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

Proceeding	91213091
Party	Defendant Seena International, Inc.
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Submission	Motion to Suspend for Civil Action
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Application Serial No. 85/917,605
Published in the Official Gazette on June 25, 2013
MARK: Ditch Plains

PERINE INTERNATIONAL INC.)	
)	
Opposer,)	
v.)	Opposition No. 91213091
)	
SEENA INTERNATIONAL, INC.)	
)	
Applicant.)	

APPLICANT’S MOTION TO SUSPEND OPPOSITION

Pursuant to 37 C.F.R. § 2.117(a), Applicant Seena International, Inc. (“Applicant” or “Seena”) moves to suspend the above-captioned opposition proceeding (the “Opposition”) pending disposition of Civil Action Index. No. 650040/2012, filed by Opposer Perine International, Inc. (“Opposer” or “Perine”) against, *inter alia*, Applicant in the Supreme Court of the State of New York (hereinafter, the “Civil Action”). Perine’s Verified Complaint, Seena’s and the other defendants’ Amended Verified Answer with Counterclaims and Cross-Claims (“Answer with Counterclaims”) and Perine’s Verified Reply to the Amended Counterclaims (“Reply to Counterclaim”) filed in the Civil Action are attached hereto as Exhibits A, B and C, respectively. Prior to filing this Motion, Applicant requested that Opposer consent to suspension but Opposer has refused.

I. RELEVANT BACKGROUND

On October 21, 2013, Perine filed a Notice of Opposition, opposing registration of Application No. 85/917,605 for mark DITCH PLAINS, a mark that Seena has used continuously in U.S. commerce since at least as early as October 31, 2005. (Ex. B, Answer with Countercl.¶¶)

42.) Seena has expended over a half million dollars in advertising, establishing the goodwill associated with the DITCH PLAINS mark. (*Id.* at ¶ 43.) In the Notice of Opposition, Opposer Perine does not allege prior use of the DITCH PLAINS mark or similar marks, nor does it allege likelihood of confusion between the DITCH PLAINS mark and any mark owned by Perine. Instead, Opposer claims that Seena should not be entitled to register its mark challenging Seena's rights to the mark on three grounds: (i) Seena's use of the DITCH PLAINS mark is primarily geographically deceptively misdescriptive (Not. of Opp'n ¶ 29); (ii) "issue or claim preclusion" because the TTAB affirmed an Examining Attorney's refusal to register the DITCH PLAINS mark back in 2010 based on likelihood of confusion with a third party registration¹ (Not. of Opp'n ¶ 39); and (iii) Seena allegedly misrepresented the date it first used the DITCH PLAINS mark (Not. of Opp'n ¶ 13).

Approximately nineteen months earlier, on January 6, 2012, Opposer Perine filed the Civil Action alleging claims relating to an agreement to manufacture Seena's products featuring Seena's DITCH PLAINS mark. On May 22, 2012, Seena filed an Answer asserting contract-related counterclaims. After filing the Answer, Seena learned that Perine had sold unauthorized and infringing goods bearing Seena's DITCH PLAINS mark, prompting Seena to file a Motion to amend its Answer and Counterclaim on April 29, 2013, attached hereto as Exhibit D. In the Amended Answer with Counterclaims (Ex. B), Seena claims, *inter alia*, that Perine violated federal and common law unfair competition laws and infringed Applicant's valid common law rights in the DITCH PLAINS mark (Ex. B, Answer with Countercl. ¶¶ 87-109). In response,

¹ Opposer asserts in the Notice of Opposition that the 2010 decision by the Board concerning Seena's prior application for DITCH PLAINS (Serial No. 76/694,609), estops Seena from registering DITCH PLAINS today. The TTAB decision was based on a finding that there is a likelihood of confusion with a third party mark that is the subject of Registration No. 3,327,160. Opposer asserts this claim of estoppel, despite that the owner of said registration and Seena have since entered into a Co-Existence Agreement and Consent to Register Agreement that was filed with Seena's current application and is of public record.

Perine filed a Memorandum of Law in Opposition to Seena's Motion to Amend, setting forth precisely the same arguments at issue in this Opposition. Perine's Memorandum of Law in Opposition to Seena's Motion for Leave to Amend and Seena's Reply Memorandum, are attached hereto as Exhibits E and F, respectively. On August 21, 2013, the Court granted Seena's Motion for Leave to Amend, making the Amended Answer and Counterclaim (Ex. B) the live pleading in the Civil Action.

The key determination underlying Seena's Counterclaims in the Civil Action is whether Seena has a protectable trademark right in the same DITCH PLAINS mark at issue in this Opposition. Specifically, the Second Counterclaim in the Answer with Counterclaims (Ex. B) is a claim for unfair competition based on Seena's common law rights in the DITCH PLAINS mark under Section 43 of the Lanham Act, which requires Seena to establish its use and ownership of a protectable mark. Similarly, the Third, Fourth and Fifth Counterclaims in the Answer with Counterclaims (Ex. B) are claims for common law unfair competition, common law trademark infringement and deceptive acts under a New York statute, which also require Seena to prove it is the valid owner of a protectable mark. The validity of Seena's rights in the DITCH PLAINS mark are critical to the outcome of the trademark claims in the Civil Action pending between Seena and Perine.

Moreover, Perine's entire Notice of Opposition in this proceeding is really just a recasting of the arguments and authorities set forth in sections I(B) and I(C) of Perine's Memorandum of Law in Opposition to Seena's Motion for Leave to Amend (Ex. E). These arguments are echoed on page 8 of Opposer's Reply to Amended Counterclaims (Ex. C), which state at paragraphs 4, 7 and 8 as follows:

The Counterclaims are barred by [] Seena's unclean hands, including but not limited to Seena's fabrication of the date of its first use of the "DITCH PLAINS" mark.

The Counterclaims are barred because Seena has no trademark rights in the "DITCH PLAINS" mark.

The Counterclaims are barred by collateral estoppel given that the USPTO denied Seena's application to register the "DITCH PLAINS" mark.

Thus, the issues raised in the Opposition are identical to the trademark issues raised in the Civil Action.

II. ARGUMENT

"It is standard procedure for the Board to stay administrative proceedings pending the outcome of court litigation between the same parties involving related issues." 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §32:47 (4th ed. 2013). Section 510.02 of the TBMP provides:

... pursuant to 37 CFR § 2.117(a), the Board may also, in its discretion, suspend a proceeding pending the final determination of another Board proceeding in which the parties are involved [citation omitted] ... or even another proceeding in which only one of the parties is involved. [citation omitted.] Ordinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding may have a bearing on the issues before the Board. [citation omitted.]

See also New Orleans Louisiana Saints LLC and NFL Props. LLC v. Who Dat?, Inc., 99 SUPQ2d 1550 (TTAB 2011); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 USPQ2d 1933 (TTAB 1992); *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689 (TTAB 1975), *rev'd on other grounds*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977); *Other Telephone Co. v. Connecticut Nat'l Telephone Co.*, 181 USPQ 125 (TTAB 1974); *pet. denied*, 181 USPQ 779 (Comm'r 1974);

Tokaido v. Honda Assocs. Inc., 179 USPQ 861 (TTAB 1973); and *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971).

The Board's authority includes the ability to suspend a proceeding pending the final determination of a civil action pending between the parties in a state court, like the Civil Action. *See Mother's Rest. Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983) (state court infringement action); *Prof'l Economics Inc. v. Prof'l Economic Servs., Inc.*, 205 USPQ 368, 376 (TTAB 1979) (decision of state court, although not binding on the Board, was considered persuasive on the question of likelihood of confusion); and *Argo & Co. v. Carpetsheen Mfg., Inc.*, 187 USPQ 366 (TTAB 1975) (suspending proceeding pending state court action, which would determine ownership of applicant's mark and authority of applicant to obtain registration); *NY-Exotics, Inc. v. Exotics.com, Inc.*, Canc. No. 92040976, at 7-8 (TTAB Apr. 29, 2004) (cancellation proceeding challenging ownership of mark NY-EXOTICS.COM suspended where "the issues involved in determining ownership of the mark NY-EXOTICS.COM are the subject of a civil action pending in [state] Court") [non-precedential]. It is not necessary that the claims or issues be identical, or that the civil action be dispositive of the Board proceeding to warrant suspension, it need only have a bearing on the issues presented to the Board. 37 C.F.R. § 2.117(a).

The pleadings in the Civil Action clearly show that the Civil Action involves the same parties and that its adjudication has a bearing on all of the issues presented by Perine in this Opposition. The disposition of the Civil Action will determine whether Seena has a protectable trademark right in the DITCH PLAINS mark, a right that is challenged by Opposer in the Civil Action. (*See Ex. C, Reply to Countercl. p.8, ¶7*). More specifically, it will determine the merits of all three allegations that serve as the basis of this Opposition: (i) whether Seena's use of

“Ditch Plains” is geographically deceptively misdescriptive; (ii) whether Seena is precluded from claiming a protectable trademark right in the DITCH PLAINS mark given that the Trademark Office refused to register the mark in 2008; and (iii) whether Seena fabricated the date of its first use of the DITCH PLAINS mark. (See Ex. C, Reply to Countercl. p. 8, ¶¶ 4, 7, 8). Regardless of whether all of Perine’s claims in the Civil Action are proper bases for denying Seena’s rights to the DITCH PLAINS mark, the determination in the Civil Action will have a bearing on the rights of the parties and the instant Opposition. This conclusion is further supported by the fact that Seena must establish that the DITCH PLAINS mark is a protectable trademark -- *i.e.*, that the DITCH PLAINS mark is *not* geographically misdescriptive, in order to prevail on its counterclaims for federal and common law unfair competition, common law trademark infringement and deceptive acts under a New York statute, as set forth in Counterclaims 2 through 5 of Seena’s Amended Answer with Counterclaims (Ex. B). *See, e.g., Yarmut-Dion, Inc. v. D’ion Furs, Inc.*, 835 F. 2d 990, USPQ2d 1262 (2d Cir. 1987); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596 (9th Cir. 2005).

In other words, “[i]f it is determined in the civil action that applicant’s interest in the mark was insufficient to clothe it with the authority and right to file the application, same will be declared void ab initio; in which event, the opposition will be dismissed without prejudice and registration to applicant will be refused.” *Argo*, 187 USPQ at 368. Thus, the outcome of the Civil Action will have a direct bearing on the question of Seena’s right of registration.

III. CONCLUSION

For the foregoing reasons, Seena respectfully requests that all further proceedings in the instant Opposition be suspended pending disposition of the Civil Action. In the event the Board does not rule on this Motion prior to November 29, 2013, which is Seena's current deadline to answer or otherwise move, Seena respectfully requests that the Board suspend all deadlines in this proceeding pending disposition of Applicant's Motion to Suspend Opposition.

Respectfully submitted,

ANDREWS KURTH LLP

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**ATTORNEYS FOR APPLICANT
SEENA INTERNATIONAL, INC.**

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **APPLICANT'S MOTION TO SUSPEND OPPOSITION** has been served on Opposer by sending the same via hand-delivery, on this the 19th day of November, 2013, to:

Jeffrey Schreiber
Kevin A. Fritz
Susan M. Schlesinger
MEISTER SEELIG & FEIN LLP
140 East 45th Street, 19th Floor
New York, NY 10017

and was filed with the Trademark Trial and Appeal Board on the date indicated above, through the ESTTA system of the United States Patent and Trademark Office.

/Michele P. Schwartz/
Michele P. Schwartz

EXHIBIT A

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
PERINE INTERNATIONAL INC.,

Plaintiff,

Index No.

VERIFIED COMPLAINT

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU KOTHAPALLY,

Defendants.
-----X

Plaintiff Perine International Inc. ("Plaintiff" or "Perine International"), by and through its undersigned counsel, as and for its Verified Complaint against defendants Bedford Clothiers, Inc. ("Bedford Clothiers"), Seena International Inc. ("Seena International" and together with Bedford Clothiers, the "Buyers"), Ricky Singh, Brooklyn Xpress, and Vasu Kothapally (together with the Buyers, "Defendants"), alleges as follows:

NATURE OF THIS ACTION

1. This action arises from: (a) Buyers' failure to pay Plaintiff \$482,401.50 for goods sold and accepted and (b) Buyers' wrongful refusal to accept Plaintiff's other goods and pay the full \$1,734,351.25 price thereof. Furthermore, defendants Ricky Singh, Brooklyn Xpress, and Vasu Kothapally fraudulently induced Plaintiff to deliver to Buyers one (1) container of goods by fabricating a wire confirmation which was intended to, and did, deceive Plaintiff into believing that a payment had actually been paid when, in reality, it had not.

PARTIES, JURISDICTION AND VENUE

2. Plaintiff is a foreign corporation based in Hong Kong, China.
3. Bedford Clothiers is a domestic business corporation engaged in the textile

industry with an address of 95 Horse Block Road, Yaphank, NY 11980.

4. Seena International is a domestic business corporation engaged in the textile industry with an address of 225 Fulton Avenue, Hempstead, NY 11550

5. Ricky Singh is an individual residing, upon information and belief, in New York and, upon information and belief, is an owner, officer, and/or director of Buyers.

6. Brooklyn Xpress is an entity engaged in the business of clothing design with an address of 530 Seventh Avenue, Suite 801, New York, NY 10018. Upon information and belief, Brooklyn Xpress is wholly owned by one of the Buyers.

