chose to pursue the matter further.

FIRST CLAIM FOR RELIEF

Federal Trademark Infringement—15 U.S.C. §1114(1)(a)

- 34. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 35. TONI&GUY requests that Defendants cease and desist from use of the Marks. Paragraph 32 of the Lanham Act, 15 U.S.C. §1114(1)(a), provides, that "[a]ny person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with such use is likely to cause confusion, or to cause mistake, or to deceive ... shall be liable in a civil action by the registrant."
- 36. Defendants have advertised, marketed, promoted services and even obtained a business license from the State of Washington and the City of Bellingham through the unauthorized use of the Marks. Defendants' use of the Marks is likely to cause (and already has caused) confusion, mistake, or deception. This confusion constitutes irreparable harm to TONI&GUY that will continue unless Defendants are enjoined by this Court.
- 37. Defendants' ongoing acts of infringement in violation of Section 32 of the Lanham Act are malicious, fraudulent, willful, and deliberate.
 - 38. TONI&GUY has no adequate remedy at law.
- 39. No previous injunctive relief has been awarded with respect to this matter or in this case or any other case.

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Pier 70, 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 (206) 624-8300/Fax: (206) 340-9599 WHEREFORE, pursuant to 15 U.S.C. §1114, TONI&GUY demands judgment against Defendants:

- a. Temporarily, preliminarily, and permanently restraining and enjoining Defendants, their agents, servants, employees, and attorneys, and all those who act in concert or participation with them, from (i) using TONI&GUY®, TONI&GUY HAIRDRESSING®, or TONI&GUY HAIRDRESSING ACADEMY® or any other name or marks confusingly similar to the Marks, and (ii) marketing, promoting, or selling goods or services at the Infringing Location or at any other location using the Marks or promoting any goods or services related to the Marks;
- b. Ordering Defendants to deliver to TONI&GUY for destruction any and all labels, signs, prints, packages, wrappers, products, receptacles, advertisements and any other materials bearing TONI&GUY®, TONI&GUY HAIRDRESSING®, or TONI&GUY HAIRDRESSING ACADEMY® as a trade name or trademark;
- c. Awarding to TONI&GUY all of Defendants' profits, any damages sustained by TONI&GUY, and the costs of this action, pursuant to 15 U.S.C. §1117(a), and that any damages awarded be tripled and any profits awarded be increased to an amount this Court finds just;
- d. Ordering Defendants to notify promptly the appropriate telephone company(ies) and all telephone directory listing agencies and to authorize the transfer of the number currently being used by Toni & Guy Hairdressing Academy, Inc. to TONI&GUY;
- e. Ordering Defendants to notify promptly the Corporations Division of the State of Washington Secretary of State and cancel the registration of Toni & Guy Hairdressing Academy, Inc.;
- f. Ordering Defendants to notify promptly the City of Bellingham and cancel the business registration of Toni & Guy Hairdressing Academy, Inc.;

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- g. Ordering Defendants to notify promptly the Washington State Department of Licensing and cancel any trade name registration that uses or incorporates any TONI&GUY trademark.
- h. Ordering that Defendants file with the Court and serve on TONI&GUY (through its legal counsel) within five (5) days after the issuance of any injunction, a report in writing and under oath setting forth in detail the manner and form with which they have complied with the injunction; and
- i. Granting TONI&GUY its attorneys' fees, costs of suit, and such other and further relief, in law and in equity, as this Court shall deem just and proper.

SECOND CLAIM FOR RELIEF

Use of False and Misleading Representation—15 U.S.C. §1125(a)(1)(a)

- 40. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 41. Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a), provides that "[a]ny person who, on or in connection with any goods or services ... uses in commerce any word, term, name, symbol ... or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion or to cause mistake, or to deceive as to affiliation ... or as to the origin, sponsorship, or approval of ... goods [or] services ... shall be liable in a civil action ..."
- 42. Because of TONI&GUY's continuous and extensive use of the Marks, the name "Toni & Guy Hairdressing Academy, Inc." has come to denote the services on TONI&GUY.
- 43. Defendants' use of the Marks constitutes use in connection with TONI&GUY's business and offering of services of a false designation of origin, false or misleading description of fact, or false or misleading representation of fact that is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation of Toni & Guy Hairdressing Academy, Inc. with TONI&GUY.

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GRAHAM & DUNN PC

- 44. Defendants' ongoing acts of infringement in violation of Section 43(a) of the Lanham Act are malicious, fraudulent, willful, and deliberate.
 - 45. TONI&GUY has no adequate remedy at law.
- 46. No previous injunctive relief has been awarded with respect to this matter or in this case or any other case.

WHEREFORE, pursuant to 15 U.S.C. §1125(a), TONI&GUY demands judgment against Defendants as outlined in the First Claim for Relief, including attorneys' fees, costs of suit, and such other and further relief as this Court shall deem just and proper.

