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13 Attorneys for Plaintiffs MACY'S, INC. and
 14 MACYS.COM, INC.

15 **UNITED STATES DISTRICT COURT**
 16 **NORTHERN DISTRICT OF CALIFORNIA**
 17 **SAN FRANCISCO DIVISION**

18 MACY'S, INC. and MACYS.COM, INC.,

19 Plaintiffs,

20 v.

21 STRATEGIC MARKS, LLC,

22 Defendant.

Case No. CV 11-6198 SC

**PLAINTIFFS MACY'S, INC. AND
 MACYS.COM, INC.'S ANSWER TO
 DEFENDANT STRATEGIC MARKS,
 LLC'S COUNTERCLAIMS**

Judge: Honorable Samuel Conti

23 STRATEGIC MARKS, LLC,

24 Counter-Claimant,

25 v.

26 MACY'S, INC. and MACYS.COM, INC.

27 Counter-Defendants.
 28

1 Plaintiffs and Counter-Defendants Macy's, Inc. and Macys.com, Inc. (collectively,
2 "Macy's") object to Defendant's filing of a purported Answer and Counterclaims as
3 procedurally improper because Defendant was in default at the time of its filing (and still
4 is in default as of this filing) without having obtained relief from default or otherwise
5 having sought leave of the Court to file. Out of an abundance of caution and in the event
6 the Court is inclined to grant Defendant's pending motion to set aside default, Macy's
7 responds to Defendant and Counter-Claimant Strategic Marks, LLC's ("Strategic Marks"
8 or "Defendant") Counterclaims as follows:

9 NATURE OF THE ACTION

10 1. Macy's admits that Defendant purports to assert claims of trademark
11 infringement and unfair competition arising under 15 U.S.C. § 1051 and federal and State
12 common law. Macy's denies the remaining allegations of Paragraph 1 of Defendant
13 Strategic Marks' Counterclaims.

14 2. Macy's denies the allegations of Paragraph 2 of Defendant Strategic Marks'
15 Counterclaims.

16 3. Macy's denies the allegations of Paragraph 3 of Defendant Strategic Marks'
17 Counterclaims.

18 4. Macy's denies that Defendant is entitled to the relief requested in
19 Paragraph 4 of Defendant Strategic Marks' Counterclaims.

20 THE PARTIES

21 5. Macy's admits that Macy's, Inc. is a corporation organized and existing
22 under the laws of the State of Delaware with a principal place of business at 7 West
23 Seventh Street, Cincinnati, OH 45202 and operates several Macy's department stores
24 within this Judicial District.

25 6. Macy's admits that Macys.com, Inc. is a corporation organized and existing
26 under the laws of the State of New York with a principal place of business at 685 Market
27 Street, 8th Floor, San Francisco, CA 94105 and operates the online department store
28 www.macys.com.

1 7. Macy's lacks knowledge or information sufficient to form a belief as to the
2 allegations contained in Paragraph 7 of Defendant Strategic Marks' Counterclaims, and
3 therefore denies the same.

4 JURISDICTION AND VENUE

5 8. Macy's admits that Defendant purports to assert claims that arise under the
6 laws contained in Paragraph 8 and that this Court has jurisdiction over the subject matter
7 of this action, but denies the remaining allegations of Paragraph 8 of Defendant Strategic
8 Marks' Counterclaims.

9 9. Macy's admits that Macy's, Inc. and Macys.com, Inc. are subject to the
10 personal jurisdiction of this Court, but denies that its products containing THE
11 BROADWAY mark are infringing.

12 10. Macy's admits that venue is proper, but denies there is any injury caused to
13 Defendant.

14 FACTUAL BACKGROUND

15 11. Macy's lacks knowledge or information sufficient to form a belief as to the
16 allegations contained in Paragraph 11 of Defendant Strategic Marks' Counterclaims, and
17 therefore denies the same.

18 12. Macy's denies the allegations of Paragraph 12 of Defendant Strategic
19 Marks' Counterclaims. Strategic Marks has never owned rights in THE BROADWAY
20 mark.

21 13. Macy's admits the allegations of Paragraph 13 of Defendant Strategic
22 Marks' Counterclaims.

