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The Holy Donut, Inc.

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
MEDFORD DIVISION**

THE HOLEY DONUT, INC., a Maine corporation,

Plaintiff,

v.

MICHELLE NATINA MOORE, an individual d/b/a Holey Donut;
CHRISTOPHER AARON NEWTON, an individual d/b/a Holey Donut; THE DOUGHNUT HOLE LIMITED LIABILITY COMPANY, an Oregon Limited Liability Company;

Defendants.

Case No.

COMPLAINT FOR:

- 1. Trademark Infringement Action (15 U.S.C. §§ 1114 & 1125)**
- 2. Breach of Oral Contract; and**
- 3. Violation of Oregon Unfair Competition Statute (ORS § 646.608)**

JURY TRIAL DEMANDED

COMPLAINT

NOW COMES The Holy Donut, Inc. (“Holy Donut”) and complains against Michelle Natina Moore and Christopher Aaron Newton d/b/a Holey Donut and The Doughnut Hole Limited Liability Company (collectively “Holey Donut”) for trademark infringement and other wrongs for the reasons that follow.

INTRODUCTION

In January 2020, Holey Donut received actual notice of Holy Donut’s nearly identical mark used to sell identical products: donuts. In February 2020, after several exchanges, the parties reached an agreement whereby Holey Donut agreed to change its business name and mark to Donut Hole or Doughnut Hole within four to six weeks. In June 2020, however, Holy Donut learned through a Holey Donut social media post that Holey Donut is not only continuing to advertise donuts using its confusingly similar mark, but also expanding its use of that mark through a mobile food truck. As set forth more fully herein, Holey Donut’s infringing conduct is willful and creates a likelihood of confusion in the marketplace. In addition, Holey Donut’s conduct constitutes a material breach without legal excuse of the parties’ agreement that Holey Donut would change its name and mark to Donut Hole or Doughnut Hole. Further, Holey Donut’s conduct constitutes an unfair and deceptive trade practice within the meaning of O.R.S. § 646.608(1)(b)-(c).

Where Holey Donut refuses to correct its unlawful conduct, Holy Donut files the instant lawsuit seeking injunctive relief and monetary damages.

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PARTIES, JURISDICTION, AND VENUE

1. The Plaintiff, The Holy Donut, is a Maine corporation with a principal place of business at 194 Park Avenue, Portland, Maine 04102 (“Holy Donut”).

2. The Defendant, Michelle Natina Moore, is an individual, as well as the authorized representative and registrant of Holey Donut, with a mailing address of 1434 Esplanade Avenue, Klamath Falls, Oregon 97601 (“Moore”).

3. The Defendant, Christopher Aaron Newton, is an individual and registrant of Holey Donut with a mailing address of 1434 Esplanade Avenue, Klamath Falls, Oregon 97601 (“Newton”).

4. The Doughnut Hole Limited Liability Company is an Oregon limited liability company with a principal place of business at 1434 Esplanade Avenue, Klamath Falls, Oregon 97601 (“Doughnut Hole”).

5. Holey Donut is an Oregon assumed business name with a principal place of business at 1434 Esplanade Avenue, Klamath Falls, Oregon 97601. Moore, Newton, and Doughnut Hole are hereinafter collectively referred to as “Holey Donut” or “Defendants.”

6. This Court has subject matter jurisdiction over Holy Donut’s federal trademark claim under 28 U.S.C. § 1331. The Court also has subject matter jurisdiction over Holy Donut’s state law claims under 28 U.S.C. § 1337.

7. This Court has personal jurisdiction over the Defendants because Doughnut Hole is registered to do business in Oregon, Moore and Newton reside in Oregon, do business in Oregon, and operate retail locations in Oregon under the assumed business name, Holey Donut, using the infringing mark.

8. Venue is appropriate under 28 U.S.C. § 1391 because a substantial part of the events giving rise to the claims occurred within this jurisdiction.

FACTS

Holy Donut's Trademark and Branding

9. Holy Donut's current logo includes the corporation's name, overlaying concentric circles.



10. In order to protect its intellectual property rights, Holy Donut obtained the following registration from the U.S. and Patent Trademark Office:

Reg. Date	Reg. Number/ Serial Number	Mark	Class	Type
10/11/2016	5,057,632/ 86798803	THE HOLY DONUT	IC 30	Trademark on Principal Register

11. Accordingly, Holy Donut has valid, subsisting rights to THE HOLY DONUT within International Class 30 for staple foods. *See Exhibit 1*, U.S. Patent & Trademark Office Certificate of Registration.

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Holy Donut's Goods and Reputation

12. Holy Donut is a family owned, wholesale and retail donut business with three retail locations located in Portland and Scarborough, Maine and a fourth retail location opening in Auburn, Maine.