7. Vasu Kothapally is an individual residing, upon information and belief, in New York and, upon information and belief, is an employee of Buyers and/or Brooklyn Xpress.

8. Venue is proper pursuant to CPLR § 503.

9. The Court has jurisdiction over Defendants pursuant to CPLR § 301 and/or CPLR § 302.

FACTS RELEVANT TO ALL CLAIMS

10. Plaintiff and Buyers entered into an agreement whereby Plaintiff agreed to sell to Buyers, and Buyers agreed to purchase from Plaintiff, textiles. Buyers agreed to pay Plaintiff for the textiles upon delivery of the same.

A. Plaintiff's Goods are Sold and Accepted by Buyers

11. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P239D dated May 31, 2011 to Buyers requesting payment in the amount of \$143,510.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

12. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered,

and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P253D dated July 6, 2011 to Buyers requesting payment in the amount of \$65,759.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

13. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P254D dated June 28, 2011 to Buyers requesting payment in the amount of \$50,490.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

14. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P258D dated July 11, 2011 to Buyers requesting payment in the amount of \$39,382.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

15. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P259D dated July 11, 2011 to Buyers requesting payment in the amount of \$39,322.80 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

16. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P286D dated July 18, 2011 to Buyers requesting payment in the amount of \$79,773.30 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

17. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and delivered, and Buyers accepted, certain textiles. Plaintiff duly delivered Invoice Number P360D dated September 24, 2011 to Buyers requesting payment in the amount of \$64,163.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

B. Buyers Wrongfully Refusal to Accept Plaintiff's Other Goods

18. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P288D dated July 29, 2011 to Buyers requesting payment in the amount of \$50,490.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

19. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P297D dated August 3, 2011 to Buyers requesting payment in the amount of \$63,439.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

20. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P300D dated August 4, 2011 to Buyers requesting payment in the amount of \$56,073.60 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

21. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P304D dated July 26, 2011 to Buyers requesting payment in the amount of \$80,009.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

22. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such

textiles. Plaintiff duly delivered Invoice Number P306D dated August 16, 2011 to Buyers requesting payment in the amount of \$70,873.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

23. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P312D dated August 12, 2011 to Buyers requesting payment in the amount of \$58,257.60 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

24. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P315D dated August 19, 2011 to Buyers requesting payment in the amount of \$94,478.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

25. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P316D dated August 24, 2011 to Buyers requesting payment in the amount of \$73,258.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

26. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P317D dated August 27, 2011 to Buyers requesting payment in the amount of \$71,328.60 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

27. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P326D dated August 31, 2011 to Buyers requesting payment in the amount of \$109,630.95 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

28. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P355D dated September 21, 2011 to Buyers requesting payment in the amount of \$75,259.80 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

29. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P356D dated September 23, 2011 to Buyers requesting payment in the amount of \$111,974.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

30. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P361D dated October 8, 2011 to Buyers requesting payment in the amount of \$56,890.80 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

31. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P364D dated October 8, 2011 to Buyers

requesting payment in the amount of \$111,168.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

32. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P365D dated October 12, 2011 to Buyers requesting payment in the amount of \$58,321.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

33. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P366D dated August 16, 2011 to Buyers requesting payment in the amount of \$31,425.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

34. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P367D dated October 5, 2011 to Buyers requesting payment in the amount of \$53,295.30 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

35. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P370D dated October 13, 2011 to Buyers requesting payment in the amount of \$27,120.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

36. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly

tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P371D dated October 10, 2011 to Buyers requesting payment in the amount of \$49,465.35 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

37. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P372D dated October 10, 2011 to Buyers requesting payment in the amount of \$43,589.70 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

38. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P373D dated October 10, 2011 to Buyers requesting payment in the amount of \$46,431.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

39. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P374D dated October 21, 2011 to Buyers requesting payment in the amount of \$44,150.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

40. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P375D dated October 26, 2011 to Buyers requesting payment in the amount of \$41,460.90 for such textiles. However, Buyers have failed

to pay that amount which is due and owing.

41. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P376D dated October 24, 2011 to Buyers requesting payment in the amount of \$48,875.40 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

42. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P377D dated October 23, 2011 to Buyers requesting payment in the amount of \$49,618.80 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

43. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P378D dated October 10, 2011 to Buyers requesting payment in the amount of \$7,830.00 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

44. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such textiles. Plaintiff duly delivered Invoice Number P379D dated November 4, 2011 to Buyers requesting payment in the amount of \$66,839.85 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

45. Pursuant to a Purchase Order from Buyers, Plaintiff manufactured and duly tendered to Defendant certain textiles at the contract price. Defendant refused to accept such

textiles. Plaintiff duly delivered Invoice Number P380D dated November 4, 2011 to Buyers requesting payment in the amount of \$57,796.20 for such textiles. However, Buyers have failed to pay that amount which is due and owing.

C. Defendants' Fraud

46. Defendants fraudulently induced Plaintiff into delivering at least one (1) container of textiles that was accepted by Buyers by fabricating a wire transfer confirmation report so as to make it appear as if funds had been delivered to Plaintiff when, in reality, they had not.

47. In an email delivered on October 31, 2011 to Plaintiff, Vasu Kothapally of Brooklyn Xpress wrote: "Please find the attached wire confirmation, please accept our check for your charges and confirm so that I will send you the check." A true and correct copy of the October 31, 2011 and the "attached wire confirmation" is annexed hereto as Exhibit A and incorporated herein.

48. In reality, Vasu Kothapally and Ricky Singh, both acting on behalf of Buyers and their affiliate Brooklyn Xpress, fabricated the aforementioned wire confirmation so that Plaintiff would release to Buyers a container of approximately \$80,000 worth of textiles.

AS AND FOR A FIRST CAUSE OF ACTION
(Breach of Contract for Accepted Goods)

49. Plaintiff repeats and re-alleges each and every allegation contained in the preceding paragraphs as if set forth fully herein.

50. Plaintiff and Buyers entered into a valid and binding agreement whereby Plaintiff agreed to sell textiles to Buyers, and Buyers agreed to pay Plaintiff for such textiles.

51. Plaintiff performed all of its obligations under the agreement.

52. Buyers accepted Plaintiff's textiles.

53. In breach of the agreement, Buyers failed to pay Plaintiff the agreed upon price

for the textiles.

54. Buyers are liable to Plaintiff pursuant to U.C.C. § 2-709(1)(a) for the agreed price of the textiles in the aggregate amount of \$482,401.50, plus interest.

AS AND FOR A SECOND CAUSE OF ACTION
(Breach of Contract for Rejected Goods)

55. Plaintiff repeats and re-alleges each and every allegation contained in the preceding paragraphs as if set forth fully herein.

56. Plaintiff and Buyers entered into a valid and binding agreement whereby Plaintiff agreed to sell textiles to Buyers, and Buyers agreed to pay Plaintiff for such textiles.

57. Plaintiff performed all of its obligations under the agreement.

58. In breach of the agreement, Buyers wrongfully refused to accept Plaintiff's textiles or to pay in full for them. Buyers have only paid \$25,000 for the goods that they refused to accept.

59. Pursuant to U.C.C. § 2-708 Buyers are liable to Plaintiff for: (a) an amount to be determined at trial that is the difference between the \$1,709,351.25 unpaid contract price (\$1,734,351.25 minus \$25,000) and the market price at the time and place of tender of the goods, plus interest or (b) an amount to be determined at trial that is the profit (including reasonable overhead) that Plaintiff would have made from Buyers' full performance, plus interest.

60. As a further result of Buyers' wrongful non-acceptance, Plaintiff is entitled to incidental damages in amount to be determined at trial, including but not limited to costs of transportation and storage of the goods.

AS AND FOR A THIRD CAUSE OF ACTION
(Account Stated)

61. Plaintiff repeats and re-alleges each and every allegation contained in the

preceding paragraphs as if set forth fully herein.

62. Plaintiff duly delivered to Buyers invoices for the goods that Buyers accepted.

63. Buyers retained such invoices without objecting to them within a reasonable time.

64. Plaintiff is entitled to a judgment against Buyers in the aggregate amount of the undisputed invoices, \$482,401.50, plus interest.

AS AND FOR A FOURTH CAUSE OF ACTION
(Fraud)

65. Plaintiff repeats and re-alleges each and every allegation contained in the preceding paragraphs as if set forth fully herein.

66. When Defendants delivered the wire confirmation to Plaintiff, the representations therein were false, Defendants knew that they were false, and Defendants made them with the intent to induce Plaintiff to deliver textiles to Buyers.

67. Specifically, Defendants knew that they had not wired any money to Plaintiff.

68. Defendants failed to disclose to Plaintiff the material fact that Defendants had not, in fact, wired money to Plaintiff even though doing so would have affected Plaintiff's decision to deliver textiles to Buyers.

69. Plaintiff reasonably believed that the wire confirmation was true and Defendants gave Plaintiff no reason to believe that it was false.

70. Plaintiff, in reasonable reliance on Defendants' representations in the wire confirmation, delivered approximately \$80,000 worth of textiles to Buyers.

71. If Plaintiff had known the truth, Plaintiff would not have delivered approximately \$80,000 worth of textiles to Buyers.

72. As a result of Defendants' fraudulent conduct, Plaintiff is entitled to a money judgment against Defendants in an amount to be determined at trial, such sum being at least \$80,000, plus interest.

WHEREFORE, Plaintiff respectfully requests judgment as follows:

- a) On the First Cause of Action for breach of contract, a money judgment against Buyers in an amount to be determined at trial, such sum being at least \$482,401.50, plus pre and post judgment interest, attorneys fees and costs of suit;
- b) On the Second Cause of Action for breach of contract, a money judgment against Buyers in an amount to be determined at trial (together with incidental damages), plus pre and post judgment interest, attorneys fees and costs of suit;
- c) On the Third Cause of Action for account stated, a money judgment in the aggregate amount of the undisputed invoices, \$482,401.50, plus pre and post judgment interest, attorneys fees and costs of suit;
- d) On the Fourth Cause of Action, a money judgment against Defendants in an amount to be determined at trial, such sum being at least \$80,000, plus interest; and
- e) Granting Plaintiff such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 6, 2012

MEISTER SEELIG & FEIN LLP

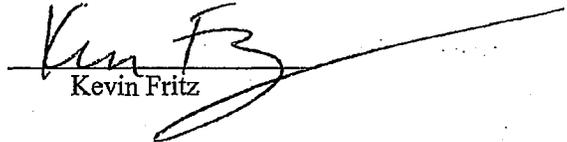
By: _____
Jeffrey Schreiber, Esq.
Kevin Fritz, Esq.
2 Grand Central Tower
140 East 45th Street, 19th Floor
New York, New York 10017
(212) 655-3500
Attorneys for Plaintiff

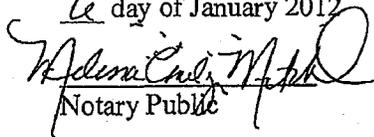
VERIFICATION

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.:

Kevin Fritz, being duly sworn, deposes and says:

1. I am the attorney for the plaintiff in the above-captioned action.
2. I have read the foregoing Complaint and know the contents thereof, which are true based upon my review of the files in the possession of my firm, except as to the matters stated to be alleged upon information and belief, and as to those matters I believe them to be true.
3. This verification is made by me instead of the plaintiff because the plaintiff is not within the County of New York, which is the county where I maintain my office.


Kevin Fritz

Sworn to before me this
6 day of January 2012

Notary Public

MELISSA EMILY MITCHELL
Notary Public, State of New York
No. 01MI6199286
Qualified in New York County
Commission Expires January 12, 2013

Exhibit A

b頁 1 - 2(B)

主要識別身分

寄件者: "Vasu Kothapally" <vasu@brooklynexpress.com>
收件者: "Steve Fodor" <steve@cssbrokers.com>; "Linna" <linna@netvigator.com>
副本: <linna@netvigator.com>; "Steve Fodor" <css@cssbrokers.com>
傳送日期: 2011年10月31日 下午 10:31
附加檔案: New Decl.jpg
主旨: RE: P307D, P308D
Hi Linna/Steve,

Please find the attached wire confirmation, please accept our check for your charges and confirm so that I will send you the check.

Thanks
Vasu

-----Original Message-----

From: Steve Fodor [mailto:steve@cssbrokers.com]
Sent: Monday, October 31, 2011 7:10 AM
To: 'Linna'; 'Vasu Kothapally'
Cc: linna@netvigator.com; 'Steve Fodor'
Subject: RE: P307D, P308D
Importance: High

Well noted Linna.

Vasu, please advise regarding your wire transfer payment to our account for the amount due as noted in my email from Oct. 28th so there is no delay in me releasing these shipments to you.

Thank you.

Best Regards,

Steve Fodor
Customs Services & Solutions Inc
Ph 770-852-6829, ext. 100 Fax 770-852-6879
Direct line 678-426-5830
steve@cssbrokers.com
www.cssbrokers.com

"Matt 11:28 " Come to me all you who are weary and heavy burdened and I will give you rest."

Visit us on Facebook - [CLICK HERE](#)

ISF WARNING - The flexible enforcement period on 10+2 ISF filing has ended and CBP may begin issuing penalties at any time without further notice. The ISF needs to be filed no later than 24 hours prior vessel loading. CBP may issue liquidated damages of \$5,000 per violation for the submission of an inaccurate, incomplete or untimely filing. If goods for which an ISF has not been filed arrive in the U.S., CBP may withhold the release or transfer of the cargo; CBP may refuse to grant a permit to unload for the merchandise; and if such cargo is unloaded without permission, it may be subject to seizure. Additionally, noncompliant cargo could be subject to "do not load" orders at origin or further inspection on arrival.

