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

Proceeding	91205765
Party	Defendant West Marine Products, Inc.
Correspondence Address	Susan L. Heller GREENBERG TRAURIG, LLP 1840 Century Park East, Suite 1900 Los Angeles, CA 90067-2121 latm2@gtlaw.com
Submission	Motion to Suspend for Civil Action
Filer's Name	Candice E. Kim
Filer's e-mail	kimce@gtlaw.com, latm2@gtlaw.com
Signature	/cek/
Date	08/01/2012
Attachments	Motion to Suspend.pdf (3 pages)(37119 bytes) Exhibit A.pdf (20 pages)(1180416 bytes) Exhibit B.pdf (31 pages)(680027 bytes)

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

WATERCRAFT SUPERSTORE, INC., a Florida corporation,	)	
Opposer,	)	
vs.	)	Opposition No. 91-205,765
WEST MARINE PRODUCTS, INC., a California corporation,	)	
Applicant.	)	

MOTION TO SUSPEND PROCEEDINGS

Pursuant to 37 C.F.R § 2.117(a) and Section 510.02(a) of the Trademark Trial and Appeal Board (the "Board") Manual of Procedure ("TBMP"), Applicant West Marine Products, Inc. (the "Applicant"), hereby moves for suspension of the above-captioned Opposition, instituted by Opposer Watercraft Superstore, Inc. (the "Opposer")(collectively, the "Parties"), pending the outcome of another proceeding.

Whenever it comes to the attention of the Board that a party or parties to a case pending before it are involved in a civil action which may have a bearing on the Board case, proceedings before the Board may be suspended until final determination of the civil action. *See* TBMP § 510.02(a); *see, e.g., New Orleans Louisiana Saints LLC v. Who Dat? Inc*., 99 USPQ2d 1550, 1552 (TTAB 2011)(civil action need not be dispositive of Board proceeding, but only needs to have a bearing on issues before the Board).

The Parties to this proceeding are involved in a civil action, West Marine, Inc. v. Watercraft Superstore, Inc., *et. al*., Civil Action No. 5:11-CV-04459-HRL (the "Civil Action"), which is currently pending in the U.S. District Court for the Northern District of California, San Jose Division. The Civil Action involves issues in common with those in the above-captioned Opposition before the Board, including, among other things, issues concerning the ownership of the BLACKTIP trademark and the alleged infringement thereof.

So that the Board may find that the final determination of the Civil Action may have bearing on the issues before the Board, attached hereto, as Exhibit A and Exhibit B, is a copy of Applicant-Plaintiff West Marine, Inc.'s Complaint (the "Complaint") and a copy of Opposer-Defendant Watercraft Superstore, Inc.'s Answer and Counterclaim for Trademark Infringement and Unfair Competition (the "Answer and Counterclaim") filed in this Civil Action.

Applicant submits that the issues contained in the Complaint and Answer and Counterclaim are issues raised in this Opposition and therefore, the pending Civil Action may be dispositive of this proceeding, or, at the very least, have a bearing on issues before the Board. Accordingly, Applicant respectfully requests that the Board suspend this Opposition proceeding pending the outcome of the Civil Action.

Respectfully submitted,

GREENBERG TRAURIG, LLP

Dated: August 1, 2012

By: _____

Susan L. Heller
Candice E. Kim
1840 Century Park East, Suite 1900
Los Angeles, California 90067
Tel: (310) 586-6568
Fax: (310) 586-0568
hellers@gtlaw.com
kimce@gtlaw.com

Attorneys for Applicant

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing **MOTION TO SUSPEND PROCEEDINGS** upon Opposer by depositing one copy thereof in the U.S. Mail, First-Class, postage prepaid, on August 1, 2012, addressed as follows:

Zachary D. Messa, Esq.
Johnson, Pope, Bokor, Ruppel & Burns, LLP
911 Chestnut Street
Clearwater, FL 33756

Exhibit A

GREENBERG TRAURIG, LLP
Ian C. Ballon (SBN 141819)
Lisa C. McCurdy (SBN 228755)
2450 Colorado Avenue, Suite 400 East
Santa Monica, California 90404
Telephone: (310) 586-7700
Facsimile: (310) 586-7800
Email: ballon@gtlaw.com

Attorneys for Plaintiff, West Marine, Inc.

FILED
AUG 1 1 2011
ALEX CALVO CLERK,
BY: COREE MASTERS
DEPUTY. SANTA CRUZ COUNTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CRUZ

West Marine, Inc.

Plaintiff,

vs.

Watercraft Superstore, Inc., and DOES 1 through 50, inclusive,

Defendants.

CASE NO. CV171859

COMPLAINT FOR:

1) **BREACH OF ORAL AGREEMENT/IMPLIED IN FACT CONTRACT;**
2) **BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING;**
3) **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;**
4) **NEGLIGENT INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;**
6) **DECLARATORY AND INJUNCTIVE RELIEF;**
7) **UNJUST ENRICHMENT;**
8) **QUANTUM MERUIT;**
9) **PROMISSORY ESTOPPEL**

Plaintiff West Marine, Inc. ("WM") hereby submits its Complaint and alleges as follows:

THE PARTIES

1. Plaintiff West Marine ("WM") is and at all times herein relevant was a publicly-traded Delaware corporation duly authorized to transact and transacting business in the State of California, and headquartered in the City of Watsonville, County of Santa Cruz.

2. Over the past several decades, WM has grown into the largest specialty retailer of boating supplies and accessories, with 321 company-operated stores around the world. WM also has a significant internet presence and its internet channels and call centers offer customers the option of purchasing over 60,000 products on-line. WM's product offering is extensive and includes boat covers and seating, trailers, anchoring equipment, cabin and bedding items, apparel, electrical and electronic equipment, personal watercraft equipment, sailing equipment, and many other categories. WM employs approximately 4,000 associates, including temporary associates hired during the peak summer season.

3. WM is informed, believes and based thereon alleges that Defendant Watercraft Superstore, Inc. ("WCS") is and at all times herein relevant was a Florida corporation transacting business in the State of California and selling its products to persons throughout the United States.

4. WM is informed, believes and based thereon alleges that WCS is an on-line store dedicated solely to personal watercraft (otherwise known as jet skis or "PWC") customers, and is the largest supplier of PWC engines and aftermarket parts in the world. WCS's product offering consists of riding apparel, engine parts, anchors, towables, floating docs, seat covers, and other PWC products. WCS's website also serves as a networking site for PWC enthusiasts through PWCToday.com, WCS's on-line forum/message board.

5. Defendants Does 1-50, inclusive, have been named herein fictitiously because WM is unaware of their true names or capacities. Once WM determines the true names and capacities of the individuals and/or entities fictitiously named herein, WM will seek leave of court to amend this Complaint to allege the same. WM is informed and believes, and based thereon alleges, that each of the fictitiously named Defendants (a) is liable to WM for some or all of the actions and/or omissions described herein, either independently or jointly and severally as the authorized or ratified agent, servant, employee, principal, partner, co-conspirator, co-venturer or other representative or accomplice

of the named Defendant or its predecessor, acting within the scope and authority of said relationships, or (b) claims some right, title or interest in or to the BLACKTIP mark that is a subject matter of this action. Accordingly, whenever a reference is made to the named Defendant in this Complaint, such reference shall also include the fictitiously named Defendants.

JURISDICTION AND VENUE

6. This is an unlimited civil action over which this Court has jurisdiction, in that, the damages sought are well in excess of the jurisdictional minimum of $25,000, and the Complaint requests equitable relief.

7. Venue is proper in this county and judicial district because Plaintiff and Defendant engaged in contract negotiations and entered into the agreements that are a subject matter of this action in this County, named Defendant directed communications to Plaintiff in this County, and Defendant advertises its products and makes its products available for sale in this County, including those products bearing the mark that is a subject matter of this action. Further, the acts and omissions of Defendant caused damage to WM, and are continuing to cause damage to WM, in this County. Thus, venue in this Court is proper pursuant to California Code of Civil Procedure, section 395.5.

FACTS COMMON TO ALL CLAIMS

WM's Application To Register The BLACKTIP Mark

8. On or around January 27, 2010, WM filed a trademark application with the United States Patent and Trademark Office ("USPTO"), Application Serial No. 77921756, seeking to register the mark "BLACKTIP" for use on certain of its private label products including, among other things, water aeration systems, fishing knives and other tools, caps, gloves and t-shirts, fishing rods reels, bait tables, and other related items. WM filed its application to secure its rights in the mark and with the intent to invest management time and company assets to develop the Blacktip product line.

9. On or around May 2, 2010, the USPTO issued an Office Action that (1) requested that WM amend the identification of goods on which the mark would be used; (2) inquired whether the term BLACKTIP had any particular industry meaning or was a term of art; and (3) raised an initial refusal of the application based on a likelihood of confusion between WM's BLACKTIP mark and the marks of two other companies: (a) third-party Surftech, LLC's already registered marks, BLACKTIP and

BLACKTIP (and design) (U.S. Reg. Nos. 3,731,932 and 3,731,933); and (b) defendant WCS's prior-filed pending application for the BLACK TIP mark (U.S. App. Serial No. 77/887,629).

10. The USPTO Office Action was the first WM learned of Surftech, LLC's registered marks or of WCS's pending application to register the BLACKTIP mark.