13. Holy Donut employs over 80 employees and produces two million hand-cut donuts per year.

14. The donuts sold in connection with the Holy Donut mark, contain only wholesome ingredients, including fresh Maine potatoes and the highest quality dark cocoa powder. In addition, Holy Donut does not use any fake coloring for its donut glazes—all glazes are colored with fruit juices or vegetable dyes.

15. Since its founding in 2012, Holy Donut has received numerous, nationwide accolades and feature articles for its donuts. By way of recent example:

- In 2018, Holy Donut was named to Thrillist's "31 Best Donut Shops in America."
- In 2017, Holy Donut was named to Business Insider's "15 Best Donut Shops in America."
- In 2016, Holy Donut was featured in New York Times article "36 Hours in Portland."
- In 2016, Bon Appetit published a feature article "Forget Cake vs. Yeast, Potato Doughnuts are the Greatest" covering Holy Donut.
- In 2015, Holy Donut was featured in Elle Magazine as a top gluten-free food retailer.

- In 2015, the Boston Globe published a feature article on the Holy Donut and its “[n]ear-instant success.”

16. Holy Donut fosters a strong community presence by donating any leftover donuts to organizations such as the Preble Street Resource Center. Holy Donut also grants paid time off to employees for hours spent volunteering in the community. Accordingly, Holy Donut has generated good will towards its goods and mark.

17. Given Holy Donut’s nationwide reputation, it sells donuts to customers from across the United States.

Holey Donut’s Goods and Infringing Conduct

18. Holey Donuts sells retail donuts at a brick and mortar store located in Klamath Falls, Oregon.

19. As of December 2019, Holey Donuts branded with a logo that includes the corporation’s name.



20. When compared, the Holy Donut and Holey Donut marks are phonetically identical and appear to be nearly identical, with the only difference being the single, silent “e” in Holey Donut.

21. Holey Donut branded to this mark despite the fact that Holy Donut holds a valid, subsisting trademark registration based on use in commerce since March 2012 in International Class 30 for staple foods.

22. Holy Donut's federal registration put Holey Donut on constructive notice of Holy Donut's rights.

23. In addition, in December 2019, Holey Donut was specifically aware of Holy Donut's subsisting trademark registration and rights because Holy Donut's CEO, Jeff Buckwalter, contacted Newton of Holey Donut and informed Newton of Holy Donut's concerns that Holey Donut's use of a confusingly similar mark to sell identical goods would cause confusion in the marketplace.

24. Further, Holey Donut received actual notice of Holy Donut's rights when it received Holy Donut's cease and desist demands in January 2020.

25. In sum, both Holey Donut and Holy Donut sell retail donuts using a nearly identical mark at brick and mortar store locations.

The Binding Agreement and Holey Donut's Material Breach

26. After receiving Holy Donut's cease and desist demands, Holy Donut and Holey Donut entered into an oral agreement on February 24, 2020, whereby Holey Donut agreed to change its business name and mark to Donut Hole or Doughnut Hole within four to six weeks, and in exchange Holy Donut would refrain from enforcing its trademark rights.

27. Buckwalter memorialized the parties' February 24th agreement by text message to Newton, a copy of which is attached hereto as Exhibit 2.

28. On or about February 26, 2020, Mr. Newton and Ms. Moore formed The Doughnut Hole Limited Liability Company, presumably in furtherance of their promise to Buckwalter.

29. On June 15, 2020, however, Holy Donut learned that Holey Donut was not only continuing its use of the confusingly similar mark but also expanding its use of that mark through a mobile food truck.

30. On June 22, 2020, and again on July 29, 2020, Holy Donut reiterated its cease and desist demands and notified Holey Donut that it violated the parties' agreement.

31. To date, Holey Donut has refused to correct its unlawful conduct.

COUNT I – TRADEMARK INFRINGEMENT (15 U.S.C. §§ 1114 & 1125)

32. Holy Donut incorporates all paragraphs above and below.

33. Where Holy Donut has been using its mark since 2012, it has priority over Holey Donut.

34. Where Holy Donut has a federally registered trademark for THE HOLY DONUT, it has superior rights in its mark to those of Holey Donut.

35. Holey Donut used Holy Donut's mark without consent and in the face of cease and desist demands.

36. Holey Donut continued to infringe on Holy Donut's mark after Holey Donut had actual notice of Holy Donut's ownership of the marks. In fact, Holey Donut continues to infringe on Holy Donut's trademark despite agreeing to change its business name and mark after Holy Donut directed Holey Donut to cease and desist the infringement.

37. Consequently, Holey Donut's infringement is willful.

38. By using Holy Donut's mark in connection with the advertising and sale of donuts, Holey Donut causes a likelihood of confusion in the minds of the public as to the connection between the goods of Holy Donut and those of Holey Donut.