For more detailed information about the Importer Security Filing, please visit the CBP website at www.cbp.gov/hq/cgov/mgmt/cargo_security/carriers/security_linna/ or contact our office for further assistance.

From: linna [mailto:linna@netvigator.com]
Sent: Sunday, October 30, 2011 10:48 PM
To: Vasu Kothapally
Cc: linna@netvigator.com; steve@cssbrokers.com
Subject: P307D, P308D

Dear Vasu,

Re: P307D, P308D

We have informed forwarder CSS - Steve that once you remitted payment to us, you email the wire payment proof to us and also copy to forwarder, then the forwarder

2011/11/25

Habib American Bank

Manhattan Branch
69 Madison Avenue, New York, NY 10016
Phone: (212) 532-4444 Fax: (212) 532-7138

Out Message Serial 2907626 :
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02GWY00227P
{1510}:Type/Subtype Code
1000
{1520}:IMAD
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{3400}:Receiver DI
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{3600}:Business Function
CTR
{4000}:Intermediary FI
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*SHANGHAI COMMERCIAL BANK LIMITED*G 27 HOUSTON CENTER 63 MORY
RD.*TSIMSHATSUI EAST KOWLOON HK*
{4200}:Beneficiary
D35318013357*PERINE INTERNATIONAL INC*
{5000}:Originator
D101205101*BEDFORD CLOTHIERS, INC*1140 MOTOR PARKWAY, SUITE A HAUPPAUG*GE :
11788*
{5100}:Originator FI
BHANY0533XXX*HABIB AMERICAN BANK(NEW YORK)*99, MADISON AVENUE*NEW YORK, N
YORK*NEW YORK*
{6000}:Originator to Beneficiary Info
TT HAB/9743/11 INV.FEO 286D 307D 308D 299D 302D *BANK CODE.025-353*

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EXHIBIT B

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

PERINE INTERNATIONAL INC.,

Plaintiff,

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU
KOTHAPALLY,

Defendants,

-against-

REGENT ALLIANCE LTD., J & COMPANY
JEANS LLC, and NA LAM, also known as LINNA or
LLINNA LAM, LINNA TEXTILES MANUFACTURING
LTD. and VARIOUS JOHN DOES AND JANE DOES,

Additional Cross-Claim Defendants.

Index No. 650040/12

Assigned to
Hon. Barbara
R. Kapnick J.S.C.

IAS Part 39

**AMENDED VERIFIED
ANSWER WITH
COUNTERCLAIMS AND
CROSS-CLAIMS**

Defendants Bedford Clothiers, Inc. ("Bedford"), Seena International Inc. ("Seena"), Ricky Singh ("Singh") and Brooklyn Xpress ("Xpress") (hereinafter collectively referred to as "Defendants")¹, by their attorneys, Olshan Frome Wolosky LLP, as and for their Amended Verified Answer and Counterclaims, state:

ANSWERING THE COMMON ALLEGATIONS

1. Deny each and every allegation set forth in paragraphs 1, 46 and 48 of the Verified Complaint.
2. Deny knowledge and information sufficient to form a belief as to each and every allegation set forth in paragraphs 2, 3 and 4 of the Verified Complaint.

¹ Defendant Vasu Kothapally filed a Voluntary Petition under Chapter 7 of the U.S. Bankruptcy Code in the United States Bankruptcy Court, Eastern District of New York on February 22, 2013. Accordingly, this proceeding is currently stayed as against Mr. Kothapally pursuant to 11 U.S.C. § 362.

3. Deny each and every allegation set forth in paragraphs 8 and 9 of the Verified Complaint and refer all questions of law to the Court for the time of trial.

4. Deny each and every allegation set forth in paragraphs 6, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, and 47 of the Verified Complaint, and refer any and all questions concerning any writing, to said writing, which speaks for itself, subject to rules of construction and admissibility and other provisions of law.

5. Defendants make the same admissions and denials with respect to paragraph 49 of the Verified Complaint as those previously pleaded herein.

6. Deny each and every allegation set forth in paragraph 50 of the Verified Complaint, and refer any and all questions concerning any writing, to said writing, which speaks for itself, subject to rules of construction and admissibility and other provisions of law.

7. Deny each and every allegation set forth in paragraphs 51, 52, 53 and 54 of the Verified Complaint.

ANSWERING THE SECOND CAUSE OF ACTION

8. Defendants make the same admissions and denials with respect to paragraph 55 of the Verified Complaint as those previously pleaded herein.

9. Deny each and every allegation set forth in paragraph 56 of the Verified Complaint, and refer any and all questions concerning any writing, to said writing, which speaks for itself, subject to rules of construction and admissibility and other provisions of law.

10. Deny each and every allegation set forth in paragraphs 57, 58, 59 and 60 of the Verified Complaint.

ANSWERING THE THIRD CAUSE OF ACTION

11. Defendants make the same admissions and denials with respect to paragraph 61 of the Verified Complaint as those previously pleaded herein.

12. Deny each and every allegation set forth in paragraphs 61, 62 and 63 of the Verified Complaint.

13. Defendants make the same admissions and denials with respect to paragraph 65 of the Verified Complaint as those previously pleaded herein.

14. Deny each and every allegation set forth in paragraphs 66, 67, 68, 69, 70, 71 and 72 of the Verified Complaint.

AS AND FOR A FIRST AFFIRMATIVE DEFENSE

15. The Verified Complaint fails to state a claim for relief.

AS AND FOR A SECOND AFFIRMATIVE DEFENSE

16. The Verified Complaint fails to state a claim against Defendants other than possibly Bedford, as these defendants had no contractual relationship with Plaintiff, and in fact Defendant Xpress is not even a legally cognizable entity, but rather a trademark owned by Defendant Seena.

AS AND FOR A THIRD AFFIRMATIVE DEFENSE

17. Plaintiff's claims are barred by Plaintiff's own inequitable conduct and unclean hands.

AS AND FOR A FOURTH AFFIRMATIVE DEFENSE

18. Plaintiff's claims are barred, as Defendants properly rejected the goods that are the subject of the Verified Complaint, as such goods were not of merchantable quality, or were not timely delivered in accordance with the provisions of the individual purchase orders.

AS AND FOR A FIFTH AFFIRMATIVE DEFENSE

19. Plaintiff's claims are barred to the extent of a setoff in the sum of \$59,680.01, for the goods that were accepted but not shipped as directed in its purchase orders, either because:

- (a) they were shipped early causing Defendant Bedford to incur storage and related costs and/or
- (b) they were shipped late, resulting in certain reductions as enumerated on the purchase orders.

AS AND FOR A SIXTH AFFIRMATIVE DEFENSE

20. Plaintiff lacks standing to pursue the claims set forth in the Verified Complaint as it is a foreign corporation doing business in New York, but is not registered as required under New York's Business Corporation Law.

AS AND FOR A SEVENTH AFFIRMATIVE DEFENSE

21. Plaintiff's claims are barred for failure to name Regent Alliance LTD., a necessary party to this action.

COUNTERCLAIMS AND CROSS-CLAIMS

Defendants Bedford and Seena (hereinafter Bedford and Seena are sometimes collectively referred to as "Counterclaim Plaintiffs"), by their attorneys Olshan Frome Wolosky LLP, for their counterclaims against Plaintiff Perine International Inc. ("Perine") and their cross-claims against Defendants Regent Alliance Ltd. ("Regent"), J & Company Jeans LLC ("J & Co."), Na Lam, also known as Linna or Llinna Lam ("Lam") Linna Textiles Manufacturing Ltd. ("Linna Textiles") and various unknown John and Jane Does (the "Doe Parties")(collectively, Perine, Regent, J & Co., Lam, Linna Textiles and the Doe Parties are referred to as the "Perine Parties"), and allege on knowledge as to their own acts and otherwise on information and belief as follows:

INTRODUCTION

22. Seena is engaged in the design, manufacture, distribution and sale of high quality apparel items, which are sold primarily in mid-tier department stores and discount retailers throughout the United States, Canada and Europe. Since at least as early as October 31, 2005, Seena has designed, manufactured and sold apparel products bearing the DITCH PLAINS word mark; and since at least 2010, Seena has also designed, manufactured and sold apparel products bearing the DITCH PLAINS logo. These DITCH PLAINS trademarks are well known to the consuming public and trade.

23. Bedford, acting as Seena's design and production arm, is engaged in the design, manufacture and distribution of the high quality apparel items requested by Seena bearing the DITCH PLAINS word mark, DITCH PLAINS logo and other trademarks and designs owned by Seena.

24. Defendant Lam and her husband, Moe Cohen, are the principals of Plaintiff Perine, and Cross-Claim Defendants Regent, J & Co. and Linna Textiles. The Perine Parties operate companies out of Hong Kong who work with brands in the U.S. to have their apparel goods made in China.

25. From December 2010 through December 2011, Bedford contracted with the Perine Parties for the manufacture of Seena's apparel goods. From the very outset, Bedford experienced significant problems with the apparel orders placed with the Perine Parties. Bedford routinely accepted the goods on a conditional basis, paying fully for them with a full reservation of rights to charge back Perine due to its failure to abide by the terms of Bedford's purchase orders.

26. The problems with the Perine Parties continued as Bedford placed additional and larger orders. The Perine Parties began a consistent pattern and practice of not complying with the terms of Bedford's purchase orders and production specifications, producing goods that arrived late, and/or were defective, nonconforming, mis-sized, and improperly packaged. Bedford reluctantly accepted such goods conditionally, upon the granting of certain charge backs and being able to pay Perine as the goods were sold.

27. These ever-growing problems culminated in or about November 2011, when the Perine Parties again failed to comply with Bedford's purchase orders, product specifications and shipping schedules, forcing Bedford to reject the goods and cancel its orders. In an effort to minimize the financial burden on the Perine Parties and to allow the Perine Parties to recoup their costs, Seena and Bedford agreed to permit the Perine Parties to sell off 293,694 pieces of specific apparel goods, of which 166,923 bore the DITCH PLAINS word mark and DITCH PLAINS logo, which had been rejected/canceled, but had already been imported into the United States. This agreement regarding the Perine Parties' sale of the rejected/canceled goods was memorialized in a letter issued by Seena and Bedford on December 7, 2011 (the "Authorization Letter").

28. Approximately one month later, Perine commenced this action seeking to recover, among other things, in excess of \$1.7 million dollars for the goods that Bedford properly rejected and graciously authorized Perine to sell. Even worse, however, the Perine Parties then misused the Authorization Letter to manufacture over \$1.1 million dollars worth of infringing apparel goods bearing Seena's DITCH PLAINS trademarks, without Seena's or Bedford's authorization. The Perine Parties then sold the unauthorized and infringing products directly to Seena's customers.

29. Specifically, upon information and belief and as set forth in greater detail below, the Perine Parties created a forgery of the Authorization Letter and attempted to sell over one hundred thousand items bearing the DITCH PLAINS trademarks to Burlington Coat Factory through their agents Revi Green and Seven Lions Inc. The Perine Parties thereafter successfully through their agents Revi Green and Seven Lions Inc., sold unauthorized and infringing goods bearing identical reproductions of Seena's DITCH PLAINS trademarks to Seena's other customer, Ross Stores, Inc. ("Ross"). As recently as February 2013, Seena also learned that the Perine Parties had sold unauthorized and infringing goods bearing Seena's DITCH PLAINS trademarks to One Step Up Ltd. and its affiliated company Aggressive Apparel Inc.

30. Bedford and Seena thus seek to recover in this action for damages they have suffered as a result of the Perine Parties' unlawful manufacture, advertisement, distribution, offer for sale and sale of goods bearing unauthorized, and infringing identical reproductions of Seena's DITCH PLAINS trademarks, in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) and the statutory and common law of the State of New York.

THE PARTIES AND RELATED BACKGROUND

The Parties

31. Defendant/Counterclaim Plaintiff Bedford is a New York corporation with its principal place of business at 1140 Motor Parkway, Suite A, Hauppauge, New York 11788. Bedford is a merchant within the meaning of the Uniform Commercial Code and is regularly engaged in the business of wholesale distribution of apparel. Bedford has been injured and will continue to be injured in New York and this judicial district by the Perine Parties' wrongful acts alleged herein.

32. Defendant/Counterclaim Plaintiff Seena is a New York corporation with its principal place of business at 1140 Motor Parkway, Suite A, Hauppauge, New York 11788. Seena has been injured and will continue to be injured in New York and this judicial district by the Perine Parties' wrongful acts alleged herein.

33. Upon information and belief, Plaintiff/Counterclaim Defendant Perine, is a foreign corporation and maintains its principal place of business at Room 908-910, Wing On Plaza, 62 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, China. Perine (i) has distributed, offered for sale and sold the infringing products at issue in this case and other products in New York and this judicial district and/or (ii) expected, intended and directed that the infringing products at issue would be distributed and/or sold in New York and this judicial district by its customers, and had full knowledge that the infringing products at issue were to be distributed and/or sold in New York and this judicial district or could reasonably be expected to be distributed and/or sold in New York and this judicial district.

