

**IN THE UNITED STATES PATENT & TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

BARRY D. SEARS Ph.D.

Petitioner,

v.

ZONE PERFECT NUTRITION
COMPANY

Respondent.

Cancellation No. _____
(U.S. Registration No. 2,408,977)

PETITION FOR CANCELLATION

Petitioner Barry D. Sears, Ph.D. ("Petitioner"), a United States citizen with an address of 222 Rosewood Drive, Suite 500, Danvers, Massachusetts 01923, hereby petitions to cancel pursuant to Section 14(3) of the Lanham Trademark Act of 1946, 15 U.S.C. 1064, United States Trademark Registration No. 2,408,977, for the mark ZONE PERFECT, issued on the Principal Register on November 28, 2000 to Eicotech Corporation, which then changed its name to Zone Perfect Nutrition Company ("Respondent").

To the best of Petitioner's knowledge the address of Zone Perfect Nutrition Company is 100 Cummings Center, Suite 335, North Beverly, Massachusetts 01915.

As grounds for this Petition, Petitioner alleges as follows:

1. Petitioner is the owner of United States Trademark Registration No.

2,689,749 for the mark ZONE for "publications, namely a series of books in the field of

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diet and nutrition.” This registration, which is not abandoned or cancelled, claims a date of first use and a date of first use in commerce of May 1995.

2. Registrant’s mark at issue in this cancellation proceeding claims a date of first use and a date of first use in commerce of November 1997 for education and entertainment services namely seminars, classes and television programs dealing with diet, health, nutrition and fitness. This is the earliest date of first use in Registration no. 2,408,977; the dates of first use for services in class 2 being later in 1998.

3. Registrant’s mark at issue is the subject of a pending lawsuit brought by Registrant in the United States District Court for the District of Massachusetts, captioned Zone Perfect Nutrition Co. v. Hershey Foods Corp. et al., CIF. No. 04-10760, in which Petitioner is named as a defendant and in which Registrant alleges that its ZONE PERFECT mark is infringed by the mark SMARTZONE. In that lawsuit, Petitioner’s codefendants Hershey Foods Corporation and Hershey Chocolate & Confectionery Corporation (together, “Hershey”) have asserted, among other things, that there is no likelihood of confusion between the marks at issue, and that Registrant’s ZONEPERFECT mark is subject to cancellation. In the event that Hershey prevails on these arguments, the instant Petition may not need to be resolved. In the event that Hershey does not prevail on these arguments, however, Petitioner contends that Registrant’s mark at issue in this cancellation proceeding should be cancelled pursuant to Section 2(d) of the Trademark Act.

4. In addition, upon information and belief, the Respondent has abandoned the mark which is the subject of Registration No. 2,408,977, by discontinuing use of said mark in connection with certain services stated in the registration with no intent to

resume use. For example, upon information and belief, Registrant does not provide services in the nature of a television program or a restaurant.

5. So long as Registration No. 2,408,977 is maintained, Petitioner will be unable to effectively enforce its rights and interests in United States Registration No. 2,689,749.

WHEREFORE, the Petitioner requests that this Petition for Cancellation be sustained and that trademark Registration No. 2,408,977, issued on November 28, 2000, be cancelled.

Respectfully Submitted,

BARRY D. SEARS, PH.D.

By its attorneys,



Deborah L. Benson

Amy B. Spagnole

HINCKLEY, ALLEN & SNYDER LLP

28 State Street

Boston, MA 02109

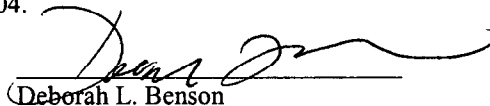
Tel: (617) 345-9000

Fax: (617) 345-9020

Date: December 8, 2004

Certificate of Mailing

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first-class mail in an envelope addressed to the Commissioner for Trademarks, P.O. Box 1451, Alexandria, VA 22313-1451, on December 8, 2004.


Deborah L. Benson

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

BARRY D. SEARS Ph.D.	:	
	:	
Petitioner,	:	Cancellation No.: _____
vs.	:	
	:	Registration No.: 2,408,977
ZONE PERFECT NUTRITION COMPANY	:	Mark: ZONE PERFECT
	:	
Respondent.	:	

MOTION TO SUSPEND CANCELLATION PROCEEDINGS

Pursuant to 37 CFR §2.117, Petitioner, Barry D. Sears, Ph.D. ("Petitioner"), respectfully moves that the Trademark Trial and Appeal Board (the "Board") suspend further proceedings in this cancellation proceeding pending the resolution of an action currently pending before the United States District Court for the District of Massachusetts (the "Federal Court Action") in which Petitioner is named as a defendant. The Federal Court Action, ZonePerfect Nutrition Company v. Hershey Foods Corporation, Hershey Chocolate & Confectionary Corporation and Barry D. Sears, Civil Action No. 1:04-CV-10760-REK, Respondent alleges that its ZONE PERFECT mark, the mark that is the subject of the instant cancellation proceeding, is infringed by the mark SMARTZONE. In that lawsuit, Petitioner's codefendants Hershey Foods Corporation and Hershey Chocolate & Confectionery Corporation (together, "Hershey") have asserted, among other things, that there is no likelihood of confusion between the marks at issue, and that Registrant's ZONE PERFECT mark is subject to cancellation. In the event that Hershey prevails on these arguments, the instant Petition may not need to be resolved.

Because the outcome of the Federal Court Action will have a direct bearing on the rights of the parties and would effect the outcome of this cancellation proceeding, Petitioner requests that this cancellation be suspended pending the outcome of the Federal Court Action. As further grounds for this Motion, Petitioner relies upon the arguments set forth in his accompanying Memorandum of Law submitted contemporaneously herewith.

WHEREFORE, Petitioner Barry D. Sears Ph.D. respectfully requests that the Board grant this Motion to Suspend Cancellation Proceedings.

Respectfully submitted,

Barry D. Sears, Ph.D.

By his Attorneys,

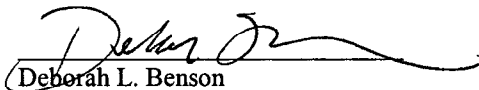


Deborah L. Benson
Amy B. Spagnole
Hinckley, Allen & Snyder, LLP
28 State Street
Boston, MA 02109-1775
Tel: (617) 345-9000
Fax: (617) 345-9020

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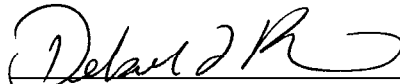
Deborah L. Benson

CERTIFICATE OF SERVICE

This is to certify that the undersigned attorney for the petitioner has served the foregoing document on the Respondent, ZonePerfect Nutrition Company, by first class prepaid mail dated December 8, 2004, addressed to Respondent's attorney:

David O. Johanson, Esq.
Bingham McCutchen LLP
150 Federal Street
Boston, MA 02110

Dated: December 8, 2004



Deborah L. Benson

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

BARRY D. SEARS, Ph.D.	:	
	:	
Petitioner,	:	Cancellation No.: _____
vs.	:	
	:	Registration No.: 2,408,977
ZONEPERFECT NUTRITION COMPANY	:	Mark: ZONE PERFECT
	:	
Respondent.	:	

**MEMORANDUM OF LAW IN SUPPORT OF PETITIONER'S
MOTION TO SUSPEND CANCELLATION PROCEEDINGS**

Petitioner, Barry D. Sears, Ph.D. ("Petitioner" or "Dr. Sears"), hereby submits this Memorandum of Law in Support of his Motion to Suspend Cancellation Proceedings filed concurrently herewith.

INTRODUCTION

On April 15, 2004, Respondent filed suit against Petitioner in federal court for, *inter alia*, trademark infringement and dilution. This Federal Court Action, ZonePerfect Nutrition Company v. Hershey Foods Corporation, Hershey Chocolate & Confectionary Corporation and Barry D. Sears, Civil Action No. 1:04-CV-10760-REK, which is currently pending before the United States District Court for the District of Massachusetts, Respondent alleges that its ZONE PERFECT mark that is the subject of this instant cancellation proceeding is infringed by the mark SMARTZONE. In that lawsuit, Petitioner's codefendants Hershey Foods Corporation and Hershey Chocolate & Confectionary Corporation (together, "Hershey") have asserted, among other things, that there is no likelihood of confusion between the marks at issue, and that Registrant's ZONE PERFECT mark is subject to cancellation. In the event that Hershey prevails on

these arguments, the instant Petition may not need to be resolved. A copy of the Complaint and Answer and Counterclaims in the Federal Court Action is attached hereto as Exhibit A and Exhibit B respectively.

ARGUMENT

The Trademark Rules of Practice expressly provide for the suspension of proceedings when the parties to a case pending before the Board are engaged in a civil action which may be dispositive of the case.¹ 37 CFR § 2.117(a); see also General Motors Corp. v. Cadillac Club Fashions, Inc., 22 U.S.P.Q.2d 1922 (TTAB 1992). Accordingly, the Board frequently suspends proceedings before it when an action filed in Federal District Court involves issues in common with those in a proceeding before the Board. See Trademark Trial and Appeal Board Manual of Procedure(“TBMP”) § 510.02(a) (and cases cited therein).

The resolution of the Federal Court Action will be dispositive of this cancellation proceeding. The Petitioner’s and Respondent’s marks at issue in the present cancellation are identical to those in dispute in the pending Civil Action.

It is well settled that “[t]o the extent that a civil action in a Federal District Court involves issues in common with those in a proceeding before the Board, the decision of the Federal District Court is binding upon the Board.” TBMP § 510.02(a); see also Goya Foods, Inc. v. Tropicana Products, Inc., 846 F.2d 848, 6 U.S.P.Q. 2d 1950 (2d Cir. 1988); American Bakeries Co. v. Pan-O-Gold Baking Co., 650 F.Supp. 563, 2 U.S.P.Q. 2d 1208 (D. Minn. 1986); The Toro Co. v. Hardigg Industries, Inc., 187 U.S.P.Q. 689

¹ Section 2.117(a) provides, in its entirety, as follows: “Whenever it shall come to the attention of the Trademark Trial and Appeal Board that parties to a pending case are engaged in a civil action which may be dispositive of the case, proceedings before the Board may be suspended until termination of the civil action.” 37 CFR § 2.117(a).

(TTAB 1975); Whopper-Burger, Inc. v. Burger King Corp., 171 U.S.P.Q. 805 (TTAB 1971).

Moreover, Petitioner respectfully submits that the interests of judicial economy require that this cancellation proceeding be suspended pending the resolution of the Federal Court Action. Granting this Motion will relieve the parties from engaging in, and incurring the expense of further discovery, motion practice and/or oral argument which would be unnecessary in light of the pending Federal Court Action. More significantly, however, granting this Motion would relieve the Board from expending its precious, limited judicial resources unnecessarily. See American Bakeries, 2 U.S.P.Q.2d at 1211 (concluding stay is appropriate when adjudication might serve as a final disposition of the matter, making further proceedings unnecessary).

CONCLUSION

As set forth above, the Federal Court Action will necessarily determine the common issues presented in this proceeding pertaining to registration of the subject trademark, namely likelihood of confusion and dilution. Accordingly, for the foregoing reasons, and to conserve scarce judicial resources, Petitioner respectfully requests that the Board suspend this cancellation proceeding pending the final determination of the Federal Court Action.

Respectfully submitted,

Barry D. Sears, Ph.D.

By his Attorneys,




Deborah L. Benson
Amy B. Spagnole
Hinckley, Allen & Snyder, LLP
28 State Street
Boston, MA 02109-1775
Tel: (617) 345-9000
Fax: (617) 345-9020

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Deborah L. Benson

CERTIFICATE OF SERVICE

This is to certify that the undersigned attorney for the petitioner has served the foregoing document on the Respondent, Zone Perfect Nutrition Company, by first class prepaid mail dated December 8, 2004, addressed to Respondent's attorney:

David O. Johanson, Esq.
Bingham McCutchen LLP
150 Federal Street
Boston, MA 02110


Deborah L. Benson

Dated: December 8, 2004

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

ZONEPERFECT NUTRITION COMPANY

Plaintiff,

v.

HERSHEY FOODS CORPORATION,
HERSHEY CHOCOLATE &
CONFECTIONERY CORPORATION, and
BARRY D. SEARS,

Defendants.

04 10760 REK

CIVIL ACTION

NO.

MAGISTRATE JUDGE RBC

RECEIPT #

AMOUNT \$ 150

SUMMONS ISSUED yes

LOCAL RULE 4.1 1

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MCF ISSUED

BY DPTY. CLK. FORN

DATE 4/15/04

COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff ZonePerfect Nutrition Company ("ZonePerfect"), by counsel, for its complaint against defendant Hershey Foods Corporation and Hershey Chocolate & Confectionery Corporation (collectively "Hershey") and defendant Barry D. Sears ("Sears"), states as follows:

INTRODUCTION

1. ZonePerfect and its predecessor in interest (collectively "ZonePerfect") have been successfully marketing a line of food products and other goods and services in connection with the "ZONE™," "ZONE DIET™," "ZONE PERFECT®," the stylized Zone logo (the "ZONE logo"), and other related registered and common law "ZONE" trademarks (collectively the "ZONE Marks"). Through these efforts, ZonePerfect has become the sole and exclusive holder of rights in the ZONE Marks in connection with the sale of its food products and other related goods and services, including its highly successful ZonePerfect® nutrition bars.

2. In 1996, Sears co-founded and became the first President of ZonePerfect's predecessor, Bicotech Corporation (Bicotech Corporation and ZonePerfect are hereafter collectively referred to as "ZonePerfect"). Sears is the author of several books, including 1995's The Zone, which describes a diet balanced between carbohydrates, proteins and fats, also known as the "Zone Diet." Sears transferred to ZonePerfect all rights to take the dietary and nutritional principles of the Zone Diet, and the "Zone" name and "Zone" logo, found then only on books by Sears, and turn them into a commercially viable line of food products. In his capacity as ZonePerfect's President, Sears was personally involved in ZonePerfect's development and promotion of products sold under the ZONE Marks. Shortly after its inception, ZonePerfect began distributing its ZonePerfect® bars through retail channels. ZonePerfect succeeded in growing the ZonePerfect® line of products and in particular made the ZonePerfect® line of bars into one of the leading nutrition bars in the country. As such, its key asset—the ZONE Marks as used on its products—grew in value as well.

3. By the late 1990s, Sears began to state a desire to be bought out of ZonePerfect to allow him to focus on research and writing. In light of these wishes, it was agreed, when Sears was ultimately bought out of the company in 2001, that ZonePerfect would retain all rights to the ZONE Marks with respect to nutrition bars and other products and services under the ZONE Marks and that Sears would be granted the right to register and use the ZONE Marks solely in connection with the publication of books. Sears and his affiliates were bought out of ZonePerfect for more than \$5 million.

4. Following Sears' buy-out, ZonePerfect's business continued its dramatic growth. By 2003, ZonePerfect had become a significant force in the nutritional foods arena, and had attracted the attention of a number of companies, including Hershey, interested in acquiring the company. In March 2003, Hershey offered over \$125 million to buy ZonePerfect. This offer came only after teams of Hershey representatives were provided

with a virtual blueprint of every aspect of ZonePerfect's business during months of intensive, comprehensive due diligence efforts under a strict confidentiality agreement.

5. After receiving this virtual "how to" operate a successful nutrition bar company, Hershey made and was granted an odd request: to conduct a meeting with Sears himself -- though by then long-since out of the company -- and to have a portion of that meeting outside the presence of any ZonePerfect representative. Following this private meeting, Hershey's interest in acquiring ZonePerfect slacked. In the face of other bidders, Hershey did not submit a higher offer. Instead, it allowed itself to be outbid by Abbott Laboratories later that year.

6. A mere six months after the Abbott deal to acquire ZonePerfect closed, Hershey and Sears announced a plan to "partner" on a new "Zone" bar that will directly undermine ZonePerfect's interest and goodwill in the ZONE Marks. Contrary to the express terms of his agreement with ZonePerfect and in contravention of ZonePerfect's well-established trademark rights, Sears has joined with Hershey to market the "SmartZone" bar -- a nutrition bar that uses ZonePerfect's ZONE Marks to compete directly with the ZonePerfect® bar. Hershey has announced that the "SmartZone" bar is slated for launch beginning third quarter, 2004. Sears has publicly endorsed the bar, and stated his intention to allow the front of the packaging of the "SmartZone" bar to prominently feature a "Dr. Sears Zone Approved" seal. See Comparison of the ZonePerfect® logo and bar and the proposed Hershey/Sears logo and bar, attached hereto as Exhibit 1.

