

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

**LEONARD, INC.**  
**1756 Severn Forest Drive**  
**Annapolis, MD 21401,**

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**Plaintiff,**

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**v.**

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**Case No.** \_\_\_\_\_

**QUANTUM SAIL DESIGN**  
**GROUP, LLC**  
**951 Bay Ridge Road**  
**Annapolis, MD 21403**

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\*

**Serve on:**  
**C. Edward Hartman, III**  
**Suite 300**  
**116 Defense Highway**  
**Annapolis, MD 21403**

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**Resident Agent**

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**And**

\*

**GLEN PECK**  
**951 Bay Ridge Road**  
**Annapolis, MD 21403**

\*

\*

**Defendants.**

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**COMPLAINT AND JURY DEMAND**

Plaintiff, Leonard, Inc. ("LI"), by and through its undersigned counsel, sues Defendants, Quantum Sail Design Group, LLC ("Quantum") and Glen Peck ("Peck"), and states as follows.

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over the subject matter of this proceeding pursuant to 15 U.S.C. § 1121 and 28 U.S.C. § 1338.

2. This Court has personal jurisdiction over the Defendants because both are citizens of the State of Maryland.

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because both Defendants reside in this District.

### **PARTIES**

4. LI is a closely held corporation organized under the laws of Maryland with its principal place of business in Annapolis, Maryland.

5. Quantum is a closely held limited liability company organized under the laws of Maryland with its principal place of business in Annapolis, Maryland. Quantum is principally engaged in the business of fabricating and selling sailboat sails.

6. Peck is an individual resident of Maryland whose principal place of business is in Annapolis, Maryland. He is an officer of Quantum.

### **FACTS COMMON TO ALL COUNTS**

#### **I. Leonard Finds LI and Quantum.**

7. Beginning in 1976, Laurance A. Leonard, Jr. ("Leonard"), a lifelong sailor, began making and selling sailboat sails through LI, a closely held entity he established in Annapolis, Maryland.

8. Leonard is, and at all times relevant to this Complaint was, the President and sole owner of LI.

9. LI's sailmaking business grew over time and prospered. In approximately 1983, Leonard accepted an invitation to join a competitor in the sailmaking business, Sobstad Sailmakers. For the next thirteen years, LI sold sails as a franchisee of and trading as Sobstad Sailmakers.

10. Throughout the 1980s and 1990s, LI supplied sails to winners of several prestigious sailing regattas, including the America's Cup and the Volvo Around the World Race.

11. In early 1996, LI left Sobstad Sailmakers, sensing the opportunity in the market to create a high-quality alternative to its largest competitor, North Sails. That year, Leonard formed Quantum Sail Design Group, LLC, a Maryland limited liability company.

12. Leonard was the managing member of Quantum, and he hired Peck to act in the capacity of a chief operating and financial officer for the company.

13. Quantum was originally a franchisor. Each of its franchisees, including LI, paid a franchisee fee to Quantum, and Quantum in turn paid management fees and license fees to LI and a related entity owned by Leonard, Leonard Management, LLC ("LM"). The license fees paid by Quantum were for, in part, the right to use LI's and LM's trademarks.

## **II. LI Creates, Uses and Registers the Trademarks.**

14. At or around the time of Quantum's creation, LI hired a third party contractor to develop the name for Quantum and a logo for the company (hereinafter, the "Trademarks").

15. Beginning in 1996, LI began using the Trademarks in commerce, for the purpose of selling sailboat sails and ancillary services, and has continuously done so since that time.

16. On or about April 25, 1996, LI filed for a federal trademark registration for the name "Quantum" in connection with sails and related services. This trademark registration, number 2,375,577, was granted to LI on or about August 8, 2000, and remains valid today.

17. On or about May 26, 1997, LM filed for a European Community trademark registration for the name "Quantum" in connection with sails. This trademark registration, number 000545442, was granted to LM on or about February 7, 1999, and remains valid today.

18. In approximately 1997, LM filed for an Australian trademark registration for the name “Quantum” in connection with sails. This trademark registration, number 735744, was granted to LM and remains valid today.

**III. Quantum Grows Into a Successful Enterprise as a Licensee of the Trademarks.**

19. At all times relevant to this Complaint, and prior to LI’s notice to Quantum revoking its license, Quantum used LI’s Trademarks only with LI’s permission, as a licensee.

20. LI, through Leonard as the managing member and founder of Quantum, controlled the quality of Quantum’s products sold and services provided under the Trademarks.

21. From 1996 to 2006, Leonard worked tirelessly to build Quantum into a successful enterprise.

22. By the end of 2000, Quantum had thirty (30) facilities worldwide selling, manufacturing and servicing sails, an additional twenty two (22) facilities handling sales and service only, and approximately \$13 million in total annual gross sales.

23. Currently, Quantum is the second-largest sail manufacturer in the world.

24. The products and services sold by Quantum using LI’s Trademarks have created significant goodwill associated with those marks.