34. Upon information and belief, Cross-Claim Defendant Regent is a foreign corporation and maintains its principal place of business at Rm 908-910, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong, China. Regent (i) has distributed, offered for sale and sold the infringing products at issue in this case and other infringing products in New York and this judicial district and/or (ii) expected, intended and directed that the infringing products at issue would be distributed and/or sold in New York and this judicial district by its customers, and had full knowledge that the infringing products at issue were to be distributed and/or sold in New York and this judicial district or could reasonably be expected to be distributed and/or sold in New York and this judicial district.

35. Upon information and belief, Cross-Claim Defendant J & Co., is a limited liability company and maintains its principal place of business at Rm 908-910, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong, China. J & Co. (i) has distributed, offered for sale and sold the infringing products at issue in this case and other infringing products in New York and this judicial district and/or (ii) expected, intended and directed that the infringing products at issue would be distributed and/or sold in New York and this judicial district by its customers, and had full knowledge that the infringing products at issue were to be distributed and/or sold in New York and this judicial district or could reasonably be expected to be distributed and/or sold in New York and this judicial district.

36. Upon information and belief, Cross-Claim Defendant Linna Textiles, is a limited liability company and maintains its principal place of business at Rm 908-910, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong, China. Linna Textiles (i) has distributed, offered for sale and sold the infringing products at issue in this case and other infringing products in New York and this judicial district and/or (ii) expected, intended and directed that the infringing products at issue would be distributed and/or sold in New York and this judicial district by its customers, and had full knowledge that the infringing products at issue were to be distributed and/or sold in New York and this judicial district or could reasonably be expected to be distributed and/or sold in New York and this judicial district.

37. Upon information and belief, Cross-Claim Defendant Lam is the moving, active, dominating and controlling force behind the infringing and other wrongful activities of Perine, Regent, J & Co. and Linna Textiles, and personally participated in the transactions alleged herein. Cross-Claim Defendant Lam is not a resident of the State of New York, but regularly conducts business in the State of New York, and in this judicial district.

38. Upon information and belief, at all times relevant hereto, the Perine Parties, are and have been doing business in this judicial district and within New York and are and have manufactured, exported, imported, purchased, advertised, distributed, offered for sale and/or sold products bearing infringements of Seena's trademarks in this district and within New York.

39. Due to the nature of the Perine Parties' business practices, the identities of the various John Does and Jane Does are not presently known. The counterclaims and cross-claims herein will be amended, if appropriate, to include the name or names of said individuals and/or entities when such information becomes available.

The Seena Trademarks

40. Seena is engaged in the design, manufacture, distribution and sale in interstate commerce of high quality apparel items, which are sold primarily in mid-tier department stores and discount retailers throughout the United States, Canada and Europe.

41. Bedford, acting as Seena's design and production arm, is engaged in the design, manufacture and distribution of the high quality apparel items requested by Seena bearing the DITCH PLAINS word mark, DITCH PLAINS Logo and other trademarks and designs owned or handled by Seena.

42. Since at least as early as October 31, 2005, Seena has designed, manufactured, distributed, offered for sale and sold apparel products bearing the DITCH PLAINS word mark (the "DITCH PLAINS Word Mark") and since at least as early as 2010, Seena has designed, manufactured, distributed, offered for sale and sold apparel products bearing the DITCH PLAINS Logo, a copy of which is attached hereto as Exhibit A (the "DITCH PLAINS Logo"), throughout the United States, Canada and Europe (hereinafter the DITCH PLAINS Word Mark and the DITCH PLAINS Logo are collectively referred to as the "DITCH PLAINS

Trademarks"). The DITCH PLAINS Trademarks have been used on or in connection with these apparel products through the use of embroideries, appliqués, distinctive neck labels, care content labels, as well as a distinctive surfer hangtag (the "Surfer Hangtag") and surfboard hangtag (the "Surfboard Hangtag"). Copies of the Surfer Hangtag and Surfboard Hangtag are attached hereto as Exhibits B and C.

43. Seena has expended over a half million dollars in advertising in establishing the goodwill associated with the DITCH PLAINS Trademarks.

44. As a result of Seena's extensive use of the DITCH PLAINS Trademarks, these marks have acquired value and recognition in the United States. The DITCH PLAINS Trademarks are well known to the consuming public and trade as identifying and distinguishing Seena exclusively and uniquely as the source of origin of the high quality apparel products to which the DITCH PLAINS Trademarks are applied.

45. Since as early as 2005, Seena has sold millions of apparel products bearing the DITCH PLAINS Trademarks to major retailers throughout the United States, Europe and Canada establishing its valuable common law rights therein.

46. By virtue of the wide renown acquired by the DITCH PLAINS Trademarks, coupled with its broad geographic distribution and sale of the DITCH PLAINS apparel products by Seena, the DITCH PLAINS Trademarks have acquired a secondary meaning, fame, and significance in the minds of the purchasing public, and apparel products bearing such marks are immediately identified by the purchasing public with Seena.

Bedford Retains Perine Parties to Manufacture Goods

47. In 2010, Bedford was introduced to Lam and her husband, Moe Cohen ("Cohen"), both of whom, upon information and belief, are the principals of Perine, Regent, J & Co. and Linna Textiles.

48. Upon information and belief, Cohen and Lam operated their companies Perine, Regent, J. & Co. and Linna Textiles out of Hong Kong and worked with brands in the U.S. to have their apparel goods made in China.

49. Bedford began to use the Perine Parties and their affiliated factories as their manufacturer for apparel in or around December 2010.

50. From December 2010 through and including October 2011, Bedford issued numerous purchase orders to Regent to purchase apparel products.

51. Pursuant to the purchase orders issued by Bedford, the Perine Parties agreed to follow Bedford's procedures in the approval of its designed products, fabric sample submission, packaging, and shipping.

52. In consideration for the Perine Parties' adherence to the terms of the Bedford purchase orders, Bedford agreed to pay to Perine the agreed purchase order price.

53. It was expressly stated and understood by both parties that the goods produced were to be sold by Seena to the public by way of wholesale distribution.

Perine's Shipments

Conditionally Accepted Paid Goods

54. Bedford experienced problems with many of the apparel orders placed with the Perine Parties, and accepted and paid for the goods conditionally, reserving its right to charge back Perine for its failure to abide by the terms of Bedford's purchase orders.

55. These charge backs included the additional air freight costs incurred by Bedford rather than the agreed upon marine freight charges when the Perine Parties shipped goods late.

56. Thus, as per the terms of Bedford's purchase orders, Bedford is entitled to credits by way of set-off of \$864,922.70, as explained in detail in Exhibit F hereto, the terms of which are incorporated by reference hereto.

Accepted Non-Conforming Goods

57. The problems with the Perine Parties continued to grow as Bedford began to place additional and larger orders. The Perine Parties began a consistent pattern and practice of not complying with the terms of Bedford's purchase orders and production specifications.

58. During 2011, Bedford issued purchase orders for over \$6,000,000 to Regent. Some of the goods invoiced on or about and between May 2011 and September 2011 were in dispute as they arrived late, were defective, nonconforming, mis-sized, improperly packaged and not of the same quality as the samples previously provided by the Perine Parties to Bedford.

59. Bedford rightly rejected the non-conforming goods; however, the Perine Parties refused to accept return of the rejected goods. Bedford thus reluctantly agreed to accept the goods, conditioned upon the granting of certain charge backs and the ability to pay Perine as the goods were sold, as many of their customers' orders had been cancelled due to Perine's failure to abide by the terms of the Bedford purchase orders (the "Accepted Non-Conforming Goods").

60. Due to the Perine Parties' nonconformance, Seena was forced to sell these goods to certain "lower end" stores at a significantly lower price than the stores that originally ordered the goods.

61. Although Perine was duly notified, it refused all requests by Bedford to remedy the dispute and issue the appropriate credits.

62. Where Seena's confirmed customer orders were cancelled as a result of the Perine Parties' late shipping or otherwise, Seena sought and obtained the best possible price the market would offer for the resale of the goods in order to mitigate any damages it might otherwise have incurred, and to pay Perine accordingly.

Rejected Orders and Sale Authorization

63. The ever-growing problems with the goods supplied by the Perine Parties culminated in or about November 2011, when Bedford received its ordered goods, which again failed to comply with Bedford's purchase orders, product specifications and shipping schedules. Not only were the goods not to product specifications and untimely, but Perine's failure to ship the ordered goods in a timely fashion once again created major difficulties with Seena's customers who continued to cancel orders. This drastically effected Seena's ability to service its customers and maintain its long-standing reputation in the apparel industry. Given Perine's repeated purchase order, production and shipping failures, Bedford was forced to reject goods and cancel orders (the "Rejected Goods").

64. In order to ease the financial burden on the Perine Parties and to allow the Perine Parties to recoup their costs, Bedford and Seena allowed the Perine Parties to sell off the Rejected Goods that had been imported into the United States bearing the DITCH PLAINS Trademarks, Max's Quality Dry Goods, Brooklyn Xpress, and other trademarks owned or handled by Seena. This agreement regarding the Perine Parties' sale of the Rejected Goods was memorialized in the Authorization Letter, issued by Bedford and Seena on December 7, 2011. The Authorization Letter detailed the total quantity of the Rejected Goods as 293,694 pieces and identified the types of apparel as shirts, hoodies, jogging pants, jogging sets, henleys and vests that had been imported. From this total of 293,694, 166,923 pieces consisted of DITCH

PLAINS trademarked apparel, of which (i) 153,027 pieces consisted of DITCH PLAINS trademarked fleece, (ii) 11,844 pieces consisted of DITCH PLAINS trademarked hooded thermals and (iii) 2,052 pieces consisted of DITCH PLAINS trademarked vests. The remaining 126,771 pieces of apparel bore the Max's Quality Dry Goods, Brooklyn Xpress, and other trademarks owned or handled by Seena. A copy of the Authorization Letter has been annexed hereto as Exhibit D.

Perine Parties Attempt to Sell Unauthorized Infringing Goods by Forging the Authorization Letter

65. Approximately one month after the issuance of the Authorization Letter, Perine commenced this action, asserting that it is owed in excess of \$480,000 for the Accepted Non-Conforming Goods and in excess of \$1.7 million for the Rejected Goods. Incredibly, Perine neglected to mention in the Verified Complaint that Bedford had rightly rejected and canceled the Rejected Goods, or that Seena had issued the Authorization Letter permitting Perine to sell off the Rejected Goods that had been imported into the United States so that Perine could recoup its losses. Even worse, however, and upon information and belief, the Perine Parties later misused the Authorization Letter to manufacture and sell over \$1.1 million worth of at least twenty-five (25) different styles of apparel goods bearing Seena's DITCH PLAINS Trademarks, without Seena's authorization.

66. Upon information and belief, these unauthorized and infringing products were then sold by the Perine Parties through their agents Revi Green ("Green"), Seven Lions Inc. ("Seven Lions") or from their factories to Seena's customers.

67. Indeed, in or about October 2012, Seena was notified by Burlington Coat Factory that 126,218 woven shirts bearing the DITCH PLAINS Trademarks were being offered for sale by Green and Seven Lions. This offering included photographs of the DITCH PLAINS woven

shirts and a "document" which professed to have been issued by Bedford Clothiers, Inc., Seena International Inc., Brooklyn Express authorizing the sale of these shirts by the Perine Parties.

68. The "document" that purported to authorize the sale of these goods was, upon information and belief, a forgery of the Authorization Letter, that had been constructed by cutting, pasting and altering some of the contents of the genuine Authorization Letter and included obvious spelling errors (the "Forged Authorization Letter"). A copy of the Forged Authorization Letter is annexed as Exhibit E.

69. Upon information and belief, the Forged Authorization Letter was a clear and willful attempt to legitimize the unauthorized Infringing Goods.

Perine Parties Successfully Sell Unauthorized Infringing Goods

70. After being alerted to these initial attempted unauthorized and infringing offerings, Seena learned that Green and Seven Lions, acting as agents for the Perine Parties had successfully sold unauthorized goods bearing identical reproductions of Seena's DITCH PLAINS Trademarks, identical DITCH PLAINS neck label, and identical DITCH PLAINS Surfer Hangtag and/or Surfboard Hangtag ("the Infringing Goods") to one of Seena's customers, Ross.

71. After making purchases of the shirts from Ross, Seena confirmed that the shirts were never authorized for production and bore identical reproductions and infringements of its DITCH PLAINS Trademarks. Seena then confirmed with Ross that they had purchased thousands of the Infringing Goods from the Perine Parties through the Perine Parties' agents, Green and Seven Lions, and that Ross had been informed that these shirts were also the goods contained in the Authorization Letter.

72. In or about February 2013, Seena learned that another company, One Step Up Ltd., and its affiliated company Aggressive Apparel Inc. (hereinafter collectively "One Step Up"), was offering for sale to Seena's customers twenty-five (25) different styles of apparel including polo shirts, woven shirts, non hooded thermals and henleys, all bearing further unauthorized reproductions and infringements of Seena's DITCH PLAINS Trademarks (the "One Step Up Infringing Goods").

73. Upon learning of the One Step Up Infringing Goods, Seena contacted One Step Up and discovered that it had purchased 294,138 pieces of apparel bearing the DITCH PLAINS Trademarks from the Perine Parties. This was 127,215 more DITCH PLAINS trademarked pieces than contained in the Authorization Letter and also consisted of different types of apparel styles which were not included in the Authorization Letter. This is in addition to the Forged Authorization Letter and photographs presented by Green and Seven Lions to Burlington that had offered an additional 126,218 woven DITCH PLAINS trademarked shirts. This establishes the offer for sale and/or sale of a total of 420,356 unauthorized and infringing goods bearing the DITCH PLAINS Trademarks.