7. Further, the "SmartZone" bar has been touted by both Hershey and Dr. Sears as the "first" nutrition bar "approved" by Sears -- a statement that is patently false and misleading, given Sears' prior ownership interest in ZonePerfect and his years of work there personally designing and approving ZonePerfect® nutrition bars. Hershey and Sears' effort to market and distribute the "SmartZone" bar constitutes a bad faith effort to confuse the

public and trade off of the goodwill developed and acquired by ZonePerfect, and is likely to cause significant and irreparable consumer confusion regarding ZonePerfect's ZONE Marks.

8. By this action, ZonePerfect seeks to enjoin Sears and Hershey from marketing food products and other related goods and services using the ZONE Marks. ZonePerfect also seeks to prevent further damage and irreparable harm, including erosion of its goodwill; to halt Hershey's and Sears' false and misleading promotional activities; and to obtain additional relief as set forth below.

PARTIES

9. ZonePerfect is a corporation formed under the laws of Delaware with its principal place of business at 100 Cummings Center, Suite 335N, Beverly, MA 01915. ZonePerfect markets and distributes nutritional products such as bars, shake mixes and prepared meals that follow the principles of the Zone Diet. In 2003, the company grew sales to nearly \$100 million in revenue, largely on the strength of ZonePerfect® nutrition bar sales. ZonePerfect sells its bars through a wide variety of retail outlets including Costco, CVS, 7-Eleven, Wal-Mart and Target.

10. Hershey Foods Corporation is, on information and belief, a corporation formed under the laws of Delaware with its principal place of business in Hershey, Pennsylvania. Hershey is a major North American manufacturer of chocolate and non-chocolate confectionery and retail products.

11. Hershey Chocolate & Confectionery Corporation is a wholly owned corporate subsidiary of Hershey Foods Corporation, formed under the laws of Delaware, with its principal place of business in Hershey, Pennsylvania.

12. Sears is, on information and belief, an individual domiciled in Massachusetts. In 1995, Sears published The Zone. He since has published several books concerning the Zone Diet and related issues. Sears is the former President of ZonePerfect.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1338, and 1367.

14. Venue is proper in this district under 28 U.S.C. § 1391.

FACTS

The Zone Diet and ZonePerfect.

15. In 1995, Sears wrote The Zone, which quickly became a New York Times #1 best-selling book. In the book, Sears advocates a diet consisting of 40% carbohydrates from fruits and vegetables, 30% low-fat protein, and 30% healthy monounsaturated fats at every meal (the "Zone Diet").

16. Each copy of The Zone book featured an 800 number for "technical support" and other inquiries. A certain portion of the callers to the 800 number sought food products such as nutrition bars that were compliant with the Zone Diet.

17. In an effort to exploit the 800 number, Sears engaged in an ultimately unsuccessful foray into multi-level marketing of a limited number of food products and supplements. Included among those products was a nutritional bar developed by Sears and manufactured by Pure Distributors, Inc., called the "Biozone" bar.

18. During the time Sears and his associates were selling the Biozone bar through multi-level marketing arrangements, Sears publicly touted and endorsed the bars as "optimal athlete nutrition to lower insulin levels and reduce body fat." *See Pierre, Colleen, Athletes, Strength Trainers Need Adequate Carbohydrates in Diet*, Tampa Tribune, April 11, 1996, attached hereto as **Exhibit 2**.

19. Only a few months later, after Sears' abrupt split with Pure Distributors, Inc., Sears had completely reversed his opinion, dismissing the exact same Biozone bars as "nothing more than candy." *See Seigal, Jessica, Zoned Out*, Los Angeles Magazine, February 1997, attached hereto as **Exhibit 3**.

20. Without a product to sell, in the third quarter of 1996, Sears obtained an infusion of capital and other resources and formed ZonePerfect to facilitate the development and general commercialization of nutrition, health, and cosmetic products based on Zone Diet principles. The creation of ZonePerfect is memorialized in a Stock Purchase and Holders Agreement dated September 19, 1996 (the "1996 Agreement"). See 1996 Agreement, attached hereto as Exhibit 4. ZonePerfect opened its offices in Marblehead, Massachusetts, adjacent to Sears' laboratory.

21. In addition to being a major shareholder, Sears became ZonePerfect's first President and a member of its board of directors. Sears' brother also became a member of ZonePerfect's board of directors, and he and Surfactant Technologies, Inc., a company controlled by the Sears brothers, also became significant shareholders in ZonePerfect. Thereafter, Sears worked to develop products for the company and provided his personal endorsement, likeness, and signature to ZonePerfect's products.

22. Through the 1996 Agreement, Sears transferred to ZonePerfect for consideration, among other things, the exclusive right to manufacture, distribute, market, sell and exploit those handful of products Sears has been selling through prior multi-level marketing ventures. 1996 Agreement, §§ 1.1(p)(3-5); 3.2.

23. Sears further transferred to ZonePerfect for consideration all rights to certain trademarks, including "Eicozone," "Zone Café," and "Zone Nutrition Center." 1996 Agreement, §§ 1.1(p)(3-5); 3.2.17. Sears also transferred to ZonePerfect for consideration, the sole right to use certain intellectual property owned or controlled by Sears, including certain registered and unregistered "trademarks, tradenames, and service marks" owned or controlled by Sears. 1996 Agreement, § 7.1(e).

24. Through hiring staff, and installation of business infrastructure, ZonePerfect organized and oriented its resources to the development of a nutrition bar to be marketed to the general public through retail outlets.

25. In or about January 1997, ZonePerfect began selling nutrition bars under the brand name "Eicozone." The Eicozone bars were only an interim product to generate revenue through existing multi-level marketing channels and the 800 number during initial organization of the company. The bars themselves were packaged in plain foil and were only sold in boxes of fourteen. These boxes stated that the "EicoZone Meal Replacement Bars are the result of 14 years of research by Dr. Barry Sears as described in the best-selling book *The Zone*." Sears endorsed the Eicozone bar and authorized this use of his name on its packaging.

Evolution of the ZonePerfect® Mark.

26. In or about February 1997, ZonePerfect management began discussions concerning the re-branding of the company's consumer products. It had been agreed from the beginning of the company that the brand name "Eicozone" sounded too medicinal and was not consumer friendly.

27. After discussions among management and outside consultants, the brand name "ZonePerfect" was selected to replace the Eicozone brand on all consumer products. Thereafter, ZonePerfect retained the services of Bright Designs, Inc. to develop a distinctive logo for the new ZonePerfect® bar.

28. The first ZonePerfect® logo featured the word "Zone" in a distinctive block-letter font (the "ZONE logo") with the word "perfect" in small, thin letters approximately a fifth the size of letters in the ZONE logo and placed along the bottom of the ZONE logo. See Copy of the first ZonePerfect® logo, attached hereto as Exhibit 5.

29. The ZONE logo used in the ZonePerfect® logo was designed, with Sears' approval, to closely approximate the distinctive font used for the word "ZONE" on the book covers of The Zone and Mastering the Zone in an effort to expressly tie the ZonePerfect® bar to the Zone Diet and Sears' publications. For over six years, the ZONE logo has been a

fixture on each of ZonePerfect's products and each of Sears' book covers. See Copies of The Zone and selected other Sears' book covers, attached hereto as **Exhibit 6**.

30. In 1997, ZonePerfect began distribution of ZonePerfect® bars in the same three flavors as the Eicozone bar had formally been sold. Each ZonePerfect bar was developed by Sears and had Sears' name printed on the front of the bar above the ZonePerfect® logo.

31. Each ZonePerfect® bar also featured Sears' signed testimonial and endorsement on the side, in which Sears proclaims: "The ZonePerfect™ Nutrition Bar is the easiest way to enter the Zone™. ZonePerfect™ is formulated with a precise ratio of protein, carbohydrate and fat that triggers the burning of stored body fat for the next four to six hours." Likewise, the backs of boxes of twelve contained Sears' likeness and signed testimonial, including his "personal guarantee that the product represents the cutting edge of Zone™" technology. See Copies of the 1997 ZonePerfect® bar packaging and 12-pack box, attached hereto as **Exhibit 7**.

32. Initially, ZonePerfect sold ZonePerfect® bars only through its existing multi-level marketing channels and via the 800 number, which by then was printed in The Zone, as well as Sears' follow-up book, including Mastering The Zone (1996) and Zone Food Blocks (1997).

33. In 1997, Sears also published Zone-Perfect Meals in Minutes, a title directly tied to the ZONE PERFECT® mark and products. The cover of both Zone Food Blocks and Zone-Perfect Meals in Minutes utilize the identical ZONE logo as that on ZonePerfect products, including the distinctive block-style font and target "cross-hairs" on the "O" in "Zone." See Copies of the Zone Food Blocks and Zone-Perfect Meals in Minutes book jackets, attached hereto as **Exhibit 8**.

ZonePerfect Develops into a Commercial Success.

34. Once ZonePerfect established the ZonePerfect® brand in 1997, it began extensive efforts to place ZonePerfect® nutrition bars in retail settings. The company also established a website offering ZonePerfect® products.

35. Throughout 1997 and into 1998, the company hired sales teams and began to establish a network of initially small, local retail outlets that carried the ZonePerfect® bars. These early successes were used to secure larger and larger retail customers.

36. Finally, in or about the fourth quarter 1998, ZonePerfect negotiated a deal with its first major national retailer, CVS Pharmacy, to sell ZonePerfect® bars at CVS Pharmacy locations.

37. In 1998, ZonePerfect launched additional food products under the ZonePerfect® brand, including: prepackaged meals, protein powders, and diet drinks. These products were also developed by ZonePerfect in cooperation with, and with the endorsement of, Sears.

38. Sears also developed, on behalf of and for the benefit of ZonePerfect, a new type of ZonePerfect® bar called the "crunch bar" or "slab bar" in 1998. The bar came in four flavors: Strawberry Yogurt, Apple Cinnamon, Chocolate Raspberry, and Strawberry Fruit Crunch, the first three of which ZonePerfect still offers today using the same formulas developed by Sears in 1998.

39. The four new ZonePerfect® bars shipped in first quarter 1999.

40. These new bars, as with the then-existing ZonePerfect® bars, featured Sears' name on the front, and Sears' testimonial "guarantee" and signature on the side. See Copy of the 1999 individual ZonePerfect® bar packaging, attached hereto as Exhibit 9.

41. The ZonePerfect® bars were shipped in 12-pack boxes imprinted with Sears' likeness, signature, and a quote from Sears stating: "I am exceptionally proud of the scientific research and development that went into the patented All Natural ZonePerfect™

Nutrition Bar. You have my personal guarantee that this product represents the cutting edge of Zone™ technology." See Copy of the 1999 ZonePerfect 12-pack box, attached hereto as Exhibit 10.

42. The bottom panel of the 12-pack box was imprinted with the same 800 number featured in Sears' books, the ZonePerfect website address, and a statement that "Zone™ and ZonePerfect™ are trademarks of Eicotech Corporation."

43. ZonePerfect continued its efforts to broaden its number of retail outlets. Buoyed by positive consumer reaction and increased sales, the company was able to negotiate deals with 7-Eleven and other major retailers to carry the ZonePerfect® bars.

44. Over the course of 1999 and 2000, ZonePerfect continued to grow its business, launching a number of new ZonePerfect® products, including several new ZonePerfect® bar flavors such as Lemon Yogurt, Chocolate Mint, Chocolate Peanut Butter, Chocolate Fudge Graham, Blueberry Yogurt, and others.

45. In early 2001, the ZonePerfect® logo was redesigned to its current iteration. The current ZonePerfect® logo retains and features the ZONE logo with a scripted "Perfect" placed below and secondary to the ZONE logo. See Copy of the current ZonePerfect® logo, attached hereto as Exhibit 11.

46. ZonePerfect owns the ZONE PERFECT® stylized mark for use on and in connection with, among other things, the sale of food, beverage, and nutritional supplement products in the United States, with first use in commerce at least as early as April 2001. On November 5, 2002, the United States Patent and Trademark Office (the "PTO") issued United States Trademark Registration No. 2,645,665 to ZonePerfect for the ZONEPERFECT® stylized mark. See Exhibit 12, attached hereto.

47. ZonePerfect owns the ZONE PERFECT® word mark for use on and in connection with, among other things, the sale of food, beverage, and nutritional supplement products in the United States, with first use in commerce at least as early as April 1997. On

November 23, 1999, the PTO issued United States Trademark Registration No. 2,294,807 to ZonePerfect for the ZONE PERFECT® word mark. *See Exhibit 13*, attached hereto.

48. ZonePerfect owns the ZONE PERFECT® word mark for use on and in connection with, among other things, the sale of athletic clothing in the United States, with first use in commerce at least as early as October 1996. On August 10, 1999, the PTO issued United States Trademark Registration No. 2,269,790 to ZonePerfect for the ZONE PERFECT® word mark. *See Exhibit 14*, attached hereto.

49. ZonePerfect owns the ZONE PERFECT® word mark for use on and in connection with, among other things, meal delivery services, with first use in commerce at least as early as January 2000. On September 25, 2001, the PTO issued United States Trademark Registration No. 2,492,467 to ZonePerfect for the ZONE PERFECT® word mark. *See Exhibit 15*, attached hereto.

50. ZonePerfect owns the ZONE PERFECT® word mark for use on and in connection with, among other things, restaurant services and counseling and educational services, with first use in commerce at least as early as January 1998. On November 28, 2000, the PTO issued United States Trademark Registration No. 2,408,977 to ZonePerfect for the ZONE PERFECT® word mark. *See Exhibit 16*, attached hereto.

51. ZonePerfect owns the ZONE UNIVERSITY® word mark for use on and in connection with, among other things, the conducting of classes, seminars, conferences and workshops in the field of diet, nutrition, and health in the United States, with first use at least as early as July 2000 and first use in commerce at least as early as October 2000. On September 11, 2001, the PTO issued United States Trademark Registration No. 2,487,942 to ZonePerfect for the ZONE UNIVERSITY® word mark. *See Exhibit 17*, attached hereto.

52. ZonePerfect owns the ZONE TRAINER® word mark for use on and in connection with, among other things, the conducting of counseling in the field of diet, nutrition, and health in the United States, with first use in commerce at least as early as

December 1999. On July 10, 2001, the PTO issued United States Trademark Registration No. 2,466,823 to ZonePerfect for the ZONE TRAINER® word mark. See Exhibit 18, attached hereto.

53. ZonePerfect's registration of the above-referenced marks (collectively the "Registered ZONE Marks") is valid and subsisting and constitutes *prima facie* evidence of ZonePerfect's exclusive right to use the Registered ZONE Marks in interstate commerce on the goods and services specified in the registrations.

54. ZonePerfect's products have featured the ZONE Marks, including the Registered ZONE Marks continuously in various forms and styles as ZonePerfect's trademarks. These products have been sold throughout the United States under the ZONE Marks.

55. The ZONE Marks are famous marks, are inherently strong and distinctive, have long been used by ZonePerfect in connection with the goods with which they appear, have long been the subject of substantial advertising and promotion by ZonePerfect in the United States, and are widely recognized by retailers and consumers.

ZonePerfect's Multi-Million Dollar Buy-out of Sears and His Affiliates.

56. Beginning in the late 1990s, Sears indicated dissatisfaction with the retail orientation of ZonePerfect. He repeatedly stated his desire to get out of the "bar business" and to concentrate instead on scientific research and writing. Sears expressed his fear that his association with a commercially successful retail product would diminish his reputation as a scientist.

57. On October 17, 2001, ZonePerfect and Sears executed a stock repurchase agreement (the "2001 Agreement"), whereby ZonePerfect agreed, *inter alia*, to buy-out Sears' equity interest in the ZonePerfect company, and Sears agreed, *inter alia*, to terminate his employment relationship with ZonePerfect. See 2001 Agreement, §6, attached hereto as Exhibit 19.

58. As consideration for the 2001 Agreement, ZonePerfect agreed to compensate Sears in the amount of \$2,887,500. ZonePerfect also agreed to compensate Sears' brother, Douglas Sears, in the amount of \$1,537,500, and their company Surfactant Technologies, Inc., in the amount of \$975,000. *See* 2001 Agreement, §3.