**IV. Quantum Forges Leonard’s Signature and Files False Trademark Assignments.**

25. On or about June 15, 2005, Quantum, upon information and belief acting through Peck, forged Leonard’s signature to a document entitled “Trademark Assignment”, and filed the same with the United States Patent and Trademark Office.

26. The forged Trademark Assignment indicated that LI was the owner of the mark “Quantum”, Registration No. 2,375,577, and that LI sold, transferred and assigned that mark, registration and attendant good will to Quantum for consideration of one dollar (\$1.00).

27. In approximately September 2005, Quantum, upon information and belief acting through Peck, forged Leonard's signature to a document entitled "Assignment of CTM Registration Number 000545442", and filed the same with the European Community Trademark Office, falsely and fraudulently indicating that LM had assigned the European trademark for the name "Quantum", trademark Registration Number 000545442, to Quantum, for consideration of ten (10) pounds sterling.

28. Neither LI nor LM (which had filed articles of cancellation over one year earlier, and whose assets transferred to LI) ever sold, transferred or assigned the Trademarks, the federal and European registrations, or any of the good will attendant thereto, to Quantum. LI retains full rights in the Trademarks, the registrations, the attendant good will, and all associated rights.

29. Quantum concealed the false assignments from LI. LI discovered the false assignments only after Leonard was terminated from Quantum's employment in the fall of 2006.

**V. Quantum Files False Registrations for the Quantum Logo.**

30. On or about June 14, 2005, Quantum, upon information and belief acting through Peck, filed a trademark application with the United States Patent and Trademark Office, seeking to register the trademark for the logo of Quantum, a stylized "Q." Quantum falsely and fraudulently represented to the Patent and Trademark Office that it was the owner of the mark.

31. On or about June 27, 2006, the Patent and Trademark Office issued Registration No. 3,109,184 to Quantum for the logo.

32. Upon information and belief, on or about June 30, 2005, Quantum, upon information and belief acting through Peck, filed a trademark application with the European Community Trademark Office, seeking to register the logo of Quantum. Quantum falsely and

fraudulently represented to the European Community Trademark Office that it was the owner of the mark.

33. On or about July 25, 2006, the European Community Trademark Office issued Registration No. 004531018 to Quantum for the logo.

34. LI was not aware of Quantum's false and fraudulent applications and did not consent to or approve them. Quantum concealed the resulting registrations from LI. LI discovered the false and fraudulent applications and registrations only after Leonard was terminated from Quantum's employment.

**VI. LI Revokes Quantum's License to the Trademarks and Demands that it Cease and Desist from Using Them.**

35. On or about December 22, 2006, LI sent a letter to Quantum revoking Quantum's license to use the Trademarks and demanding that Quantum and its wholly owned subsidiaries cease and desist from using the Trademarks in the United States, cease and desist from using the "Quantum" trademark in Australia, and transfer the U.S. registrations for Trademarks to their rightful owner, LI.

36. On or about January 17, 2007, LI sent a similar cease and desist letter regarding Quantum's unlawful use of the Trademarks in Europe and their registrations.

37. Quantum refused to cease and desist, and continues intentionally and unlawfully using the Trademarks today.

**COUNT I  
(Declaratory Judgment)**

38. Plaintiff incorporates herein the allegations contained in paragraphs 1 through 37 above.

39. As is set forth more fully above, LI is the owner of certain common law trademarks and federal trademark registrations for “Quantum” and the “Q” logo, as well as the attendant good will and associated rights.

40. Quantum’s actions taken contrary to these ownership rights, such as using the Trademarks without permission in commerce, and filing fraudulent documents of ownership with governmental authorities, are unlawful and of no force and effect.

41. Upon information and belief, Quantum contends that it is the owner of these same trademark rights.

42. Thus, there exists an actual controversy of a justiciable issue between LI and Quantum within the jurisdiction of this Court involving the rights of the parties to the common law Trademarks, federal and European Trademark registrations, and attendant good will and associated rights, which controversy may be determined by a judgment of this Court.

**WHEREFORE**, Plaintiff, Leonard, Inc., respectfully requests that this Court determine and adjudicate the rights of the parties to the common law Trademarks, federal and European Trademark registrations, and attendant good will and associated rights, that this Court find and declare that i) LI is the rightful owner of the common law Trademarks and federal and European Trademark registrations for “Quantum” and the “Q” logo, as well as the attendant good will and associated rights; ii) Quantum and its wholly owned subsidiaries have no right to use such Trademarks without the express permission of LI; and, iii) actions taken by Quantum contrary to LI’s ownership rights are of no force and effect, that this Court award LI the costs of this proceeding, and that this Court award LI such other and further relief as the Court determines to be just.

**COUNT II**  
**(Injunctive Relief)**

43. Plaintiff incorporates herein the allegations contained in paragraphs 1 through 37 above.

44. As is set forth more fully above, LI is the owner of the Trademarks, the registrations therefore, and the attendant good will and associated rights.

45. Without LI's permission, and contrary to LI's express written instructions to cease and desist, Quantum is using the Trademarks in commerce to its own benefit.