74. Seena, through its counsel, sent cease and desist letters to the Perine Parties' apparel agents, as well as to Ross and One Step Up.

75. Upon information and belief, the Perine Parties, without the consent of Seena, designed, manufactured, exported, imported, distributed, advertised, offered for sale, and/or sold, throughout the United States and in this judicial district, apparel products bearing identical reproductions of the DITCH PLAINS Trademarks, an identical neck label, and identical Surfer Hangtag and/or the Surfboard Hangtag. Upon information and belief, the Infringing Goods consist of studied imitations of pre-existing DITCH PLAINS styles and/or patterns or Seena's

other trademarked products. As such, upon information and belief, the Infringing Goods are competitive with, related to, and are directed and targeted towards the same group of Seena's customers and ultimate consumers as Seena's DITCH PLAINS' products.

76. Upon information and belief, the aforementioned acts of the Perine Parties were willful, in that Seena's use of the DITCH PLAINS Trademarks has been open and notorious since at least as early as 2005 and, since 2010, the Perine Parties had been contracted by Bedford to manufacture their authentic DITCH PLAINS and other trademarked products. As such, the Perine Parties knew that their use of the DITCH PLAINS Trademarks, identical neck label, and identical hangtags on these apparel products was unauthorized and would cause confusion in the marketplace with Seena's authentic goods.

77. Upon information and belief, in addition to the DITCH PLAINS Trademarks, the Infringing Goods contained copies of Seena's Surfer Hangtag, Surfboard Hangtag, appliqués, embroideries, distinctive neck labels and care content labels, which the Perine Parties had previously manufactured for Seena's genuine goods. As such, such infringing acts were a further willful and deliberate attempt to create confusion in the marketplace.

78. Upon information and belief, the Perine Parties' acts were intentionally undertaken in a deliberate effort to cause confusion and mistake among the consuming public as to the source, affiliation and/or sponsorship of the Infringing Goods, and to gain for the Perine Parties the benefit of the enormous goodwill associated with Seena and its DITCH PLAINS Trademarks.

79. Upon information and belief, the acts of the Perine Parties in designing, manufacturing, exporting, importing, advertising, distributing, offering for sale and/or selling in interstate commerce products bearing the DITCH PLAINS Trademarks, identical neck label, and

identical hangtags (a) are likely to cause confusion and mistake among the consuming public that all such products originate with Seena, (b) are likely to cause confusion and mistake among the consuming public that there is some affiliation, connection or association of the Perine Parties' Infringing Products with Seena, and/or (c) are likely to cause confusion and mistake among the consuming public that said products are being offered to the consuming public with the sponsorship or approval of Seena.

80. Upon information and belief, the Perine Parties advertised, distributed and/or sold the Infringing Goods knowing the goods bore infringements of the DITCH PLAINS Trademarks. Upon information and belief, the Perine Parties engaged in a deliberate effort to cause confusion and mistake among the consuming public as to the source, affiliation and/or sponsorship of the Infringing Goods and, to gain to the Perine Parties, the benefit of the enormous goodwill associated with the DITCH PLAINS Trademarks.

**FIRST COUNTERCLAIM BY BEDFORD AGAINST
PERINE AND CROSS-CLAIM AGAINST REGENT AND LAM
(BREACH OF WARRANTY AND BREACH OF CONTRACT)**

81. Bedford repeats and realleges the allegations set forth in paragraphs 1 through 80 above as if fully set forth herein

82. Perine expressly warranted to Bedford that the goods would be fit for Bedford's purpose.

83. The defective and nonconforming nature of certain of the goods sold and delivered by Perine and its failure to comply with the agreed upon representations set forth by Lam and the specifications set forth in the purchase orders, constituted a breach contract and of said warranties.

84. As a result of the inferior quality of Perine's workmanship and the lateness of delivery, Bedford was unable to realize its expectant profits and has additionally incurred incidental damages.

85. As a result of Perine's breach of warranty of merchantability, its breach of implied warranty of fitness and its breach of warranty for a particular purpose and its breach of contract, Bedford has paid and seeks to recover damages as detailed in Exhibit F annexed hereto.

86. Based upon the foregoing, Bedford has been damaged by Perine in the sum of Eight Hundred Sixty Four Thousand Nine Hundred Twenty Two Dollars and Seventy Cents (\$864,922.70) for actual credits due under the purchase orders at issue, damages for lost profits and consequential damages in the sum of not less than One Million Dollars (\$1,000,000.00) and demands judgment therefor.

**SECOND COUNTERCLAIM BY SEENA AGAINST PERINE,
AND CROSS-CLAIM AGAINST REGENT, J & CO., LAM and LINNA TEXTILES
(VIOLATION OF SECTION 43(A) OF THE LANHAM ACT, 15 U.S.C. § 1125(a))**

87. Seena repeats and realleges the allegations set forth in paragraphs 1 through 86 above as if fully set forth herein.

88. Seena has valid common law trademark rights in the DITCH PLAINS Trademarks and has had those rights prior to the commencement of the Perine Parties' unauthorized use of the DITCH PLAINS Trademarks.

89. Upon information and belief, the Perine Parties, without the consent of Seena, designed, manufactured, exported, imported, distributed, advertised, offered for sale, and/or sold, throughout the United States and in this judicial district, the Infringing Goods bearing identical reproductions of the DITCH PLAINS Trademarks, an identical neck label, care/content label and identical Surfer Hangtag and/or the Surfboard Hangtag.

90. Upon information and belief, the Perine Parties have made use of false designation of origin, false advertising and/or false or misleading representations of fact, in violation of 15 U.S.C. § 1125(a), in connection with the Perine Parties' unauthorized design, manufacture, exportation, importation, advertisement, distribution, offer for sale and/or sale of the Infringing Goods. Such conduct is likely to cause consumers to be confused, mistaken or deceived into believing that the Infringing Goods originated or are affiliated with, or are sponsored by, Seena.

91. Such conduct on the part of the Perine Parties has injured Seena in an amount to be determined at trial and has caused and will continue to cause irreparable injury to Seena, for which Seena has no adequate remedy at law. As such, Seena seeks an injunction pursuant to 15 U.S.C. §1116(a), as well as damages, a disgorgement of profits and attorney's fees and costs, pursuant to 15 U.S.C. §1117(a).

**THIRD COUNTERCLAIM BY SEENA AGAINST PERINE,
AND CROSS-CLAIM AGAINST REGENT, J & CO., LAM and LINNA TEXTILES
(COMMON LAW TRADEMARK INFRINGEMENT)**

92. Seena repeats and realleges the allegations set forth in paragraphs 1 through 91 above as if fully set forth herein.

93. Seena has valid common law trademark rights in the DITCH PLAINS Trademarks and has had those rights prior to the commencement of the Perine Parties' unauthorized use of the DITCH PLAINS Trademarks.

94. Upon information and belief, the Perine Parties, without the consent of Seena, designed, manufactured, exported, imported, advertised, distributed, offered for sale, and/or sold, throughout the United States and in this judicial district, the Infringing Goods bearing identical

reproductions of the DITCH PLAINS Trademarks, an identical neck label, care/content label and identical Surfer Hangtag and/or the Surfboard Hangtag.

95. The Perine Parties' design, manufacture, exportation, importation, advertisement, distribution, offer for sale and/or sale of the Infringing Goods, is likely to cause consumers to be confused, mistaken or deceived into believing that the Infringing Goods originated or are affiliated with, or are sponsored by Seena.

96. As such, upon information and belief, the Perine Parties' foregoing actions constitute willful trademark infringement in violation of the common law of the State of New York and other states.

97. Upon information and belief, such deceitful conduct and bad faith on the part of the Perine Parties constitutes gross, wanton, or willful fraud or other morally culpable conduct to an extreme degree.

98. Such conduct on the part of the Perine Parties has injured Seena in an amount to be determined at trial and has caused and will continue to cause irreparable injury to Seena, for which Seena has no adequate remedy at law. As such, Seena seeks an injunction, damages and/or a disgorgement of profits.

**FOURTH COUNTERCLAIM BY SEENA AGAINST PERINE,
AND CROSS-CLAIM AGAINST REGENT, J & CO., LAM and LINNA TEXTILES
(COMMON LAW UNFAIR COMPETITION)**

99. Seena repeats and realleges the allegations set forth in paragraphs 1 through 98 above as if fully set forth herein.

100. Seena has valid common law trademark rights in the DITCH PLAINS Trademarks and has had those rights prior to the commencement of the Perine Parties' unauthorized use of the DITCH PLAINS Trademarks.

101. Upon information and belief, the Perine Parties, without the consent of Seena, designed, manufactured, exported, imported, distributed, advertised, offered for sale, and/or sold, throughout the United States and in this judicial district, the Infringing Goods bearing identical reproductions of the DITCH PLAINS Trademarks, an identical neck label, care/content label and identical Surfer Hangtag and/or the Surfboard Hangtag.

102. Upon information and belief, the Perine Parties' design, manufacture, exportation, importation, advertisement, distribution, offer for sale and/or sale of the Infringing Goods, is likely to cause consumers to be confused, mistaken or deceived into believing that the Infringing Goods originated or are affiliated with, or are sponsored by Seena.

103. As such, upon information and belief, the Perine Parties' foregoing actions constitute unfair competition in violation of the common law of the State of New York and other states as the Perine Parties have willfully misappropriated the labors and expenditures of Seena.

104. Upon information and belief, such deceitful conduct and bad faith on the part of the Perine Parties constitutes gross, wanton, or willful fraud or other morally culpable conduct to an extreme degree.

105. Such conduct on the part of the Perine Parties has injured Seena in an amount to be determined at trial and has caused and will continue to cause irreparable injury to Seena, for which Seena has no adequate remedy at law. As such, Seena seeks an injunction, damages, and a disgorgement of profits.

**FIFTH COUNTERCLAIM BY SEENA AGAINST PERINE,
AND CROSS-CLAIM AGAINST REGENT, J & CO., LAM and LINNA TEXTILES
(N.Y. GENERAL BUSINESS LAW § 349)**

106. Seena repeats and realleges the allegations set forth in paragraphs 1 through 105 above as if fully set forth herein

107. Upon information and belief, the Perine Parties, without the consent of Seena, designed, manufactured, exported, imported, distributed, advertised, offered for sale, and/or sold, throughout the United States and in this judicial district, the Infringing Goods bearing identical reproductions of the DITCH PLAINS Trademarks, an identical neck label, care/content label and identical Surfer Hangtag and/or the Surfboard Hangtag.

108. The aforementioned acts of the Perine Parties constitute deceptive acts and practices, and cause consumer injury. The aforementioned acts of the Perine Parties not only harm Seena, but also harm the public interest, all in violation of New York General Business Law § 349.

109. Such conduct on the part of the Perine Parties has injured Seena in an amount to be determined at trial and has caused and will continue to cause irreparable injury to Seena, for which Seena has no adequate remedy at law. As such, pursuant to New York General Business Law § 349, Seena seeks an injunction, damages, which are to be increased by the Court up to the statutory limit due to the Perine Parties' willful conduct, and Seena's attorney's fees.

WHEREFORE, Counterclaim Plaintiffs demand that a judgment be entered granting the following relief:

1. Awarding Bedford judgment on its breach of contract counterclaim against Perine in the sum of Eight Hundred Sixty-Four Thousand Nine Hundred Twenty Two Dollars and Seventy Cents (\$864,922.70) for actual credits due under the purchase orders at issue, damages for lost profits and consequential damages in the sum to be determined by the Court at the time of trial, but not less than One Million Dollars (\$1,000,000.00).

2. Pursuant to 15 U.S.C. § 1116(a) and New York state law, preliminarily and permanently enjoining and restraining the Perine Parties and their affiliates, divisions, officers,

directors, principals, servants, employees, successors and assigns, and all those in active concert or participation with them from:

(a) imitating, copying or making unauthorized use of the DITCH PLAINS Trademarks;

(b) designing, manufacturing, importing, exporting, distributing, circulating, selling, offering for sale, advertising, promoting or displaying the Infringing Goods or any other products bearing any unauthorized reproduction, copy or colorable imitation of the DITCH PLAINS Trademarks, either individually or in conjunction with other words, marks or designs;

(c) using any mark confusingly similar to any of the DITCH PLAINS Trademarks in connection with the manufacture, promotion, advertisement, display, sale, offering for sale, production, import, export, circulation or distribution of any product in such manner as to relate or connect, or tend to relate or connect, such product in any way with Seena or to any goods sold, sponsored, approved by, or connected with Seena;

(d) engaging in any other activity constituting unfair competition with Seena, or constituting an infringement of the DITCH PLAINS Trademarks or of Seena's rights in, or its rights to use or exploit such trademarks, or the reputation and the goodwill associated with the DITCH PLAINS Trademarks;

(e) making any statement or representation whatsoever, with respect to the Infringing Goods that falsely designates Seena as the origin of the goods, or that is false or misleading with respect to Seena; and

(f) engaging in any other activity, including the effectuation of assignments or transfers of their interests in marks confusingly similar to the DITCH PLAINS

Trademarks, the formation of other corporations, partnerships, associations or other entities or the utilization of any other devices, for the purpose of circumventing, evading, avoiding or otherwise violating the prohibitions set forth in subsections 1(a) through 1(e) above.