59. ZonePerfect paid Sears and his affiliates a total of \$5,400,000 as consideration terms for the 2001 Agreement.

60. The parties' intent, as manifested in the 2001 Agreement, was to provide Sears with the right to continue selling and writing books, and for ZonePerfect to continue its exclusive commercialization of Zone-related, non-book products. The 2001 Agreement was expressly structured to protect and preserve the goodwill ZonePerfect had developed in the ZONE Marks in connection with food products which ZonePerfect has been marketing with success and, obviously, with the knowledge of Sears.

61. In the agreement, Sears acknowledged ZonePerfect's ownership claims to the composition mark ZONE PERFECT®, and ZonePerfect is confirmed to be the sole owner of marks including "EICOZONE™," "ZONE CAFÉ™," and "ZONE NUTRITION CENTER™." *See* 2001 Agreement, §2(c) (referencing the 1996 Agreement, §§ 1.1(¶10)).

62. The 2001 Agreement made clear that Sears has no ownership rights to use the ZONE Marks on food products. In the Agreement, ZonePerfect granted Sears the right to use the commercial marks "ZONE™" and "ZONE DIET™" and "ZONE PERFECT®" solely in connection with the publication of books. *See* 2001 Agreement, §4(a); 4(c). All other rights developed by ZonePerfect in the ZONE Marks were retained by ZonePerfect.

63. Thus, by executing the 2001 Agreement, Sears understood and expressly agreed that he was without right to use (or approve anyone else to use) ZONE Marks in the sale and distribution of food products.

2002-2003: Putting ZonePerfect on the Market.

64. On the strength of ZonePerfect's brand name and the growing popularity of the ZonePerfect® bar, ZonePerfect saw revenue continue to increase dramatically.

65. By early 2002, ZonePerfect had become one of the nation's top sellers of nutrition bars, growing sales to over \$50 million, largely on the strength of ZonePerfect® bar sales.

66. In late 2002, a number of companies emerged as potential buyers of the ZonePerfect business, including Hershey. ZonePerfect retained the investment banking services of Adams, Harkness & Hill ("AHH") to facilitate a potential sale of the business. AHH generated a collection of extensive confidential and proprietary information regarding multiple aspects of ZonePerfect's business.

67. To obtain a copy of the collected confidential information, Hershey signed an agreement to keep the information it learned from the offer binder or through any further due diligence confidential, and to use that information only in connection with its investigation of acquiring ZonePerfect. See October 7, 2002 Confidentiality Agreement between ZonePerfect and Hershey, attached hereto as Exhibit 20.

68. In the Confidentiality Agreement, Hershey acknowledges that it would be "impossible" to measure the damage that a breach of Hershey's confidentiality obligations could do to ZonePerfect. See Confidentiality Agreement, ¶ 5. As such, Hershey confirms ZonePerfect's right to seek an injunction against any such conduct. *Id.*

Hershey Offers to Purchase ZonePerfect.

69. After receiving the confidential materials from AHH providing an overview of ZonePerfect's business, on or about January 14, 2003, Richard Lenny, Chairman, President, and Chief Executive Officer of Hershey submitted a letter to AHH indicating an interest in pursuing possible acquisition of ZonePerfect, but requesting that Hershey first be allowed to

conduct additional due diligence before making a bid. See January 14, 2003 Letter, attached hereto as Exhibit 21.

70. In that letter C.E.O. Lenny states that Hershey is "very excited about the prospect of bringing together ZonePerfect's strong name within the functional foods category with Hershey's leadership position across the U.S. confectionery category." (emphasis added).

71. For the rest of January and into February 2003, Hershey conducted extensive due diligence of ZonePerfect, through which Hershey gained access to highly confidential information fundamental to all facets of ZonePerfect's business operations and products. Hershey also had access to the 2001 Agreement between ZonePerfect and Sears and, on information and belief, became fully aware that Sears retained rights to use ZONE Marks solely in connection with books.

72. As part of Hershey's due diligence, ZonePerfect allowed teams of Hershey's representatives to study volumes of company files which contained highly confidential information concerning, *inter alia*:

- a. Branding strategies for, and brand recognition of, the ZONE Marks;
- b. ZonePerfect's financial performance;
- c. ZonePerfect's customer accounts;
- d. Revenue data for each ZonePerfect® product;
- e. ZonePerfect's product pricing, sales, marketing and distribution strategies;
- f. ZonePerfect's accounts receivable and accounts payable;
- g. ZonePerfect's corporate organization and governance;
- h. ZonePerfect's co-manufacturers and suppliers;
- i. Detailed information about the ZonePerfect® bars, including ingredients, product preparation techniques, quality control standards,

physical requirements, shelf life, storage procedures, and packaging requirements; and

- j. ZonePerfect contracts, including the 1996 Agreement and the 2001 Agreement concerning Sears.

73. Such highly confidential and proprietary information provided Hershey a complete blueprint to ZonePerfect's business. ZonePerfect's primary assets consisted of its rights to the ZONE Marks and the products it was marketing and planning to market using those marks.

74. On February 21, 2003, Hershey's C.E.O. Lenny submitted a proposal to acquire 100% of ZonePerfect for \$92 million. *See* February 21, 2003 Letter, attached hereto as Exhibit 22.

75. Despite the fact that Sears was by then no longer an employee or shareholder of ZonePerfect, among the terms of the potential deal in Hershey's February letter was a section titled "Approvals," which read "Hershey will also require the following to enter into definitive agreement for Transaction: A meeting between Hershey and Dr. Barry Sears which produces results satisfactory to Hershey." Hershey claimed only to want to ensure that Sears would not pose a "threat" to ZonePerfect should Hershey purchase the company.

76. From late February to early March 2003, Hershey conducted continued diligence of ZonePerfect's confidential and private business information, and on March 13, 2003, Hershey's C.E.O. Lenny submitted a second proposal to acquire ZonePerfect in which Hershey raised its offer to \$127 million. *See* March 13, 2003 Letter, attached hereto as Exhibit 23.

77. The approval section of the March 13, 2003 letter again requested a meeting between Hershey and Sears producing "satisfactory results" to Hershey, and states in closing, "We continue to remain very enthused about the prospect of bringing together

ZonePerfect's strong name within the nutrition category with Hershey's leadership position across the U.S. confectionery and snack market." (emphasis added)

78. After submitting its March bid, Hershey continued to press for a meeting with Sears, in spite of his complete lack of any involvement with the company by that time.

79. In light of these repeated requests, ZonePerfect arranged for an April 1, 2003 lunch meeting at Radius Restaurant in Boston between Sears and his representatives and representatives of Hershey, including its CEO Lenny, and Vice President for Strategy and Innovation Dennis Eshleman (the "Radius Lunch"). While ZonePerfect's CEO and representatives of its major investors were present for the first part of the meeting, they had been asked in advance by Hershey to excuse themselves midway through the lunch, and did so as requested. Hershey and Sears then held a private meeting.

80. Subsequent to the Radius Lunch, Hershey's interest in acquiring ZonePerfect flagged. Hershey did not submit another bid for ZonePerfect, and ultimately allowed itself to be outbid by Abbott Laboratories.

81. Abbott Laboratories completed its purchase of ZonePerfect in August 2003.

82. ZonePerfect's sales have continued to climb, reaching nearly \$100 million in 2003.

Hershey Announces its "SmartZone" Bar

83. A mere six months after the Abbott deal was completed, Hershey and Sears announced that they had entered into a "partnership" to develop and market the "SmartZone" bar. The "SmartZone" bar will compete directly with the ZonePerfect® nutritional bar.

84. A February 9, 2004 marketing and advertising announcement (the "February 9, 2004 Advertisement") published by Hershey, states in part:

Hershey Foods Corporation and Dr. Barry Sears today announced plans to introduce the first-ever nutrition bars with the science-based nutritional benefits of the Zone Diet and the great taste consumers expect from Hershey.

The products will be the first to carry the "Dr. Sears Zone Approval" seal and will be introduced during the third quarter.

"Our new partnership with Dr. Sears is an outstanding match of Hershey's strong brand-building and business-system capabilities with his world-renowned dietary expertise," said Richard H. Lenny, Chairman, President and Chief Executive Officer, Hershey Foods Corporation. "Together, we'll create innovative new products that deliver the superior nutritional benefits of his Zone Diet and the great taste consumers expect from Hershey. This is an exciting opportunity for us as we further expand our presence in the nutrition snack segment and work with Dr. Sears to meet the growing consumer demand for sound nutrition, convenience and a healthy lifestyle."

See February 9, 2004 Advertisement, attached hereto as Exhibit 24.

85. In addition to using the ZONE mark in its bar's name, Hershey has stated its intent to feature a "Dr. Sears Zone Approved" seal on each "SmartZone" bar. This "seal" consists primarily of a large "Zone" logo almost identical to the ZONE logo ZonePerfect has used on its ZonePerfect® bars and other products for over six years. See Copy of the "SmartZone" bar's packaging with its "Zone Approval seal," attached hereto as Exhibit 25.

86. The statement that the "SmartZone" bar is the "first" nutrition bar "approved" by Sears is patently false and misleading. For many years, all of ZonePerfect's bars were developed for ZonePerfect by Sears and carried his personal endorsement.

87. The February 9, 2004 Advertisement, including these false and misleading statements, has been widely reported upon by such media outlets as CBS Marketwatch, Forbes.com, and others. See Sampling of published reports concerning February 9, 2004 Advertisement, attached as Exhibit 26.

88. Hershey and Sears have also engaged in a concerted effort to advertise and market the "SmartZone" bar to the industry and the general public.

89. A few days after the February 9, 2004 Advertisement, Lenny, in his capacity as C.E.O. of Hershey, made a multi-media presentation at a major conference in Arizona, the Consumer Analyst Group of New York ("CAGNY") conference.

90. In the presentation slides, C.E.O. Lenny repeatedly cites Hershey's "partnership" with Sears and touts the "SmartZone" bar as the "only" nutrition bar to carry a "Dr. Sears Zone Approved Seal," and utilizes the seal throughout his presentation. See Selected Hershey Presentation Slides from CAGNY conference, attached hereto as Exhibit 27.

91. Lenny's presentation, on behalf of Hershey, misappropriates the ZONE Marks, including those contained in the "Zone Approved Seal," in connection with Hershey's entire "Healthier Hershey" line of food products – further blurring the line between ZonePerfect's products and Hershey's products and implying Sears' involvement with Hershey products other than the "SmartZone" bar. *Id.*

92. Hershey's CAGNY presentation was subsequently published on Hershey's website, where it is remains available today (http://media.corporate-ir.net/media_files/NYS/HSY/presentations/hsy_021904/sld001.htm).

93. In the February 2004 edition of "The Omega Zone," Sears' "official e-magazine," Sears reserves front page coverage for an article advertising the "SmartZone" bar and announcing his affiliation with Hershey. The first page of the e-magazine falsely states that the "SmartZone" bar "will be the first to carry the 'Dr. Sears Zone Approved' seal and will be introduced during the third quarter [2004]." The second page offers a direct quote from Sears and states: "The innovative products to be developed through this new partnership will provide a fusion of my Zone technology with the outstanding food technology expertise of Hershey Foods." Archives of past issues of "The Omega Zone" E-Magazine remain available on Sears' website. See <http://news.drsears.com/archives/Feb2004/hershey.htm>, attached hereto as Exhibit 28.

94. The front page of the February 2004 edition of The Omega Zone E-Magazine also contains a hyperlink to Sears' Zone Diet website, stating: "To buy the only Zone products endorsed by Dr. Sears, go to www.zonediet.com," thus falsely implying that

ZonePerfect products have never been approved or endorsed by Sears. Such false statements damage and dilute ZonePerfect's goodwill and business, and act to confuse the public as the source, association, affiliation, or sponsorship of ZonePerfect's products.

95. Hershey's use of the ZONE Marks in connection with the "SmartZone" nutrition bar constitutes a willful and intentional misappropriation of ZonePerfect's goodwill in the ZONE Marks in the nutritional foods arena and effort to confuse the public as to the source, association, affiliation, or sponsorship of the "SmartZone" bar and the ZonePerfect® bar, a tortious interference with the 2001 Agreement between ZonePerfect and Sears.

96. Sears' use of a "Dr. Sears Zone Approved" seal in connection with the "SmartZone" nutrition bar constitutes a willful and intentional misappropriation of ZonePerfect's goodwill in the ZONE Marks in the nutritional foods arena and effort to confuse the public as to the source, association, affiliation, or sponsorship of the "SmartZone" bar and the ZonePerfect® bar, and a breach of his 2001 Agreement.

97. Sears' stated endorsement of the "SmartZone" bar with a "Dr. Sears Zone Approval" seal violates the clear terms of the 2001 Agreement in which Sears acknowledged ZonePerfect's ownership claims to the "ZONE PERFECT®" mark - which includes the ZONE logo - and agreed to seek to register ZONE marks for use solely in connection with books.

98. On information and belief, Hershey unfairly, in bad faith, and in violation of its agreement with ZonePerfect, utilized ZonePerfect's confidential business information (provided to Hershey only after it agreed to use the accessed information solely in connection with its bid to acquire ZonePerfect) to acquire information about the nutritional foods market, its scope and profitability, and information about its now-direct competition to unfairly develop and market the "SmartZone" bar.

99. The above-described marketing and advertising efforts by Hershey and Sears have diluted and will dilute the goodwill and business established by ZonePerfect, have

caused ZonePerfect substantial damage, and unless enjoined, will cause ZonePerfect irreparable harm.

100. If Hershey and Sears are permitted to distribute the "SmartZone" bar, ZonePerfect will sustain additional substantial and irreparable harm and damage to its business and goodwill.

Hershey's and Sears' Efforts to Register ZONE-Related Trademarks.

101. On February 14, 2004, Hershey Chocolate & Confectionery Corporation filed applications with the United States Patent and Trademark Office (the "PTO") to register the marks "SMART ZONE" and "TRU ZONE" for use with food products.

102. As described more fully herein, Hershey's registration and use of these marks violates ZonePerfect's trademark rights, and is likely to cause substantial consumer confusion and irreparable harm to ZonePerfect's established rights in the ZONE Marks.

103. In violation of the 2001 Agreement, and of ZonePerfect's rights in the ZONE Marks, Sears has also filed numerous ZONE-related trademark and servicemark registration applications with the PTO.

104. Sears has sought to register a number of marks, including OMEGAZONE, ZONE RX, DR. SEARS ZONE DIET, ZONE LABS, DR. SEARS ZONE APPROVED, DR. SEARS ZONE LABS, DR. SEARS ZONE, ZONE SMART, SMART ZONE, ZONE (stylized), ZONE CENTER, ZONE CAFÉ, ZONERX, ZONE ICE CREAM, DR. SEARS ZONE (stylized), and ZONE (stylized), in connection with nutrition bars and similar goods and services currently offered by ZonePerfect under the ZONE Marks. These applications are at various stages in the examination and registration process.

105. Sears' efforts to register marks for goods and services that are the same or similar to those offered or that might be expected to be offered by ZonePerfect under the ZONE Marks constitutes violation of ZonePerfect's existing trademark and servicemark rights and are likely to cause substantial consumer confusion.

OmegaZone Products.

106. In his various websites accessible via drsears.com, zonediet.com, and other domain names, Sears has been marketing nutrition products, including food products, under the brand name "OmegaZone."

107. On information and belief, OmegaZone products have been primarily sold directly to consumers over the internet. On information and belief, these sales have been modest. On information and belief, Sears has never attempted to sell the OmegaZone products via retail channels.

108. ZonePerfect recently learned that Sears has also utilized the ZONE logo on at least one product, a sea vegetable and mineral supplement called "SeaHealth PLUS."

109. Sears' use of the OMEGAZONE mark in connection with the sale of food products infringes ZonePerfect's rights and violates the terms of the 2001 Agreement.

110. Sears' use of the OMEGAZONE mark and the ZONE logo violates ZonePerfect's trademark rights in the ZONE Marks and is likely to cause consumer confusion as to the source, association, affiliation, or sponsorship of the OmegaZone products and the ZonePerfect® products.