THIRD CLAIM FOR RELIEF

Federal Trademark Dilution—15 U.S.C. §1125(c)

- 47. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 48. Paragraph 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), provides that "[t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms of the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subparagraph."
- 49. Defendants' use of the Marks in connection with goods and services at the Infringing Location, after the Marks became famous, has caused and will continue to cause dilution and disparagement of the distinctive quality of the Marks, and has lessened and will continue to lessen the capacity of the Marks to identify and distinguish the goods and services of TONI&GUY, all in violation of Paragraph 43(c) of the Lanham Act.
- 50. Defendants' ongoing acts of infringement in violation of Section 43(c) of the Lanham Act are malicious, fraudulent, willful, and deliberate.
 - 51. TONI&GUY has no adequate remedy at law.

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52. No previous injunctive relief has been awarded with respect to this matter or in this case or any other case.

WHEREFORE, pursuant to 15 U.S.C. §1125(c), TONI&GUY demands judgment against Defendants as outlined in the First Claim for Relief, including attorneys' fees, costs of suit, and such other and further relief as this Court shall deem just and proper.

FOURTH CLAIM FOR RELIEF

Washington State Trademark Dilution—WASH. REV. CODE §19.77.160

- 53. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- Pursuant to the Revised Code of Washington §19.77.160(1), "the owner of a mark 54. that is famous in this state shall be entitled ... to an injunction against another person's commercial use in this state of a mark, commencing after the mark becomes famous, which causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this section."
- 55. Defendants' use of the Marks in connection with goods and services at the Infringing Location, after the Marks became famous, has caused and will continue to cause dilution and disparagement of the distinctive quality of the Marks, and has lessened and will continue to lessen the capacity of the Marks to identify and distinguish the goods and services of TONI&GUY, all in violation of Section 19.77.160 of the Revised Code of Washington.
- 56. Defendants' ongoing acts of infringement are malicious, fraudulent, willful, and deliberate.
 - 57. TONI&GUY has no adequate remedy at law.
- No previous injunctive relief has been awarded with respect to this matter or in 58. this case or any other case.

WHEREFORE, pursuant to the Revised Code of Washington §19.77.160, TONI&GUY demands judgment against Defendants as outlined in the First Claim for Relief, including **VERIFIED COMPLAINT -- 13** GRAHAM & DUNN PC

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attorneys' fees, costs of suit, and such other and further relief as this Court shall deem just and proper.

FIFTH CLAIM FOR RELIEF

Washington Statutory and Common Law Unfair Competition / Misappropriation

- 59. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 60. Pursuant to the Revised Code of Washington §19.86.020, unfair methods of competition in the conduct of any trade or commerce are unlawful.
- 61. Defendants have used the Marks in trade or commerce and such use constitutes unfair competition and an unfair or deceptive act or practice in violation of TONI&GUY's rights under Washington statutory law.
- 62. TONI&GUY developed its Marks, reputation, and goodwill through extensive time, skill, labor and money. Defendants have used the Marks and TONI&GUY's trade name in competition with TONI&GUY to gain a special advantage in competition, which affects the public interest.
- 63. Defendants gained a particular advantage because they were not burdened with the expense incurred by TONI&GUY in developing the Marks and TONI&GUY's trade name, reputation, and goodwill.
- 64. By these actions, Defendants have gained a financial benefit for themselves and have caused financial loss and damages to TONI&GUY, TONI&GUY LP's Business Operating System, and TONI&GUY LP's franchisees to an unknown extent and which cannot be determined. In sum, TONI&GUY has suffered injury to its business and property rights.
- 65. A causal link exists between Defendants' use of the Marks and TONI&GUY's injury and damages. Such actions by Defendants have caused and will continue to cause TONI&GUY irreparable injury for which TONI&GUY has no adequate remedy at law.
 - 66. TONI&GUY has incurred damages and seeks injunctive relief.

VERIFIED COMPLAINT -- 14

WHEREFORE, TONI&GUY demands judgment against Defendants as outlined in the First Claim for Relief, including an increase in the award of damages to an amount not to exceed three times the actual damages sustained as allowed pursuant to the Revised Code of Washington §19.86.090.

SIXTH CLAIM FOR RELIEF

Tortious Interference with Existing Contract

- 67. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 68. TONI&GUY LP has a valid and enforcement contract (i.e., franchise agreement) with its franchisee in Bellingham, Washington for the operation of a TONI&GUY® Hairdressing Academy.
- 69. Defendants are not parties to the franchise agreement, but have actual knowledge of the franchise agreement, or, at minimum, have knowledge of facts and circumstances that would lead a reasonable person to believe there was a contract in which TONI&GUY LP has an interest.
- 70. Defendants' willful and intentional use of the Marks has wrongfully interfered with TONI&GUY LP's relationship with its franchisee by diminishing the value of the intellectual property rights and business rights that the franchisee bargained for in the franchise agreement.
- 71. Defendants' conduct has proximately caused injury to TONI&GUY LP by actually (or threatening to) reduce its royalty stream by unlawful diverting TONI&GUY consumers to a competing business.
 - 72. TONI&GUY LP has incurred damages and seeks injunctive relief.