39. Holey Donut's unauthorized and willful use of a mark confusingly similar to Holy Donut's mark constitutes an infringement of the rights of Holy Donut in and to the use of its federally registered mark, as well as Holy Donut's common law rights, with consequent damages to Holy Donut and the business and good will associated with and symbolized by Holy Donut's mark, and specifically, gives rise to this action under 15 U.S.C. §§ 1114 and 1125.

40. Holy Donut is irreparably harmed by Holey Donut's infringement, and the injury is ongoing.

41. Holey Donut's infringement is "exceptional" within the meaning and scope of 15 U.S.C. §§ 1117 such that attorneys' fees should be awarded to Holy Donut. Holey Donut infringed on Holy Donut's mark. Holey Donut received actual notice of Holy Donut's mark and agreed to change its name and mark to prevent a likelihood of confusion among consumers. Despite its actual notice and the agreement, Holey Donut continued to infringe on Holy Donut's mark, expanded its use of Holy Donut's mark, and ultimately refused to cease and desist from that use even after being confronted with Holy Donut's federal registration, thereby engaging in willful infringement.

42. Holy Donut is therefore entitled to injunctive relief against Holey Donut to restrain further acts of infringement and after trial, to recover any damages, including statutory damages under 15 U.S.C. § 1117, caused by Holey Donut's aforesaid acts, corrective advertising, and enhanced damages based on Holey Donut's willful, intentional, and/or grossly negligent acts.

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COUNT II – BREACH OF CONTRACT

43. Holy Donut incorporates all paragraphs above and below.

44. Holy Donut and Holey Donut entered into a valid, binding, and enforceable contract on February 24, 2020.

45. Pursuant to the contract, Holey Donut agreed to cease its use of Holy Donut's mark and to change its business name and mark to Donut Hole or Doughnut Hole within four to six weeks of the parties' agreement.

46. In exchange, Holy Donut agreed to refrain from enforcing its trademark rights.

47. Holey Donut is in material breach of the agreement without legal excuse by continuing its use of the Holy Donut mark and expanding its use of the Holy Donut mark through a mobile food truck.

48. As a result of Holey Donut's material breach, Holy Donut has suffered damages and is entitled to damages from Holey Donut within the jurisdictional limits of this Court.

COUNT III - UNFAIR COMPETITION (O.R.S. § 646.608(1)(b)-(c))

49. Holy Donut incorporates all paragraphs above and below.

50. Holey Donut engages in trade and commerce within the State of Oregon.

51. Holey Donut's use of Holy Donut's mark in connection with donuts constitutes an unfair method of competition and deceptive acts or practices within the meaning of O.R.S. § 646.608(1)(b)-(c).

52. By using Holy Donut's mark in connection with the advertising and sale of donuts, Holey Donut creates a likelihood of confusion and misunderstanding as to the source, sponsorship, approval, and/or certification of Holy Donut's goods.

53. By using Holy Donut's mark in connection with the advertising and sale of donuts, Holey Donut causes a likelihood of confusion and misunderstanding as to affiliation, connection or association with, or certification by Holy Donut.

54. Holey Donut continues to infringe on Holy Donut's mark after Holey Donut received actual notice of Holy Donut's ownership of the mark. In fact, Holey Donut continues to infringe on Holy Donut's trademark despite Holy Donut's demand for Holey Donut to cease and desist the infringement.

55. Consequently, Holey Donut's infringement is with knowing and willful disregard for Holy Donut's rights, and with the intent to trade on and misappropriate Holy Donut's reputation and good will.

56. Holy Donut is therefore entitled to injunctive relief against Holey Donut to restrain further acts of infringement and after trial, to recover statutory and punitive damages caused by Holey Donut's aforesaid acts, as well as reasonable attorneys' fees and costs.

57. Upon filing this action, Holy Donut shall mail a copy of this Complaint to Oregon's Attorney General pursuant to O.R.S. § 646.638(2).

JURY TRIAL DEMANDED

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

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PRAYER FOR RELIEF

WHEREFORE, Holy Donut respectfully prays that this Honorable Court:

- A. Enter an injunction that prohibits Holey Donut from making any use whatsoever of Holy Donut's mark;
- B. Order Defendants to provide an accounting of all monies received as a result of their improper conduct;
- C. Award Holy Donut a to-be-determined sum for corrective advertising;
- D. Award Holy Donut actual damages in the form of lost profits;
- E. Award Holy Donut statutory and punitive damages for Holey Donut's unfair and deceptive practices;
- F. Award Holy Donut pre- and post-judgment interest;
- G. Award Holy Donut reasonable attorneys' fees and costs; and
- H. Grant such other relief as may be just and proper.

Dated: December 17, 2020

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