23 14. Macy's admits the allegations of Paragraph 14 of Defendant Strategic
24 Marks' Counterclaims.

25 15. Macy's denies the allegations of Paragraph 15 of Defendant Strategic
26 Marks' Counterclaims.

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FIRST CLAIM FOR RELIEF
INFRINGEMENT OF FEDERALLY REGISTERED TRADEMARK - 15 U.S.C. § 1114

16. Macy's repeats and realleges its answers to the allegations of paragraphs 1 through 15 above as if fully set forth herein.
17. Macy's denies the allegations of Paragraph 17 of Defendant Strategic Marks' Counterclaims.
18. Macy's denies the allegations of Paragraph 18 of Defendant Strategic Marks' Counterclaims.
19. Macy's denies the allegations of Paragraph 19 of Defendant Strategic Marks' Counterclaims.
20. Macy's denies the allegations of Paragraph 20 of Defendant Strategic Marks' Counterclaims.

SECOND CLAIM FOR RELIEF
COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

21. Macy's repeats and realleges its answers to the allegations of paragraphs 1 through 20 above as if fully set forth herein.
22. Macy's admits that Defendant purports to assert claims of trademark infringement and unfair competition arising under the common law of the State of California. Macy's denies the remaining allegations of Paragraph 22 of Defendant Strategic Marks' Counterclaims.
23. Macy's denies the allegations of Paragraph 23 of Defendant Strategic Marks' Counterclaims.
24. Macy's denies the allegations of Paragraph 24 of Defendant Strategic Marks' Counterclaims.

THIRD CLAIM FOR RELIEF
CALIFORNIA BUSINESS AND PROFESSIONS CODE § 17200 et seq.

25. Macy's repeats and realleges its answers to the allegations of paragraphs 1 through 24 above as if fully set forth herein.

1 26. Macy's admits that Defendant purports to assert claims of unfair
2 competition arising under California Business and Professions Code Section 17200 *et*
3 *seq.* Macy's denies the remaining allegations of Paragraph 26 of Defendant Strategic
4 Marks' Counterclaims.

5 27. Macy's denies the allegations of Paragraph 27 of Defendant Strategic
6 Marks' Counterclaims.

7 28. Macy's denies the allegations of Paragraph 28 of Defendant Strategic
8 Marks' Counterclaims.

9 **DEMAND FOR JUDGMENT**

10 Macy's denies that Defendant Strategic Marks is entitled to any relief sought in its
11 demand for judgment.

12 **AFFIRMATIVE DEFENSES**

13 Macy's asserts the following affirmative defenses to Defendant Strategic Marks'
14 Counterclaims:

15 **FIRST AFFIRMATIVE DEFENSE**

16 **FAILURE TO STATE A CLAIM**

17 1. Macy's alleges that Defendant Strategic Marks has failed to state a claim
18 upon which relief may be granted.

19 **SECOND AFFIRMATIVE DEFENSE**

20 **EQUITABLE ESTOPPEL**

21 2. Defendant Strategic Marks is estopped by reason of its conduct, acts, and
22 omissions from recovering on any claims that it may have had against Macy's.

23 **THIRD AFFIRMATIVE DEFENSE**

24 **INVALIDITY**

25 3. Defendant Strategic Marks has no rights in the mark THE BROADWAY. As
26 such, Registration No. 4099878 for THE BROADWAY is invalid.

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FOURTH AFFIRMATIVE DEFENSE

RESERVATION OF DEFENSES

4. Macy's has insufficient information upon which to form a belief as to whether it may have additional unstated Affirmative Defenses. Macy's reserves the right to assert additional Affirmative Defenses in the event discovery indicates that they are appropriate.

PRAYER FOR RELIEF

WHEREFORE, Macy's requests judgment as follows:

- A. That Defendant Strategic Marks' Counterclaims be dismissed and that Defendant Strategic Marks takes nothing from them.
- B. That Macy's be awarded the relief requested in its Complaint.
- C. That the Court award such other and further relief as the Court deems just and proper.

DATED: April 23, 2012

HANSON BRIDGETT LLP

By: /s/ Christopher S. Walters
GARNER K. WENG
CHRISTOPHER S. WALTERS
Attorneys for Plaintiffs MACY'S, INC. and
MACYS.COM, INC.