46. LI will suffer irreparable injury if equitable relief is not granted, because it will lose the benefit of the Trademarks and associated rights, including the good will associated with the Trademarks. Moreover, it cannot control the quality of the goods and services offered under the Trademarks, and the value of the Trademarks will be diminished thereby.

47. The benefits to LI of injunctive relief preventing Quantum's use of LI's Trademarks and associated rights outweigh any potential harm to Quantum, in that Quantum cannot be harmed by being required to abide by LI's ownership rights.

48. The public interest is best served by granting LI injunctive relief because it is in the public interest to preserve the rights of intellectual property owners and to avoid the confusion of consumers that will result from Quantum's unauthorized use of LI's Trademarks.

**WHEREFORE**, Plaintiff, Leonard, Inc., respectfully requests the entry of an order i) permanently enjoining Quantum and any entity or person affiliated with Quantum from using the Trademarks for any purpose in the United States, its territories and possessions, in the European Community, and in Australia; ii) awarding LI the costs of this matter and its attorneys' fees; and iii) awarding LI such other and further relief as the Court determines to be just.

**COUNT III**  
**(Trademark Infringement - 15 U.S.C. § 1114)**

49. Plaintiff incorporates herein the allegations contained in paragraphs 1 through 37 above.

50. As is set forth more fully above, LI is the owner of the Trademarks, the registrations therefore, and the attendant good will and associated rights.

51. Quantum used and is using such Trademarks by selling goods and services to consumers without LI's consent or permission, and despite LI's requests that it cease.

52. Quantum's use of the Trademarks has occurred and is occurring in commerce.

53. Quantum has used and is using the Trademarks in connection with the sale, offering for sale, distribution, or advertising of goods and services.

54. Quantum has used and is using the Trademarks in a manner likely to cause confusion or to cause mistake or to deceive.

55. Peck, as an Officer of Quantum, directed, controlled, participated in and ratified this infringing activity, and is personally liable therefore.

56. Defendants' misappropriation of LI's Trademark rights and infringement is intentional.

**WHEREFORE**, Plaintiff, Leonard, Inc., respectfully requests that Quantum and Peck jointly and severally account for and pay over to Leonard, Inc. all of the profits realized by Quantum on sales of products and services made using LI's Trademarks since the date LI revoked its license for Quantum to use such Trademarks, that any damage award be trebled due to Defendants' intentional infringement, that the Court award prejudgment interest on such amounts, that the Court award LI its reasonable attorneys' fees plus the costs of this matter, and that the Court award such other and further relief as the Court determines to be just.

**COUNT IV**  
**(Unfair Competition – 15 U.S.C. § 1125)**

Plaintiff incorporates herein the allegations contained in paragraphs 1 through 37 above.

57. As is set forth more fully above, LI is the owner of the Trademarks, the registrations therefore, and the attendant good will and associated rights.

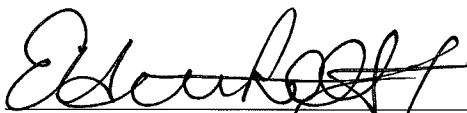
58. Quantum used and is using such Trademarks by selling goods and services to consumers without LI's consent or permission.

59. By its unauthorized appropriation of LI's Trademarks, Quantum has engaged, and is continuing to engage, in acts of wrongful deception of the purchasing public, wrongful designation as to the source and sponsorship of goods, wrongful deprivation of LI's good name and reputation, and wrongful deprivation of LI's good will.

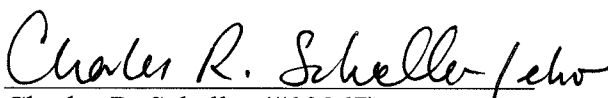
60. Such conduct constitutes an intentional unfair trade practice and unfair competition under section 1125(a) of the Lanham Act.

61. Peck, as an Officer of Quantum, directed, controlled, participated in and ratified this unfair competition, and is personally liable therefore.

**WHEREFORE**, Plaintiff, Leonard, Inc., respectfully requests that Quantum and Peck jointly and severally account for and pay over to Leonard, Inc. all of the profits realized by Quantum on sales of products and services made using LI's Trademarks since the date LI revoked its license for Quantum to use such Trademarks, that any damage award be trebled due to Defendants' intentional conduct, that the Court award prejudgment interest on such amounts, that the Court award LI its reasonable attorneys' fees plus the costs of this matter, and that the Court award such other and further relief as the Court determines to be just.



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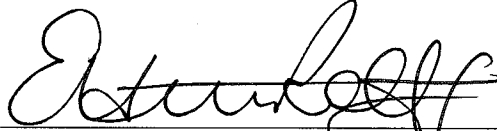


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**JURY DEMAND**

Plaintiff hereby demands trial by jury on all matters so triable.



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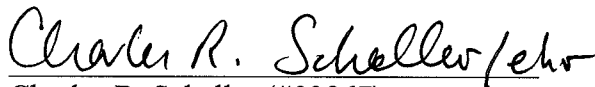
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