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F I L E D
Clerk of the Superior Court

FEB 03 2009

By: K SANDOVAL, Deputy

14 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
15 **IN AND FOR THE COUNTY OF SAN DIEGO**

16 **PEOPLE OF THE STATE OF CALIFORNIA ex rel.**
17 **EDMUND G. BROWN JR., Attorney General of the**
18 **State of California,**
19
20 Plaintiff,
21
22 v.
23
24 **U. S. SMOKELESS TOBACCO COMPANY, a**
25 **Delaware corporation,**
26
27 Defendant.

JCCP 4041 Tobacco Cases I

**STIPULATION FOR ENTRY OF
JUDGMENT AND [PROPOSED]
FINAL JUDGMENT**

28 **STIPULATION**

It is hereby stipulated, understood, and agreed by the People of the State of California ("the People") and U.S. Smokeless Tobacco Company ("USSTC") (collectively "the Parties") that:

1. The People and USSTC are signatories to the Smokeless Tobacco Master Settlement Agreement ("STMSA") which settled the litigation entitled The People of the State of California, et al. v. Philip Morris Inc., et al., Sacramento Superior Court 97AS03031, Judicial Council Coordinated Proceeding JCCP 4041, and other claims and matters as described therein.

1 2. Pursuant to the STMSA, this Court entered a Consent Decree and Final Judgment
2 (“Consent Decree”) on December 9, 1998, retaining continuing jurisdiction for the purpose of
3 implementing and enforcing the STMSA and Consent Decree.

4 3. Section III(c)(2)(A) of the STMSA provides that “No Participating Manufacturer may
5 engage in more than one Brand Name Sponsorship in the States in any twelve-month period
6 (such period measured from the date of the initial sponsored event).”

7 4. “Brand Name Sponsorship” is defined in Section II(h) of the STMSA: “‘Brand Name
8 Sponsorship’ means an athletic, musical, artistic, or other social or cultural event as to which
9 payment is made (or other consideration is provided) in exchange for use of a Brand Name or
10 Names (1) as part of the name of the event or (2) to identify, advertise, or promote such event or
11 an entrant, participant, or team in such event in any other way. Sponsorship of a single national
12 or multi-state series or tour (for example, NASCAR (including any number of NASCAR races)),
13 or of one or more events within a single national or multi-state series or tour, or of an entrant,
14 participant, or team taking part in events sanctioned by a single approving organization (e.g.,
15 NASCAR or CART), constitutes one Brand Name Sponsorship. Sponsorship of an entrant,
16 participant, or team by a Participating Manufacturer using a Brand Name or Names in an event
17 that is part of a series or tour that is sponsored by such Participating Manufacturer or that is part
18 of a series or tour in which any one or more events are sponsored by such Participating
19 Manufacturer does not constitute a separate Brand Name Sponsorship. Sponsorship of an
20 entrant, participant or team by a Participating Manufacturer using a Brand Name or Names in
21 any event (or series of events) not sponsored by such Participating Manufacturer constitutes a
22 Brand Name Sponsorship. The term ‘Brand Name Sponsorship’ shall not include an event in an
23 Adult-Only Facility.”

24 5. USSTC’s current Brand Name Sponsorship is of Professional Bull Riders, Inc.
25 (“PBR”). PBR is a professional bull riding organization based in Pueblo, Colorado. PBR
26 conducts bull-riding events throughout the United States and internationally, including the Built
27 Ford Tough Series, the Copenhagen Bull Riding Challenger Tour, the Enterprise Tour and the
28 Discovery Tour.

1 6. USSTC's Brand Name Sponsorship of the PBR, under its "Copenhagen Bull Riding"
2 service mark, includes the rights to arena signage and other sponsorship indicia at PBR Built
3 Ford Tough Series events and at the Copenhagen Bull Riding Challenger Tour events held in the
4 United States. USSTC also sponsors three bull riders under its "Team Copenhagen" service
5 mark.

6 7. Based on PBR's 2008 schedule, USSTC's Brand Name Sponsorship of the PBR
7 includes the rights to display arena signage and other sponsorship indicia at four Built Ford
8 Tough Series events and five Copnehagen Bull Riding Challenger Tour events in the State of
9 California. USSTC's sponsored bull riders have competed in California at Built Ford Tough
10 Series events and Copnehagen Bull Riding Challenger Tour events, and one of USSTC's
11 sponsored bull riders has competed in California at one of the nine Enterprise Tour events in
12 California.