11. Surftech, LLC's already-approved applications for BLACKTIP and BLACKTIP (and design) were filed on or around November 7, 2007, and Surftech, LLC uses its marks on surfboards and related products. WCS's application was filed two years later than Surftech, LLC's application, on or around December 7, 2009, and indicated that WCS would use the mark primarily on fitted covers for marine vehicles, namely, personal watercraft ("PWC"), and related clothing, described as primarily wetsuits.

12. Following receipt of the USPTO Office Action, WM assessed the requests, inquiries, and concerns raised in the USPTO Office Action. Taking into consideration the registered status of Surftech LLC's mark compared with WCS's still-pending application, WM addressed only Surftech, LLC's mark in its response to the Office Action. Indeed, because WCS's application was still pending and registration not yet approved, WM was not yet under an obligation to address the pending WCS application in its response and reserved the right to address the WCS application in event the WCS mark was published.

WM's Initial Contact With WCS Regarding The BLACKTIP Mark

13. Although WCS's application had not yet been approved, in or around October 2010, WM contacted WCS's principal in an early effort to negotiate a resolution that would be mutually agreeable to the parties. Early in the discussions between WM and WCS, WM informed WCS that if a mutual resolution could not be reached, WM would select another mark and not invest time and expense in further development of the BLACKTIP product line. However, shortly after discussions began, and after discussing their respective businesses and respective products bearing the BLACKTIP mark, as well as their future plans for the mark, WCS assured WM that the parties would reach a resolution and that a change to WM's plans would not be necessary.

14. At that time, the parties began discussing the terms of a co-existence agreement and subsequent assignment of the BLACKTIP mark from WCS to WM once WCS's application was approved.

15. The basic terms of the contemplated co-existence agreement the parties discussed provided that WCS would file a new application for the separate mark "BLACKTIP JETSPORTS," with the intention of switching its product line to that new mark. WCS would simultaneously continue to pursue the BLACKTIP application and, upon registration, assign the BLACKTIP mark and all associated goodwill to WM. WCS would then phase out its BLACKTIP product line and develop the BLACKTIP JETSPORTS product line, while WM would proceed with developing its BLACKTIP product line. In addition, the parties agreed that, prior to the assignment, WCS would also provide to the USPTO a written notice of consent to WM's use of the mark upon request by WM.

16. In consideration of the foregoing, for a period of seven years, WM would, among other things, (1) sell WCS's PWC magazine in a significant number in its retail locations in which PWC equipment was sold, providing WCS with a broader customer base and advertising exposure of its product line, (2) provide annual direct mail advertising, at WCS's cost, to WM's Advantage Loyalty Members who had been identified as PWC customers, thereby providing WCS access to a much broader customer base, (3) establish a hyperlink from the WM website to WCS's website (with a commission to be paid to WM for sales of WCS products made through the link), and (4) consent to the use and registration of the BLACKTIP JETSPORTS mark, and to take all actions reasonably necessary to carry out the spirit and intent of the agreement, including execution of all documents reasonably necessary to effectuate assignment of the original mark from WCS to WM.

17. The agreement further confirmed that both parties had been represented by counsel, or had the opportunity to be represented by counsel. In fact, both WM and WCS were represented by counsel in negotiating the terms of the co-existence agreement.

18. During the early staged of the parties' discussions, WM explained to WCS its reasons for seeking assignment of the mark rather than a licensing arrangement. Specifically, WM explained that, among other things, a licensing arrangement would be unsatisfactory for the following reasons: (1) a licensing arrangement would not allow WM adequate control over the mark in which WM would be

investing significant time and expense; (2) a licensing arrangement would not vest WM with sufficient interest in a brand that WM would be developing over an extended period of time and, again, at significant expense; and (3) a licensing arrangement would not permit WM to pursue action against any infringing parties. These are but a few of the rationale WM offered for the co-existence and assignment arrangement between the parties. Ultimately, WCS indicated that it understood WM's rationale and the parties continued negotiating specific terms of their agreement.

WM's Response To The USPTO

19. On or around November 2, 2010, WM responded to the USPTO Office Action. Based on WM's discussions, negotiations, and agreements reached with WCS, and because WCS's application was still pending, WM's response addressed only the likelihood of confusion between WM's mark and Surftech, LLC's registered mark used on surfboards. WM's response did not address WCS's still-pending application.

20. Among other things, WM's response to the Office Action clarified that WM's mark and Surftech's mark were not competing. The response was based, most significantly, on the difference between the goods produced by the two companies that bear the BLACKTIP mark: surfboards by Surftech, and fishing equipment, gear and related apparel by WM.

WM And WCS Continue Discussions And Agree To All Material Terms Of A Co-Existence Agreement

21. Following WM's response to the USPTO, the parties continued to discuss and finalize the terms of a co-existence agreement. By December 2010, a co-existence agreement had been drafted, circulated and reviewed by both sides.

22. By March 2011, the parties had agreed on all material terms of the co-existence agreement, including WCS's agreement to assign to WM the original BLACKTIP mark following registration and the services that would be provided by WM in consideration thereof.

23. Following WM's March 2011 transmission of what was to be the final, or virtually final, co-existence agreement, WM contacted WCS and its counsel on many occasions to finalize and execute the co-existence agreement, so as to reduce the parties' agreement to writing. During these

communications, WM explained to WCS that it was beginning to make product assortment decisions for the year 2012 and, thus, time was of the essence in finalizing the agreement.

24. Between March 2001 and July 2011, WCS's principal either did not respond to the communications or responded that he was busy and unable to focus on the agreement at the time. However, at no time up until July 2011 did WCS indicate it was no longer willing to enter into the co-existence agreement.

25. On July 18, 2011, WCS responded that it was no longer willing to execute the co-existence agreement, and no longer interested in pursuing or negotiating possible terms of any such agreement and assignment. This was the first notice WM received of WCS's intent to not execute the co-existence agreement and its unwillingness to further negotiate such an agreement.

WM's Reliance On WCS's Conduct And Representations

26. By the time WM received notification that WCS was no longer willing to sign the co-existence agreement, the time for WM to oppose WCS's USPTO application had passed.

27. On or around May 25, 2011, the USPTO issued a Notice of Allowance ("NOA"), stating that no opposition was filed for the published WCS application.

28. In reliance on WCS's assurances that a co-existence agreement would be finalized, WM did not file an opposition to the WCS application.

29. WM had considered, as part of the agreement, requiring that WCS assign its application, to WM. However, because the early assignment might negatively impact WCS's registration of the BLACKTIP JETSPORT mark, and in reliance on WCS's assurances that a co-existence agreement would be executed, WM agreed to assume the greater risk associated with allowing WCS to maintain and pursue the BLACKTIP application through registration, and then assign the original mark to WM after registration.

30. In reliance on WCS's assurances that a co-existence agreement would be executed, WM did not approach any third parties regarding the BLACKTIP mark who might have had an interest in opposing the WCS application, including Surftech, LLC, with whom WM already had, and continues to have, an existing vendor relationship.

31. In reliance on WCS's assurances that a co-existence agreement would be executed, WM has expended significant time and expense in developing the product line associated with the BLACKTIP mark and in preparing to fulfill its obligations under the co-existence agreement.

FIRST CAUSE OF ACTION

(Breach of Oral Agreement/Implied In Fact Contract To Execute Co-Existence Agreement)

32. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 31 inclusive, of this Complaint.

33. Through its conduct, including express representations made both orally and in writing to WM, WCS expressed its intent and promise to enter into the co-existence agreement and to thereafter assign the BLACKTIP mark to WM. As evidenced by the conduct and representations of the parties, it was WM's and WCS's mutual understanding and intent that the parties had agreed to execute a co-existence agreement.

34. In consideration for, and in reliance on, WCS's conduct and representations assuring WM that it would execute the co-existence agreement, the material terms of which had been agreed upon by the parties, WM altered its business plan and otherwise relied on WCS's conduct and representations to its detriment.

35. At all relevant times, WCS was informed and aware that WM was relying on, and altering its business plan in response to, WCS's conduct and representations that the co-existence agreement would be executed.

36. WM has performed all of the conditions and covenants required of it to be performed, including negotiating and drafting the terms of the co-existence agreement and willingness to finalize and execute the co-existence agreement, except to the extent such performance was excused or prevented by WCS's non-performance and anticipatory repudiation.

37. WCS breached its oral agreement to execute a co-existence agreement by the conduct described herein.

38. As a direct and proximate result of WCS's conduct as set forth herein, WM has incurred consequential damages in an amount to be determined at trial, including but not limited to, costs incurred in developing the product line to be associated with the BLACKTIP mark, and associated

administrative and managerial costs, which would not have been incurred but for WCS's oral agreement to execute the co-existence agreement.

SECOND CAUSE OF ACTION

(Breach of Oral /Implied In Fact Co-Existence Agreement)

39. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 38 inclusive, of this Complaint.

40. Through their conduct, including express representations made both orally and in writing, WM and WCS expressed their mutual agreement to the material terms of a co-existence agreement, as described herein.

41. In consideration for, and in reliance on, the parties' agreement upon the material terms of a co-existence agreement, WM altered its business plan, engaged in product design, incurred administrative and managerial costs, and otherwise relied on the agreement to its detriment, as described herein.