3. Directing that the Perine Parties deliver for destruction all products, artwork, labels, tags, specification sheets, computer assisted designs, technical packages, prints, signs, packages, dies, plates, molds, matrices or other means of production, wrappers, receptacles and advertisements in their possession, custody or control bearing resemblance to the DITCH PLAINS Trademarks and/or any unauthorized reproductions, copies or colorable imitations thereof.

4. Directing that the Perine Parties refund the entire purchase price of the One Step Up Infringing Goods to One Step Up, and consent to One Step Up's surrender of the One Step Up Infringing Goods to Seena for destruction or donation to a charity designated by Counterclaim Plaintiffs, at the Perine Parties' expense;

5. Directing such other relief as the Court may deem appropriate to prevent the trade and public from deriving any erroneous impression that any products at issue in this case that have been offered for sale, sold or otherwise circulated or promoted by the Perine Parties are authorized by Seena or are related to or associated in any way with Seena's products.

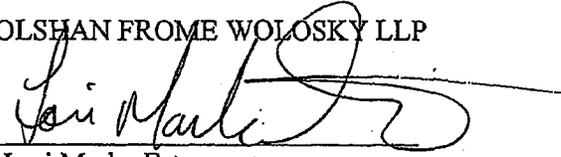
6. Awarding Seena all damages sustained as a result of the Perine Parties' wrongful acts and directing that these damages be trebled pursuant to 15 U.S.C. § 1117.

7. Requiring the Perine Parties to account and pay over to Seena all profits realized by the Perine Parties' wrongful acts and directing that such profits be enhanced pursuant to 15 U.S.C. § 1117.

8. Awarding Seena punitive damages on its claims under New York law.
9. Awarding Counterclaim Plaintiffs their costs and reasonable attorneys' and investigatory fees, together with pre-judgment interest.
10. Directing that this Court retain jurisdiction of this action for the purpose of enabling Counterclaim Plaintiffs to apply to the Court at any time for such further orders and interpretation or execution of any order entered in this action for the modification of any such order, for the enforcement or compliance therewith and for the punishment of any violations thereof.
11. Awarding Counterclaim Plaintiffs such other and further relief as the Court deems just and proper.

Dated: New York, New York
April 27, 2013

OLSHAN FROME WOLOSKY LLP

By: 

Lori Marks-Esterman
Martin J. Feinberg
Olshan Frome Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300
(212) 451-2222 (fax)
*Attorneys for Bedford Clothiers, Inc.,
Seena International Inc., Ricky Singh, and
Brooklyn Xpress and Vasu Kothapally*

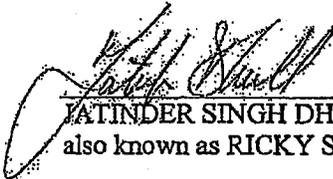
TO: Meister Seelig & Fein LLP
2 Grand Central Tower
140 East 45th Street, 19th Floor
New York, New York 10017
(212) 655-3500
Attorneys for Plaintiff

VERIFICATION

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

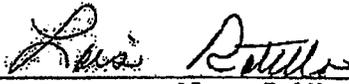
JATINDER SINGH DHALL also known as RICKY SINGH, being duly sworn, deposes and states:

I am a Defendant in the above-captioned cause of action. I have read Defendants' AMENDED VERIFIED ANSWER WITH COUNTERCLAIMS AND CROSS-CLAIMS and, on behalf of all Defendants, declare the same to be true and correct to the best of my knowledge and belief.



JATINDER SINGH DHALL
also known as RICKY SINGH

Sworn to before me this
29 day of April 2013



Notary Public

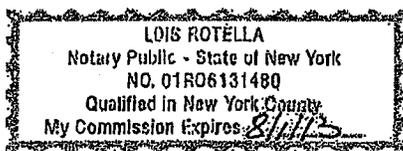


EXHIBIT A

EST. 1870

NEW YORK

EXHIBIT B

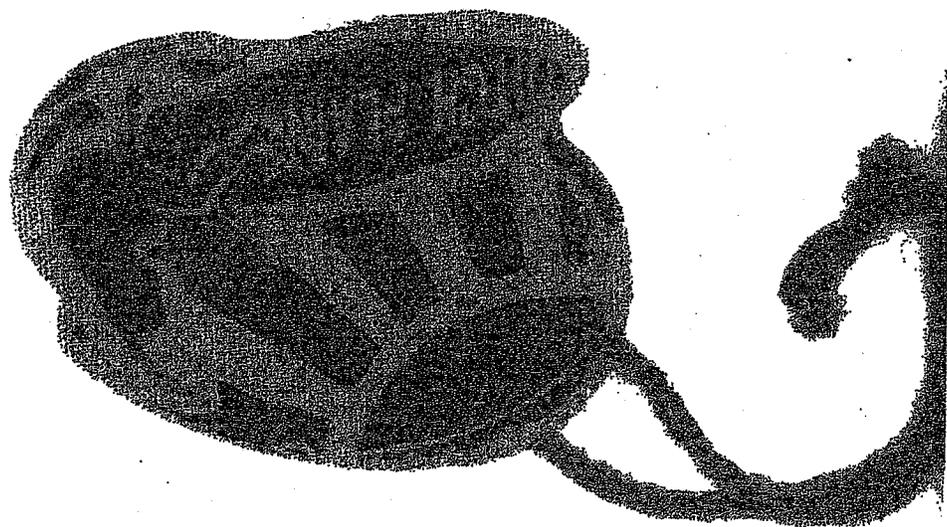
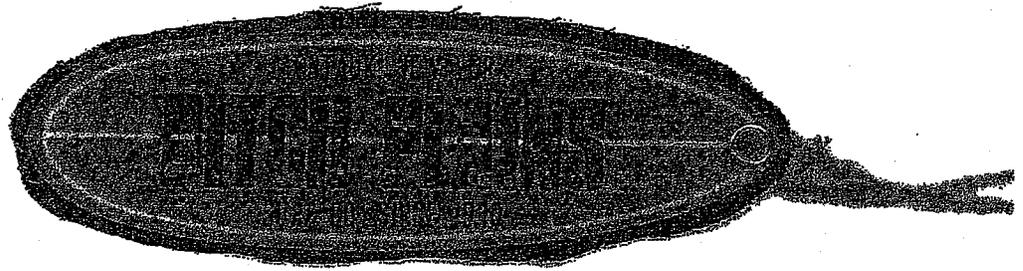


EXHIBIT C



2020634-1

EXHIBIT D

**Bedford Clothiers, Inc.
Secna International Inc.
Brooklyn Xpress**

December 7, 2011

To Whom It May Concern:

Bedford Clothiers Inc., Secna International Inc., Brooklyn Xpress hereby authorize Pacific International Inc., Regent Alliance Ltd., J&Company Jeans, LLC to market and sell in the United States and Canada 293,694 pieces of the following categories:

- Shirts,
- Hoodies,
- Jogging pants,
- Jogging sets,
- Henleys, and
- Vests

These garments are bearing the following trademarks:

- Ditch Plains,
- Brooklyn Xpress, and
- Max's

Sincerely,

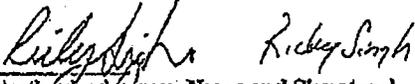

[Authorized person Name and Signature]

EXHIBIT E

Bedford Clothiers, Inc.
Seena International Inc.
Brooklyn Express

March 15, 2012

To Whom It May Concern:

Bedford Clothing Inc., Seena International Inc., Brooklyn Express Jersey authorize Perma International Inc. and Sygent Alliance Ltd. To market and sell in the United States and Canada 126218 pieces of the following category:

Suits

These garments are bearing the following trademarks:

- Duke Fildes
- Brooklyn Express, and
- Max's

Sincerely,

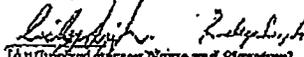

[An Unprinted Person Name and Signature]

EXHIBIT F

Purchase Order No.	Invoice No(s).	Credit Due
9205	320D	\$38,630.00
8750	335D	\$22,935.00
8714	238D	\$ 9,293.90
8714	241D 243D	\$ 8,160.00
8736	338D	\$15,026.00
8736	339D 340D 341D	\$13,082.00
8750	320D	\$10,883.00
9205	335D	
9207	345D 260D 261D	
8750	335D 296D	\$11,183.00
8737	296D	\$ 4,769.50
8722	263D 264D 265D 266D 267D	\$68,010.00
Demurrages paid on your account – A.C.L.		\$67,004.00
Demurrages paid on your account – Steve		\$36,282.50
Demurrages paid on your account – Infinity		\$6,790.00
8714	JDP1010	\$11,844.00
8715	JDP 1061	\$24,432.00
8716	JDP1014	\$ 9,584.00
8717	MP 1097	\$ 7,739.50
	JDP1096	\$11,029.50
8739	MP 1000	\$67,515.00
8740		

Purchase Order No.	Invoice No(s).	Credit Due
8741		
'8742		
8721	236D 239D	\$ 19,877.00
Goods late shipped 1-7 days 10% credit		\$72,228.30
Goods late shipped 8 or more 25% credit		\$328,624.50
Total credit due		\$864,922.70

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

PERINE INTERNATIONAL, INC.,

Plaintiff,

-against-

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS and VASU
KOTHAPALLY,

Defendants.

Index No. 650040/2012

(I.A.S. Pt. 39)

(Kapnick, J.)

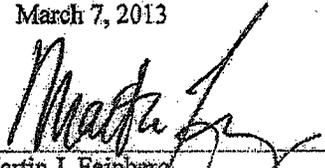
SUBSTITUTION OF COUNSEL

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned, that
OLSHAN FROME WOLOSKY LLP, 65 East 55th Street, New York, New York 10022, (212)
451-2300, be substituted as counsel of record for defendants Bedford Clothiers, Inc., Seena
International, Inc. d/b/a Brooklyn Xpress, and Ricky Singh in the above-captioned matter in
place of Jonathan A. Stein, P.C., 132 Spruce Street, Cedarhurst, New York 11516-1915, (516)
295-0956.

This Stipulation may be signed in counterparts.

Dated: New York, New York
March 7, 2013

By:


Martin J. Feinberg
OLSHAN FROME WOLOSKY LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022
Telephone: (212) 451-2300

By:


Jonathan A. Stein
JONATHAN A. STEIN, P.C.
132 Spruce Street
Cedarhurst, New York 11516-1915
Telephone: (516) 295-0956

CONSENTED TO:

BEDFORD CLOTHIERS, INC.

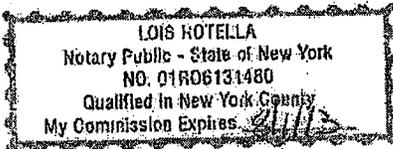
By: *Jatinder Dhall*
Name: Jatinder Singh Dhall
Title: President

STATE OF NEW YORK)
) ss.
COUNTY OF New York)

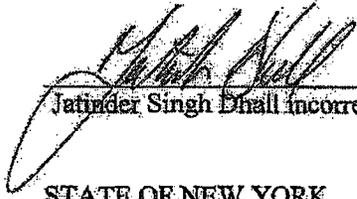
On March 7, 2013, before me, the undersigned, personally appeared Jatinder Dhall personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument; that he/she is the President of Bedford Clothiers, Inc., the company described in and which executed the above instrument; that he/she is authorized by said company to sign this instrument, and that he/she signed his/her name thereto.

Sworn to before me this
7 day of March 2013

Lois Kotella
Notary Public



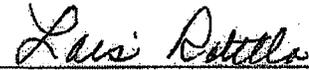
CONSENTED TO:

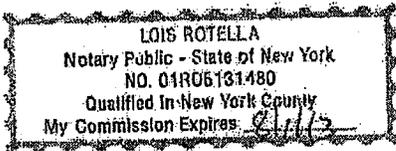

Jatinder Singh Dhall incorrectly sued as Ricky Singh

STATE OF NEW YORK)
) ss.:
COUNTY OF New York)

On March 7, 2013, before me, the undersigned, personally appeared Ricky Singh personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, he executed the instrument.

Sworn to before me this
7 day of March 2013


Notary Public



SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: **BARBARA R. KAPNICK**

Justice

PART 39

PERINE INTERNATIONAL

INDEX NO.

650040/12

MOTION DATE

- v -

MOTION SEQ. NO.

003

BEDFORD CLOTHIERS INC

MOTION CAL. NO.

The following papers, numbered 1 to _____ were read on this motion to/for _____

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

PAPERS NUMBERED

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this motion

**MOTION IS DECIDED IN ACCORDANCE WITH
ACCOMPANYING MEMORANDUM DECISION**

Dated: 8/21/13



BARBARA R. KAPNICK J.S.C.

Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION

Check if appropriate: DO NOT POST

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK : IA PART 39**

-----X
PERINE INTERNATIONAL, INC.,

Plaintiff,

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU
KOTHAPALLY,

Defendants.