13 8. A dispute has arisen between the Parties with respect to what constitutes "a single
14 national or multistate series or tour" (STMSA § II(h)) within the context of USSTC's Brand
15 Name Sponsorship of PBR. USSTC takes the position that the PBR organization itself is
16 organized similarly to NASCAR, the example given in STMSA § II(h), and is therefore "a single
17 national or multistate series or tour"; and, consequently, the STMSA permits sponsorship of the
18 PBR organization itself and any number of events organized by PBR. The People, on the other
19 hand, contend that the PBR organization is a sanctioning body or approving organization, as is
20 NASCAR, and the PBR's Built Ford Tough Series, Copenhagen Bull Riding Challenger Tour,
21 Enterprise Tour and Discovery Tour are each a "national multi-state series or tour," and that the
22 STMSA permits sponsorship of only one of these series or tours.

23 9. A dispute has also arisen between the Parties about whether or not Section II(h) of the
24 STMSA means that USSTC may sponsor three bull riders that compete within its Brand Name
25 Sponsorship of PBR. The People contend that the definition means that USSTC may sponsor
26 only one bull rider as "an entrant [or], participant" within USSTC's sponsorship of one PBR
27 multi-state series or tour because all competition among bull riders in the Built Ford Tough
28 Series, the Copenhagen Bull Riding Challenger Tour, the Enterprise Tour and the Discovery

1 Tour is on an individual, and not a team, basis. The People further contend that the only PBR
2 competition involving teams is the PBR Team Shootout – a five event competition involving
3 two-man teams made up according to points standings and without regard to corporate sponsors.

4 USSTC, on the other hand, contends that the STMSA expressly states – as a matter of
5 definition – that the sponsorship of “an entrant, participant, or team” within a sponsored series or
6 tour does not constitute a separate Brand Name Sponsorship, and, therefore, USSTC contends
7 that the sponsorship of the bull riders as “entrants” does not constitute separate Brand Name
8 Sponsorships. In the alternative, USSTC contends that USSTC’s three sponsored bull riders are
9 organized and sponsored as a team (as are numerous other sponsored teams of bull riders who
10 compete in the PBR, including but not limited to Team Enterprise, Team Rocky Boots, Team
11 Big Tex Trailers, Team Xpress, and Team Kershaw Knives), and therefore the sponsorship of
12 this team does not constitute a separate Brand Name Sponsorship.

13 10. To avoid the expense and delay of litigation over the disputes described in
14 paragraphs 8 and 9 above, regarding application of section II(h) of the STMSA to USSTC’s
15 Brand Name Sponsorship of PBR events occurring within the State of California, and in order to
16 resolve these issues, the Parties agree as follows:

17 a. The Parties voluntarily enter into this Stipulation for Final Judgment in order
18 to achieve a final and binding resolution of the above-described disputes and issues.

19 b. The terms of this Stipulated Final Judgment shall be final and binding within
20 the State of California, on USSTC in its corporate capacity, acting through any and all of
21 its respective successors, assigns, officers, agents, employees, representatives,
22 subsidiaries, divisions, other internal organizational units of any kind, and any and all
23 others who act under, by, through, or on behalf of USSTC.

24 c. The terms of this Stipulated Final Judgment shall be final and binding on the
25 People of the State of California and on its legal representative, the Attorney General of
26 the State of California, acting through any and all of their respective successors, assigns,
27 officers, agents, employees, representatives, and any and all others who act under, by,
28 through, or on behalf of them.

d. For as long as USSTC engages in its Brand Name Sponsorship of PBR,

1 USSTC shall limit such sponsorship in the State of California to one PBR series or tour
2 (e.g., the Built Ford Tough Series or the Copenhagen_Bull Riding Challenger Tour), and
3 USSTC shall terminate its Brand Name Sponsorship of any events occurring in the State
4 of California as part of any other PBR series or tour.

5 e. For as long as USSTC engages in its Brand Name Sponsorship of PBR,
6 USSTC may sponsor in the State of California up to three bull riders, provided that
7 USSTC's Brand Name Sponsorship of three bull riders is limited to events within the
8 single PBR series or Tour it chooses for its Brand Name Sponsorship, as described in
9 paragraph 10(d) above, and provided that USSTC's Brand Name Sponsored bull riders
10 shall not wear or otherwise display any of USSTC's Brand Names when they compete in
11 any other PBR series or tour that is not part of USSTC's Brand Name Sponsorship, as
12 described in paragraph 10(d), above.

13 f. Notwithstanding the foregoing, nothing herein shall require USSTC to select
14 the PBR, including any of its events and bull riders, as its Brand Name Sponsorship.