COUNT I-Hershey and Sears
(Violation of the Lanham Act, § 32)

111. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

112. ZonePerfect is the owner of the U.S. Trademark Registrations No. 2,645,665, No. 2,294,807, No. 2,269,790, No. 2,492,467, No. 2,408,977, No. 2,487,942, and No. 2,466,823 (the "Registered ZONE Marks"). The Registered ZONE Marks are valid, subsisting and unrevoked. The Registered ZONE Marks are evidence of ZonePerfect's exclusive right to use, without condition or limitation, the Registered ZONE Marks in

commerce within the United States on or in connection with the goods and services for which they have been registered, as provided in 15 U.S.C. § 1057(b).

113. ZonePerfect has engaged in and continues to engage in interstate activities designed to promote the goods, services, and goodwill associated with the Registered ZONE Marks in interstate commerce and to expand the use and reputation of the Registered ZONE Marks throughout the United States.

114. ZonePerfect has expended substantial sums of money to build, maintain and extend its reputation and the reputation of the Registered ZONE Marks.

115. The Registered ZONE Marks are known across the United States as identifying and distinguishing the goods and services of ZonePerfect.

116. ZonePerfect has provided and sold goods and services in interstate commerce utilizing the Registered ZONE Marks, and has realized substantial income therefrom.

117. As a result of the foregoing, the Registered ZONE Marks are well-recognized, distinctive and famous among consumers and retailers.

118. Through their activities, each of Hershey and Sears has in interstate commerce, or in a manner affecting such commerce, utilized words, terms, and names, including but not limited to use of the Registered ZONE Marks (and marks, names and/or domain names confusingly similar thereto), as well as false designations of origin, false and misleading descriptions of fact, and false and misleading representations of fact which were and are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Hershey and Sears with ZonePerfect, and as to the origin, sponsorship, or approval by ZonePerfect of any products or services Hershey offers or intends to offer.

119. Each of Hershey and Sears' acts have been committed with the intent to cause confusion and mistake, and to deceive.

120. ZonePerfect's use of the Registered ZONE Marks for the above-described activities began prior to either Sears' or Hershey's complained-of conduct.

121. Such conduct is in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114, and such violations are ongoing.

122. Through such conduct, each of Hershey and Sears has caused and continues to cause irreparable harm to ZonePerfect, the Registered ZONE Marks, and its goodwill and reputation, and has thereby damaged ZonePerfect.

COUNT II-Hershey and Sears
(Violation of the Lanham Act, § 43(a))

123. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

124. ZonePerfect has engaged in and continues to engage in interstate activities designed to promote the goods, services, and goodwill associated with the ZONE Marks, in interstate commerce and to expand the use and reputation of the ZONE Marks throughout the United States.

125. ZonePerfect has expended substantial sums of money to build, maintain and extend its reputation and the reputation of the ZONE Marks.

126. The ZONE Marks are known across the United States as identifying and distinguishing the goods and services of ZonePerfect.

127. ZonePerfect has provided and sold goods and services in interstate commerce utilizing the ZONE Marks, and has realized substantial income therefrom.

128. As a result of the foregoing, the ZONE Marks are well-recognized, distinctive and famous among consumers and retailers.

129. Through their activities, each of Hershey and Sears has in interstate commerce, or in a manner affecting such commerce, utilized words, terms, and names, including but not limited to use of the ZONE Marks (and marks, names and/or domain

names confusingly similar thereto), as well as false designations of origin, false and misleading descriptions of fact, and false and misleading representations of fact which were and are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Hershey and Sears with ZonePerfect, and as to the origin, sponsorship, or approval by ZonePerfect of any products or services Hershey offers or intends to offer.

130. Defendants' acts have been committed with the intent to cause confusion and mistake, and to deceive.

131. ZonePerfect's use of the ZONE Marks for the above-described activities began prior to either Sears' or Hershey's complained-of conduct.

132. Such conduct is in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and such violations are ongoing.

133. Through such conduct, each of Hershey and Sears has caused and continues to cause irreparable harm to ZonePerfect, its ZONE Marks, and its goodwill and reputation, and has thereby damaged ZonePerfect.

COUNT III-Hershey and Sears
(Violation of the Lanham Act, § 43(c))

134. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

135. ZonePerfect's claim hereunder arises under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), for trademark dilution.

136. Each of Hershey and Sears has made commercial use of the ZONE Marks owned by ZonePerfect in connection with goods Hershey and Sears have sold or will sell in interstate commerce.

137. The ZONE Marks are famous marks, are inherently strong and distinctive, have long been used in connection with the goods and services with which they appear, have

long been the subject of substantial advertising and promotion in the United States, and are widely recognized by retailers and consumers.

138. Hershey and Sears' acts are in violation of Section 43(c) of the Lanham Act in that they have caused or are likely to cause dilution of the distinctive quality of ZonePerfect's famous ZONE Marks, all to the irreparable injury of ZonePerfect.

139. Hershey and Sears' acts have lessened the capacity of ZonePerfect's famous ZONE Marks to identify and distinguish the goods and services of ZonePerfect. Hershey and Sears' acts have blurred the unique association that has heretofore existed between the ZONE Marks and goods and services offered and sold by ZonePerfect.

140. The aforesaid acts of Hershey and Sears were commenced and committed from a time after the ZONE Marks became famous.

141. Hershey and Sears committed these acts willfully and with the intent to trade on the reputation of ZonePerfect, and to cause dilution of the ZonePerfect's ZONE Marks.

142. ZonePerfect has been and continues to be damaged by Hershey and Sears' activities and conduct, and unless their conduct is enjoined, ZonePerfect and its goodwill and reputation will suffer continued and irreparable injury.

COUNT IV-Hershey and Sears
(Violation of Common Law Trademark Rights)

143. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

144. ZonePerfect has made significant and ongoing efforts to use, appropriate, and protect its ZONE Marks.

145. Hershey's use of marks similar to the ZONE Marks, including but not limited to in connection with its "Tru Zone" and "Smart Zone" products and promotions, to offer nutrition bars that purport to follow the same Zone Diet principles as those offered by ZonePerfect, is extremely likely to cause confusion, or mistake, or to deceive.

146. Sears' use of marks similar to the ZONE Marks, including but not limited to in connection with his "OmegaZone" and "Dr. Sears Zone Approved" products and promotions, to offer nutrition bars that purport to follow the same Zone Diet principles as those offered by ZonePerfect, is extremely likely to cause confusion, or mistake, or to deceive.

147. Hershey's and Sears' conduct thus violates ZonePerfect's common law trademark rights and proprietary interests in its ZONE Marks.

148. ZonePerfect's use of the ZONE Marks for the above-described activities began prior to either Sears' or Hershey's complained-of conduct.

149. Such conduct has caused substantial and irreparable damage to ZonePerfect, and that damage is ongoing.

COUNT V-Hershey and Sears

(Violation of the Massachusetts Anti-dilution Act, M.G.L. c. 110B)

150. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

151. Given the high degree of distinctiveness which has developed in ZonePerfect's ZONE Marks, Hershey and Sears' use of near-identical marks on supposedly identical or nearly identical products is likely to have caused and continues to cause confusion as to the distinctive nature of the ZONE Marks, thus undercutting the distinctiveness laboriously developed by ZonePerfect in the ZONE Marks.

152. ZonePerfect's use of the ZONE Marks has created common law rights in said marks which inure to ZonePerfect.

153. Hershey and Sears' conduct has thus caused an unknown degree of damage to and dilution of the ZONE Marks, and that damage is ongoing.

154. ZonePerfect's use of the ZONE Marks for the above-described activities began prior to either Sears' or Hershey's complained-of conduct.

155. The dilution of the distinctive quality of ZonePerfect's ZONE Marks violates the Massachusetts Anti-dilution Act, specifically M.G.L. c. 110B, § 12. This entitles ZonePerfect to an injunction to prevent continued dilution of the marks.

COUNT VI - Sears

(Declaratory Judgment - Opposition to Trademark Registration Application)

156. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

157. On or about November 1, 2001, Sears filed Trademark Registration Application No. 76/333,054 with the PTO for registration of "OMEGAZONE" for use in connection with food products, including nutrition bars.

158. On or about November 1, 2001, Sears filed Trademark Registration Application No. 76/333,052 with the PTO for registration of "ZONE RX" for use in connection with food products, including nutrition bars.

159. On or about January 25, 2002, Sears filed Trademark Registration Application No. 76/363,075 with the PTO for registration of "DR. SEARS ZONE DIET" for use in connection with food products, including nutrition bars.

160. On or about September 17, 2003, Sears filed Trademark Registration Application No. 78/301,669 with the PTO for registration of "ZONE LABS" for use in connection with food products, including nutrition bars.

161. On or about September 18, 2003, Sears filed Trademark Registration Application No. 78/301,931 with the PTO for registration of "ZONE LABS" for use in connection with food products, including nutrition bars.

162. On or about September 18, 2003, Sears filed Trademark Registration Application No. 78/302,038 with the PTO for registration of "DR. SEARS ZONE APPROVED" for use in connection with food products, including nutrition bars.

163. On or about September 18, 2003, Sears filed Trademark Registration Application No. 78/301,935 with the PTO for registration of "DR. SEARS ZONE LABS" for use in connection with food products, including nutrition bars.

164. On or about October 3, 2003, Sears filed Trademark Registration Application No. 76/553,545 with the PTO for registration of "ZONE (and Design)" for use in connection with food products, including nutrition bars.

165. On or about October 3, 2003, Sears filed Trademark Registration Application No. 76/553,397 with the PTO for registration of "ZONE (Stylized)" for use in connection with food products, including nutrition bars.

166. On or about October 3, 2003, Sears filed Trademark Registration Application No. 76/553,546 with the PTO for registration of "DR. SEARS ZONE (Stylized)" for use in connection with food products, including nutrition bars.

167. On or about March 1, 2004, Sears filed Trademark Registration Application No. 78/376,363 with the PTO for registration of "ZONE SMART" for use in connection with food products, including nutrition bars.

168. On or about March 1, 2004, Sears filed Trademark Registration Application No. 78/376,355 with the PTO for registration of "SMART ZONE" for use in connection with food products, including nutrition bars.

169. On or about January 25, 2002, Sears filed Trademark Registration Application No. 76/363,318 with the PTO for registration of "DR. SEARS ZONE DIET" for use in connection with retail/catalog sales, restaurants, and internet information.

170. On or about March 3, 2003, Sears filed Trademark Registration Application No. 76/553,543 with the PTO for registration of "ZONE (Stylized)" for use in connection with workshops, catering, restaurants, and online information.

171. On or about May 14, 2003, Sears filed Trademark Registration Application No. 78/249,730 with the PTO for registration of "ZONE CENTER" for use in connection with workshops/counseling.

172. On or about May 16, 2003, Sears filed Trademark Registration Application No. 78/251,008 with the PTO for registration of "ZONE CAFÉ" for use in connection with catering and restaurants.

173. On or about September 17, 2003, Sears filed Trademark Registration Application No. 78/301,657 with the PTO for registration of "ZONERX" for use in connection with a meal replacement drink.

174. On or about September 18, 2003, Sears filed Trademark Registration Application No. 78/301,941 with the PTO for registration of "ZONE ICE CREAM" for use in connection with ice cream products.

175. On or about September 18, 2003, Sears filed Trademark Registration Application No. 78/301,937 with the PTO for registration of "DR. SEARS ZONE LABS" for use in connection with retail/catalog sales.

176. On or about October 3, 2003, Sears filed Trademark Registration Application No. 76/553,547 with the PTO for registration of "DR. SEARS ZONE (Stylized)" for use in connection with workshops, catering, restaurants, and online information.

177. On or about October 3, 2003, Sears filed Trademark Registration Application No. 76/553,544 with the PTO for registration of "ZONE (and Design)" for use in connection with workshops, catering, restaurants, and online information.

178. Sears' application for trademark registration and use of commercial marks utilizing the word "Zone" in connection with food products and related goods and services is extremely likely to cause confusion, or mistake, or to deceive.

179. Sears' application for trademark registrations and use of such marks also breaches the 2001 Agreement.

180. ZonePerfect's use of the ZONE Marks for the above-described activities began prior to Sears' complained-of conduct. As such, Sears' applications are invalid and should be rejected.

181. An actual controversy exists between Sears and ZonePerfect as to the validity of Sears' above-described applications.

182. ZonePerfect has been harmed by Sears' continued claim of rights in the applications, and that harm is ongoing.

COUNT VII - Hershey
(Declaratory Judgment - Opposition to Trademark Registration Application)

183. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

184. On or about February 14, 2004, Hershey applied for Trademark Registration Application No. 78/364,143 from the PTO for "SMART ZONE" for use with food products, including nutrition bars.

185. On or about February 14, 2004, Hershey applied for Trademark Registration Application No. 78/364,160 from the PTO for "TRU ZONE" for use with food products, including nutrition bars.

186. Hershey's applications for trademark registration and use of commercial marks utilizing the word "Zone" in connection with food products including nutrition bars are extremely likely to cause confusion, or mistake, or to deceive.

187. ZonePerfect's use of the ZONE Marks for the above-described activities began prior to Hershey's complained-of conduct. As such, Hershey's applications are invalid and should be rejected.

188. An actual controversy exists between Hershey and ZonePerfect as to the validity of Hershey's above-described applications.

189. ZonePerfect has been harmed by Hershey's continued claim of rights in the applications, and that harm is ongoing.

COUNT VIII – Hershey and Sears
(Violation of Lanham Act § 43(a)--False Advertising)

190. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

191. Each of Hershey and Sears has published false and misleading statements in marketing and advertising the "SmartZone" bar and other non-ZonePerfect products, including the February 9 Advertisement, the February 2004 edition of Sears' Omega Zone E-Magazine, the CAGNY presentation, and statements posted on their respective websites.

192. The assertion in these marketing and advertisement statements that the Hershey "SmartZone" bar is "first" nutrition bar "approved" by Sears is patently false and misleading, as many of ZonePerfect's nutrition bars were designed by Sears himself pursuant Zone Diet principles while Sears was working for ZonePerfect.

193. Sears has also published statements on his websites that suggest that ZonePerfect's products are not nutritionally sound and have never been endorsed by Sears. These statements are likewise patently false given Sears' work on, and endorsement of, ZonePerfect's products for a number of years.

194. These published statements consist of commercial advertising which is false and misrepresents the nature, characteristics, and quality of ZonePerfect's ZonePerfect® nutrition bars.

195. These false statements have caused actual deception and are likely to continue to deceive a substantial portion of their intended audience.

196. Because these false statements question the quality of ZonePerfect's products, including the legitimate health benefits of the ZonePerfect® bar, these statements make material misrepresentations which are likely to influence purchasing decisions.

11

197. These false and misleading statements have created a likelihood of injury to ZonePerfect including but not limited to loss of potential sales, loss of goodwill, and other substantial and irreparable harm to ZonePerfect.

198. Hershey's and Sears' use of false statements in promotional materials as described above is in violation of the Lanham Act, 15 U.S.C. § 1125(a).

COUNT IX – Hershey and Sears
(Commercial Disparagement)

199. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

200. The above-described statements, including those made in the February 9, 2004 Advertisement, the February 2004 edition of Sears' Omega Zone E-Magazine and on the defendants' various websites that the Hershey "SmartZone" bar is "first" nutrition bar "approved" by Sears and otherwise suggesting that ZonePerfect's products do not comply with Zone Diet principles are patently false and misleading as many of ZonePerfect's current nutrition bars were designed by Sears himself while at ZonePerfect. These statements, among others statements contained in the publications, create the implication that the ZonePerfect® bars are *not* and have never been "Zone approved" and are thus *not* and have never been compliant with Zone Diet principles.

201. Hershey and Sears made these false and disparaging statements with knowledge of falsity or with reckless disregard of their truth or falsity, and intent to harm ZonePerfect's goodwill and business or with knowledge that harm would inevitably result.

202. The use of such materials to promote Hershey's and Sears' products by discrediting ZonePerfect's is a calculated attempt by Hershey and Sears to unfairly and deceptively compete with ZonePerfect.

203. As a result of this conduct, ZonePerfect has been damaged.

204. The damage to ZonePerfect from Hershey and Sears' false and disparaging statements is substantial and is ongoing.

COUNT X - Sears
(Breach of Contract)

205. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

206. The 2001 Agreement is a valid and enforceable contract supported by good and adequate consideration.

207. Sears, by his above-described conduct, has committed repeated and material breaches of the 2001 Agreement.

208. ZonePerfect has not been in breach of the 2001 Agreement at any time.

209. As a result of Sears' conduct, ZonePerfect has been harmed, and that harm is ongoing.

COUNT XI - Hershey
(Tortious Interference with Contractual Relations)

210. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

211. The 2001 Agreement is a valid and enforceable contract supported by good and adequate consideration as between, among others, Sears and ZonePerfect.