WHEREFORE, TONI&GUY LP demands judgment against Defendants as outlined in the First Claim for Relief, including attorneys' fees, costs of suit, and such other and further relief as this Court shall deem just and proper.

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VERIFIED COMPLAINT -- 16

SEVENTH CLAIM FOR RELIEF

Civil Conspiracy

- 73. TONI&GUY realleges and incorporates herein by reference each of the factual allegations above as though fully set forth herein.
- 74. Defendants have knowingly encouraged, participated in, and benefited from the wrongful conduct described in this Verified Complaint. A civil conspiracy exists under the facts because two or more persons have acted in collusion to accomplish an unlawful purpose or to accomplish a lawful purpose by unlawful means.
- 75. Defendants have engaged in a civil conspiracy to (i) interfere tortiously with TONI&GUY's ongoing and prospective business relations; (ii) engage in unfair competition with TONI&GUY; and (iii) infringe and misappropriate the Marks.
- 76. Since at least November 2007, Defendants, in varying degrees, have participated in, and are engaged in, an ongoing pattern of unlawful and unfair competition. In addition, Defendants have associated together for a common purpose of engaging in a course of conduct and as an ongoing and continuing organization or unit to conduct the unlawful and tortious activities described in this Verified Complaint.
- 77. Defendants have conspired and aided and abetted each other in furtherance of these unlawful schemes. This conduct was caused, permitted, aided, abetted, and assisted by each Defendant in order to maintain their pattern of unlawful activity.
- 78. Accordingly, TONI&GUY has been, and continues to be, damaged in its business and property.
- WHEREFORE, TONI&GUY demands judgment against Defendants as outlined in the First Claim for Relief, including attorneys' fees, costs of suit, and such other and further relief as this Court shall deem just and proper.

GRAHAM & DUNN PC

DATED this 14th day of April, 2009.

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GRAHAM & DUNN PC

By

David M. Byers, WSBA# 29228 Daniel J. Oates, WSBA# 39334 2801 Alaskan Way, Suite 300 Seattle, WA 98121-1128 Phone: (206) 624-8300

Phone: (206) 624-830 Fax: (206) 340-9599

Email: dbyers@grahamdunn.com,

doates@grahamdunn.com Attorneys for Plaintiffs

and

HAYNES AND BOONE, LLP

Deborah S. Coldwell
(Pro hac vice to be submitted)
Altresha Q. Burchett-Williams
(Pro hac vice to be submitted)
2323 Victory Avenue, Suite 700
Dallas, Texas 75219

Phone: (214) 651-5000 Fax: (214) 651-5940

Email: deborah.coldwell@haynesboone.com altresha.burchett-williams@

haynesboone.com

VERIFIED COMPLAINT -- 17

GRAHAM & DUNN PC

Pier 70, 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 (206) 624-8300/Fax: (206) 340-9599

No. M40326-1187160

VERIFICATION

BEFORE ME, the undersigned Notary Public, on this day personally appeared Tamara Dickerson, who after being by me first duly sworn, deposed and stated as follows:

- 1. I am over the age of eighteen (18) years, am of sound mind and am otherwise qualified and capable to make this Verification.
- 2. I am the Vice President of Risk Management of TONI&GUY USA, LLC and TONI&GUY Hairdressing Academy, LLC. I am authorized to make this verification on behalf of MBL/TONI&GUY Products, L.P. and TONI&GUY Hairdressing Academy Franchise, LP (collectively, "TONI&GUY").
- 3. I have read the foregoing Verified Complaint and the allegations contained therein. Except as to allegations alleged upon information and belief, which allegations I believe to be true, the factual allegations contained in the Verified Complaint are true and correct based on my personal knowledge, the records of TONI&GUY and/or information available though employees and agents of TONI&GUY.
- 4. I am also the designed custodian of records for TONI&GUY. Attached to the Verified Complaint are Exhibits A through H. Exhibits G and H are records kept by TONI&GUY in the regular course of business, and it was the regular course of TONI&GUY's business for an employee or representative of TONI&GUY with knowledge of the act, event,

VERIFIED COMPLAINT -- 18

GRAHAM & DUNN PC

Pier 70, 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 (206) 624-8300/Fax: (206) 340-9599

condition, or opinion recorded to make the record or to transmit information thereof to be included in such record, and the record was made at or near the time or reasonably soon thereafter. The records attached hereto are exact duplicates of the originals.

