

TRADEMARK HOLDINGS, LLC; §
NAUTICA APPAREL, INC.; NAUTICA §
RETAIL USA, INC.; NAVISTAR, INC.; §
NEW BALANCE ATHLETIC SHOW, INC.; §
NISSAN NORTH AMERICA, INC.; PRL §
USA HOLDINGS, INC.; THE PROCTER & §
GAMBLE COMPANY; RALPH LAUREN §
MEDIA LLC; RUSSELL BRANDS, LLC; §
SUBARU OF AMERICA, INC.; SUNGLASS §
HUT TRADING, LLC; VICTORIA’S §
SECRET; WOLVERINE WORLD WIDE §
IN.; and WOMEN’S APPAREL GROUP, §
LLC d/b/a BOSTON APPAREL GROUP, §
LLC, §

Defendants. §

**ANSWER AND COUNTERCLAIMS OF DEFENDANTS ADIDAS AMERICA, INC.,
 AND ADIDAS INTERACTIVE, INC., IN RESPONSE TO PARALLEL NETWORKS,
 LLC’S ORIGINAL COMPLAINT FOR PATENT INFRINGEMENT**

Defendants adidas America, Inc., and adidas Interactive, Inc. (collectively, “the adidas Entities”), answer Plaintiff Parallel Networks LLC’s (“Parallel Networks”) Original Complaint for Patent Infringement (“Complaint”) as follows:

PARTIES

1. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 1.
2. The adidas Entities admit the allegations in paragraph 2.
3. The adidas Entities deny the allegations in paragraph 3 and state that adidas Interactive, Inc., is no longer in existence.
4. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 4.
5. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 5.

6. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 6.

7. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 7.

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59. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 59.

60. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 60.

61. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 61.

JURISDICTION

62. With respect to the allegations set forth in paragraph 62, the adidas Entities admit that this Court has subject matter jurisdiction over Parallel Networks' claims. The adidas Entities admit that this Court has personal jurisdiction over them in this particular action. However, the adidas Entities deny that they have committed acts in this jurisdiction that give rise to any cause of action by Parallel Networks and deny the remaining allegations of paragraph 62, as they relate to the adidas Entities. To the extent the allegations of paragraph 62 are directed to other entities, the adidas Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations.

63. With respect to the allegations set forth in paragraph 63, the adidas Entities admit that venue is proper in this judicial district, but deny that this district is a convenient or appropriate forum in which to proceed with this dispute. The adidas Entities expressly reserve their rights under 28 U.S.C. § 1404. The adidas Entities admit that this Court has personal jurisdiction over them in this particular action. However, the adidas Entities deny that they have committed acts in this jurisdiction that give rise to any cause of action by Parallel Networks and deny the remaining allegations of paragraph 63, as they relate to the adidas Entities. To the extent the allegations of paragraph 63 are directed to other entities, the adidas Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations.

COUNT I

64. The adidas Entities admit the allegations in paragraph 64.

65. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 65.

66. With respect to the allegations set forth in paragraph 66, the adidas Entities state that the claims of the '111 patent speak for themselves, and no responsive pleading is required. To the extent that a responsive pleading is required, the adidas Entities admit that paragraph 66 seems to reflect an effort to paraphrase the limitations of claim 1 of the '111 patent, but deny that the patent "covers" such "systems and methods," as Parallel Networks has failed to include all of the required limitations recited in claim 1.

67. The adidas Entities deny the allegations of paragraph 67.

68. The adidas Entities deny the allegations of paragraph 68.

69. The adidas Entities deny the allegations of paragraph 69.

70. The adidas Entities deny the allegations of paragraph 70.

71. The adidas Entities deny the allegations of paragraph 71.

72. The adidas Entities deny the allegations of paragraph 72.

73. The adidas Entities deny the allegations of paragraph 73.

74. The adidas Entities deny the allegations of paragraph 74.

75. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 75.

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300. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 300.

301. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 301.

302. The adidas Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 302.

303. The adidas Entities deny the allegations of paragraph 303, as they relate to the adidas Entities. To the extent the allegations of paragraph 303 are directed to other entities, the adidas Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations.

304. The allegations in paragraph 304 relating to constructive notice are legal conclusions to which no responsive pleading is required; to the extent a response is required, the adidas Entities deny the allegations, as they relate to constructive notice of the adidas Entities. To the extent the allegations in paragraph 304 concerning constructive notice are directed to other entities, the adidas Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations. The adidas Entities are without knowledge sufficient to form a belief as to the truth of the allegations regarding marking requirements.

COUNT II

305. The adidas Entities deny the allegations of paragraph 305, as they relate to the adidas Entities. To the extent the allegations of paragraph 305 are directed to other entities, the

adidas Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations.

PRAYER FOR RELIEF

These paragraphs set forth the statement of relief requested by Parallel Networks to which no response is required. The adidas Entities deny that Parallel Networks is entitled to any of the requested relief and deny any allegations.

DEMAND FOR JURY TRIAL

This paragraph sets forth Parallel Networks' request for a jury trial and all issues triable of right before a jury to which no response is required.

AFFIRMATIVE DEFENSES

Subject to the responses above, the adidas Entities allege and assert the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, the adidas Entities specifically reserve all rights to allege additional affirmative defenses that become known through the course of discovery.