212. Through its due diligence, Hershey learned of and was provided the 2001 Agreement.

213. By its conduct, as set forth above, Hershey has knowingly and intentionally interfered with the 2001 Agreement, with improper purpose and by improper means.

214. As a result of Hershey's past and continuing tortious interference with the 2001 Agreement, ZonePerfect has sustained, and continues to sustain, damage and injuries.

COUNT XII - Sears
(Breach of Covenant of Good Faith and Fair Dealing)

215. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

216. By his conduct, as set forth above, Sears has breached the covenant of good faith and fair dealing implied in the 2001 Agreement.

217. As a result of Sears past and continuing breaches of the implied covenant of good faith and fair dealing implied in the 2001 Agreement, ZonePerfect has sustained, and continues to sustain, damage and irreparable harm.

COUNT XIII - Hershey
(Breach of Contract)

218. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

219. The October 7, 2002 Confidentiality Agreement is a valid and enforceable contract supported by good and adequate consideration.

220. Hershey, by its above-described conduct, has committed repeated and material breaches of the October 7, 2002 Confidentiality Agreement.

221. ZonePerfect has not been in breach of the October 7, 2002 Confidentiality Agreement at any time.

222. As a result of Hershey's conduct, ZonePerfect has been harmed, and that harm is ongoing.

COUNT XIV - Hershey
(Breach of Covenant of Good Faith and Fair Dealing)

223. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

224. By its conduct, as set forth above, Hershey has breached the covenant of good faith and fair dealing implied in the October 7, 2002 Confidentiality Agreement.

225. As a result of Hershey's past and continuing breaches of the implied covenant of good faith and fair dealing, ZonePerfect has sustained, and continues to sustain, damage and injuries.

COUNT XV - Hershey
(Violation of M.G.L. c. 93A)

226. ZonePerfect repeats the allegations in each of the above paragraphs as if fully realleged herein.

227. At all times relevant hereto, Hershey and Sears were engaged in trade or commerce within the meaning of M.G.L. c. 93A, §§ 2, 9.

228. Hershey's and Sears' individual and concerted conduct, as described above, constitutes unfair and deceptive acts or practices within the meaning of M.G.L. c. 93A, §§ 2, 9.

229. Hershey and Sears committed their unfair and deceptive acts and practices knowingly and willfully.

230. Hershey's and Sears' unfair and deceptive conduct occurred primarily and substantially within the Commonwealth of Massachusetts.

231. As a result of Hershey's and Sears' unfair and deceptive conduct, ZonePerfect has suffered, and continues to suffer, injury.

WHEREFORE, ZonePerfect respectfully prays for an order and judgment from this Court that:

- A. Hershey and Sears, by their adoption and usage of near-identical marks to the Registered ZONE Marks in connection with the marketing, distribution, and sale of food products, have infringed ZonePerfect's trademark rights in the Registered ZONE Marks in violation of 15 U.S.C. § 1114.

- B. Hershey and Sears, by their adoption and usage of near-identical marks to the ZONE Marks in connection with the marketing, distribution, and sale of food products, have infringed ZonePerfect's trademark rights in the ZONE Marks in violation of 15 U.S.C. § 1125(a).
- C. Hershey and Sears, their agents, servants, employees, attorneys, successors, assigns, and all persons in active concert or participation with them, be preliminarily and permanently enjoined and restrained from promoting, selling, offering for sale, distributing or advertising products or services using the ZONE Marks or any other colorable variant of or any other mark or name confusingly similar to any of the ZONE Marks, including without limitation "SMART ZONE," "TRU ZONE," and "OMEGA ZONE," in connection with the sale of food products.
- D. Hershey and Sears, by their adoption and usage of words, names, styles, titles or marks have created a likelihood of injury and/or caused injury to the business reputation of ZonePerfect, and/or have caused a likelihood of and/or caused dilution of ZonePerfect's name and ZONE Marks and the goodwill associated therewith in violation of 15 U.S.C. §1125(c).
- E. Hershey and Sears, by their adoption and usage of near-identical marks to the ZONE Marks in connection with the marketing, distribution, and sale of food products, have infringed ZonePerfect's trademark rights in the ZONE Marks in violation of the common law.
- F. Hershey and Sears, by their adoption and usage of words, names, styles, titles or marks have created a likelihood of injury and/or caused injury to the business reputation of ZonePerfect, and/or have caused a likelihood of and/or caused dilution of ZonePerfect's name and ZONE Marks and the goodwill associated therewith in violation of M.G.L. c. 110B.
- G. Hershey and Sears, their agents, servants, employees, attorneys, successors, assigns, and all persons in active concert or participation with them, be preliminarily and permanently enjoined and restrained from using any words, names, styles, titles or marks which create a likelihood of injury and/or cause injury to the business reputation of ZonePerfect, or a likelihood of and/or cause dilution of ZonePerfect's name and ZONE Marks and the goodwill associated therewith.
- H. A declaration that Sears' PTO applications No. 76/333,054; 76/333,052; 76/363,075; 78/301,669; 78/301,931; 78/302,038; 78/301,935; 76/553,545; 76/553,397; 76/553,546; 78/376,363; 78/376,355; 76/363,318; 76/553,543; 78/249,730; 78/251,008; 78/301,657; 78/301,941; 78/301,937; 76/553,547; and 76/553,544 are invalid and should be rejected.

- I. A declaration that Hershey's PTO applications No. 78/364,143 and 78/364,160 are invalid and should be rejected.
- J. Hershey and Sears, by their activities, have made false statement and material misrepresentations as to the nature, characteristics, and quality of ZonePerfect products, and have created a likelihood and/or caused injury to ZonePerfect in violation of 15 U.S.C. § 1125(a).
- K. Hershey and Sears, their officers, directors, agents, servants, employees, attorneys, successors, assigns, members, and all persons in active concert or participation with them, be preliminarily and permanently enjoined and restrained pursuant to 15 U.S.C. § 1116 from further distribution, circulation, publication, or any other form of transmission of the February 9, 2004 advertisement, the February 2004 edition of Sears' "The Omega Zone" E-Magazine, the CAGNY presentation, and related statements, and the false and misleading statements contained therein and on the defendants' respective websites.
- L. Hershey and Sears be directed to send and make public -- in a fashion commensurate with the form of distribution used for their prior announcements and promotional activities, all within 30 days of the granting of this order -- a corrective notice to each and every recipient of the false and misleading information, and that this corrective notice be first sent to and approved by ZonePerfect.
- M. ZonePerfect be awarded its reasonable attorneys' fees incurred as a consequence of defendants' willful misappropriation of ZonePerfect's goodwill, false advertising, use of trade secrets and other acts of unfair competition.
- N. Hershey and Sears, by their activities, have made false and disparaging statement with knowledge of their falsity or with reckless disregard for their truth or falsity, with the intent to harm ZonePerfect's goodwill and business or with knowledge that harm would inevitably result.
- O. Hershey and Sears, their officers, directors, agents, servants, employees, attorneys, successors, assigns, members, and all persons in active concert or participation with them, be preliminarily and permanently enjoined and restrained from making false and disparaging statements with the intent or effect to harm ZonePerfect's goodwill and business.
- P. Sears is in breach of the express terms of the 2001 Agreement.
- Q. Hershey has tortiously interfered and continues to tortiously interfere with the 2001 Agreement.

- R. Sears is in breach of the covenant of good faith and fair dealing implied in the 2001 Agreement.
- S. ZonePerfect be awarded damages and costs arising from Sears' violation of the express and implied terms of the 2001 Agreement.
- T. Hershey is in breach of the express terms of the October 7, 2002 Confidentiality Agreement.
- U. Hershey is in breach of the covenant of good faith and fair dealing implied in the October 7, 2002 Confidentiality Agreement.
- V. ZonePerfect be awarded damages and costs arising from Hershey's violation of the express and implied terms of the October 7, 2002 Confidentiality Agreement.
- W. Hershey and Sears, by their activities that have occurred primarily and substantially in Massachusetts, have engaged in unfair and deceptive acts and practices knowingly and willfully in violation of M.G.L. ch. 93A.
- X. ZonePerfect be awarded damages in an amount sufficient to cover the damages caused to it by Hershey and Sears' unlawful conduct, and that those damages be trebled pursuant to M.G.L. ch. 93A.
- Y. Pursuant to 15 U.S.C. § 1117, that Hershey be required to account and pay over to ZonePerfect all profits from the sale of defendants' products and services in connection with the ZONE Marks or any colorable imitation thereof, including without limitation "Tru Zone" or "Smart Zone," and all damages to plaintiff which have resulted from defendants' acts of unfair competition and false advertising, and, because of the willful and deliberate nature of the conduct by defendants, that this Court enter judgment for plaintiff for three times the amount of the damages and profits assessed.
- Z. Pursuant to 15 U.S.C. § 1117, that Sears be required to account and pay over to plaintiff all profits from the sale of defendants' products and services in connection with the ZONE Marks or any colorable imitation thereof, including without limitation "OMEGAZONE," and all damages to plaintiff which have resulted from defendants' acts of unfair competition and false advertising, and, because of the willful and deliberate nature of the conduct by defendants, that this Court enter judgment for plaintiff for three times the amount of the damages and profits assessed.
- AA. ZonePerfect recover its costs and attorney fees herein.
- BB. ZonePerfect be granted such other and further relief as this Court shall deem just and equitable.

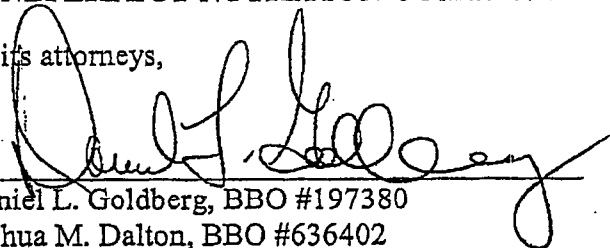
DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury trial on all issue and claims so triable.

Respectfully submitted,

ZONEPERFECT NUTRITION COMPANY

By its attorneys,



Daniel L. Goldberg, BBO #197380

Joshua M. Dalton, BBO #636402

Matthew L. Mitchell BBO#647902

BINGHAM MCCUTCHEN LLP

150 Federal Street

Boston, MA 02110

(617) 951-8000

Dated: April 15, 2004

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

ZONEPERFECT NUTRITION
COMPANY,

Plaintiff,

v.

CIVIL ACTION NO: 04-10760 REK

HERSHEY FOODS CORPORATION,
HERSHEY CHOCOLATE &
CONFECTIONERY CORPORATION, and
DR. BARRY D. SEARS,

Defendants.

DR. BARRY D. SEARS,

Plaintiff-in-Counterclaim,

and

ZONE LABS, INC.,

Third-Party plaintiff

v.

ZONEPERFECT NUTRION COMPANY
Defendant-in-Counterclaim and
Third-Party Defendant

**ANSWER, AFFIRMATIVE DEFENSES
AND COUNTERCLAIMS OF DR. BARRY D. SEARS**

The defendant and plaintiff-in-counterclaim, Barry D. Sears ("Dr. Sears")
herewith answers the Complaint of the ZonePerfect Nutrition Company ("ZonePerfect")
as follows:

INTRODUCTION

1. Dr. Sears admits that ZonePerfect and its predecessor, Eicotech Corporation ("Eicotech") marketed food products under the name "ZonePerfect". Dr. Sears states that he has no knowledge about what other goods or services, if any, are currently marketed under the ZonePerfect name and calls on the plaintiff to prove same to the extent relevant. The remaining allegations of paragraph 1 are denied. Dr. Sears specifically denies that the plaintiff has acquired any trademark or other rights to the terms "Zone" or "Zone Diet", and denies that these claimed trademarks are appropriately referred to as "Zone Marks."

2. The first two sentences of paragraph 2 are admitted. The third sentence of paragraph 2 purports to characterize the "Stock Purchase and Holders Agreement", attached to the Complaint as Ex. 4, and no answer is therefore required. To the extent that a further answer is required, Dr. Sears denies that this sentence accurately characterizes the legal effect of his actions. The fourth sentence of paragraph 2 is denied insofar as Dr. Sears was personally involved in only some of the products which ZonePerfect later sold. The fifth sentence is admitted. Dr. Sears is without knowledge or information concerning the sixth sentence and calls on the plaintiff to prove same to the extent relevant. Dr. Sears again denies that ZonePerfect has any rights in what it terms as "the Zone Marks," and therefore denies the seventh sentence of this paragraph.

3. Admitted that Dr. Sears left ZonePerfect in 1998 and subsequently asked to be bought out. Denied that Dr. Sears stated that the reason for his departure was to "allow him to focus on research and writing." Dr. Sears admits that ZonePerfect did not agree to buy him out of the company until 2001 despite the fact that he left it in 1998, and

otherwise denies the second sentence . Dr. Sears admits that he and his brother and companies associated with them were bought out of ZonePerfect for more than \$5 million in cash and promissory notes, but denies that his brother or those companies are properly characterized as "affiliates."

4. Dr. Sears is without knowledge or information concerning the allegations of paragraph 4 and calls on the plaintiff to prove same to the extent relevant.

5. Dr. Sears is without knowledge or information concerning the allegations of paragraph 5 and calls on the plaintiff to prove same to the extent relevant.

6. Dr. Sears admits that he has a contractual arrangement with Hershey. Dr. Sears denies that the arrangement between Zone Labs, Hershey and him constitutes a "partnership" in contemplation of law but agrees the term "partner" may have been used in the colloquial sense. Dr. Sears otherwise denies the allegations of the first sentence of paragraph 6. Dr. Sears admits that he has joined with Hershey to market the "SmartZone™" bar, but denies that his doing so contravenes the express terms of his agreement, or infringes or otherwise impacts ZonePerfect's trademark rights, if any. Dr. Sears denies that ZonePerfect has a property interest in the Zone marks as its complaint defines 'Zone marks' and if ZonePerfect does have an interest in such marks denies that the use of the mark "SmartZone™" constitutes using of those marks to compete with ZonePerfect bars. The third and fourth sentences of paragraph 6 are admitted. Dr. Sears admits that Exhibit 1 accurately reflects the current proposed logo for the bar that he intends to endorse.

7. Dr. Sears admits that SmartZone™ has been announced as "the first-ever nutrition bars with the science-based nutritional benefits of the Zone and the great taste

consumers expect from Hershey.” The allegations of this paragraph are otherwise denied.

8. This paragraph characterizes the allegations of the plaintiff's lawsuit and no response is necessary. To the extent that a response is necessary, Dr. Sears denies that the plaintiff is entitled to any of the relief it says that it should receive in paragraph 8.

9. Dr. Sears admits the first sentence of paragraph 9 on information and belief. Dr. Sears admits that ZonePerfect markets and distributes bars, shake mixes and prepared meals, and states that he has knowledge of their current formulations or exact ingredients. Dr. Sears has no knowledge or information concerning the allegations of the third and fourth sentences of paragraph 9 and calls on the plaintiff to prove same to the extent relevant.

10. Admitted on information and belief.

11. Admitted on information and belief.

12. Admitted.

JURISDICTION AND VENUE

13. Admitted for jurisdictional purposes only except as to Courts VI and VII.

14. Admitted that venue is proper in this district.

FACTS

The Zone Diet and ZonePerfect

15. Admitted that Dr. Sears wrote The Zone in 1995 and that it became a New York Times number one best-selling book. Denied that it became a best-seller “quickly.” Admitted that the Zone Diet requires consumption of a certain ratio of carbohydrates,

protein and mono-saturated fats, but denied that this is a sufficient description of Zone principles.

16. Admitted.

17. Denied that the first sentence of paragraph 17, which appears to refer to Dr. Sears' association with Pure Distributors, Inc. ("PDI"), correctly states the chronology of his involvement with that company. Admitted that PDI distributed a nutritional bar called the "BioZone" bar that Dr. Sears developed and otherwise denied.

18. Admitted for the period of time up to June 1996. Dr. Sears admits that Exhibit 2 is a true and accurate copy of what it purports on its face to be.

19. Admitted that Dr. Sears dismissed certain BioZone bars as "nothing more than candy." Denied that the bars to which Dr. Sears was referring were the exact same bars that he had endorsed previously. Admitted that Exhibit 3 is a true and accurate copy of what it purports on its face to be.