42. At all relevant times, WCS was informed and aware that WM was relying on, and altering its business plan in response to, the terms of the parties' co-existence agreement.

43. WM has performed all of the conditions and covenants required of it to be performed under the agreed-upon terms of the co-existence agreement, except to the extent such performance was excused or prevented by WCS's non-performance and anticipatory repudiation.

44. WCS breached the agreed upon terms of the co-existence agreement by the conduct described herein.

45. As a direct and proximate result of WCS's conduct as set forth herein, WM has incurred consequential damages in an amount to be determined at trial, including but not limited to, costs incurred in developing the product line to be associated with the BLACKTIP mark and associated administrative and managerial costs, which would not have been incurred but for the parties' agreement.

THIRD CAUSE OF ACTION

(Breach of Covenant of Good Faith and Fair Dealing)

46. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 45 inclusive, of this Complaint.

47. As described above and herein, WM and WCS were parties to an oral agreement to negotiate in good faith and enter into a co-existence agreement, and were parties to an oral co-existence agreement, the material terms of which were agreed upon by the parties. These agreements are valid contracts fully enforceable according to their terms.

48. WM has performed all of the conditions and covenants required of it to be performed under the aforementioned agreements, except to the extent such performance was excused or prevented.

49. By the conduct described herein, WCS has knowingly and intentionally deprived WM of its rights under the agreements, in violation of the implied covenant of good faith and fair dealing. Such conduct includes, but it not limited to, the following acts or omissions of WCS: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to honor the terms of the co-existence agreement, orally agreed upon by the parties; (3) causing WM to rely on WCS's representations that the co-existence agreement would be executed in writing, knowing that WM was relying on such representations and altering its position based thereon, to its detriment; (4) refusing to timely inform WM of its intent not to execute the written co-existence agreement and its intent not to honor the terms of the co-existence agreement, agreed upon by the parties; and (5) after the aforementioned refusals, refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM.

50. WM has no plain, adequate or speedy remedy at law for the injuries it has already sustained and for those injuries that it will sustain if WCS continues with its wrongful conduct in depriving WM of its rights under the agreements reached by the parties. Consequently, unless and until this Court enters injunctive relief requiring WCS to honor the terms of the parties' agreements, the wrongful conduct of WCS is causing and will continue to cause great and irreparable injury to WM As such, WM is entitled to equitable relief in the form of a temporary restraining order, preliminary injunction and permanent injunction preventing WCS from: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to acknowledge WM's rights under the parties' agreements, including but not limited to, its right to use the BLACKTIP mark and to demand that WCS provide a letter of consent to the USPTO; (3) refusing to pursue WCS's BLACKTIP application with the USPTO; (4) refusing to provide a letter of consent to

the USPTO at WM's request; (5) refusing to assign the BLACKTIP mark to WM upon registration; and (6) refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM.

51. In addition, as a direct and proximate result of WCS's conduct as set forth herein, WM has suffered prejudice in altering its business plan and expending significant time and money in its development of the BLACKTIP mark and associated product line, as well as in administrative and managerial costs. As a direct and proximate result of WCS's conduct as set forth herein, WM's product production and sales have been curtailed and/or delayed and WM has, thus, lost, and will continue to lose as a result of WCS's conduct the profits that it would otherwise have been earning and the brand goodwill it would otherwise have been building, so long as WCS's refusal to honor the parties' agreements continues.

FOURTH CAUSE OF ACTION

(Intentional Interference with Prospective Economic Advantage)

52. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 51 inclusive, of this Complaint.

53. WCS was advised that, in reliance on the parties' agreements and on WCS's conduct and representations that it would execute the co-existence agreement in writing, WM did not seek to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, including but not limited to Surftech, LLC. WCS knew of WM's potential economic relationships with other parties having a claim to, or otherwise interested in, the BLACKTIP mark, and knew that its conduct described herein would harm those relationships.

54. As stated herein, the following intentional acts and omissions of WCS have impeded WM's ability to enter into business relationships with other parties: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to honor the terms of the co-existence agreement, orally agreed upon by the parties; (3) causing WM to rely on WCS's representations that the co-existence agreement would be executed in writing, knowing that WM was relying on such representations and altering its position based thereon, to its detriment; and (4) refusing to timely inform WM of its intent not to execute the written co-existence agreement and

its intent not to honor the terms of the co-existence agreement, agreed upon by the parties, until after the time to oppose WCS's application had passed.

55. WCS has engaged in the foregoing acts and omissions in an intentional effort to deprive WM of the opportunity to secure rights in the BLACKTIP mark.

56. WM has no plain, adequate or speedy remedy at law for the injuries it has already sustained and for those injuries that it will sustain if WCS Lender continues with its wrongful conduct as described herein. The time for WM to meaningfully pursue and negotiate other business relationships with respect to the BLACKTIP mark has now passed. Consequently, unless and until this Court enters injunctive relief requiring WCS to honor the terms of the parties' agreements, the wrongful conduct of WCS is causing and will continue to cause great and irreparable injury to WM. As such, WM is entitled to equitable relief in the form of a temporary restraining order, preliminary injunction and permanent injunction preventing WCS from: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to acknowledge WM's rights under the parties' agreements, including but not limited to, its right to use the BLACKTIP mark and to demand that WCS provide a letter of consent to the USPTO; (3) refusing to pursue WCS's BLACKTIP application with the USPTO; (4) refusing to provide a letter of consent to the USPTO at WM's request; (5) refusing to assign the BLACKTIP mark to WM upon registration; and (6) refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM.

FIFTH CAUSE OF ACTION

(Negligent Interference with Prospective Economic Advantage)

57. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 56 inclusive, of this Complaint.

58. WCS was advised that, in reliance on the parties' agreements and on WCS's conduct and representations that it would execute the co-existence agreement in writing, WM did not seek to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, including but not limited to Surftech, LLC. WCS knew, or should have known, of WM's potential economic

relationships with other parties having a claim to, or otherwise interested in, the BLACKTIP mark, and knew that its conduct described herein would harm those relationships.

59. As stated herein, the following intentional acts and omissions of WCS have impeded WM's ability to enter into business relationships with other parties: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to honor the terms of the co-existence agreement, orally agreed upon by the parties; (3) causing WM to rely on WCS's representations that the co-existence agreement would be executed in writing, knowing that WM was relying on such representations and altering its position based thereon, to its detriment; and (4) refusing to timely inform WM of its intent not to execute the written co-existence agreement and its intent not to honor the terms of the co-existence agreement, agreed upon by the parties, until after the time to oppose WCS's application had passed.

60. WCS has engaged in the foregoing acts and omissions in an intentional effort to deprive WM of the opportunity to secure rights in the BLACKTIP mark.

61. WM has no plain, adequate or speedy remedy at law for the injuries it has already sustained and for those injuries that it will sustain if WCS Lender continues with its wrongful conduct as described herein. The time for WM to meaningfully pursue and negotiate other business relationships with respect to the BLACKTIP mark has now passed. Consequently, unless and until this Court enters injunctive relief requiring WCS to honor the terms of the parties' agreements, the wrongful conduct of WCS is causing and will continue to cause great and irreparable injury to WM. As such, WM is entitled to equitable relief in the form of a temporary restraining order, preliminary injunction and permanent injunction preventing WCS from: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to acknowledge WM's rights under the parties' agreements, including but not limited to, its right to use the BLACKTIP mark and to demand that WCS provide a letter of consent to the USPTO; (3) refusing to pursue WCS's BLACKTIP application with the USPTO; (4) refusing to provide a letter of consent to the USPTO at WM's request; (5) refusing to assign the BLACKTIP mark to WM upon registration; and (6) refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM.

SIXTH CAUSE OF ACTION

(Declaratory and Injunctive Relief)

62. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 61 inclusive, of this Complaint.

63. As set forth above, an actual controversy has arisen and now exists between WM and WCS concerning their rights under the oral agreements entered into by the parties and discussed herein, in that WM contends that WCS has refused to honor the terms of the agreements discussed herein, and WM is informed, believes and based thereon alleges that WCS denies such contentions.

64. WM desires and is entitled to a judicial determination of the parties' rights and obligations under the agreements discussed herein, including but not limited to a judicial determination that the parties entered into a valid and enforceable agreement to execute a co-existence agreement in writing, and entered into a valid and enforceable oral co-existence agreement, the material terms of which were agreed upon by the parties, as evidenced by their conduct and mutual representations of assent.

65. A judicial declaration is necessary and appropriate at this time under the circumstances in order for the parties to ascertain their obligations respecting the agreements, as well as the parties' rights, titles and interests in, and their duties with respect to, the BLACKTIP mark.

66. WM has no plain, adequate or speedy remedy at law for the injuries it has already sustained and for those injuries that it will sustain if WCS continues with its wrongful conduct. Consequently, unless and until this Court determines the rights of the parties and enjoins WCS (and all those acting for or in concert with it) from continuing its conduct described herein, WCS's conduct will continue to cause great and irreparable injury to WM. As such, WM is entitled to equitable relief in the form of a temporary restraining order, preliminary injunction and permanent injunction preventing the Lender from: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to acknowledge WM's rights under the parties' agreements, including but not limited to, its right to use the BLACKTIP mark and to demand that WCS provide a letter of consent to the USPTO; (3) refusing to pursue WCS's BLACKTIP application with the USPTO; (4) refusing to provide a letter of consent to the USPTO at WM's request; (5) refusing to assign the

BLACKTIP mark to WM upon registration; and (6) refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM.