Jamana Dickerson TAMARA DICKERSON

SWORN TO AND SUBSCRIBED before me this ______ day of April, 2009.



Mimberly Michelle Melton
Notary Public

(PERSONALIZED SEAL)

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VERIFIED COMPLAINT -- 19

GRAHAM & DUNN PC

Pier 70, 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 (206) 624-8300/Fax: (206) 340-9599

TRADEMARK ASSIGNMENT

THIS TRADEMARK ASSIGNMENT (this "Assignment") dated as of April 1, 2009 (the "Effective Date"), is made by Toni & Guy (USA) Limited, a private limited company incorporated in England and Wales ("Assignor"), and MBL/Toni&Guy Products, L.P., a Texas limited partnership ("Assignee").

WHEREAS, Assignor has agreed to sell and Assignee has agreed to purchase certain intellectual property, including without limitation, the trademarks listed on <u>Schedule A</u> hereto (the "**Trademarks**"); and

WHEREAS, Assignor is the registered owner of the Trademarks and the goodwill associated with the Trademarks.

NOW, THEREFORE, for good and valuable consideration (including the premises and covenants set forth in the Agreement), the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Assignor hereby irrevocably sells, assigns, transfers and sets over to Assignee all of Assignor's right, title and interest in and to the Trademarks, together with the goodwill of the business in connection with which the Trademarks are used, and all registrations, applications therefor and renewals and extensions of the foregoing in the United States, now or hereafter in effect, for Assignee's own use and enjoyment, and for the use and enjoyment of Assignee's successors, assigns or other legal representatives, as fully and entirely as the same would have been held and enjoyed by Assignors if this assignment and sale had not been made, together with all income, royalties or payments due or payable in relation to the Trademarks, including, without limitation, all claims for damages by reason of past, present or future infringement or other unauthorized use of the Trademarks, with the right to sue for and collect the same for Assignee's own use and enjoyment and for the use and enjoyment of its successors, assigns or other legal representatives.

Assignor authorizes and requests the United States Commissioner of Patents and Trademarks to record Assignee as the assignee and owner of the Trademarks and issue any and all registrations thereon to Assignee, as assignee of the entire right, title and interest in, to and under the same, for the sole use and enjoyment of Assignee and its successors, assigns or other legal representatives.

Assignor shall provide to Assignee, its successors, assigns or other legal representatives, cooperation and assistance at Assignee's request and expense (including, without limitation, the execution and delivery of any and all affidavits, declarations, oaths, samples, exhibits, specimens and other documentation as may be reasonably required) in connection with: (1) preparation and prosecution of any application for registration or renewal of a registration covering any of the Trademarks; (2) prosecution or defense of any cancellation, opposition, infringement or other proceedings that may arise in connection with any of the Trademarks, including, without limitation, testifying as to any facts relating to the Trademarks and this Assignment; (3) obtaining any additional trademark protection for the Trademarks that Assignee reasonably may deem appropriate that may be secured under the laws now or hereafter in effect in the United

States or for all foreign countries; and (4) implementation, perfection and/or recording of this Assignment.

This Assignment may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be duly executed as of the date first above written.

ASSIGNOR

TONI & GUY (USA) LIMITED

By:

Name: David Schwartz Title: Attorney-in-fact

STATE OF BU

COUNTY OF

Notary Public:

My commission expires:

JOAN H. CONNELLY Notary Public of New Jersey Commission Expires 11/6/2011

ASSIGNEE

MBL/TONI&GUY PRODUCTS, L.P.

Bruno A. Mascolo

President

STATE OF TEXAS) SS:

On this ____ day of APRIL, 2009 personally appeared before me, Bruno A. Mascolo, known to me to be President of MBL/Toni&Guy Products, L.P., who acknowledged that he signed this instrument as a free act on behalf of MBL/Toni&Guy Products, L.P.



Notary Public:

My commission expires: 2-20-2013

SCHEDULE A: Trademarks

| Country | Mark | Class and/or Goods | Appl./ Ser. No. | Filing Date | Reg. No. |
|---------------|---------------------------------------|---|--------------------|-------------|-----------|
| United States | TONI & GUY | Class 21 - Hair care accessories, namely, hair brushes, hair combs and shaving cups | 75/919016 | 2/15/00 | 2955204 |
| United States | TONI & GUY | Class 3 - Hair care products, namely, shampoo, conditioner, spray, gel, polish, sculpting liquid, straightener, hair stick, curl maker, split-end ender, shine texturizer, mousse, tonic, cream, detangler, spray shine and pomade, skin care products, namely, eye cream, cleansing foam, moisture cream, scrub, lotion, line-control serum, toner, facial cream, moisture mask, and cosmetics, namely, powder, foundation, lip liner, eye shadow, lip gloss, mascara, blush, lip color, concealer, liquid makeup, brow gel, eyeliner, lipstick, lipstick pencil, makeup remover | 75873782 | 12/15/99 | 2711680 |
| United States | TONI & GUY | Class 9 - Video tapes and films for instructional purposes Class 16 - Instructional magazines and posters for hair dressers and beauticians Class 41 - Educational services, namely providing courses and seminars for persons engaged in the operation of hairdressing and beauty salons; Class 42- Hair dressing and beauty salon services | 666660 | 6/15/87 | 1525304 |
| United States | TONI & GUY ACADEMY | Class 41- Educational services Class 44 - hairdressing, beauty salon and cosmetology services | 77/018097 | 10/10/06 | |
| United States | TONI & GUY HAIRDRESSING | Class 44 - Hair dressing and beauty salon services | 78/762908 | 11/29/05 | 3236350 |
| United States | TONI & GUY HAIRDRESSING ACADEMY | Class 41 - Educational services Class 44 - hairdressing, beauty salon and cosmetology services | 77/018025 | 10/10/06 | 3,468,906 |

| Country | Mark | Class and/or Goods | Appl./ Ser. No. | Filing Date | Reg. No. |
|---------------|-------------|--|--------------------|-------------|----------|
| United States | TONIGUY.COM | Class 3 – Hair care products, namely, shampoos, hair lotions, hair conditioners, hair creams, hair gels, color gels and conditioners and hair mousses and cosmetics, namely, eye shadows, lipsticks, foundations, freshening toner and skin conditioners | 75739142 | 6/28/99 | 2751574 |
| United States | TONIGUY.COM | Class 16 - Instructional books and magazines in the field of beauty for hairdressers and beauticians, instructional books and magazines featuring hair styling techniques for hairdressers and beauticians | 75739148 | 6/28/99 | 2548781 |
| United States | TONIGUY.COM | Class 41 - Educational services, namely conducting courses and seminars in the field of haircutting, hairstyling, beauty salons, cosmetics and skin care | 75759963 | 7/26/99 | 2538946 |
| United States | TONIGUY.COM | Class 42 - Hair dressing and beauty salon services | 75739144 | 6/28/99 | 2538923 |
| United States | TONIGUY.COM | Class 9 - pre-recorded instructional films and videotapes featuring haircutting and hairstyling techniques, cosmetic and skin care techniques | 75739146 | 6/28/99 | 2862990 |

Int. Cls.: 9, 16, 41 and 42

Prior U.S. Cls.: 21, 38, 100 and 107

United States Patent and Trademark Office Reg. No. 1,525,304 Registered Feb. 21, 1989

TRADEMARK SERVICE MARK PRINCIPAL REGISTER

TONI & GUY

F. MASCOLO & SONS LIMITED (UNITED KINGDOM COMPANY)
10/12 DAVIES STREET
LONDON, ENGLAND WIY ILL

FOR: VIDEOTAPES AND FILMS FOR INSTRUCTIONAL PURPOSES, IN CLASS 9 (U.S. CLS. 21 AND 38).

FIRST USE 9-1-1977; IN COMMERCE 1-1-1981.

FOR: INSTRUCTIONAL MAGAZINES AND POSTERS FOR HAIR DRESSERS AND BEAU-TICIANS, IN CLASS 16 (U.S. CL. 38).

FIRST USE 10-1-1975; IN COMMERCE 1-1-1976.

FOR: EDUCATIONAL SERVICES, NAMELY PROVIDING COURSES AND SEMINARS FOR PERSONS ENGAGED IN THE OPERATION OF HAIR DRESSING AND BEAUTY SALONS, IN CLASS 41 (U.S. CL. 107).

FIRST USE 9-1-1975; IN COMMERCE 11-1-1979.

FOR: HAIR DRESSING AND BEAUTY SALON SERVICES, IN CLASS 42 (U.S. CL. 100). FIRST USE 1-1-1963; IN COMMERCE 11-1-1979.

SER. NO. 666,660, FILED 6-15-1987.

STEVEN R. FINE, EXAMINING ATTORNEY

Int. Cl.: 44

Prior U.S. Cls.: 100 and 101

Reg. No. 3,236,350

United States Patent and Trademark Office

Registered May 1, 2007

SERVICE MARK PRINCIPAL REGISTER

TONI & GUY HAIRDRESSING

TONI & GUY (USA) LIMITED (UNITED KING-DOM CORPORATION) 2311 MIDWAY ROAD CARROLLTON, TX 75006

FOR: HAIR DRESSING AND BEAUTY SALON SERVICES, IN CLASS 44 (U.S. CLS. 100 AND 101).

FIRST USE 1-1-1963; IN COMMERCE 11-1-1979.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

OWNER OF U.S. REG. NO. 1,525,304.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE HAIRDRESSING, APART FROM THE MARK AS SHOWN.

SER. NO. 78-762,908, FILED 11-29-2005.

