

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 NAUTICA APPAREL, INC.,
AND NAUTICA RETAIL USA, INC., IN RESPONSE TO PARALLEL NETWORKS,
LLC’S ORIGINAL COMPLAINT FOR PATENT INFRINGEMENT**

Defendants Nautica Apparel, Inc., and Nautica Retail USA, Inc. (collectively, “the Nautica Entities”), answer Plaintiff Parallel Networks LLC’s (“Parallel Networks”) Original Complaint for Patent Infringement (“Complaint”) as follows:

PARTIES

1. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 1.
2. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 2.
3. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 3.
4. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 4.

5. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 5.

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

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

8. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8.

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10. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 10.

11. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11.

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45. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 45.

46. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 46.

47. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 47.

48. The Nautica Entities admit the allegations in paragraph 48.

49. The Nautica Entities admit the allegations in paragraph 49.

50. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 50.

51. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 51.

52. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 52.

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

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

61. The Nautica 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 Nautica Entities admit that this Court has subject matter jurisdiction over Parallel Networks' claims. The Nautica Entities admit that this Court has personal jurisdiction over them in this particular action. However, the Nautica 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 Nautica Entities. To the extent the allegations of paragraph 62 are directed to other entities, the Nautica 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 Nautica 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 Nautica Entities expressly reserve their rights under 28 U.S.C. § 1404. The Nautica Entities admit that this Court has personal jurisdiction over them in this particular action. However, the Nautica 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 Nautica Entities. To the extent the allegations of paragraph 63 are directed to other entities, the Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations.

COUNT I

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

65. The Nautica 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 Nautica 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 Nautica 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 Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 67.

68. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 68.

69. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 69.

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242. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 242.

243. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 243.

244. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 244.

245. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 245.

246. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 246.

247. The Nautica Entities deny the allegations in paragraph 247.

248. The Nautica Entities deny the allegations in paragraph 248.

249. The Nautica Entities deny the allegations in paragraph 249.

250. The Nautica Entities deny the allegations in paragraph 250.

251. The Nautica Entities deny the allegations in paragraph 251.

252. The Nautica Entities deny the allegations in paragraph 252.

253. The Nautica Entities deny the allegations in paragraph 253.

254. The Nautica Entities deny the allegations in paragraph 254.

255. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 255.

256. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 256.

257. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 257.

258. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 258.

259. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 259.

260. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 260.

261. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 261.

262. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 262.

263. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 263.

264. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 264.

265. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 265.

266. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 266.

267. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 267.

268. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 268.

269. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 269.

270. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 270.

271. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 271.

272. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 272.

273. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 273.

274. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 274.

275. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 275.

276. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 276.

277. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 277.

278. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 278.

279. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 279.

280. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 280.

281. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 281.

282. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 282.

283. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 283.

284. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 284.

285. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 285.

286. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 286.

287. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 287.

288. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 288.

289. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 289.

290. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 290.

291. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 291.

292. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 292.

293. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 293.

294. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 294.

295. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 295.

296. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 296.

297. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 297.

298. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 298.

299. The Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 299.

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

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

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

303. The Nautica Entities deny the allegations of paragraph 303, as they relate to the Nautica Entities. To the extent the allegations of paragraph 303 are directed to other entities, the Nautica 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 Nautica Entities deny the allegations, as they relate to constructive notice of the Nautica Entities. To the extent the allegations in paragraph 304 concerning constructive notice are directed to other entities, the Nautica Entities are without knowledge or information sufficient to form a belief as to the truth of such allegations. The Nautica Entities are without knowledge sufficient to form a belief as to the truth of the allegations regarding marking requirements.

COUNT II

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

Nautica 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 Nautica 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 Nautica 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 Nautica 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 Nautica 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

Nautical Retail USA, Inc. ("Nautica"), for its Counterclaims against Parallel Networks and upon information and belief, states and alleges as follows:

THE PARTIES

1. Defendant/Counterclaim Plaintiff Nautica is a Delaware corporation with its principal place of business in New York, New York.

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 its affirmative defenses and denials, Nautica 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 Nautica 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 Nautica, 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. Nautica restates and incorporates by reference its allegations in paragraphs 1 through 7 of its Counterclaims.

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

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

11. Nautica 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. Nautica restates and incorporates by reference its allegations in paragraphs 1 through 7 of its Counterclaims.

13. An actual case or controversy exists between Nautica 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 Nautica 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, the Nautica Entities pray for judgment as follows:

- i. A judgment dismissing with prejudice Parallel Networks' complaint against the Nautica Entities;
- ii. A judgment in favor of Nautica on all of its Counterclaims;
- iii. A declaration that Nautica has 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 the Nautica Entities or anyone acting in privity with the Nautica Entites;
- 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, the Nautica Entities respectfully demand 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 DEFENDANT
NAUTICA APPAREL, INC., AND
DEFENDANT/COUNTERCLAIM
PLAINTIFF NAUTICA RETAIL USA, 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