15 g. The Parties agree that this Stipulation and Final Judgment shall have the same
16 force and effect as though the Parties had fully litigated to judgment the disputes
17 described above, and the parties intend that this Stipulation and Final Judgment shall bar
18 them from any and all subsequent litigation between the Parties over the meaning of the
19 terms "single national or multistate series or tour" and "an entrant, participant, or team"
20 in section II(h) of the STMSA within the context of USSTC's PBR Brand Name
21 Sponsorship, as resolved by this Stipulation and Final Judgment. Notwithstanding the
22 foregoing, by execution of this Stipulation and agreeing to entry of judgment providing
23 the relief and remedies specified herein, USSTC does not admit any violations of the
24 STMSA or Consent Decree, or any other law or legal duty, and specifically denies that it
25 has committed any such violations.

26 h. The court retains jurisdiction over the Parties for the purpose of enabling
27 either Party to apply to the Court at any time for such further orders or directions as may
28 be necessary or appropriate for the construction, modification, carrying out and/or
enforcement of this Stipulation and Final Judgment. The Parties agree that the Court may

1 use all of its powers in its supervision of this Stipulation and Final judgment.

2 i. Except as provided in sub-paragraphs 10(d), (e) and (f) above, nothing in this
3 Stipulation and Final Judgment shall constitute a waiver of any Party's right to seek in
4 the future an enforcement order or a declaration under the STMSA and/or the Consent
5 Decree that construes any of their terms

6 j. The Parties agree that this Stipulation and Final Judgment applies only to
7 USSTC's Brand Name Sponsorship of PBR events held within the State of California. .

8 k. Each signatory to this Stipulation and Final Judgment certifies that he or she
9 is fully authorized by the party he or she represents to enter into and execute this
10 Stipulation on behalf of the Party represented and to legally bind that Party.

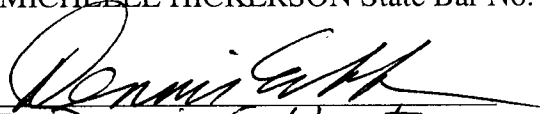
11 l. This Stipulation and Final Judgment shall take effect immediately upon
12 notice of entry thereof.

13 m. This Stipulation and Final Judgment may be executed in counterparts.
14 Facsimile, photocopied, or electronically imaged signatures shall be considered valid
15 signatures as of the date affixed, although the original signatures shall thereafter be
16 appended.


17 n. Each Party is to bear its own costs, expenses, and attorneys' fees in
18 connection with this dispute and Stipulation and Final Judgment.

19 DATED: January 30, 2009

20 EDMUND G. BROWN JR.
21 Attorney General of the State of California
22 DENNIS ECKHART
23 Senior Assistant Attorney General
24 SHARI POSNER State Bar No. 168738
25 MICHELLE HICKERSON State Bar No. 199748

26 
27 By: Dennis Eckhart
28 Attorneys for the PEOPLE OF THE STATE OF CALIFORNIA

26 DATED: January 21, 2009

27 
28 By: Chris Athanasia
Attorney for U.S. SMOKELESS TOBACCO COMPANY

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[PROPOSED] FINAL JUDGMENT

The Parties having stipulated to entry of judgment on the terms set forth above, and the Court having reviewed the terms of the Stipulation and Final Judgment, the Court approves this Stipulation and Final Judgment as a fair and reasonable resolution of the issues described in the Stipulation.

IT IS SO ORDERED ADJUDGED AND DECREED. The clerk shall enter this Stipulation and Final Judgment.

DATED: ~~FEB 03~~ 2009

RONALD S. PRAGER
RONALD S. PRAGER
JUDGE OF THE SUPERIOR COURT

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **PEOPLE OF THE STATE OF CALIFORNIA, et al., v. U.S. SMOKELESS TOBACCO COMPANY, et al.**

No.: **SAN DIEGO SUPERIORCOURT JCCP 4041 TOBACCO CASES I**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1300 I Street, Suite 125, P.O. Box 944255, Sacramento, CA 94244-2550.

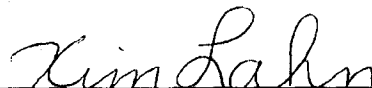
On January 30, 2009, I served the attached **LETTER TO THE HONORABLE RONALD S. PRAGER AND STIPULATION FOR ENTRY OF JUDGMENT AND [PROPOSED] FINAL JUDGMENT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Sacramento, California, addressed as follows:

Chris Athanasia
U.S. Smokeless Tobacco Company
6 High Ridge Park, Bodg. A
Stamford, CT 06905-1323

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on January 30, 2009, at Sacramento, California.

Kim Lahn

Declarant



Signature