20. Admitted that Dr. Sears formed Eicotech in the third quarter of 1996 and admitted that Eicotech sold nutrition bars that Dr. Sears had developed. The other allegations of the first sentence of paragraph 20 are denied. Denied that the Stock Purchase and Holders Agreement "memorializes" the "creation" of ZonePerfect. Admitted that Exhibit 4 is a true and accurate copy of what it purports on its face to be. The last sentence of paragraph 20 is admitted except that Eicotech began operations in Dr. Sears' space and not adjacent to it.

21. Admitted.

22. Paragraph 22 purports to characterize the Stock Purchase and Holders Agreement, which speaks for itself, and no answer is required. To the extent that an

answer is required, Dr. Sears denies that paragraph 22 accurately characterizes the terms of that Agreement.

23. Paragraph 23 purports to characterize the Stock Purchase and Holders Agreement, which speaks for itself, and no answer is required. To the extent that an answer is required, Dr. Sears denies this paragraph accurately characterizes the terms of that Agreement and specifically denies that § 7.1(e) constitutes a transfer provision.

24. Denied that Eicotech intended to market the Eicotech bar through retail outlets at the time that it was created. Admitted that in mid-1998 Eicotech began hiring staff and otherwise preparing for retail distribution.

25. The first sentence is admitted. The second sentence is denied except that the bars were marketed to Dr. Sears' existing customer list, which was generated in part from the 800 number. The third through fifth sentences are admitted.

Evolution of the ZonePerfect Mark

26. The first sentence of this paragraph is admitted. The second sentence is denied.

27. Admitted.

28. Admitted, except that Dr. Sears denies that the ZonePerfect 'logo' can accurately be characterized as the "ZONE logo." Admitted that the document attached as Exhibit 5 is a true and accurate copy of what it purports on its face to be.

29. Admitted, except that Dr. Sears denies that the ZonePerfect logo can accurately be characterized as the "Zone logo." Admitted that Exhibit 6 is a true and accurate copy of what it purports on its face to be.

30. Admitted.

31. Admitted. Admitted that Exhibit 7 is a true and accurate copy of what it purports on its face to be.

32. Denied that Eicozone bars (or later ZonePerfect bars) were sold through multi-level marketing, and otherwise admitted.

33. Admitted. Admitted that Exhibit 8 is a true and accurate copy of what it purports on its face to be.

ZonePerfect Develops into a Commercial Success

34. Admitted, except that the company website was not established until 1998 or later.

35. Admitted.

36. Admitted.

37. Admitted.

38. Denied that Dr. Sears developed the "crunch bar" or "slab bar" in 1998 or at any other time. Admitted that the bar at that time came in four flavors. Dr. Sears has no knowledge concerning which flavors ZonePerfect still offers today.

39. Dr. Sears has no knowledge of the allegations contained in paragraph 39 and calls on the plaintiff to prove same to the extent relevant.

40. Admitted. Further answering, Dr. Sears believed that he could not prevent his name from being used on the bars because of his contractual agreement with Eicotech. Dr. Sears further admits that Exhibit 9 consists of true and accurate copies of the documents that they purport to be on their face.

41. Admitted. Further answering, such statement was originally made for the bars that Dr. Sears developed and was used without Dr. Sears' having seen the ingredient

lists for the "slab bars." Dr. Sears further admits that Exhibit 10 consists of true and accurate copies of the documents that they purport to be on their face.

42. Admitted.

43. Because Dr. Sears ceased to be an employee of Eicotech in December, 1998, he has no personal knowledge of the allegations contained in this paragraph, and calls on the plaintiff to prove same to the extent relevant.

44. Because Dr. Sears ceased to be an employee of Eicotech in December, 1998, he has no personal knowledge of the allegations contained in this paragraph, and calls on the plaintiff to prove same to the extent relevant.

45. Because Dr. Sears ceased to be an employee of Eicotech in December, 1998, he has no personal knowledge of the allegations contained in this paragraph, and calls on the plaintiff to prove same to the extent relevant. Dr. Sears has no personal knowledge of whether Exhibit 11 is a true and accurate copy of what it purports to be, and calls on the Plaintiff to prove same to the extent relevant. Denied that Exhibit 11 can properly be characterized as a 'Zone logo.'

46. Dr. Sears admits that Exhibit 12 purports to evidence the issuance of Trademark Registration Number 2,645,665 issued to ZonePerfect, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the other allegations in Paragraph 46, and calls on the plaintiff to prove same to the extent relevant.

47. Dr. Sears admits that Exhibit 13 purports to evidence Trademark Registration Number 2,294,807 issued to the Eicotech, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears

is without knowledge of the other allegations in paragraph 47, and calls on the plaintiff to prove same to the extent relevant.

48. Dr. Sears admits that Exhibit 14 purports to evidence Trademark Registration Number 2,269,790 to Eicotech, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the other allegations of paragraph 48, and calls on the plaintiff to prove same to the extent relevant.

49. Dr. Sears admits that Exhibit 15 purports to evidence Trademark Registration Number 2,492,467 to ZonePerfect, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the remaining allegations of paragraph 49, and calls on the plaintiff to prove same to the extent relevant.

50. Dr. Sears admits that Exhibit 16 purports to evidence Trademark Registration Number 2,408,977 to ZonePerfect, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the remaining allegations of paragraph 50, and calls on the plaintiff to prove same to the extent relevant.

51. Dr. Sears admits that Exhibit 17 purports to evidence Trademark Registration Number 2,487,942 to ZonePerfect Corporation, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the remaining allegations of paragraph 51, and calls on the plaintiff to prove same to the extent relevant.

52. Dr. Sears admits that Exhibit 18 purports to evidence Trademark Registration Number 2,466,823 to ZonePerfect Corporation, but is without personal knowledge of whether the document is a true and accurate copy of what it purports to be. Dr. Sears is without knowledge of the remaining allegations of paragraph 52, and calls upon the plaintiff to prove same to the extent relevant.

53. Paragraph 53 constitutes a conclusion of law to which no response is required. To the extent that a response is required, Dr. Sears denies that the registered marks previously referenced are appropriately termed "Zone Marks", since all such marks are misleadingly descriptive and none trademark the word "Zone" except in conjunction with other terms.

54. Dr. Sears admits that ZonePerfect has sold nutrition bars under the ZonePerfect name since 1997 or thereabouts. Dr. Sears also admits that ZonePerfect has licensed meal delivery services in recent years under the ZonePerfect name. Dr. Sears is otherwise without knowledge of all the allegations of this paragraph, and calls on the plaintiff to prove same to the extent relevant.

55. Paragraph 55 constitutes a conclusion of law to which no response is required. To the extent that a response is required, the allegations are denied.

ZonePerfect's Multi-Million Dollar Buy-Out of Sears and His Affiliates

56. The first sentence of paragraph 56 is admitted. Further answering, Dr. Sears' dissatisfaction derived from, inter alia, Eicotech's desire to move into the mass market and to reduce resources to pursue medical products and to develop medical centers for the treatment of chronic diseases, which was the company's primary original purpose. The second and third sentences of paragraph 56 are denied.

57. Dr. Sears admits that Exhibit 19 is a true and accurate copy of what it purports on its face to be. The remainder of paragraph 57 requires no response insofar as it characterizes the 2001 Agreement, which speaks for itself. To the extent that an answer is required, Dr. Sears denies the characterization of the 2001 Agreement contained in this paragraph.

58. Paragraph 58 requires no response insofar as it characterizes the 2001 Agreement, which speaks for itself. To the extent that an answer is required, Dr. Sears denies the characterization of the 2001 Agreement contained in this paragraph.

59. Denied.

60. Denied.

61. Paragraph 61 requires no response insofar as it characterizes the 2001 Agreement, which speaks for itself. To the extent that an answer is required, Dr. Sears denies the characterization of the 2001 Agreement contained in this paragraph.

62. Paragraph 62 requires no response insofar as it characterizes the 2001 Agreement, which speaks for itself. To the extent that an answer is required, Dr. Sears denies the characterization of the 2001 Agreement contained in this paragraph.

63. Denied.

2002-2003 Putting ZonePerfect On The Market

64. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

65. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

66. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

67. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears is without personal knowledge of whether Exhibit 20 is a true and accurate copy of what it purports to be.

68. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

Hershey Offers To Purchase ZonePerfect.

69. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears is without personal knowledge of whether Exhibit 21 is a true and accurate copy of what it purports to be.

70. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

71. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

72. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

73. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

74. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears is without personal knowledge of whether Exhibit 22 is a true and accurate copy of what it purports to be.

75. Dr. Sears admits that by February 21, 2003 he was no longer an employee or shareholder of ZonePerfect. As to the other allegations of this paragraph, Dr. Sears is without knowledge of those allegations and calls on the plaintiff to prove same to the extent relevant.

76. Dr. Sears is without knowledge or information sufficient to frame a response to the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears is without personal knowledge of whether Exhibit 23 is a true and accurate copy of what it purports to be.

77. Paragraph 77 purports to quote a document which speaks for itself, and no answer is required.

78. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

79. Dr. Sears is without knowledge of why ZonePerfect arranged the Radius lunch. The allegations of Paragraph 79 are otherwise admitted, except that it was Dr. Sears, Doug Sears and George Jochum of Zone Labs (who are not Dr. Sears' 'representatives') who participated in the private meeting with Hershey.

80. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

81. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

82. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

Hershey Announces Its SmartZone Bar

83. Admitted that Hershey and Dr. Sears on behalf of Zone Labs agreed to develop and market the SmartZone Bar™. The other allegations of this paragraph are denied.

84. Dr. Sears admits that Exhibit 24 is a true and accurate copy of what on its face it purports to be. Dr. Sears admits that this paragraph accurately quotes the February 9, 2004 press release attached as Exhibit 24.

85. Dr. Sears denies that there are any 'Zone marks' which could be used in the bar's name. The other allegations in the first sentence of this paragraph are admitted. The second sentence is denied. Dr. Sears admits that Exhibit 25 is a true and accurate rendition of the "Dr. Sears Approved" seal in its current design. Dr. Sears also admits on information and belief that Ex. 25 truly and accurately reproduces the packaging for the SmartZone Bar™.

86. Denied that the "statement" rendered in the first sentence of this paragraph was ever made. Denied that "all" of ZonePerfect's bars were developed "for many years" by Dr. Sears. Further answering, none of the ZonePerfect Bars now on the market were ever developed by or knowingly endorsed by Dr. Sears.

87. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears has no knowledge whether Exhibit 26 is a true and accurate copy of what it purports on its face to be and calls on the plaintiff to prove same to the extent relevant.

88. Denied, except that Hershey has, upon information and belief, announced the product and may have undertaken other activities in support of it.

89. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

90. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears is without knowledge of whether Exhibit 27 is a true and accurate copy of what it purports to be.

91. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

92. Dr. Sears is without knowledge as to whether the presentation referenced could be accessed at the specified address.

93. Dr. Sears admits the first sentence of this paragraph. Dr. Sears admits that the quotation appearing in the second sentence of this paragraph is accurately rendered, but denies that the statement is false. The third and fourth sentences are admitted. Dr. Sears admits that Exhibit 28 is a true and accurate copy of what it purports on its face to be.

94. The quotation appearing in the first sentence of paragraph 94 is admitted to be accurate, but Dr. Sears denies that the substance of the statement is false. Further answering, none of ZonePerfect's nutrition bars currently on the market have ever been knowingly endorsed or approved by Dr. Sears. The second sentence of this paragraph is denied.

95. Denied.

96. Denied.

97. Denied.

98. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

99. Denied.

100. Denied.

Hershey's and Sears' Efforts to Register ZONE-Related Trademarks

101. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

102. This paragraph contains only conclusions of law directed to co-defendant Hershey and no response is therefore required. To the extent that a response is required, the allegations are denied.

103. Admitted that Dr. Sears has filed numerous ZONE-related trademark and service mark registration applications with the PTO, but denied that those applications constitute either a violation of the 2001 Agreement or of ZonePerfect's right to any valid trademark which it holds.

104. Admitted.

105. Denied.

Omega Zone Products

106. Admitted.

107. Admitted. Further answering, Omega Zone® products are also sold via direct mail and through the 800 number which continues to appear in all of Dr. Sears' books.

108. Admitted that Dr. Sears has introduced "Sea Health Plus" supplements; denied that the logo which appears on the product in any manner infringes, dilutes or otherwise copies any intellectual property in which ZonePerfect has a cognizable interest.

109. Denied.

110. Denied. Further answering, to the extent that any consumer confusion exists, it is the result of ZonePerfect attempting to confuse consumers into believing that Dr. Sears approves of, supports, or is associated with its products.

COUNT I – Hershey & Sears
(Violation of the Lanham Act, § 32)

111. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

112. This paragraph contains conclusions of law to which no response is required. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer. Dr. Sears is without knowledge of the remaining factual allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

113. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

114. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

115. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

116. Dr. Sears admits that ZonePerfect has sold goods in interstate commerce under the ZonePerfect name. Dr. Sears is without knowledge of the other allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

117. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

118. Denied.

119. Denied.

120. Denied that ZonePerfect has any marks which are properly termed "Zone Marks". Admitted that some of ZonePerfect's registrations antedate Dr. Sears' use of some of the trademarks referenced in this complaint, but denied that Dr. Sears' actions violate the Lanham Act or any other provision of law. Dr. Sears is without knowledge of the other allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant.

121. Dr. Sears states that this paragraph states a conclusion of law to which no response is required. To the extent that a response is required, it is denied.

122. Denied.

COUNT II – Hershey & Sears
(Violation of the Lanham Act, § 43(a))

123. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

124. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

125. Dr. Sears is without knowledge of allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

126. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

127. Dr. Sears admits that ZonePerfect has sold goods in interstate commerce under the ZonePerfect name. Dr. Sears is otherwise without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

128. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

129. Denied.

130. Denied.

131. Denied.

132. Dr. Sears states that this paragraph states a conclusion of law to which no response is required. To the extent that a response is required, it is denied.

133. Denied.

COUNT III – Hershey & Sears
(Violation of the Lanham Act, § 43(c))

134. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

135. This paragraph states a conclusion of law to which no response is required. To the extent that a response is required, it is denied.

136. Denied that Dr. Sears has made use of 'the Zone marks' in commerce. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

137. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

138. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

139. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

140. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

141. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

142. Denied.

COUNT IV – Hershey & Sears
(Violation of Common Law Trademark Rights)

143. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

144. Dr. Sears is without knowledge of the allegations of this paragraph and calls on the plaintiff to prove same to the extent relevant. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

145. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer. Further answering, the Hershey/Sears bar will in fact adhere to the principles of the Zone diet as articulated in Dr. Sears' copyrighted works, and ZonePerfect's current nutrition bars do not comply with those principles.

146. Denied. Dr. Sears specifically denies that any product he will approve will "purport to follow the same Zone Diet principles as those offered by ZonePerfect" since ZonePerfect's nutrition bars do not follow Zone Diet principles. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

147. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

148. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

149. Denied.

COUNT V – Hershey & Sears

(Violation of the Massachusetts Anti-Dilution Impact, M.G.L. c. 110B)

150. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

151. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

152. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

153. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

154. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

155. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.

COUNT VI – Sears

(Declaratory Judgment – Opposition to Trademark Registration Application)

156. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

157. Admitted.

158. Admitted.

159. Admitted.

160. Admitted.

161. Admitted.

162. Admitted.

163. Admitted.

164. Admitted.

165. Admitted.

166. Admitted.

167. Admitted.
168. Admitted.
169. Admitted.
170. Admitted.
171. Admitted.
172. Admitted.
173. Admitted.
174. Admitted.
175. Admitted.
176. Admitted.
177. Admitted.
178. Denied.
179. Denied.
180. Denied. Dr. Sears reiterates that ZonePerfect's claimed marks are not properly referred to as "Zone Marks" for the reasons previously set forth in this Answer.
181. Denied.
182. Denied.

COUNT VII – Hershey
(Declaratory Judgment – Opposition to Trademark Registration Application)

183-189. Dr. Sears states that these paragraphs state allegations only against co-defendant Hershey, and that no answer is therefore required.