-----X
BARBARA R. KAPNICK, J.:

DECISION/ORDER

Index No. 650040/12

Motion Seq. No. 003

This Order to Show Cause by defendants for an order (1) pursuant to CPLR 3025(b) granting defendants leave to file and serve an Amended Verified Answer with Counterclaims and Cross-Claims in the form annexed as Exhibit 1 to the Affirmation of Lori Marks-Esterman, dated April 29, 2013; (2) pursuant to CPLR 1003 adding Regent Alliance Ltd., J & Company Jeans LLC, Na Lam, also known as Linna or Llina Lam and Linna Textiles Manufacturing Ltd. as cross-claim defendants in this action; (3) pursuant to CPLR 305(a) granting defendants leave to file and serve a Supplemental Summons on each of the Proposed Parties; and (4) amending the caption of this action as set forth in the Amended Answer with Counterclaims and Cross-Claims is granted for the reasons stated on the record on August 15, 2013.

The caption is amended to read as follows:

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

-----X
PERINE INTERNATIONAL INC.

Plaintiff,

Index No. 650040/12

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU KOTHAPALLY,

Defendants,

- against -

REGENT ALLIANCE, LTD., J & COMPANY,
JEANS LLC, and NA LAM, also known as
LINNA or LLINNA LAM, LINNA TEXTILES
MANUFACTURING LTD. and VARIOUS JOHN
DOES AND JANE DOES,

Additional Cross-Claim Defendants.

-----X

Defendants are directed to serve the Supplemental Summons and Amended Verified Answer in the form annexed to the moving papers, together with a copy of this order with notice of entry, upon counsel for plaintiff and upon the additional cross-claim defendants Regent Alliance Ltd., J & Company Jeans LLC, Na Lam, also known as Linna or Llina Lam and Linna Textiles Manufacturing Ltd. within 30 days of entry of this order.

Plaintiff and additional cross-claim defendants shall have 20 days from said service to serve their Replies or Answers to the Amended Verified Answer.

Defendants' counsel is further directed to serve a copy of this order with notice of entry on the Clerk of the Trial Support Office and the County Clerk, who shall mark their records to reflect the amended caption.

This constitutes the decision and order of this Court.

Dated: August 21, 2013


BARBARA R. KAPNICK
J.S.C.

BARBARA R. KAPNICK
J.S.C.

EXHIBIT C

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
PERINE INTERNATIONAL INC.,

Plaintiff,

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU KOTHAPALLY,

Defendants,

- against -

REGENT ALLIANCE LTD., J. & COMPANY
JEANS LLC, and NA LAM, also known as LINNA
or LLINNA LAM, LINNA TEXTILES
MANUFACTURING LTD. and VARIOUS JOHN
DOES AND JANE DOES,

Additional
Cross-Claim Defendants.

-----X

Index No. 650040/2012

**PLAINTIFF'S
VERIFIED REPLY TO THE
AMENDED COUNTERCLAIMS**

Plaintiff Perine International Inc. ("Plaintiff" or "Perine"), by and through its undersigned counsel, as and for its Verified Reply to the Amended Counterclaims dated April 29, 2013 (the "Counterclaims") of defendants Bedford Clothiers, Inc. ("Bedford Clothiers") and Seena International Inc. ("Seena" and together with Bedford Clothiers, "Defendants"), alleges as follows:

1. Denies the allegations contained in paragraph 22 of the Counterclaims, except denies knowledge or information sufficient to form a belief as to whether "Seena is engaged in the design, manufacture, distribution and sale of high quality apparel items, which are sold in mid-tier department stores and discount retailers throughout the United States, Canada and Europe."

2. Denies the allegations contained in paragraph 23 of the Counterclaims.

3. Denies the allegations contained in paragraph 24 of the Counterclaims.

4. Denies the allegations contained in paragraph 25 of the Counterclaims.

5. Denies the allegations contained in paragraph 26 of the Counterclaims.

6. Denies the allegations contained in paragraph 27 of the Counterclaims and respectfully refers the Court to the writing referenced therein for a true and accurate recitation of its contents.

7. Denies the allegations contained in paragraph 28 of the Counterclaims.

8. Denies the allegations contained in paragraph 29 of the Counterclaims.

9. Denies the allegations contained in paragraph 30 of the Counterclaims.

10. Denies the allegations contained in paragraph 31 of the Counterclaims, except denies knowledge or information sufficient to form a belief as to whether Bedford is a New York corporation with a principal place of business in Hauppauge, and except neither admits nor denies that Bedford is "a merchant within the meaning of the Uniform Commercial Code," which is a legal conclusion to which no response is necessary.

11. Denies the allegations contained in paragraph 32 of the Counterclaims, except denies knowledge or information sufficient to form a belief as to whether Seena is a New York corporation with a principal place of business in Hauppauge.

12. Denies the allegations contained in paragraph 33 of the Counterclaims, except admits that Perine is a foreign corporation and maintains a place of business at Room 908-910, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

13. Denies the allegations contained in paragraph 34 of the Counterclaims, except admits that Regent Alliance Ltd. is a foreign corporation and maintains a place of business at Room 908-910, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

14. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 35 of the Counterclaims.

15. Denies the allegations contained in paragraph 36 of the Counterclaims, except admits that Linna Textiles Manufacturing Ltd. is a foreign corporation and maintains a place of business at Room 908-910, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

16. Denies the allegations contained in paragraph 37 of the Counterclaims.

17. Denies the allegations contained in paragraph 38 of the Counterclaims.

18. Denies the allegations contained in paragraph 39 of the Counterclaims.

19. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 40 of the Counterclaims.

20. Denies the allegations contained in paragraph 41 of the Counterclaims.

21. Denies the allegations contained in paragraph 42 of the Counterclaims.

22. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 43 of the Counterclaims.

23. Denies the allegations contained in paragraph 44 of the Counterclaims.

24. Denies the allegations contained in paragraph 45 of the Counterclaims.

25. Denies the allegations contained in paragraph 46 of the Counterclaims.

26. Denies the allegations contained in paragraph 47 of the Counterclaims.

27. Denies the allegations contained in paragraph 48 of the Counterclaims.

28. Denies the allegations contained in paragraph 49 of the Counterclaims, except admits that pursuant to purchase orders from Bedford and Seena, Plaintiff delivered certain apparel to those entities.

29. Denies the allegations contained in paragraph 50 of the Counterclaims, except admits that pursuant to purchase orders from Bedford and Seena, Plaintiff delivered certain apparel to those entities.

30. Denies the allegations contained in paragraph 51 of the Counterclaims and respectfully refers the Court to the writing referenced therein for a true and accurate recitation of its contents.

31. Denies the allegations contained in paragraph 52 of the Counterclaims, except admits that Bedford agreed to pay Perine the agreed purchase order price.

32. Denies the allegations contained in paragraph 53 of the Counterclaims and respectfully refers the Court to the writing referenced therein for a true and accurate recitation of its contents.

33. Denies the allegations contained in paragraph 54 of the Counterclaims.

34. Denies the allegations contained in paragraph 55 of the Counterclaims.

35. Denies the allegations contained in paragraph 56 of the Counterclaims.

36. Denies the allegations contained in paragraph 57 of the Counterclaims.

37. Denies the allegations contained in paragraph 58 of the Counterclaims.

38. Denies the allegations contained in paragraph 59 of the Counterclaims.

39. Denies the allegations contained in paragraph 60 of the Counterclaims.

40. Denies the allegations contained in paragraph 61 of the Counterclaims.

41. Denies the allegations contained in paragraph 62 of the Counterclaims.

42. Denies the allegations contained in paragraph 63 of the Counterclaims.
43. Denies the allegations contained in paragraph 64 of the Counterclaims and respectfully refers the Court to the writing referenced therein for a true and accurate recitation of its contents.
44. Denies the allegations contained in paragraph 65 of the Counterclaims, except admits that this action was commenced in January 2012.
45. Denies the allegations contained in paragraph 66 of the Counterclaims.
46. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 67 of the Counterclaims.
47. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 68 of the Counterclaims.
48. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 69 of the Counterclaims.
49. Denies the allegations contained in paragraph 70 of the Counterclaims.
50. Denies the allegations contained in paragraph 71 of the Counterclaims.
51. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 72 of the Counterclaims.
52. Denies the allegations contained in paragraph 73 of the Counterclaims.
53. Denies knowledge or information sufficient to form a belief as to the allegations contained in paragraph 74 of the Counterclaims.
54. Denies the allegations contained in paragraph 75 of the Counterclaims.
55. Denies the allegations contained in paragraph 76 of the Counterclaims.
56. Denies the allegations contained in paragraph 77 of the Counterclaims.

57. Denies the allegations contained in paragraph 78 of the Counterclaims.
58. Denies the allegations contained in paragraph 79 of the Counterclaims.
59. Denies the allegations contained in paragraph 80 of the Counterclaims.
60. Denies the allegations contained in paragraph 81 of the Counterclaims.
61. Denies the allegations contained in paragraph 82 of the Counterclaims.
62. Denies the allegations contained in paragraph 83 of the Counterclaims.
63. Denies the allegations contained in paragraph 84 of the Counterclaims.
64. Denies the allegations contained in paragraph 85 of the Counterclaims.
65. Denies the allegations contained in paragraph 86 of the Counterclaims.
66. Denies the allegations contained in paragraph 87 of the Counterclaims.
67. Denies the allegations contained in paragraph 88 of the Counterclaims.
68. Denies the allegations contained in paragraph 89 of the Counterclaims.
69. Denies the allegations contained in paragraph 90 of the Counterclaims.
70. Denies the allegations contained in paragraph 91 of the Counterclaims.
71. Denies the allegations contained in paragraph 92 of the Counterclaims.
72. Denies the allegations contained in paragraph 93 of the Counterclaims.
73. Denies the allegations contained in paragraph 94 of the Counterclaims.
74. Denies the allegations contained in paragraph 95 of the Counterclaims.
75. Denies the allegations contained in paragraph 96 of the Counterclaims.
76. Denies the allegations contained in paragraph 97 of the Counterclaims.
77. Denies the allegations contained in paragraph 98 of the Counterclaims.
78. Denies the allegations contained in paragraph 99 of the Counterclaims.
79. Denies the allegations contained in paragraph 100 of the Counterclaims.

80. Denies the allegations contained in paragraph 101 of the Counterclaims.
81. Denies the allegations contained in paragraph 102 of the Counterclaims.
82. Denies the allegations contained in paragraph 103 of the Counterclaims.
83. Denies the allegations contained in paragraph 104 of the Counterclaims.
84. Denies the allegations contained in paragraph 105 of the Counterclaims.
85. Denies the allegations contained in paragraph 106 of the Counterclaims.
86. Denies the allegations contained in paragraph 107 of the Counterclaims.
87. Denies the allegations contained in paragraph 108 of the Counterclaims.
88. Denies the allegations contained in paragraph 109 of the Counterclaims.

AFFIRMATIVE DEFENSES

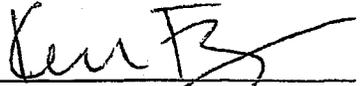
1. The Counterclaims fail to state a cause of action.
2. The Counterclaims are barred because Bedford and Seena breached the alleged agreement by failing to perform their obligations thereunder.
3. The Counterclaims are barred by the fraudulent acts of Bedford and Seena, as specified in the Complaint.
4. The Counterclaims are barred by Bedford and Seena's unclean hands, including but not limited to Seena's fabrication of the date of its first use of the "DITCH PLAINS" mark.
5. The Counterclaims are barred by promissory estoppel and waiver.
6. The Counterclaims are barred by the statute of frauds.
7. The Counterclaims are barred because Seena has no trademark rights in the "DITCH PLAINS" mark.
8. The Counterclaims are barred by collateral estoppel given that the USPTO denied Seena's application to register the "DITCH PLAINS" mark.
9. The Counterclaims violate CPLR § 3013 in that they fail to specify the precise conduct charged to each particular counterclaim defendant.

WHEREFORE, Plaintiff respectfully requests judgment as follows:

- (a) dismissing the Counterclaims in their entirety; and
- (b) granting Plaintiff such other and further relief as the Court shall deem just and proper.

Dated: New York, New York
November 8, 2013

MEISTER SEELIG & FEIN LLP

By: 

Jeffrey Schreiber, Esq.

Kevin Fritz, Esq.

2 Grand Central Tower

140 East 45th Street, 19th Floor

New York, New York 10017

(212) 655-3500

Attorneys for Plaintiff

VERIFICATION

STATE OF NEW YORK)
)
) ss.:
COUNTY OF NEW YORK)

Kevin Fritz, being duly sworn, deposes and says:

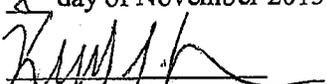
1. I am the attorney for the plaintiff in the above-captioned action.

2. I have read the foregoing Reply to Amended Counterclaims and know the contents thereof, which are true based upon my review of the files in the possession of my firm, except as to the matters stated to be alleged upon information and belief, and as to those matters I believe them to be true.

3. This verification is made by me instead of the plaintiff because the plaintiff is not within the County of New York, which is the county where I maintain my office.



Kevin Fritz

Sworn to before me this
2 day of November 2013


Notary Public

KENNETH S. GOODWIN
Notary Public, State of New York
No. 02GO4887319
Qualified in Westchester County
Commission Expires February 23, 2015

EXHIBIT D

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

PERINE INTERNATIONAL INC.,

Plaintiff,

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU
KOTHAPALLY,

Defendants,

Index No. 650040/12

**Hon. Barbara
R. Kapnick J.S.C.**

IAS Part 39

**MEMORANDUM OF LAW IN SUPPORT OF DEFENDANTS'
MOTION FOR LEAVE TO SERVE AND FILE AN AMENDED VERIFIED ANSWER
WITH CROSS-CLAIMS AND COUNTERCLAIMS**

OLSHAN FROME WOLOSKY LLP
Attorneys for Defendants
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

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Defendants Bedford Clothiers, Inc. ("Bedford"), Seena International Inc. ("Seena"), Ricky Singh, and Brooklyn Xpress¹ (collectively, "Defendants"), by their attorneys, Olshan Frome Wolosky LLP, respectfully submit this Memorandum of Law in support of Defendants' motion to serve and file an Amended Verified Answer with Counterclaims and Cross-Claims.