SEVENTH CAUSE OF ACTION

(Unjust Enrichment)

67. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 66 inclusive, of this Complaint.

68. As stated herein, WCS caused WM to rely on its conduct and representations that a co-existence agreement would be executed in writing by the parties. As a direct and proximate result of those representations, WM altered its business plan and course of conduct by, among other things, not seeking to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, including but not limited to Surftech, LLC, not opposing the WCS application for the BLACKTIP mark, and not informing third parties with interest in the BLACKTIP mark of WCS's pending application.

69. As a direct and proximate result of WCS's conduct and representations indicating that the parties would enter into a written co-existence agreement and assignment, and WM's reliance on WCS's conduct and representations in that regard, WCS secured the benefit of pursuing its BLACKTIP application without opposition.

70. Thus, as a direct and proximate result of WCS's wrongful conduct and its representations discussed herein, WCS has enriched itself by obtaining the USPTO's NOA, stating that no opposition was filed for the published WCS application.

71. Under principles of equity and good conscience, WCS should not be permitted to retain the benefit it acquired by virtue of its wrongful conduct. WM is, therefore, entitled to an order that WCS be enjoined from using the BLACKTIP mark pending resolution of this dispute.

72. WM is further entitled to an order requiring WCS to honor the terms of the parties' agreement to enter into a written co-existence agreement, and the terms of the parties' oral co-existence agreement, the material terms of which have already been agreed upon by the parties.

EIGHTH CAUSE OF ACTION

(Quantum Meruit)

73. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 72 inclusive, of this Complaint.

74. As stated herein, WCS caused WM to rely on its conduct and representations that a co-existence agreement would be executed in writing by the parties. As a direct and proximate result of those representations, WM altered its business plan and course of conduct by, among other things, not seeking to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, including but not limited to Surftech, LLC, not opposing the WCS application for the BLACKTIP mark, and not informing third parties with interest in the BLACKTIP mark of WCS's pending application.

75. As a direct and proximate result of WCS's conduct and representations indicating that the parties would enter into a written co-existence agreement and assignment, and WM's reliance on WCS's conduct and representations in that regard, WCS secured the benefit of pursuing its BLACKTIP application without opposition.

76. Thus, as a direct and proximate result of WCS's wrongful conduct and its representations discussed herein, WCS has enriched itself by obtaining the USPTO's NOA, stating that no opposition was filed for the published WCS application.

77. As described herein, WM did not seek to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, including but not limited to Surftech, LLC, did not seek to enter into business relationships with third parties having right to, or interest in, the BLACKTIP mark, did not oppose the WCS application for the BLACKTIP mark, and did not inform third parties with interest in the BLACKTIP mark of WCS's pending application based on its anticipated receipt of consideration from WCS.

78. Under principles of equity and good conscience, WM is entitled to be compensated by WCS for the value of the its aforementioned actions (in an amount to be determined at trial), including but not limited to, foregoing WM's right to seek to enter into business relationships with third parties having right to, or interest in, the BLACKTIP mark, foregoing its right to oppose the WCS application for the BLACKTIP mark, and foregoing the opportunity to inform third parties with interest in the

BLACKTIP mark of WCS's pending application based on its anticipated receipt of consideration from WCS.

NINTH CAUSE OF ACTION

(Promissory Estoppel)

79. WM repeats, realleges and incorporates herein by this reference as though set forth in full Paragraphs 1 through 78 inclusive, of this Complaint.

80. As alleged above, WCS caused WM to rely on its conduct and representations that a co-existence agreement would be executed in writing by the parties.

81. In so doing, WCS knew, or should have known, that WM would be reasonably induced to rely on WCS's representations by taking measures and incurring expenses in relying on those representations, and in electing to not take certain actions that it would otherwise have taken.

82. Indeed, WM reasonably and justifiably relied on WCS's representations and was induced to altered its business plan and course of conduct by, among other things, not seeking to enter into negotiations or agreements with third parties regarding the BLACKTIP mark, not opposing the WCS application for the BLACKTIP mark, not informing third parties with interest in the BLACKTIP mark of WCS's pending application, and incurring expense in development of the BLACKTIP product line and associated administrative and managerial costs.

83. As alleged hereinabove, WCS failed to perform any part its promise, damaging WM as a result, which damage will continue if WCS's conduct is not enjoined by the Court.

PRAYER FOR RELIEF

84. WHEREFORE, WM pray for judgment as follows:

85. For a judicial determination of the parties' respective rights under the agreements discussed herein;

86. For a temporary restraining order, preliminary injunction, and permanent injunction preventing WCS from: (1) refusing to enter into the co-existence agreement, the material terms of which had been agreed upon by the parties; (2) refusing to acknowledge WM's rights under the parties' agreements, including but not limited to, its right to use the BLACKTIP mark and to demand that WCS provide a letter of consent to the USPTO; (3) refusing to pursue WCS's BLACKTIP application with

the USPTO; (4) refusing to provide a letter of consent to the USPTO at WM's request; (5) refusing to assign the BLACKTIP mark to WM upon registration; and (6) refusing to negotiate in good faith the terms of the co-existence agreement, or an alternative co-existence agreement or similar agreement, with WM;

87. For a temporary restraining order and preliminary injunction prohibiting WCS from using the BLACKTIP mark pending resolution of this dispute;

88. For consequential damages in an amount to be proven at trial; and

89. For such other and further relief as the Court deems just and proper under the circumstances.

DATED: August 10, 2011

GREENBERG TRAURIG, LLP

By: _____ for
IAN BALLON
Attorneys for Plaintiff,
WEST MARINE, INC.

SUMMONS
(CITACION JUDICIAL)

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

NOTICE TO DEFENDANT:
(AVISO AL DEMANDADO):

Watercraft Superstore, Inc.

YOU ARE BEING SUED BY PLAINTIFF:
(LO ESTÁ DEMANDANDO EL DEMANDANTE):

West Marine, Inc.

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (*www.courtinfo.ca.gov/selfhelp*), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (*www.lawhelpcalifornia.org*), the California Courts Online Self-Help Center (*www.courtinfo.ca.gov/selfhelp*), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of $10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case.

¡AVISO! *Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.*

*Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (*www.sucorte.ca.gov*), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.*

*Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (*www.lawhelpcalifornia.org*), en el Centro de Ayuda de las Cortes de California, (*www.sucorte.ca.gov*) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de $10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.*

The name and address of the court is:
(El nombre y dirección de la corte es): Superior Court for the State of California
County of Santa Cruz, 701 Ocean Street, Santa Cruz, CA 95060

CASE NUMBER:
(Número del Caso):

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):
Ian C. Ballon. Greenberg Traurig, 2450 Colorado Ave., Ste. 400E, Santa Monica, CA 90404, 310-586-7700

DATE: August 10, 2011 *(Fecha)* Clerk, by *(Secretario)* _____, Deputy *(Adjunto)*

(For proof of service of this summons, use Proof of Service of Summons *(form POS-010).)*
(Para prueba de entrega de esta citatión use el formulario Proof of Service of Summons, *(POS-010)).*

[SEAL]

NOTICE TO THE PERSON SERVED: You are served
1. ☐ as an individual defendant.
2. ☐ as the person sued under the fictitious name of *(specify):*
3. ☑ on behalf of *(specify):* Watercraft Superstore, Inc.
   under: ☑ CCP 416.10 (corporation) ☐ CCP 416.60 (minor)
   ☐ CCP 416.20 (defunct corporation) ☐ CCP 416.70 (conservatee)
   ☐ CCP 416.40 (association or partnership) ☐ CCP 416.90 (authorized person)
   ☐ other *(specify):*
4. ☐ by personal delivery on *(date):*

Exhibit B

ALLEN RUBY, SB #47109
THOMAS CHRISTOPHER, SB# 185928
CHANDRA S. SNYDER, SB# 271769
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
525 University Avenue, Suite 1100
Palo Alto, CA 94301
Telephone: 650-470-4500
Facsimile: 650-470-4570

Attorneys for Defendant
WATERCRAFT SUPERSTORE, INC.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

WEST MARINE, INC., Plaintiff, vs. WATERCRAFT SUPERSTORE, INC., Defendant,	Case No.: 5:11-04459 HRL **DEFENDANT WATERCRAFT SUPERSTORE, INC.'S ANSWER AND COUNTERCLAIM FOR TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION** **JURY TRIAL DEMANDED**
WATERCRAFT SUPERSTORE, INC., Counter-Claimant, vs. WEST MARINE, INC., Counter-Defendant.	

COMES NOW Watercraft Superstore, Inc. ("Watercraft" or "Defendant"), a Defendant in the within action, and in Response to the Complaint for Damages, states the following:

1. Defendant admits the allegations of Paragraph 1.

2. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 2, and on that basis denies them.

3. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 3, and on that basis denies them, except admits that Defendant is a corporation transacting business in California and sells its products to persons throughout the United States and worldwide.

4. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 4, and on that basis denies them, except admits that Watercraft is an online store selling riding apparel, engine parts, seat covers, and other products.

5. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 5, and on that basis denies them.

6. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 6, and on that basis denies them. Defendant notes that this jurisdictional allegation is nonsensical now that this case has been removed to federal court.

7. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 7, and on that basis denies them. Defendant notes that these venue allegations are nonsensical now that this case has been removed to federal court.

8. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 8, and on that basis denies them.

9. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 9, and on that basis denies them.

10. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 10, and on that basis denies them.

11. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 11, and on that basis denies them, except admits that

Defendant filed an application with the USPTO on or around December 7, 2009 regarding the BLACK TIP mark, and indicated that it would use the mark primarily on fitted covers for marine vehicles, clothing, wetsuits and other items.

12. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 12, and on that basis denies them.

13. Defendant denies the allegations of Paragraph 13, except admits that between October 2010 and July 2011, representatives of West Marine, Inc. ("West Marine" or "Plaintiff") and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement.

14. Defendant denies the allegations of Paragraph 14, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further admits that representatives of Plaintiff and Defendant had discussions regarding a co-existence agreement respecting the BLACK TIP mark.

15. Defendant denies the allegations of Paragraph 15, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue

alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further states that the terms of contemplated co-existence agreement speak for themselves.

16. Defendant denies the allegations of Paragraph 16, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further states that the terms of contemplated co-existence agreement speak for themselves.

17. Defendant denies the allegations of Paragraph 17, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further states that the terms of contemplated co-existence agreement speak for themselves.

18. Defendant denies the allegations of Paragraph 18, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and

Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further admits that West Marine's characterization of the reasons a licensing arrangement would be unsatisfactory to West Marine in Paragraph 18 is accurate.

19. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 19, and on that basis denies them.

20. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 20, and on that basis denies them.

21. Defendant denies the allegations of Paragraph 21, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant admits that a draft and unapproved co-existence agreement had been circulated and reviewed by both sides by December 2010.

22. Defendant denies the allegations of Paragraph 22.

23. Defendant denies the allegations of Paragraph 23, except admits that representatives of Plaintiff at some point in time informed representatives of Defendant that they were beginning to make product decisions for 2012 and that time was of the essence.

24. Defendant admits the allegations of Paragraph 24, except denies that Plaintiff and Defendant ever reached a final agreement regarding the BLACK TIP mark.

25. Defendant admits the allegations of Paragraph 25, except denies that Plaintiff and Defendant ever reached a final agreement regarding the BLACK TIP mark.

26. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 26, and on that basis denies them.

27. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 27, and on that basis denies them.

28. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 28, and on that basis denies them.

29. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 29, and on that basis denies them.

30. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 30, and on that basis denies them, except denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

31. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 31, and on that basis denies them, except denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark, and affirmatively states that the use of the BLACK TIP mark by Plaintiff is unlawful, as explained in the accompanying Counterclaim.

32. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 32, and on that basis denies them.

33. Defendant denies the allegations of Paragraph 33, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

34. Defendant denies the allegations of Paragraph 34, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

35. Defendant denies the allegations of Paragraph 35, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

36. Defendant denies the allegations of Paragraph 36, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that

representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark. To the extent Paragraph 36 contains legal conclusions, Defendant affirmatively states that no response is required thereto.

37. Defendant denies the allegations of Paragraph 37 and affirmatively states that it would be legally impossible for Defendant to have breached any contract with Plaintiff because no such contract existed.

38. Defendant denies the allegations of Paragraph 38, and specifically denies that Plaintiff has been damaged in any amount by any conduct of Defendant.

39. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 39, and on that basis denies them.

40. Defendant denies the allegations of Paragraph 40.

41. Defendant denies the allegations of Paragraph 41, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

42. Defendant denies the allegations of Paragraph 42, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated

without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark.

43. Defendant denies the allegations of Paragraph 43, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark. To the extent Paragraph 43 contains legal conclusions, Defendant affirmatively states that no response is required thereto.

44. Defendant denies the allegations of Paragraph 44 and affirmatively states that it would be legally impossible for Defendant to have breached any contract with Plaintiff because no such contract existed.

45. Defendant denies the allegations of Paragraph 45, and specifically denies that Plaintiff has been damaged in any amount by any conduct of Defendant.

46. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 46, and on that basis denies them.

47. Defendant denies the allegations of Paragraph 47.

48. Defendant denies the allegations of Paragraph 48, except admits that between October 2010 and July 2011, representatives of Plaintiff and Defendant had various communications regarding an agreement respecting the use of the BLACK TIP trademark, and that during the course of these communications representatives of Plaintiff informed representatives of Defendant that Plaintiff was not in serious need of the BLACK TIP mark, and that it would pursue alternative business directions if a deal regarding the BLACK TIP mark could not be reached, and

Defendant further states that the communications between Plaintiff and Defendant terminated without the parties reaching a final agreement. Defendant further affirmatively denies that representatives of Defendant ever assured representatives of Plaintiff that an agreement would or had been reached regarding the BLACK TIP mark. To the extent Paragraph 48 contains legal conclusions, Defendant affirmatively states that no response is required thereto.

49. Defendant denies the allegations of Paragraph 49.

50. Defendant denies the allegations of Paragraph 50, and specifically denies that Plaintiff is entitled to any relief form this Court.

51. Defendant denies the allegations of Paragraph 51, and specifically denies that Plaintiff has been damaged by any conduct of Defendant.

52. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 52, and on that basis denies them.

53. Defendant denies the allegations of Paragraph 53.

54. Defendant denies the allegations of Paragraph 54.

55. Defendant denies the allegations of Paragraph 55.

56. Defendant denies the allegations of Paragraph 56, and specifically denies that Plaintiff is entitled to any relief from this Court.

57. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 57, and on that basis denies them.

58. Defendant denies the allegations of Paragraph 58.

59. Defendant denies the allegations of Paragraph 59.

60. Defendant denies the allegations of Paragraph 60.

61. Defendant denies the allegations of Paragraph 61, and specifically denies that Plaintiff is entitled to any relief from this Court.

62. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 62, and on that basis denies them.

63. Defendant denies the allegations of Paragraph 63, except admits that Plaintiff has accurately described Plaintiff's contentions.

64. Defendant denies the allegations of Paragraph 64.

65. Defendant denies the allegations of Paragraph 65, except admits that a judicial determination of the parties' rights and obligations with respect to the BLACK TIP mark may be appropriate in light of the unlawful conduct of Plaintiff referred to in the accompanying Counterclaim.

66. Defendant denies the allegations of Paragraph 66, and specifically denies that Plaintiff is entitled to any relief form this Court.

67. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 67, and on that basis denies them.

68. Defendant denies the allegations of Paragraph 68.

69. Defendant denies the allegations of Paragraph 69.

70. Defendant denies the allegations of Paragraph 70.

71. Defendant denies the allegations of Paragraph 71, and specifically denies that Plaintiff is entitled to any relief from this Court.

72. Defendant denies the allegations of Paragraph 72, and specifically denies that Plaintiff is entitled to any relief from this Court.

73. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 73, and on that basis denies them.

74. Defendant denies the allegations of Paragraph 74.

75. Defendant denies the allegations of Paragraph 75.

76. Defendant denies the allegations of Paragraph 76.

77. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 77, and on that basis denies them.

78. Defendant denies the allegations of Paragraph 78, and specifically denies that Plaintiff is entitled to any relief from this Court.

79. Defendant lacks knowledge or information sufficient to form a belief regarding the truth of the allegations of Paragraph 79, and on that basis denies them.

80. Defendant denies the allegations of Paragraph 80.

81. Defendant denies the allegations of Paragraph 81.

82. Defendant denies the allegations of Paragraph 82.

83. Defendant denies the allegations of Paragraph 83, and specifically denies that Plaintiff has been damaged by any conduct of Defendant.

84. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

85. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

86. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

87. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

88. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

89. Defendant denies that Plaintiff has been damaged by any conduct of Defendant and denies that Plaintiff is entitled to any relief from this Court.

AFFIRMATIVE DEFENSES

As separate affirmative defenses, Defendant, without assuming the burden of proof on matters as to which it has no such burden, alleges as follows:

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim)

The Complaint fails to state facts sufficient to constitute a cause of action against Defendant.

SECOND AFFIRMATIVE DEFENSE

(Waiver)

The claims made by Plaintiff are barred, in whole or in part, by waiver.

THIRD AFFIRMATIVE DEFENSE

(Estoppel)

The claims made by Plaintiff are barred, in whole or in part, by estoppel.

FOURTH AFFIRMATIVE DEFENSE

(Laches)

The claims made by Plaintiff are barred, in whole or in part, by laches.

FIFTH AFFIRMATIVE DEFENSE

(Lack of Agreement)

The causes of action for breach of contract are barred on the ground that the contract or agreement alleged in the Complaint was not the product of a meeting of the minds. Defendant never agreed to the contractual terms alleged by Plaintiff.

SIXTH AFFIRMATIVE DEFENSE

(Failure to Mitigate Damages)

Plaintiff has failed to take reasonable, necessary and appropriate steps to mitigate its alleged damages, and to the extent of such alleged failure to mitigate, Plaintiff is barred from recovering all or part of the damages it seeks.