COUNT VIII – Hershey & Sears
(Violation of Lanham Act § 43(a) – False Advertising)

190. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

191. Denied.

192. Denied.

193. The first sentence of this paragraph is admitted. The second sentence is denied.

194. Denied that Dr. Sears' statements on matters of public interest and scientific fact constitute "commercial advertising" and denied that those statements are false or misrepresent the nature, characteristics, or quality of the ZonePerfect Nutrition Bars.

195. Denied.

196. Denied that the statements cited are false, and denied that the statements include material misrepresentations. Admitted that the statements question the quality of ZonePerfect products, admitted that the statements question the health benefits of the ZonePerfect products, and admitted that they are likely to influence purchasing decisions.

197. Denied.

198. Denied.

COUNT IX – Hershey & Sears
(Commercial Disparagement)

199. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

200. Denied that Dr. Sears ever stated or implied that the Hershey "SmartZone Bar™" was the "first" nutrition bar "approved" by Dr. Sears. Further answering, Dr. Sears states that the SmartZone Bar™ has been announced as "the first-ever nutrition bars with the science-based nutritional benefits of the Zone and the great taste consumers expect from Hershey." Denied that any of ZonePerfect's current nutrition bars were designed by Dr. Sears, and denied that there is anything misleading about any of the statements quoted in this paragraph. The second sentence of this paragraph is admitted.

201. Admitted that the statements were made. The remaining allegations of this paragraph are denied.

202. Denied that truthful statements of scientific fact constitute an attempt to compete with ZonePerfect, and if such statements are deemed in competition with ZonePerfect, denied that they compete unfairly and deceptively.

203. Denied.

204. Denied.

COUNT X – Sears
(Breach of Contract)

205. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

206. Admitted.

207. Denied.

208. Denied.

209. Denied.

COUNT XI – Hershey

(Tortious Interference With Contractual Relations)

210.-214. Dr. Sears states that these paragraphs state allegations only against co-defendant Hershey, and that no answer is therefore required.

COUNT XII – Sears

(Breach of Covenant of Good Faith and Fair Dealing)

215. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

216. Denied.

217. Denied.

COUNT XIII – Hershey

(Breach of Contract)

218.-222. Dr. Sears states that these paragraphs state allegations only against co-defendant Hershey, and that no answer is therefore required.

COUNT XIV – Hershey

(Breach of Covenant of Good Faith and Fair Dealing)

223.-225. Dr. Sears states that these paragraphs state allegations only against co-defendant Hershey, and that no answer is therefore required.

COUNT XV – Hershey

(Violation of Mass. Gen. L. ch. 93A)

226. Dr. Sears repeats his responses to the allegations in each of the above paragraphs as if fully set forth herein.

227. Denied.

228. Denied.

229. Denied.

230. Denied.

231. Denied.

Dr. Sears denies that ZonePerfect is entitled to any of the relief sought in paragraphs (A)-(BB) inclusive of its complaint.

DEFENSES

The following are set forth without conceding that Dr. Sears in fact has the burden of proof on them.

FIRST DEFENSE

The Complaint and each of its counts fails to state a claim upon which relief can be granted.

SECOND DEFENSE

The Complaint must be dismissed due to the plaintiff's failure to join an indispensable party under Rule 19, namely Zone Labs, Inc.

THIRD DEFENSE

The plaintiff's claims are barred, in whole or in part, by the release contained in the 2001 Agreement.

FOURTH DEFENSE

The plaintiff's claims are barred, in whole or in part, by the doctrine of estoppel.

FIFTH DEFENSE

The plaintiff's claims are barred, in whole or in part, by the doctrine of laches.

SIXTH DEFENSE

The plaintiff's claims are barred, in whole or in part, by the doctrine of waiver.

SEVENTH DEFENSE

The plaintiff's claims for equitable relief are barred by its own unclean hands.

EIGHTH DEFENSE

The plaintiff's claims for false advertising, commercial defamation, and unfair and deceptive practices and the like, are barred by the First Amendment of the U.S. Constitution and Articles 16, 19, and 21 of Part One of the Massachusetts Constitution.

NINTH DEFENSE

The Court lacks subject matter jurisdictional over Count VI of the Complaint in that the claim is premature, seeks an improper advisory opinion, and is not justiciable.

TENTH DEFENSE

Count VI of the Complaint is barred, in whole or in part, because the United States Patent & Trademark Office has exclusive or primary jurisdiction over the consideration of applications for registration of trademarks.

ELEVENTH DEFENSE

Count IX of the Complaint is barred, in whole or in part, because it fails to allege special damages.

TWELFTH DEFENSE

Counts X and XII of the Complaint is barred by the plaintiff's own material breaches of the 2001 Agreement, as described in greater detail in the Counterclaims.

THIRTEENTH DEFENSE

Count XV of the Complaint is barred, in whole or in part, because the plaintiff is not a consumer within the meaning of G. L. c. 93A, § 9.

FOURTEENTH DEFENSE

Count XV of the Complaint is barred, in whole or in part, because the plaintiff failed to provide the demand letter required by G.L. c. 93A, § 9.

FIFTEENTH DEFENSE

The plaintiff has failed to mitigate its damages, if any.

COUNTERCLAIMS AND THIRD PARTY COMPLAINT

Defendant and plaintiff in counterclaim Dr. Barry D. Sears ("Dr. Sears") and third-party plaintiff Zone Labs, Inc. ("Zone Labs") herewith allege the following claims against plaintiff, defendant-in-counterclaim and third-party defendant ZonePerfect Nutrition Company ("ZonePerfect").

PARTIES

1. Dr. Sears is a well-known biochemist who has published ten books on improving health and wellness through the medicinal use of food to control hormonal responses. His publications include The Zone, Mastering the Zone, and The Omega Rx Zone. His business address is c/o Zone Labs, 222 Rosewood Drive, Suite 500, Danvers, Massachusetts 01923.

2. Third party plaintiff Zone Labs is a Massachusetts corporation which maintains its principal place of business at 222 Rosewood Drive, Suite 500, Danvers, Massachusetts 01923. Zone Labs markets, among other products, Dr. Barry Sears Omega Rx® Fish Oil and Omega Zone™ nutrition bars.

3. The defendant-in-counterclaim and third-party defendant ZonePerfect Nutrition Company ("ZonePerfect") is, upon information and belief, a corporation formed under the laws of Delaware with its principal place of business at 100 Cummings Center, Suite 335, North Beverly, Massachusetts 01915. ZonePerfect markets and distributes nutritional products, including nutrition bars, shakes, and prepared meals, many of which falsely claim to follow the principles of the Zone diet (control of blood

sugar and insulin levels). As described below, ZonePerfect has persistently used Dr. Sears' name and likeness and has appropriated copyrighted and trademarked material in a concerted effort to confuse the public into believing that its products are associated with Dr. Sears (which they are not) and follow the principles of the Zone diet (which many do not).

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action pursuant to 15 U.S.C. § 1121 and 28 U.S.C. § 1331, 1338 and 1367.

5. Venue is proper in this district under 28 U.S.C. § 1391.

FACTS

6. Dr. Sears holds a Ph.D. degree in biochemistry from Indiana University. He has worked as a researcher at the University of Virginia School of Medicine, the Boston University School of Medicine, and the Massachusetts Institute of Technology.

7. After receiving his Ph.D. degree, Dr. Sears' focused his research on the structure of phospholipids, fat derivatives that are one of the major constituents of cell membranes. In the early 1980's, Dr. Sears' research began to focus on how little-known hormones called eicosanoids could cause or influence chronic disease states, including heart disease, cancer, and diabetes. Eicosanoids are generated by body tissue in response to stimuli. They are formed from highly unsaturated fatty acids that can be acquired only by consuming them in foods or supplements.

8. In particular, Dr. Sears began to study methods of controlling the production of eicosanoids at the cellular level by controlling the production of insulin. His work and the work of others (including studies conducted at the Harvard Medical

School) confirmed that appropriate levels of Omega-3 (in particular, eicosapentaenoic acid, or "EPA") and Omega-6 (gamma linolenic acid, or "GLA") essential fatty acids could aid in the treatment of type II diabetes and heart disease as well as significantly increase performance in elite athletes.

9. While working with the Stanford University Swim Team in the early 1990's, Dr. Sears found that a diet with a ratio of protein to carbohydrate between 0.6 and 1.0 could optimize athletic performance in combination with appropriate use of EPA and GLA. In particular, Dr. Sears established that such a regime could control insulin and blood sugar levels, thereby achieving a state of hormonal balance that Dr. Sears would later call "the Zone." Also at that time, Dr. Sears created the first nutrition bar based on his insulin control theories. As a result, in part, of Dr. Sears' work, the Men's and Women's Stanford Swim Teams dominated collegiate swimming in the early 1990's, and Stanford swimmers won seven gold medals in the 1992 Barcelona Olympics. Dr. Sears' path-breaking work and its results were reflected in favorable articles in sports and fitness magazines, but remained largely unknown to the general public.

10. In 1995, Dr. Sears published The Zone. The book, which represented the summation of his life's work to that point, was ignored by most media outlets and sank to the bottom of the trade lists. As a result of Dr. Sears' own efforts to publicize the book, however, it slowly developed a cadre of devoted followers. By April 1996, word-of-mouth advertising lifted The Zone to #1 on the New York Times Best Sellers List. Dr. Sears thereafter published numerous other books on Zone principles, including The Age Free Zone (formerly The Anti Aging Zone) and The Omega Rx Zone. Dr. Sears owns the United States copyright on each of those books, and those copyrights have been

registered by Dr. Sears' publisher, Harper Collins. Dr. Sears' books have been translated into 22 languages and have sold 4 million copies in the United States alone.

11. Since The Zone in 1995, all of Dr. Sears' books have had the term "Zone" in the title, and they have typically featured a distinctive cover design for the "Zone" element in the title. In that design, "Zone" appears in block letters. The letter "o" in "Zone" overlaps the capital "Z" and appears in a contrasting color to the rest of the word.

The Founding of Eicotech Corporation

12. Sometime in the spring of 1996, Dr. Sears met Christopher Baker, a principal in C.P. Baker & Company. In August, 1996, they formed Eicotech Corporation, which would later change its name to ZonePerfect after Dr. Sears was removed from the Board of Directors in 1999. As of 1996, The Zone was still a best seller, and an 800 number included in it for readers who wanted further information continued to generate telephone calls.

13. In the fall of 1996, Eicotech began selling a nutrition bar that Dr. Sears had developed, largely to callers to the 800 number and to the ever-increasing coterie of Zone enthusiasts who responded to Dr. Sears' teachings. At approximately the same time, Dr. Sears, at Mr. Baker's behest, signed the Stock Purchase and Holders Agreement. That Agreement was drafted by attorneys at what was then Dechert, Price & Rhoads, a law firm in which Mr. Baker's wife was a partner.

Dr. Sears' Departure from Eicotech

14. At the time the Stock Purchase and Holders Agreement was signed, Dr. Sears, his brother Douglas Sears ("Doug Sears") and a corporation that Dr. Sears and Doug Sears had previously formed, Surfactant Technologies, Inc., owned a majority of

Eicotech's stock. In the early years of Eicotech, Dr. Sears was also for all practical purposes in charge of the company's daily operations except for finance. Eicotech's products, including the nutrition bars that Dr. Sears had developed, were marketed under the Eicotec brand to medical professionals and the Eicozone brand to the general public. Dr. Sears' association with the product was of critical importance to its acceptance among consumers. Indeed, the presence of literally millions of Zone books written by Dr. Barry Sears in homes and bookstores across the country was the company's only marketing vehicle at the time.

15. In early 1998, Dr. Sears and Doug Sears began negotiations to leave Eicotech, which sought to sell its products to the mass market. Dr. Sears and Doug Sears informed Mr. Baker that they intended to focus on direct sales to elite athletes and health care professionals as they had previously done. Mr. Baker agreed and through 1998 the parties worked amiably on the terms of Dr. Sears' and Doug Sears' separation from Eicotech, including a buy-out of the Sears' Eicotech stock.

16. At approximately the time that Dr. Sears made known his intention to leave Eicotech, the company began to develop what it would later term the 'slab' bar. The bar was brought to Eicotech primarily through the efforts of a consultant, David Thibodeau. At the time the product was being formulated, Dr. Sears had left the employ of Eicotech and was being used as a consultant. In February 1999, Dr. Sears, as a consultant, was only shown a nutritional breakdown of the proposed bars, but no ingredient lists.

17. As Dr. Sears discovered in early 1999 when he was at last provided with ingredient lists, the 'slab' bars would have a direct negative effect on blood sugar levels

which would be contrary to Zone principles, because of the use of corn syrup or other high-glycemic index sweetening agents to make soy protein nuggets palatable. These same sweetening agents increase the glycemic response to the product such that the bars create an insulin 'spike' in the consumer – precisely the opposite of the controlled insulin production which the Zone diet intends to create. At the same time, ZonePerfect reduced the content of long-chain Omega 3 fatty acids, from approximately 100 mg. to 3 mg. per bar.

18. After Dr. Sears became aware of the composition of the slab bars, he informed Mr. Baker that the bars were completely unacceptable and demanded that they either be reformulated or removed from the market. From that point forward, negotiations on the terms of Dr. Sears' and Doug Sears' separation from ZonePerfect became adversarial. Mr. Baker in December 1999 ordered Dr. Sears not to visit the company's headquarters, even though he, his brother, and the corporation they owned, Surfactant, continued to be the company's largest shareholders.

19. There followed a protracted period of negotiations between ZonePerfect and Dr. Sears regarding, among other things, repurchase of Dr. Sears' stock, and the parties' respective rights in intellectual property. These negotiations continued on literally for years. In time, Eicotech phased out the bars that Dr. Sears had developed to focus exclusively on the slab bars. Nevertheless, Eicotech continued prominently to feature the name "Dr. Barry Sears" on its packaging despite the fact that Eicotech and Mr. Baker were well aware that Dr. Sears considered the slab bars to be the nutritional equivalent of candy bars. Indeed, Dr. Sears believed (and expressed to ZonePerfect his belief) that the nutrition bars were in some respects worse than candy bars, since Type II

diabetics who ate slab bars would experience an unhealthy and possibly dangerous impact on their blood sugar levels while believing that they were consuming a healthy, Zone-favorable product.

20. In June 2000, Eicotech changed its name to ZonePerfect Nutrition Company. The extended negotiations between Eicotech/ZonePerfect and Dr. Sears at last culminated in an Agreement dated as of October 17, 2001 (the "2001 Agreement") between ZonePerfect, Dr. Sears and others. The Agreement did not contain a restrictive covenant forbidding Dr. Sears from creating new products for other companies or from endorsing products for other companies, although ZonePerfect at numerous points in the negotiations attempted to obtain one. The 2001 Agreement also did not contain a non-disparagement clause forbidding Dr. Sears from criticizing ZonePerfect or its goods, although ZonePerfect well knew Dr. Sears' opinion of its principal product. Because the parties had been unable to agree on who owned various trademarks and other intellectual property, the 2001 Agreement was largely silent on pending and contemplated trademark or other intellectual property ownership based on the parties' shared understanding that the Patent & Trademark Office ("PTO") would ultimately clarify the parties' respective rights. The 2001 Agreement however, at Dr. Sears' insistence, made clear that all rights in Dr. Sears' books, including design elements, belonged solely to him.

21. Among the requirements of the 2001 Agreement was that ZonePerfect would cease to have any rights of publicity in Dr. Sears' name or likeness after July 1, 2001 (plus three months for the company to dispose of inventory). Nevertheless, ZonePerfect has then and since engaged in a calculated effort to confuse consumers into believing that its products are Zone compliant and endorsed by Dr. Sears. As

documented in the correspondence attached as Exhibits A, B, and C, ZonePerfect continued to sell nutrition bars with "Barry Sears, Ph.D." prominently displayed on the packaging long after its right to do so ceased, and apparently provided packaging with "Barry Sears, Ph.D." to its affiliate or licensee, ZonePerfect Canada, as recently as 2002. Its website claims, falsely, to be the "Official Site of the Zone Diet." Dr. Sears did not authorize those statements of endorsement or association, and his attorneys complained about them.

22. Equally disturbing, ZonePerfect began running short articles on its website purportedly authored by Dr. Robert Wayne Johnston, who apparently has no medical training and whose Ph.D is in "Human Sciences." As documented in the correspondence attached hereto as Exhibits D and E, several of Dr. Johnston's articles boldly plagiarized large segments of Dr. Sears' books. The information presented on ZonePerfect's website under Dr. Johnston's by-line goes far beyond fair use, and is intended to suggest an association and affiliation which does not exist between Dr. Sears and ZonePerfect.