ALICE BENMAMAN, EXAMINING ATTORNEY

Int. Cls.: 41 and 44

Prior U.S. Cls.: 100, 101 and 107

Reg. No. 3,486,906

United States Patent and Trademark Office

Registered Aug. 19, 2008

SERVICE MARK PRINCIPAL REGISTER

TONI&GUY HAIRDRESSING ACADEMY

TONI & GUY (USA) LIMITED (UNITED KING-DOM CORPORATION) 2311 MIDWAY ROAD CARROLLTON, TX 75006

FOR: EDUCATIONAL SERVICES, NAMELY, BEAUTY, COSMETOLOGY, AND HAIRSTYLING SCHOOLS AND DISTRIBUTING COURSE MATERIALS IN CONNECTION THEREWITH; PROVIDING COURSES OF INSTRUCTION AT THE POST-HIGH-SCHOOL LEVEL; CONDUCTING CLASSES, CONFERENCES, SEMINARS, AND WORKSHOPS IN THE FIELD OF BEAUTY, COSMETOLOGY, AND HAIRSTYLING; CONDUCTING PROGRAMS IN THE FIELD OF BEAUTY, COSMETOLOGY, AND HAIRSTYLING; PROVIDING MOTIVATIONAL AND EDUCATIONAL SPEAKERS; CONDUCTING ON-LINE EXHIBITIONS AND DISPLAYS IN THE FIELD OF BEAUTY, COSMETOLOGY, AND HAIRSTYLING, IN CLASS 41 (U.S. CLS. 100, 101 AND 107).

FIRST USE 11-1-1979; IN COMMERCE 11-1-1979.

FOR: HAIRDRESSING, BEAUTY SALON, AND COSMETOLOGY SERVICES PROVIDED VIA BEAUTY SCHOOLS AND VOCATIONAL TRAINING CENTERS, IN CLASS 44 (U.S. CLS. 100 AND 101).

FIRST USE 11-1-1979; IN COMMERCE 11-1-1979.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "HAIRDRESSING ACADEMY", APART FROM THE MARK AS SHOWN.

SER. NO. 77-018,025, FILED 10-10-2006.

COLLEEN KEARNEY, EXAMINING ATTORNEY

Corporations: Registration Detail

Corporations Division - Registration Data Search

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TONI & GUY HAIRDRESSING ACADEMY, INC.

UBI Number

602778382

Category

REG

Profit/Nonprofit

Profit

Active/Inactive

Active

State Of Incorporation

WA

Date of Incorporation

11/06/2007

Expiration Date

11/30/2009

Dissolution Date

Registered Agent

Information

Agent Name

MICHAEL KENNARD

2915 ELDRIDGE AVE

Address

City

BELLINGHAM

State

WA

7TP

982251504

Special Address Information

Address

City

State

Zip

Governing Persons

Title

Name

Address

President

KENNARD, MICHAEL

BELLINGHAM, WA

« Return to Search List

You can find this information at: http://www.secstate.wa.gov/corps/search_detail.aspx?ubi=602778382

CITY OF BELLINGHAM

BUSINESS REGISTRATION

Business Name:

Toni & Guy Hairdressing Academy

Business Location:

203 W Holly St #206

Bellingham, WA 98225

Business Owner:

Toni & Guy Hairdressing Academy Inc.

TONI & GUY HAIRDRESSING ACADEMY 2915 ELDRIDGE AVE

BELLINGHAM, WA 98225

Business Registration Number: 036679

Effective Date:

January 31, 2009

TO BE POSTED IN A CONSPICUOUS PLACE

NOT TRANSFERABLE

License Query System



License Detail

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License Information:

Entity Name: TONI & GUY HAIRDRESSING ACADEMY, INC.

Firm Name: TONI & GUY HAIRDRESSING ACADEMY

License Type: Washington State Business

Entity Type: Profit Corporation

UBI: 602778382 Business ID:001 Location ID:0001

Status To check the status of this company, go to Secretary of State...

Location Address:

203 W HOLLY ST STE 206 BELLINGHAM, WA, 98225 Mailing Address: 2915 ELDRIDGE AVE

BELLINGHAM, WA, 98225-1504

Governing People:

MICHAEL SCOTT KENNARD

Registered Trade Names:

BEAUTYWERKS BARBERING & STYLING COLLEGE

BEAUTYWERKS BEAUTY SCHOOL

BEAUTYWERKS COSMETOLOGY TRAINING

BEAUTYWERKS HAIRDRESSING ACADEMY

BEAUTYWERKS HAIRSTYLING INSTITUTE

BEAUTYWORKS BARBERING & STYLING COLLEGE

BEAUTYWORKS BEAUTY SCHOOL

BEAUTYWORKS COSMETOLOGY TRAINING

BEAUTYWORKS HAIRDRESSING ACADEMY

BEAUTYWORKS HAIRSTYLING INSTITUTE

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TIGI BEAUTY SCHOOL

TIGI COSMETOLOGY TRAINING

TIGI HAIRDRESSING ACADEMY

TIGI HAIRSTYLING INSTITUTE

TONI & GUY BARBERING & STYLING COLLEGE

TONI & GUY BEAUTY SCHOOL

TONI & GUY COSMETOLOGY TRAINING

TONI & GUY HAIRDRESSING ACADEMY

TONI & GUY HAIRSTYLING INSTITUTE

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Name:

TONI & GUY HAIRDRESSING ACAD

License Type:

School

License Number:

2083

License Status:

Active

First Issued Date: License Issued:

Aug 7 2008 Aug 8 2008

Expiration Date:

Aug 7 2009

Address:

203 W HOLLY ST STE 206 BELLINGHAM WA 98225

Endorsements on this license:

Endorsement

Status

Barber

Active

Cosmetologist

Active

<u>Esthetician</u>

Active

Instructor

Active

Manicurist

Active

Information Current as of 04/10/2009 3:18AM Pacific Time

New Search

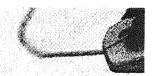
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Exhibit E Page 3 of 5

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License Detail

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BETTY S KENNARD

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BETTY S KENNARD

License Type:

Washington State Business

Entity Type:

Sole Proprietor

UBI:

600478689 E

Business ID:002 Location ID:

Status

To check the status of this business, go to Department of Revenue

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Mailing Address:

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Governing People:

BETTY S KENNARD

Registered Trade Names:

YAKIMA BEAITY SCHOOL; BEAUTY WORKS

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License Detail

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License Information:

Entity Name:

MICHAEL SCOTT KENNARD

Firm Name:

MICHAEL SCOTT KENNARD

License Type:

Washington State Business

Entity Type:

Sole Proprietor

UBI:

600478689 Business ID:001 Location ID:

Status

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MICHAEL SCOTT KENNARD

Registered Trade Names:

YAKIMA BEAITY SCHOOL; BEAUTY WORKS

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| 64 | TOKU-E COMPANY | | |
| 47 | 715 W Orthard Dr BLNGHM 98225 734-1789 | TON Than 2216 Humboldt St | |
| w # | TOKYO HOUSE | TONER Katle E | |
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| | TOLF Brandon BLNGHM 966-2860 | TONI & GUY HAIRDRESSING ACADEMY 1411 Railroad Ave BLEIGHM 98225 676-8444 TONI'S BILLING SERVICES | |
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| - | 49/16 - 1 214 25 HAZ BINGHM 98226 671-5993 | 3924 Iron Gate Rd | |
| - | TOLLE G EVRSN 98247 966-4520 Walt 203 Blair Dr EVRSN 98247 966-2783 | 3924 Iron Gate Rd | |
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March 5, 2009

Direct Phone Number: (214) 651-5260 Direct Fax Number: (214) 200-0865 deborah.coldwell@haynesboone.com

Via Certified Mail / Return Receipt Requested and E-Mail (cisandmike@comcast.net)

Michael Kennard
Betty (Cis) Stock Kennard
2915 Eldridge Avenue
Bellingham, WA 98225-1504

Michael Kennard Betty (Cis) Stock Kennard 203 W. Holly Street #206

Via CM-RRR #7160 3901 9845 9384 7444

Bellingham, WA 98225

Re: TONI & GUY HAIRDRESSING ACADEMY, INC.

203 W. Holly Street, Bellingham, WA

Dear Mr. and Mrs. Kennard:

This firm represents TONI&GUY USA, LP, TONI&GUY Hairdressing Academy Franchise, L.P., and TONI&GUY (USA) Limited (collectively, referred to as "TONI&GUY") in connection with the protection and enforcement of their intellectual property rights.

TONI&GUY has become aware that in November 2007, you registered a for-profit corporation under the name "Toni & Guy Hairdressing Academy, Inc." with the Washington Secretary of State. In addition, you applied for (and have been awarded) a business license to operate under the name "Toni & Guy Hairdressing Academy" at 203 W. Holly Street, #206, Bellingham, Washington 98225. The information has been distributed to the public by various channels and publications, including Washington's Corporations Division and the Bellingham Business Journal at http://www.thebellinghambusinessjournal.com/september2008/businessLicenses.php. In addition, you have published an advertisement in Whatcom County's Yellow Pages under the name "Toni & Guy Hairdressing Academy."