EIGHTH AFFIRMATIVE DEFENSE

(Adequate Remedy at Law)

The equitable claim made by Plaintiff is barred, in whole or in part, because there is an adequate remedy at law, and the requirements needed for injunctive relief to be proper are not satisfied.

NINTH AFFIRMATIVE DEFENSE

(Statute of Frauds)

The First and Second Causes of Action in the Complaint are barred by the statute of frauds.

TENTH AFFIRMATIVE DEFENSE

(No Reliance)

Upon information and belief, Plaintiff has not reasonably relied upon the alleged representations made by Defendant and has not been harmed proximately by any such alleged reliance.

ELEVENTH AFFIRMATIVE DEFENSE

(No Causation)

To the extent Plaintiff has suffered any injury or damage, such injury or damage was not proximately caused by any action or inaction of Defendant, or was not foreseeable, or both.

TWELFTH AFFIRMATIVE DEFENSE

(No Damages)

Defendant denies that Plaintiff has suffered any injury or damages whatsoever, and further denies that it is liable to Plaintiff for any alleged injury or damage.

THIRTEENTH AFFIRMATIVE DEFENSE

(Damages Uncertain and Speculative)

Plaintiff cannot recover any damages under any cause of action in the Complaint, because any such damages are uncertain and speculative.

FOURTEENTH AFFIRMATIVE DEFENSE TO ENTIRE COMPLAINT

(Reservation of Rights to Assert Additional Defenses)

Defendant has not knowingly or voluntarily waived any applicable affirmative defenses and reserves the right to assert and rely on such other applicable affirmative defenses as may become available or apparent during discovery proceedings. Defendant further reserves the right to amend its answer and affirmative defenses accordingly and to delete affirmative defenses that Defendant determines are not applicable during the course of subsequent discovery.

COUNTERCLAIM

For its Counterclaim against Plaintiff and Counter-Defendant West Marine, Defendant and Counter-Claimant Watercraft states as follows:

THE PARTIES

1. Watercraft is a Florida corporation with its principal place of business at 1401 N. Myrtle Avenue, Clearwater, Florida 33755.

2. Upon information and belief, West Marine is a publicly traded Delaware corporation with its headquarters located at 500 Westridge Drive, Watsonville, California 95076.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this subject matter pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1332, 1338 and 1367. Watercraft's claims are, in part, based on violations

of the Lanham Act, as amended, 15 U.S.C. § 1051-1127. The Court has jurisdiction over the state law claims pursuant to 28 U.S.C. §§ 1332, 1338(b), and 1367.

4. The amount in controversy of Watercraft's counterclaims exceeds $75,000, exclusive of interest and costs. Watercraft is incorporated in Florida with its principal place of business in Florida. Upon information and belief, West Marine is incorporated in Delaware, with its principal place of business in California. Thus, there is complete diversity between the Plaintiff and the Defendant, and the Court has diversity jurisdiction over Watercraft's counterclaims pursuant to 28 U.S.C. § 1332.

5. This Court has personal jurisdiction over West Marine because it conducts business in the state of California and, on information and belief, within the Northern District of California.

6. Venue is proper in this judicial district under 28 U.S.C. §§ 1391 and 1400. West Marine is headquartered in this district, and a substantial part of the events and injury giving rise to the claims set forth herein occurred in this district. On information and belief, West Marine sells its infringing products and services, uses infringing names and marks, and impermissibly uses a trademark owned by Watercraft in the Northern District of California.

FACTS COMMON TO ALL COUNTS

Watercraft's Business and Registration of the BLACK TIP Trademark

7. Watercraft is an internationally known internet and mail order retailer that sells a variety of products and accessories related to personal watercraft ("PWC") through its internal call center, website shopping cart, http://www.watercraftsuperstore.net, and its Ebay store. Watercraft has the largest product offering dedicated exclusively to the needs of the PWC enthusiast on the internet. Watercraft features PWCToday.com, the largest PWC-specific message board in the world with over 73,000 members.

8. Watercraft originated in November of 2008 when its founder, Greg Pickren, owner of PWC parts manufacturer SBT, developed the company to serve as a platform to increase retail sales of SBT engine parts and enter the market for PWC lifestyle accessories and other non-engine type products. Watercraft identified storage covers, traction mats, seat covers, life vests, and other accessories during its first year of operation as product lines for which the market needed

additional supply. Watercraft made the decision in July of 2009 to begin developing manufacturing and supply capabilities for the identified products.

9. To identify, brand, and promote Watercraft's expanding product line with a private label, Watercraft developed the "BLACK TIP" mark and began manufacturing products with the mark in September 2009.

10. Since that time, Watercraft has sold and distributed products bearing the mark BLACK TIP in interstate commerce through its website and through telephone orders directed to its headquarters in Clearwater, Florida.

11. Continuously since February 2010, Watercraft has used the mark BLACK TIP to identify its products and to distinguish them from those made and sold by others, by, among other things, prominently displaying the mark BLACK TIP on its products. In addition, Watercraft has prominently displayed the BLACK TIP mark on its website, catalogs, mobile telephone applications, direct mail advertising, and in periodicals distributed throughout the United States.

12. Watercraft's customers for BLACK TIP products include individual consumers and businesses in all 50 states and over 50 countries worldwide.

13. On July 5, 2011, Watercraft obtained registration of the BLACK TIP mark in the United States Patent and Trademark Office ("USPTO"), Reg. No. 3,990,931, covering the use of the mark on (1) personal flotation devices, namely, life vests; (2) fitted seat covers for marine vehicles, namely, fitted seat covers for personal watercraft; (3) clothing, namely, t-shirts, hats, shirts, shorts, sweatshirts and jackets; and (4) anti-slip floor mats for marine vehicles, namely, anti-slip floor mats for personal watercraft. This registration, duly and legally issued by the USPTO, is presently valid and outstanding. A copy of this registration is attached hereto as Exhibit 1.

14. Since on or about July 5, 2011, Watercraft has given notice that its mark is registered in the U.S. Patent and Trademark Office by displaying with the mark as used the letter R enclosed within a circle.

15. Watercraft has expended considerable time and resources developing and distributing BLACK TIP products. From 2009 through the present, Watercraft has spent well over

a quarter-million dollars on product development, promotional activities, and advertising specifically for the BLACK TIP product line. This figure includes:

- $95,858.00 on materials, machinery, research and development, packaging, and displays
- $143,065.00 on print and online catalogs and magazines
- $3,500.00 on promotional events
- $41,045.20 on website development and internet advertising through Google, Facebook, and Ebay

16. As a result of these efforts, Watercraft and its BLACK TIP products have gained widespread recognition and goodwill among consumers, as shown by the prevalence of BLACK TIP products in both print and online publications and websites. BLACK TIP products have been featured in several articles from early in Watercraft's inception, including: Powersports Business (January 2010), Boatermouth.com (February 2010), personalwatercraft.com (September 1, 2010), Motorcycle and Powersports News (January 1, 2012), and Sounding Trade (January 2012). In addition, Google searches for "black tip life jacket," "black tip traction mats," and "black tip seat covers" return, in the top results, exact matches for Watercraft products as featured on the Watercraft website, PWCToday.com, and Ebay. BLACK TIP products can also be found on jet ski message boards and forums, as well as on the popular social networking site Facebook.

17. Because of the continuous use of the BLACK TIP mark in commerce, including advertising and distribution of products under the mark, consumers throughout the United States have come to recognize the mark as a symbol of the excellent reputation of Watercraft's products, services, and valuable goodwill.

West Marine's Business and Unsuccessful Efforts to Register the BLACKTIP Mark

18. On information and belief, West Marine is a the largest specialty retailer of supplies and accessories for boating and other water sports, with 321 company-operated stores around the world. It employs approximately 4,000 employees. West Marine's extensive product offerings include boat covers and seating, trailers, anchoring equipment, cabin and bedding items, apparel, electronic equipment, personal watercraft equipment, fishing equipment, and sailing equipment.

19. On information and belief, West Marine began producing goods bearing the label "BLACKTIP" on or about January 27, 2010.

20. On information and belief, on or about January 27, 2010, West Marine filed two applications for registration of the mark "BLACKTIP" in the USPTO, serial nos. 77921756 and 77982989, for use on certain of its private label products including water aeration systems, fishing knives and tools, caps, gloves and t-shirts, fishing rods and reels, bait tables, and other related items.

21. On information and belief, on or about May 2, 2010, the USPTO issued an Office Action that, among other things, refused the applications based on the likelihood of confusion between West Marine's BLACKTIP mark and Watercraft's prior-filed pending application for the BLACK TIP mark.

22. West Marine therefore had actual notice *at least* on May 2, 2010 of the existence and pending registration of Watercraft's BLACK TIP trademark and the likelihood of confusion, mistake or deception that the use of West Marine's nearly-identical BLACKTIP mark would create.

Failed Contract Negotiations Between Watercraft and West Marine

23. Knowing that Watercraft's pending BLACK TIP trademark could create a likelihood of confusion so as to prevent West Marine's successful registration of the BLACKTIP mark, West Marine approached Watercraft's principal in or around October 2010 in the hopes of negotiating a way for it to continue using the BLACKTIP mark that it had already started placing on its products.