COUNT I
(Lanham Act, § 43(a)(1))

23. Dr. Sears and Zone Labs repeat the allegations in each of the above paragraphs as if fully set forth here.

24. Dr. Sears and Zone Labs have engaged and continue to engage in interstate activities using trademarks and other protected intellectual property associated with the Zone Diet that Dr. Sears himself first formulated in his copyrighted publications. Dr. Sears, as the owner of those marks, and Zone Labs, as the licensee of those marks, have built and maintained the reputation of those marks.

25. Among other things, Dr. Sears owns the following registered trademarks: Zone®, Reg. No. 2,689,749, for a series of books in the field of diet and nutrition, registered February 25, 2003; and Zone Skin Care®, Reg. No. 2,623,974, for cosmetic products, registered on September 24, 2002.

26. Furthermore, Dr. Sears has pending applications for trademark registrations before the PTO. These applications include but are not limited to the following:

- A. "DR. SEARS ZONE DIET"™ for use in connection with food products, Trademark Registration Application No. 76/363,075, filed on or about January 25, 2003;
- B. "ZONE LABS"™ for use in connection with food products, Trademark Registration Application No. 78/301,669, filed on or about September 17, 2003;
- C. "ZONE LABS"™ for use in connection with food products, Trademark Registration Application No. 78/301,931, filed on or about September 18, 2003;
- D. "DR. SEARS ZONE APPROVED"™ for use in connection with food products, Trademark Registration Application No. 78/302,038, filed on or about September 18, 2003;
- E. "DR. SEARS ZONE LABS"™ for use in connection with food products, including nutrition bars, Trademark Registration Application No. 78/301,935, filed on or about September 18, 2003;
- F. "OMEGA RX ZONE"™ for use in connection with printed matter and educational material, Trademark Registration Application No. 76/349,493, filed on or about December 17, 2001;
- G. "OMEGA ZONE"™ for use in connection with pharmaceuticals and printed material, Trademark Registration Application No. 76/333,054, filed on or about December 17, 2001;
- H. "DR. SEARS ZONE (Stylized)"™ for use in connection with food products, Trademark Registration Application No. 76/553,546, filed on or about October 3, 2003;

- I. "ZONE CUISINE"TM for use in connection with services providing food and drink, Trademark Registration Application No. 78/194,321, filed on or about December 13, 2002; for use in connection with food products, Trademark Registration Application No. 78/376,370, filed on or about March 1, 2004; and for use in connection with the storage and transportation of goods, Trademark Registration Application No. 78/383,282, filed on or about March 12, 2004;
 - J. "ZONE KITCHEN"TM for use in connection with scientific and technological services and research and design relating thereto, Trademark Registration Application No. 76/333,635, filed on or about November 1, 2001;
 - K. "DR. SEARS ZONE DIET"TM for use in connection with retail/catalog sales, restaurants, and internet information, Trademark Registration Application No. 76/363,318, filed on or about January 25, 2002;
 - L. "ZONE CENTER"TM for use in connection with workshops/counseling, Trademark Registration Application No. 78/249,730, filed on or about May 14, 2003;
 - M. "ZONE CAFÉ"TM for use in connection with catering and restaurants, Trademark Registration Application No. 78/251,008, filed on or about May 16, 2003;
 - N. "ZONERX"TM for use in connection with a meal replacement drink, Trademark Registration Application No. 78/301,657, filed on or about September 17, 2003;
 - O. "ZONE ICE CREAM"TM for use in connection with ice cream products, Trademark Registration Application No. 78/301,941, filed on or about September 18, 2003;
 - P. "DR. SEARS ZONE LABS"TM for use in connection with retail/catalog sales, Trademark Registration Application No. 78/301,937, filed on or about September 18, 2003;
 - Q. "DR. SEARS ZONE (Stylized)"TM for use in connection with workshops, catering, restaurants, and online information, Trademark Registration Application No. 76/553,547, filed on or about October 3, 2003.
27. "OMEGAZONE"TM, ZONE SKIN CARETM, and the mark ZONETM for nutrition books are marks which Dr. Sears and Zone Labs have expended substantial sums of money to build and maintain. Dr. Sears and Zone Labs have provided and sold

goods and services in interstate commerce using the marks. The marks are known in the pertinent markets as identifying and distinguishing the goods and services of Zone Labs and Dr. Sears. Consequently, those marks are well recognized, distinctive and famous within the relevant markets.

28. Through these activities, ZonePerfect has in interstate commerce utilized words, terms, and names, as well as false designations of origin, and false and misleading descriptions of fact which are likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Dr. Sears and Zone Labs with ZonePerfect, as to the origin, sponsorship or approval by Dr. Sears of products and services.

29. Such conduct is in violation of § 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125, and such violations are ongoing.

30. Through such conduct, ZonePerfect has caused monetary harm to Dr. Sears and Zone Labs as well as irreparable harm to the trademarks referenced above and to Dr. Sears' and Zone Labs' good will and reputation.

COUNT II
(Lanham Act, § 43(a)(2))

31. Dr. Sears and Zone Labs repeat the allegations in each of the above paragraphs as if fully set forth here.

32. ZonePerfect has engaged in a sustained campaign of attempting to convince consumers that (i) Dr. Sears remains associated with ZonePerfect Nutrition Company; (ii) the products it sells, and in particular its nutrition bars, are endorsed by Dr. Sears; and (iii) its nutrition bars comply with Zone principles of blood sugar control and eicosanoid control as formulated by Dr. Sears in his various books. These

representations are categorically false. ZonePerfect's false and misleading representations also include but are not limited to the representations on its website described above as well as its continuing to sell nutrition bars prominently labeled as "Dr. Barry Sears ZonePerfect" product after Dr. Sears ceased to be associated with the company. ZonePerfect has also conspicuously failed to disclaim any ongoing connection to Dr. Sears on its website, which falsely trumpets itself as "the Official Website of the Zone Diet." ZonePerfect has also attempted to associate itself with Dr. Sears by such deceptive actions as prominently displaying a copy of one of Dr. Sears' books surrounded by ZonePerfect products, thereby falsely implying Dr. Sears' endorsement of ZonePerfect's goods.

33. Thus, ZonePerfect has, in commercial advertising or promotion, misrepresented the nature, characteristics, and/or qualities of its goods. ZonePerfect's false statements have caused actual deception and are likely to continue to deceive a substantial portion of their intended audience. Furthermore, ZonePerfect's statements contain material misrepresentations which are likely to influence purchasing decisions.

34. ZonePerfect's use of false statements in promotional materials as described above are in violation of the Lanham Act, 15 U.S.C. § 1125 (a)(2).

35. These false and misleading statements have created a likelihood of injury to Dr. Sears and Zone Labs, including but not limited to loss of potential sales, loss of good will, damage to Dr. Sears' reputation in the scientific and popular community, and other substantial and irreparable harm to Dr. Sears and Zone Labs.

COUNT III

(Copyright Infringement, 17 U.S.C. § 501 et seq.)

36. Dr. Sears repeats the allegations in each of the above paragraphs as if fully set forth here.

37. As set forth above and as explained in greater detail in the correspondence attached hereto as Exs. D and E, ZonePerfect has published on its website material which copies extended passages from Dr. Sears' books.

38. Dr. Sears has a valid and subsisting copyright in the materials which ZonePerfect copied.

39. ZonePerfect's infringement was willful and/or knowing.

40. Through such conduct, ZonePerfect has caused monetary harm to Dr. Sears as well as irreparable harm to Dr. Sears' good will and reputation.

COUNT IV

(Breach of Contract)

41. Dr. Sears repeats the allegations in each of the above paragraphs as if fully set forth here.

42. Under the 2001 Agreement, ZonePerfect agreed, *inter alia*, that Dr. Sears would have sole and exclusive rights to his books and that ZonePerfect would cease to use Dr. Sears' name, likeness, image, voice, signature, or picture (the "Publicity Rights") in connection with the advertising, marketing, packaging, sale and distribution of ZonePerfect's products after July 1, 2001, plus an additional three months for distribution of accumulated inventory.

43. By the actions set forth above, ZonePerfect has breached the 2001 Agreement including the covenant of good faith and fair dealing implied in that contract, and Dr. Sears was harmed thereby.

COUNT V

(Violation of M.G.L. c. 110, § 4)

44. Dr. Sears repeats the allegations in each of the above paragraphs as if fully set forth here.

45. After Dr. Sears ceased to be affiliated with ZonePerfect, that company nevertheless assumed or continued to use in its business Dr. Sears' name without his consent or the consent of his legal representatives in writing. Through such conduct, ZonePerfect has caused monetary harm to Dr. Sears as well as irreparable harm to the trademarks referenced above, and to Dr. Sears' good will and reputation. Under c. 110, § 4, Dr. Sears is entitled to damages and to an injunction restraining Zone Perfect from any further use of his name.

COUNT VI

(Violation of Common Law Trademark Rights)

46. Dr. Sears and Zone Labs repeat the allegations in each of the above paragraphs as if fully set forth here.

47. Dr. Sears and Sears Labs have made significant and ongoing efforts to use, appropriate, and protect the marks described at Paragraph 27 above.

48. ZonePerfect has adopted a knowing strategy of using misleadingly descriptive marks in connection with its products. In particular, ZonePerfect has used the term "Zone", which is and since 1995 firmly been associated with Dr. Sears and a particular set of dietary principles, to mislead consumers into believing that the products

are associated with Dr. Sears and that the products adhere to the dietary principles he formulated. The use of such marks is likely to cause confusion or mistake or to deceive.

49. ZonePerfect's conduct thus violates Dr. Sears' and Zone Labs' common law trademark rights and proprietary interests in the marks specified above. Such conduct has caused substantial and irreparable damage to Dr. Sears and Zone Labs, and that damage is ongoing.

COUNT VII
(Trademark Cancellation)

50. Dr. Sears and Zone Labs repeat the allegations in each of the above paragraphs as if fully set forth here.

51. Zone Perfect claims to own federal Trademark Registrations Nos. 2,645,665 for the Zone Perfect stylized mark and No. 2,294,807 for the Zone Perfect word mark.

52. Those marks, however, are descriptively misleading insofar as they imply that all products to which they are affixed comply with Zone principles articulated by Dr. Sears in his copyrighted works and so misrepresent and misdescribe those products. As such, the foregoing registrations should be cancelled pursuant to 15 U.S.C. § 1064.

COUNT VIII
(M.G.L. c. 93A)

53. Dr. Sears and Zone Labs repeat the allegations in each of the above paragraphs as if fully set forth here.

54. Through the acts described above, ZonePerfect has engaged in unfair or deceptive acts or practices within the meaning of M.G.L. c. 93A, § 2.

55. These acts occurred primarily and substantially in the Commonwealth of Massachusetts, and they were knowing or willful. Dr. Sears and Zone Labs were harmed thereby.

WHEREFORE, Dr. Sears and Zone Labs respectfully request that this Honorable Court:

- A. Enter judgment for Dr. Sears and Zone Labs on Counts I, II, VI, and VII, and for Dr. Sears on Counts III, IV, and V;
- B. Award damages to Dr. Sears and Zone Labs on each of the above Counts in an amount to be proved at trial;
- C. Permanently restrain and enjoin ZonePerfect and its agents, servants, employees, attorneys, successors, assigns and all persons in active concert or participation with them from
 - (i) using Dr. Sears' name or likeness in a manner to suggest association, affiliation, or endorsement of ZonePerfect's products;
 - (ii) using any words, names, styles, titles, logos or marks which create a likelihood of injury or cause injury to the business reputation of Dr. Sears, Zone Labs or the products they sell and/or the goodwill associated therewith including but not limited to any references to its web site as the "official" site of the Zone diet or otherwise representing itself as an "official" source of Zone-compliant products or information;

- (iii) falsely claiming that products not in compliance with Zone principles as articulated in Dr. Sears books are "zone" products, including restraining the use of the term "zone" as part of any mark, style, title, name, logo or identifier; and,
 - (iv) copying from Dr. Sears' publications on ZonePerfect's website or elsewhere;
- D. Direct ZonePerfect to send and make public, in a fashion commensurate with the form of distribution used for their prior advertising and promotional activities, corrective notices sufficient to reach and every recipient of the false and misleading information, informing such persons that Dr. Sears is neither affiliated with nor endorses the products of ZonePerfect, and that this corrective notice be first sent to and approved by Dr. Sears and Zone Labs;
- E. Award, on Count III, full statutory damages, costs, and attorneys' fees pursuant to 17 U.S.C. §§ 504 and 505.
- F. Award, on Counts IV, damages and costs arising from ZonePerfect's violation of the express and implied terms of the 2001 Agreement and Order specific performance of the 2001 Agreement by enjoining ZonePerfect from any use of Dr. Sears' name, likeness, image, voice, signature, or picture in connection with the advertising, marketing, packaging, sale or distribution of ZonePerfect's products;
- G. Award Dr. Sears and Zone Labs their attorneys' fees and costs under Mass. Gen. L. ch. 93A or, alternatively or conjunctively, determine that

the willful and deliberate nature of the false advertising and unfair competition justifies an award of attorneys' fees and costs pursuant to 15 U.S.C. § 1117;

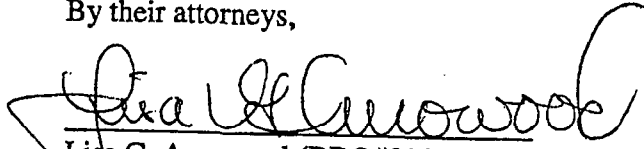
- H. Determine that ZonePerfect's unfair and deceptive acts or practices were knowing or willful, and award double or treble the foregoing damages, pursuant to Mass. Gen. L. ch. 93A;
- I. Conduct an accounting of all benefits obtained by ZonePerfect from its false advertising, unfair competition, copyright infringement, unfair and deceptive acts and practices, or violation of M.G.L. c. 110 § 4 and order, alternatively or conjunctively with the relief requested above, disgorgement of any gains realized by ZonePerfect;
- J. Award Dr. Sears and Zone Labs pre-judgment interest for all damages for which ZonePerfect is found liable;
- K. Grant Dr. Sears and Zone Labs whatever other or additional relief as this Court deems just and equitable under the circumstances.

JURY DEMAND

Dr. Sears and Zone Labs demand a trial by jury on all claims so triable.

BARRY D. SEARS
and ZONE LABS, INC.

By their attorneys,



Lisa G. Arrowood (BBO#022330)

Ian Crawford (BBO#544475)

Edward Foye (BBO#562375)

David H. Rich (BBO#634275)

Todd & Weld LLP

28 State Street

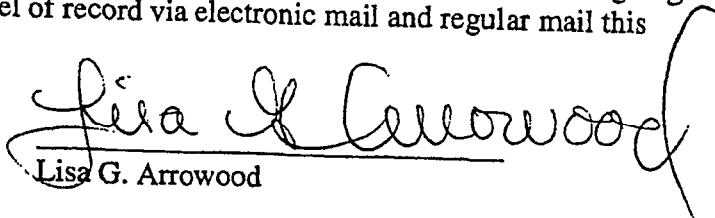
Boston, MA 02109

(617) 720-2626

DATED: May 10, 2004

CERTIFICATE OF SERVICE

I, Lisa G. Arrowood, hereby certify that a true and accurate copy of the foregoing document was served on all counsel of record via electronic mail and regular mail this 10th day of May, 2004.


Lisa G. Arrowood

Deborah L. Benson
dbenson@haslaw.com

December 8, 2004

Commissioner for Trademarks
P.O. Box 1451
Alexandria, Virginia 22313-1451

12-10-2004

U.S. Patent & TMO/TM Mail Rcpt Dt. #74

Re: *Barry D. Sears Ph.D. v. ZonePerfect Nutrition Company*
Registration No. 2,408,977

Dear Sir/Madam:

Enclosed for filing in the above-referenced matter, please find the following documents:

1. Petition for Cancellation;
2. Motion to Suspend Cancellation Proceedings; and
3. Memorandum of Law in Support of Motion to Suspend Cancellation Proceedings.

Kindly stamp the enclosed postcard acknowledging receipt of the above documents and return same to me. Thank you for your cooperation in this matter.

Very truly yours,



Deborah L. Benson

Enclosure

cc: David O. Johanson, Esq.