As you may know, based on its work and innovation over the past 40 years, TONI&GUY has become an industry leader in the salon and cosmetology school industries. TONI&GUY's hairdressing academies provide a cosmetology vocational training school that will prepare an individual for a successful career in hairdressing. TONI&GUY has spent a significant amount of money, time, and energy in building its reputation and goodwill. TONI&GUY has registered and/or submitted pending registration applications for the marks TONI&GUY®, TONI&GUY

Haynes and Boone, LLP Attorneys and Counselors 2323 Victory Avenue, Suite 700 Dallas, Texas 75219 Phone: 214.651.5000 Fax: 214.651.5940 www.haynesboone.com

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Michael Kennard Betty (Cis) Stock Kennard March 5, 2009 Page 2

Hairdressing®, TONI&GUY Academy and TONI&GUY Hairdressing Academy (the "TONI&GUY Marks"). Moreover, TONI&GUY® has been registered with the United States Patent and Trademark Office since February 21, 1989, and TONI&GUY Hairdressing® has been registered since May 1, 2007.

The business operations of "Toni & Guy Hairdressing Academy," at 203 W. Holly Street, Bellingham, Washington, are undoubtedly unlawful and infringe upon TONI&GUY's intellectual property, specifically, its trade name, trademarks, and service marks. You do <u>not</u> have authorization from TONI&GUY to use its trade name, trademarks, service marks, or any other proprietary materials or products associated with TONI&GUY. Therefore, you are violating state and federal copyright and trademark laws by your unauthorized use of TONI&GUY's Marks. Your representations to the public (including the State of Washington and the City of Bellingham) are tortious, willful, and must cease immediately.

On TONI&GUY's behalf, we therefore demand that you and each and every person affiliated with you:

- 1. Immediately cease and desist all uses of the trade name TONI&GUY®, or any other name that is the same or substantially similar to this trade name, which may cause confusion to the public or create a false designation as to the services that you offer;
- 2. Immediately cease and desist operations of the "Toni & Guy Hairdressing Academy" at 203 W. Holly Street, Bellingham, Washington;
- 3. Immediately cancel your registration of "Toni & Guy Hairdressing Academy, Inc." (UBI Number 602778382) with the Washington Secretary of State, Corporations Division;
- 4. Immediately cancel your registration of "Toni & Guy Hairdressing Academy" (Business Registration Number 036679) with the City of Bellingham;
- 5. Immediately cancel (or do not renew) your subscription of your listing in the Yellow Pages (or any other telephone directory) under the name "Toni & Guy Hairdressing Academy;" and
- 6. Immediately cease and desist from all advertising, marketing, publishing, and any use of products, photographs, brochures, materials, Internet postings, website, or any other marketing or promotional materials that you use with the trade name TONI&GUY®.

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Michael Kennard Betty (Cis) Stock Kennard March 5, 2009 Page 3

7. Immediately route and permanently assign the telephone number you are using for the business at 203 W. Holly Street, #206, Bellingham, WA, ((360) 738-6800), to the TONI&GUY franchisee located at 1411 Railroad Ave, Bellingham, WA.

Please do not destroy any copies of materials related to your continued use of TONI&GUY's intellectual property, including, without limitation, any materials containing the TONI&GUY® Marks, as such actions would constitute spoliation of evidence. Any materials on hard drives of computers, such as e-mails, accounting information, and customer lists, should be preserved since this evidence will be relevant in litigation if we cannot resolve these issues amicably.

TONI&GUY demands that you send proof of compliance with its requests, including photographs showing the removal of all items bearing the name TONI&GUY®, by <u>Friday</u>, <u>March 13, 2009</u>, at 12:00 p.m. Please send all correspondence, compliance documents, and photographs to my attention at the address above.

If you fail to comply with the above requests by the stated date and time, TONI&GUY will take all appropriate legal action to prevent any further unauthorized use and infringement of its intellectual property rights and to recover appropriate damages, including punitive damages for willful and unauthorized use of the TONI&GUY® Marks and lost revenues from student tuition, student kits and student services/retail revenues generated through your misappropriation of, and false advertising using, the TONI&GUY® Marks. TONI&GUY will also seek its reasonable costs including attorneys' fees and interest from you.

This letter does not constitute nor shall it be deemed to be an election of remedies by TONI&GUY or a waiver by TONI&GUY of any additional rights, remedies, or claims that TONI&GUY may have against you and any other persons or entities that have caused or are causing these infringing activities. It is also recommended that you contact your insurance carrier immediately.

Your immediate compliance with this demand will be appreciated. Please contact me, or have your attorney to contact me if you have engaged one, if you have any questions or would like to discuss.

Sincerely, Debruh S. Coldwoll

Deborah S. Coldwell

4. Restricted Delivery? (Extra Fee) 3. Service Type CERTIFIED MAIL PS Form 3811, January 2005 Article Addressed to: Betty (Cis) Stock Kennard 2915 Eldridge Avenue Bellingham, WA 98225-1504 Michael Kennard 7160 3901 9845 9384 7437 Yes Domestic Raturn Receipt DSC-80871 Toni/Guy 22744.7 Reference Information - 3-23-M B. Data of Debvery □□ ₹ **§** Addresses