24. During the initial discussions, West Marine assured Watercraft that it planned to use the mark for fishing-related products only, and, with the possible exception of clothing, there would be no overlap between the products it contemplated producing under the BLACKTIP label and those being produced by Watercraft under the BLACK TIP mark.

25. Early on, Watercraft indicated to West Marine that it preferred a royalty-based licensing arrangement. At the insistence of West Marine's lawyers, however, the discussions centered on the idea of a co-existence agreement that would essentially involve the following terms: (1) Watercraft would allow West Marine to use the BLACK TIP mark; (2) Watercraft would file a trademark application for and begin using the mark "BLACK TIP JETSPORTS"; and (2) as

compensation, West Marine would (a) stock and display Watercraft's catalog in West Marine stores; (b) allow Watercraft to use its mailing list for targeted advertising purpose; and (c) include a link to the Watercraft Superstore on West Marine's website.

26. From the time the parties began negotiations regarding the co-existence agreement, Watercraft had various concerns about the details of the contract terms proposed by West Marine. In particular, Watercraft was concerned that, under the terms insisted upon by West Marine, West Marine's performance would necessarily take place in the future, and, without proper restrictions, West Marine could easily attempt to avoid or minimize its performance obligations.

27. The parties exchanged multiple drafts of the agreement between November 2010 and March 2011. None of these drafts were mutually agreeable to both parties. Negotiations ended in July 2011, without the parties reaching a final agreement.

West Marine's Continued Infringing Use of the BLACK TIP Mark

28. Notwithstanding the parties' failure to reach a final co-existence or license agreement that would entitle West Marine to use the BLACK TIP mark, West Marine proceeded with its plans to manufacture and market an entire line of products bearing the BLACKTIP mark.

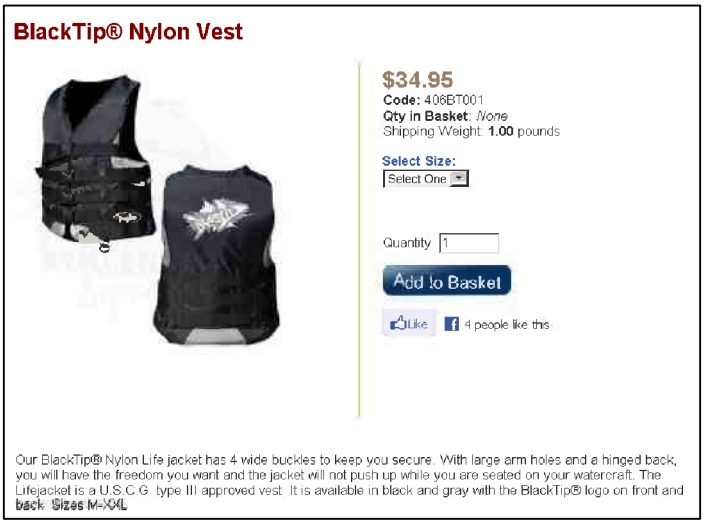
29. On information and belief, West Marine continued to produce BLACKTIP-labeled goods after it received notice of Watercraft's pending application and throughout the parties' never-finalized negotiations.

30. On information and belief, West Marine continues to produce BLACKTIP-labeled goods to the present day—more than a year after Watercraft's BLACK TIP trademark was published on the Principal Register. For example, West Marine's Annual 2012 catalog, which is available in electronic form on West Marine's website, *see* http://catalogs.westmarine.com/WebProject.asp?CodeId=7.4.4.28&BookCode=wmm12#, and reproduced here, advertises two separate lines of BLACKTIP life vests:

31. West Marine's 2012 Saltwater Fishing catalog, available in electronic form at http://catalogs.westmarine.com/WebProject.asp?CodeId=7.6.3.8&BookCode=fis&from=2 and reproduced here, also features the BLACKTIP life vests on the back cover:[1]

[1] In addition, West Marine's website offers for sale various other products bearing the BLACKTIP mark, including tackle boxes, boating tools and sets, bait tables, and lure bags. *See* http://www.westmarine.com/webapp/wcs/stores/servlet/SiteSearchView?Nao=0&Ntk=Primary Search West Marine&langId=-1&searchTermScope=3&catalogId=10001&viewTaskName=SiteSearchView&beginIndex=0&Ntt=BLACKTIP&storeId=11151&Ntx=mode matchallpartial&Ns=Most Popular|0&N=377 710&sType=SimpleSearch&pageSize=10.

32. There is a strong likelihood of confusion between these vests and the BLACK TIP life jackets that Watercraft sells through its online Superstore, *see* http://www.watercraftsuperstore.net/Mens-PWC-Life-Jackets/406BT001.html, reproduced here:



The marks themselves are basically identical. The BLACKTIP products West Marine has been selling, offering for sale and advertising on its website and in its stores, including the life jackets reproduced above, overlap with the categories of BLACK TIP products for which Watercraft obtained registration from the USPTO. Additionally, both Watercraft and West Marine market their products through the Internet and print catalogs, and rely upon these media to obtain customers.

33. West Marine's continued use of the BLACKTIP mark is likely to cause confusion, mistake or deception of purchasers and the consuming public as to the source or origin of its products. Actual and potential purchasers and consumers, upon encountering West Marine's products or advertisements bearing the BLACKTIP mark, are likely mistakenly to believe that West Marine's goods originate with, or are licensed, approved, or sponsored by, or otherwise affiliated with or related to, Watercraft or its BLACK TIP products. Indeed, Watercraft has already received inquiries from customers asking whether the companies are the same or otherwise affiliated.

34. Because West Marine was placed on specific notice by the USPTO that its activities were likely to cause confusion and deception years ago, West Marine has clearly knowingly,

willfully, intentionally and maliciously continued to use a confusingly similar imitation of Watercraft's BLACK TIP trademark.

FIRST CAUSE OF ACTION

(Trademark Infringement Under Federal Law – 15 U.S.C. §§ 1114(1))

35. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 34 above as if fully set forth herein.

36. West Marine either had actual notice and knowledge, or had constructive notice, of Watercraft's ownership and registration of the BLACK TIP mark pursuant to 15 U.S.C. § 1072 prior to West Marine's adoption and use of the BLACKTIP mark.

37. Upon information and belief, West Marine was aware of Watercraft's business and its BLACK TIP mark and registration prior to West Marine's adoption, use, and marketing of products under the BLACKTIP name.

38. Upon information and belief, West Marine, without Watercraft's authorization, deliberately adopted the BLACKTIP mark in connection with its products and services and has offered for sale, sold and distributed in this District and throughout the United States products under the BLACKTIP mark.

39. West Marine's unauthorized use of the BLACKTIP mark falsely indicates to consumers that West Marine's products and services are in some manner connected with, sponsored by, affiliated with, or related to Watercraft, Watercraft's business, and Watercraft's products.

40. As described above, West Marine's unauthorized use of the BLACKTIP mark has caused confusion and is likely to cause further confusion, or to cause mistake, or to deceive consumers as to the source, nature, and quality of the products and services West Marine is promoting or selling in violation of 15 U.S.C. § 1114.

41. West Marine's unauthorized use of the BLACKTIP mark in connection with the sale of its products and services allows, and will continue to allow, West Marine to receive the benefit of the goodwill established at great labor and expense by Watercraft and to gain acceptance of West Marine's products and services, not based on the merits of those products and services, but on Watercraft's reputation and goodwill.

42. Upon information and belief, as a result of West Marine's unauthorized use of the BLACKTIP mark, West Marine has received and will continue to receive substantial profits to which it is not entitled, and Watercraft has or will suffer actual monetary damages, including lost profits and impairment of the value of the BLACK TIP mark.

43. Watercraft has been, is now, and will be irreparably injured and damaged by West Marine's aforementioned acts, and unless enjoined by the Court, Watercraft will suffer further harm to its name, reputation and goodwill. This harm constitutes an injury for which Watercraft has no adequate remedy at law.

44. Upon information and belief, West Marine has acted with full knowledge of Watercraft's rights and with the intention to usurp such rights. The aforementioned acts of West Marine are therefore willful and intentional.

SECOND CAUSE OF ACTION

(False Designation of Origin and Unfair Competition Under Federal Law – 15 U.S.C. § 1125(a))

45. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 44 above as if fully set forth herein.

46. West Marine's unauthorized use in commerce of the BLACKTIP trademark falsely suggests that its products and services are connected by, affiliated with, or related to Watercraft, and constitutes a false designation of origin which has and is likely to cause further confusion, or to cause mistake, or to deceive consumers as to the origin, sponsorship, or approval of West Marine's BLACKTIP products in violation of 15 U.S.C. § 1125(a).

47. Watercraft has been, is now, and will be irreparably injured and damaged by West Marine's aforementioned acts, and unless enjoined by the Court, Watercraft will suffer further harm to its name, reputation and goodwill. This harm constitutes an injury for which Watercraft has no adequate remedy at law.

48. Upon information and belief, West Marine has acted with full knowledge of Watercraft's rights and with the intention to usurp such rights. The aforementioned acts of West Marine are therefore willful and intentional.

THIRD CAUSE OF ACTION

(Trademark Dilution Under Federal Law – 15 U.S.C. § 1125(c))

49. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 48 above as if fully set forth herein.