306. The claims of the '111 patent are invalid and/or unpatentable for failure to satisfy one or more of the requirements of §§ 101, 102, 103, 112, 132, 251 of Title 35 of the United States Code.

307. Parallel Networks' claims are barred, in whole or in part, by the doctrine of laches.

308. Parallel Networks' request for relief is barred or otherwise limited by 35 U.S.C. § 288.

309. Parallel Networks cannot satisfy the requirements applicable to its request for injunctive relief and has an adequate remedy at law.

310. Parallel Networks' alleged damages are limited because it has not satisfied the requirements for obtaining damages under 35 U.S.C. § 287, and the limitations period further bars past damages claims.

311. The adidas Entities reserve all affirmative defenses under Rule 8(c) of the Federal Rules of Civil Procedure, the Patent Laws of the United States, and any other defenses, at law or in equity, which may now exist or in the future may be available based on discovery and further factual investigation in this case.

COUNTERCLAIMS

adidas America, Inc., for its Counterclaims against Parallel Networks and upon information and belief, states and alleges as follows:

THE PARTIES

1. Defendant/Counterclaim Plaintiff adidas America, Inc. ("adidas America"), is an Oregon corporation with its principal place of business in Portland, Oregon.

2. On information and belief, plaintiff Parallel Networks, Inc. ("Parallel Networks"), is a Texas limited liability company with a place of business located in Tyler, Texas.

JURISDICTION AND VENUE

3. Subject to the adidas America's affirmative defenses and denials, the adidas America alleges that this Court has jurisdiction over the subject matter of these Counterclaims under, without limitation, 28 U.S.C. §§ 1331, 1367, 1338(a), 2201, and 2202, and venue for these Counterclaims is proper in this district.

4. This Court has personal jurisdiction over Parallel Networks.

FACTUAL BACKGROUND

5. In its Complaint, Parallel Networks asserts that adidas America has infringed U.S. Patent No. 6,446,111 (the “‘111 patent”).

6. The ‘111 patent is invalid, unpatentable, unenforceable, and/or has not been and is not infringed by the adidas Entities, directly or indirectly.

7. Consequently, there is an actual case or controversy between the parties over the non-infringement, invalidity, unpatentability, and/or unenforceability of the ‘111 patent.

COUNT ONE

Declaratory Judgment of Non-Infringement of U.S. Patent No. 6,446,111

8. adidas America restates and incorporates by reference its allegations in paragraphs 1 through 7 of its Counterclaims.

9. An actual case or controversy exists between adidas America and Parallel Networks whether the ‘111 patent is not infringed by the adidas Entities.

10. A judicial declaration is necessary and appropriate so that adidas America may ascertain its rights regarding the ‘111 patent.

11. adidas America has not infringed and does not infringe, directly or indirectly, any valid and enforceable claim of the ‘111 patent.

COUNT TWO

Declaratory Judgment of Invalidity of U.S. Patent No. 6,446, 111

12. adidas America restates and incorporates by reference its allegations in paragraphs 1 through 7 of its Counterclaims.

13. An actual case or controversy exists between adidas America and Parallel Networks as to whether the claims of the ‘111 patent are invalid and/or unpatentable.

14. A judicial declaration is necessary and appropriate so that adidas America may ascertain its rights as to whether the claims of the '111 patent are invalid and/or unpatentable.

15. The claims of the '111 patent are invalid and unpatentable for failure to meet the conditions of patentability and/or otherwise comply with one or more of 35 U.S.C. §§ 101, 102, 103, 112, 132, and 251.

PRAYER FOR RELIEF

WHEREFORE, adidas America prays for judgment as follows:

- i. A judgment dismissing with prejudice Parallel Networks' complaint against the adidas Entities;
- ii. A judgment in favor of adidas America on all of its Counterclaims;
- iii. A declaration that the adidas Entities have not infringed, contributed to the infringement of, or induced others to infringe, either directly or indirectly, any valid claims of the '111 patent;
- iv. A declaration that the claims of the '111 patent are invalid and unpatentable;
- v. An injunction against Parallel Networks and its affiliates, subsidiaries, assigns, employees, agents, or anyone acting in privity or concert with Parallel Networks from charging infringement or instituting any legal action for infringement of the '111 patent against adidas America or anyone acting in privity with adidas America;
- vi. A judgment limiting or barring Parallel Networks' ability to enforce the '111 patent in equity;
- vii. Such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

In accordance with Rule 38 of the Federal Rules of Civil Procedure and Local Rule CV-38, adidas America respectfully demands a jury trial of all issues triable to a jury in this action.

Dated: November 29, 2010

Respectfully submitted,

By: /s/ C. Erik Hawes

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ATTORNEYS FOR DEFENDANTS/
COUNTERCLAIM PLAINTIFFS ADIDAS
AMERICA, INC., AND ADIDAS
INTERACTIVE, INC.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that counsel of record who are deemed to have consented to electronic service are being served with a copy of the foregoing via the Court's CM/ECF system per Local Rule CV-5(a)(3) .

Dated: November 29, 2010

By: /s/ C. Erik Hawes
C. Erik Hawes