50. The federally registered BLACK TIP trademark, as described above, is a famous mark that is widely recognized by consumers within the meaning of 15 U.S.C. § 1125(c)(2), based on Watercraft's extensive advertising and promotion of BLACK TIP-branded products throughout the United States. Watercraft's BLACK TIP mark is recognized by the general consuming public of the United States as a designation of source for the goods of Watercraft.

51. As described above, West Marine has and is making use of BLACKTIP as a mark in connection with goods which West Marine has sold and transported in interstate commerce.

52. West Marine's unauthorized use of the BLACKTIP mark began or continued after Watercraft's BLACK TIP mark had become famous.

53. West Marine's unauthorized use of the BLACKTIP mark has diluted and is diluting the distinctive quality of Watercraft's famous BLACK TIP mark, thereby lessening its capacity to identify and distinguish products marketed and sold by Watercraft.

54. Watercraft has been, is now, and will be irreparably injured and damaged by West Marine's aforementioned acts, and unless enjoined by the Court, Watercraft will suffer further harm to its name, reputation and goodwill. This harm constitutes an injury for which Watercraft has no adequate remedy at law.

55. Upon information and belief, West Marine acted with full knowledge of Watercraft's rights and with the intention to trade on the goodwill and recognition of the BLACK TIP mark.

FOURTH CAUSE OF ACTION

(Injury to Business Reputation and Dilution Under State Law –

Cal. Bus. & Prof. Code § 14247, Fla. Stat. § 495.151)

56. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 55 above as if fully set forth herein.

57. The BLACK TIP trademark, as described above, is a famous mark that is widely recognized by consumers in California and Florida, based on the mark's federal trademark registration and Watercraft's extensive advertising, promotion and sale of BLACK TIP-branded products to consumers throughout the United States.

58. In the state of California, Watercraft had total sales revenues of $43,361.55 in 2009, $76,672.73 in 2010, and $117,675.47 from January 1, 2011 through September 30, 2011. Approximately 852 of the 73,670 PWC Today members specified the state of California when registering.

59. In the state of Florida, Watercraft had total sales revenues of $104,850.60 in 2009, $333,424.32 in 2010, and $425,649.74 from January 1, 2011 through September 30, 2011. Approximately 1,740 of the 73,670 total PWC Today members specified the state of Florida when registering.

60. Watercraft's BLACK TIP trademark is recognized by the general consuming public of California and Florida as a designation of source for the goods of Watercraft.

61. As described above, West Marine has and is making use of BLACKTIP as a mark in connection with goods which West Marine has promoted, sold and distributed to consumers in California and Florida.

62. West Marine's unauthorized use of the BLACKTIP mark in California and Florida began after Watercraft's BLACK TIP trademark had become famous in those states.

63. West Marine's unauthorized use of the BLACKTIP mark has diluted, and is likely to dilute, the distinctive quality of the famous BLACK TIP mark in violation of California Business and Professions Code § 14247 and Florida Statutes § 495.151.

64. West Marine has engaged in these dilutive activities willfully and intentionally.

65. As a direct and proximate consequence of the dilution, Watercraft has been irreparably harmed to an extent not yet determined, and will continue to be irreparably harmed by such acts in the future unless the Court enjoins West Marine from committing further acts that are likely to cause dilution.

66. West Marine's dilutive activities have caused and will continue to cause damage to Watercraft, in an amount to be determined at trial.

FIFTH CAUSE OF ACTION

(Unfair Competition Under California Law – Cal. Bus. & Prof. Code § 17200 *et seq.*)

67. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 66 above as if fully set forth herein.

68. West Marine's acts described above constitute unlawful, unfair or fraudulent business acts or practices in violation of California Business and Professions Code § 17200, as they are likely to deceive the public into thinking that there is an affiliation between Watercraft and West Marine, and/or that Watercraft endorses West Marine's products and/or business practices.

69. Watercraft is entitled to relief, including full restitution for all revenues, earnings, profits, compensation, and benefits that may have been obtained by West Marine as a result of such business acts or practices.

70. In addition, West Marine's wrongful acts have caused and will continue to cause Watercraft irreparable harm. Watercraft has no adequate remedy at law for West Marine's dilution. Watercraft is therefore entitled to a judgment enjoining and restraining West Marine from engaging in further acts of unfair competition.

SIXTH CAUSE OF ACTION

(Unfair Competition Under Florida Law – Fla. Stat. § 501.204 *et seq.*)

71. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 70 above as if fully set forth herein.

72. West Marine's acts described above constitute unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of trade or commerce, in violation of Fla. Stat. § 501.204(1), as they are likely to deceive the public into thinking that there is an affiliation between Watercraft and West Marine, and/or that Watercraft endorses West Marine's products and/or business practices.

73. West Marine's acts of unfair competition have caused and will continue to cause Watercraft irreparable harm for which Watercraft has no adequate remedy at law. Watercraft is therefore entitled to declaratory and injunctive relief.

74. West Marine's acts of unfair competition have caused Watercraft to suffer losses in an amount to be determined at trial. Watercraft is entitled to actual damages, plus attorney's fees and court costs, pursuant to Fla. Stat. §§ 501.2105 and 501.211.

SEVENTH CAUSE OF ACTION

(Common Law Infringement and Unfair Competition)

75. Watercraft repeats and realleges each allegation set forth in paragraphs 1 through 74 above as if fully set forth herein.

76. West Marine's actions and conduct in adopting and using the confusingly similar BLACKTIP mark constitute trademark infringement under California and Florida common law.

77. West Marine has caused and, unless restrained and enjoined by this Court, will continue to cause irreparable harm, damage, and injury to Watercraft, including but not limited to injury to Watercraft's goodwill and business reputation.

78. Watercraft has no adequate remedy at law, and Watercraft is being irreparably damaged by West Marine's acts in violation of California and Florida common law, thereby entitling Watercraft to injunctive relief.

79. Upon information and belief, West Marine has acted with full knowledge of Watercraft's rights and with the intention to usurp such rights. The aforementioned acts of West Marine are therefore willful and intentional.

PRAYER FOR RELIEF

WHEREFORE, Watercraft prays for relief as follows:

1. That the Complaint for each cause of action therein be dismissed with prejudice, the relief sought be denied, and judgment entered in favor of Watercraft;

2. That West Marine take nothing by reason of its Complaint;

3. That judgment be entered in favor of Watercraft and against West Marine on each and every Cause of Action of Watercraft's Counterclaim;

4. For entry of an order and judgment requiring that West Marine and its officers, agents, servants, employees, owners and representatives, and all other persons, firms or corporations in active concert or participation with it, be enjoined during the pendency of this action and permanently thereafter from (a) using in any manner the BLACK TIP or BLACKTIP mark, or any name or mark that wholly incorporates the BLACK TIP or BLACKTIP mark or is confusingly similar to or a colorable imitation of the BLACK TIP or BLACKTIP mark; (b) doing any act or thing calculated or likely to cause confusion or mistake in the minds of the members of the public, or prospective customers of Watercraft's products or services, as to the source of the products or services offered for sale, distributed, or sold, or likely to deceive members of the public, or prospective customers, into believing that there is some connection between Watercraft and West Marine; and (c) committing any acts which will tarnish, blur, or dilute, or are likely to tarnish, blur, or dilute the distinctive quality of the famous BLACK TIP mark.

5. For entry of an order and judgment directing West Marine to issue a corrective action letter to all customers to whom West Marine has sold products bearing the BLACKTIP mark, notifying them that the products infringed upon Watercraft's lawful BLACK TIP trademark;

6. For entry of an order and judgment directing West Marine, pursuant to 15 U.S.C. § 1116(a), to file with this Court and serve upon Watercraft within thirty (30) days after entry of the injunction, a report in writing under oath setting forth in detail the manner and form in which West Marine has complied with the injunction and ceased all offering of products and services under the BLACKTIP or BLACK TIP mark as set forth above;

7. For entry of an order and judgment directing West Marine, pursuant to 15 U.S.C. § 1118, to deliver up for destruction, or to show proof of said destruction or sufficient modification to eliminate the infringing matter, all catalogs, articles, packages, wrappers, products, displays, labels, signs, vehicle displays or signs, circulars, kits, packaging, letterhead, business cards, promotional items, clothing, literature, sales aids, receptacles or other matter in the possession, custody, or under the control of West Marine or its agents bearing the mark BLACKTIP in any manner, or any mark that is confusingly similar to or a colorable imitation of the BLACK TIP

trademark, including without limitation the BLACKTIP mark, both alone and in combination with other words or terms;

8. A judgment in the amount of West Marine's profits, Watercraft's actual damages, and the costs of this action pursuant to 15 U.S.C. § 1117;

9. That the Court award enhanced damages under 15 U.S.C. § 1117 and punitive damages under state law as appropriate;

10. That the Court find this to be an exceptional case and award Watercraft reasonable attorney's fees;

11. That the Court grant such other and further relief as it deems just and proper.

DATED: March 14, 2012

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP

BY: /s/ Allen Ruby
Allen Ruby
Attorney for Defendant Watercraft Superstore, Inc.

DEMAND FOR JURY TRIAL

Defendant and Cross-Complainant Watercraft hereby requests a jury trial in this matter.

DATED: March 14, 2012

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP

BY: /s/ Allen Ruby
Allen Ruby
Attorneys for Defendant Watercraft Superstore, Inc.