Preliminary Statement

Defendants are engaged in the design, manufacture, distribution and sale of high quality apparel items, which are sold primarily in mid-tier department stores and discount retailers throughout the United States, Canada and Europe. Since at least as early as October 31, 2005, Defendants have designed, manufactured, and sold apparel products bearing their DITCH PLAINS word mark. Additionally, Defendants have designed, manufactured and sold apparel products bearing their DITCH PLAINS logo since at least 2010.

In or about December 2010, Bedford retained Plaintiff Perine International Inc. and its affiliates (the "Perine Parties") to manufacture Defendants' apparel goods. From the very outset, Bedford experienced significant problems with the apparel orders, and routinely accepted the goods on a conditional basis, paying fully for them with a full reservation of rights. These ever-growing problems culminated in or about November 2011, when the Perine Parties again failed to comply with Bedford's purchase orders, product specifications and shipping schedules, forcing Bedford to reject the goods and cancel its orders. In an effort to minimize the financial burden on the Perine Parties and to allow the Perine Parties to recoup their costs, Defendants agreed to permit the Perine Parties to sell off certain pieces of specific apparel goods; this

¹ On or about March 7, 2013, Defendants filed a Substitution of Counsel, formalizing the retention of Olshan Frome Wolosky LLP to serve as counsel for Defendants in this matter. Defendants were previously represented in this action by Jonathan Stein, Esq. Defendant Vasu Kothapally filed a Voluntary Petition under Chapter 7 of the U.S. Bankruptcy Code in the United States Bankruptcy Court, Eastern District of New York on February 22, 2013. Accordingly, this proceeding is currently stayed as against Mr. Kothapally pursuant to 11 U.S.C. § 362.

agreement regarding the Perine Parties' sale of the rejected/canceled goods was memorialized in a letter issued by Seena and Bedford on December 7, 2011 (the "Authorization Letter").

Approximately one month later, in January 2012, Perine commenced this action seeking to recover, among other things, in excess of \$1.7 million dollars for the goods Defendants properly rejected, cancelled and authorized Perine to sell.

After this action was commenced, Defendants learned that the Perine Parties took justice into their own hands, selling over \$1.1 million dollars worth of unauthorized and infringing apparel goods bearing Seena's DITCH PLAINS trademarks without Defendants' authorization. The Perine Parties went so far as to create a forgery of the Authorization Letter to facilitate their unlawful actions.

Defendants thus seek leave to amend their Answer to recover for the substantial damages they have suffered as a result of the Perine Parties' unlawful actions. The proposed Amended Answer seeks to assert claims for violation of Section 43(a) of the Lanham Act, common law trademark infringement, unfair competition, and violation of New York General Business Law § 349, and seeks to add certain new defendants, all of whom are affiliated with Perine and were involved in the unlawful distribution and sale of the infringing products.

The standard on a motion for leave to amend is well-established -- leave should be freely given, and denied only if prejudice or surprise results directly from the delay, or if the proposed amendment is palpably improper or insufficient as a matter of law. As detailed below, Defendants' have readily shown that leave to amend should be granted here. *First*, the proposed amendments are meritorious. The Perine Parties' manufacture and sale of goods bearing unauthorized and infringing identical reproductions of Defendants' DITCH PLAINS trademarks

is in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) and the statutes and common law of the State of New York.

Second, there is no prejudice or surprise resulting from the proposed amendment. Prejudice, of course, is not shown because a party is exposed to greater liability or has to incur additional time preparing its case. Moreover, the need for additional discovery likewise does not constitute prejudice sufficient to justify denial of an amendment. Rather, prejudice occurs when the party opposing amendment has been hindered in the preparation of his case. The Perine Parties cannot demonstrate any such prejudice. Indeed, to the contrary, Defendants' proposed claims are inextricably intertwined with Plaintiff's claims in the Verified Complaint, as Perine seeks damages for Defendants' refusal of the very goods that the Perine Parties later sold and then counterfeited.

Accordingly, Defendants respectfully request that the Court grant Defendants leave to serve and file an Amended Answer with Cross-Claims and Counterclaims.

Statement of Facts²

The Parties

Plaintiff Perine International Inc. ("Perine") is a Hong Kong corporation whose principals are Na Lam, a/k/a Linna or Llinna Lam, and her husband, Moe Cohen. Perine operates companies out of Hong Kong who work with brands in the United States to manufacture apparel goods in China. Three of Perine's affiliated companies are proposed Cross-Claim Defendants Regent Alliance Ltd. ("Regent"), J & Company Jeans LLC ("J & Company"), and Linna Textiles Manufacturing Ltd. ("Linna Textiles"). Lam is also the moving and active force behind each of

² The facts are taken from the proposed Amended Verified Answer with Counterclaims and Cross-Claims (the "Amended Pleading" or "Am. Pl." herein), which is attached to the accompanying Affirmation of Lori Marks-Esterman, dated April 29, 2013 (the "LME Aff."), as Exhibit 1. A redline comparing the original Verified Answer to the proposed Amended Pleading is attached to the LME Aff. as Exhibit 2.

these proposed Cross-Claim Defendants (Perine, Lam, Regent, J & Company, and Linna Textiles are collectively referred to as the “Perine Parties”). (Am. Pl. at ¶¶ 33-37.)

Defendant Seena International Inc. (“Seena”) is engaged in the design, manufacture, distribution, and sale of high quality apparel items, which are sold primarily in mid-tier department stores and discount retailers throughout the United States, Canada, and Europe. Defendant Bedford Clothiers, Inc. (“Bedford”) is Seena’s design and production arm. (Am. Pl. at ¶¶ 31-32.)

The DITCH PLAINS Trademarks

Since at least as early as October 31, 2005, Seena has designed, manufactured, and sold apparel products bearing the DITCH PLAINS word mark. Since at least 2010, Seena has also designed, manufactured, and/or sold apparel products bearing the DITCH PLAINS logo throughout the United States, Canada, and Europe.³ (The DITCH PLAINS word mark and the DITCH PLAINS Logo are collectively referred to as the “DITCH PLAINS Trademarks.”)

The DITCH PLAINS Trademarks have been used on or in connection with Seena’s apparel products through the use of embroideries, appliqués, distinctive neck labels, care content labels, as well as a distinctive surfer hangtag and surfboard hangtag.⁴ Since the inception of its brand, Seena has expended over a half-million dollars in advertising in establishing the goodwill associated with the DITCH PLAINS Trademarks. As a result of Seena’s extensive use of the DITCH PLAINS Trademarks, these marks have acquired value and recognition in the United States and are well known to the consuming public and trade as identifying and distinguishing Seena exclusively and uniquely as the source of origin of the high-quality apparel products to which the DITCH PLAINS Trademarks are applied. Since as early as October 2005, Seena has

³ A copy of the DITCH PLAINS Logo is attached as Exhibit A to the Amended Pleading.

⁴ A copy of the DITCH PLAINS Surfer Hangtag and Surfboard Hangtag are attached as Exhibits B and C to the Amended Pleading.

sold millions of apparel products bearing the DITCH PLAINS Trademarks to major retailers throughout the United States, Europe, and Canada, and has therefore established valuable common law rights therein. (Am. Pl. at ¶¶ 40-46.)

Defendants' Relationship with the Perine Parties

In December 2010, Bedford contracted with Regent, an affiliate of Perine, for the manufacture of apparel goods bearing the DITCH PLAINS Trademarks. Under the parties' arrangement, Bedford placed purchase orders with Regent, and was then invoiced by Perine. (Am. Pl. at ¶¶ 47-50.)

From the very outset, Bedford experienced significant problems with the apparel orders placed. Among other things, Regent/Perine routinely provided late, defective, and nonconforming goods, forcing Bedford to accept the goods on a conditional basis. Some goods were paid for fully with a full reservation of rights to charge back Perine due to its failure to abide by the terms of Bedford's purchase orders. For certain other goods, Bedford conditionally accepted, agreeing to pay Perine as the goods were sold. (Am. Pl. at ¶¶ 54-62.)

The problems with Perine's performance culminated in November 2011, when Bedford again received late, defective, and nonconforming goods, forcing Bedford to reject certain goods (the "Rejected Goods"). In an effort, however, to minimize the financial burden on Perine and to allow Perine to recoup its costs, Defendants agreed to permit Perine to sell the Rejected Goods. This agreement was memorialized in a letter, dated December 7, 2011, setting forth the specific items and quantity of goods that Perine was authorized to sell (the "Authorization Letter").⁵ (Am. Pl. at ¶¶ 63-64.)

⁵ A copy of the Authorization Letter is annexed as Exhibit D to the Amended Pleading.

Perine Files Suit and Defendants Counterclaim

Perine commenced this action on or about January 6, 2012, approximately one month after receiving the Authorization Letter. In its Verified Complaint, Perine asserts claims for breach of contract, account stated, and fraud. Perine asserts that it is owed \$482,401.50 for goods sold and accepted by Defendants, and \$1,734,351.25 for the Rejected Goods. The Verified Complaint neglects to mention, among other things, that Bedford had issued the Authorization Letter permitting Perine to sell off the Rejected Goods. (Verified Complaint, Ex. 3 to LME Aff.)

Defendants filed their Verified Answer and Counterclaim on May 22, 2012, asserting a counterclaim for breach of contract and breach of warranty. In the counterclaim, Bedford asserted it was entitled to approximately \$860,000 for late and/or nonconforming goods. (Verified Answer, Ex. 4 to LME Aff.)

Post-Complaint Events and the Proposed Amended Pleading

Subsequent to the filing of the Verified Answer, Defendants learned that the Perine Parties had created a forgery of the Authorization Letter (the "Forged Authorization Letter"), and manufactured and sold counterfeit items bearing the DITCH PLAINS Trademarks. Specifically, the Perine Parties manufactured over 400,000 items of infringing apparel goods bearing Seena's DITCH PLAINS Trademarks, including an identical neck label, an identical surfer hangtag, and/or an identical surfboard hangtag, without Seena's or Bedford's authorization (the "Infringing Goods"). The Perine Parties used the Forged Authorization Letter to attempt to sell the Infringing Goods to Seena's customer, Burlington Coat Factory, and thereafter used the actual Authorization Letter to successfully sell the Infringing Goods to Seena's other customers. (Am. Pl. at ¶¶ 65-80.)

Accordingly, Defendants have prepared an Amended Verified Answer with Counterclaims and Cross-Claims (the "Amended Pleading"), which asserts claims for violation of Section 43(a) of the Lanham Act, common law trademark infringement, unfair competition, and violation of New York General Business Law § 349, and which seeks both monetary damages and injunctive relief. Additionally, the proposed amended pleading adds, through cross-claims, four defendants: Regent Alliance Ltd., J & Company Jeans LLC, Linna Lam and Linna Textiles Manufacturing Ltd., all of whom are affiliated with Perine and were involved in the unlawful distribution and sale of the Infringing Goods. (*Id.*)

Status of this Action

As noted above, this action was commenced on January 6, 2012, and Defendants answered on May 22, 2012. Certain document discovery has taken place, but has not been concluded. No depositions have yet been taken. Similarly, the parties have not yet served demands for expert disclosures, nor identified any experts to be called at trial. Finally, no note of issue has been filed and no trial date has been set. (LME Aff. at ¶¶ 5-11.)

Argument

I

LEAVE TO AMEND IS "FREELY GIVEN"

The standard on a motion for leave to amend is well-established. CPLR § 3025(b) expressly provides that "[l]eave shall be freely given." The New York Court of Appeals has similarly instructed that, under this section, "[l]eave to amend the pleadings 'shall be freely given' absent prejudice or surprise resulting directly from the delay," or where the amendment is not patently lacking in merit. *McCaskey, Davies and Associates, Inc. v. New York City Health & Hospitals Corp.*, 59 N.Y.2d 755, 757 (1983) (citation omitted); *see also Aboujdid v. Singapore Airlines, Ltd.*, 67 N.Y.2d 450, 457 n. 6 (1986) ("Leave to amend is to be 'freely given' and

generally does not involve the merits of the amended pleading”); *Herrick v. Second Cuthouse, Ltd.*, 64 N.Y.2d 692, 693 (1984) (leave to amend properly granted where proposed defenses did not plainly lack merit).

The First Department has upheld this standard recently. In *McGhee v. Odell*, 96 A.D.3d 449, 450 (1st Dep’t 2012), the First Department reversed the trial court’s denial of a motion to amend, reiterating the well-settled standard to amend:

Leave to amend pleadings under CPLR 3025(b) should be freely given, and denied only if there is prejudice or surprise resulting directly from the delay, or if the proposed amendment is palpably improper or insufficient as a matter of law. A party opposing leave to amend must overcome a heavy presumption of validity in favor of permitting amendment.

(citations omitted).

Nevertheless, in an effort to conserve judicial resources, the First Department has instructed in certain cases that an “examination of the underlying merit of the proposed amendment is mandated.” *Thompson v. Cooper*, 24 A.D.3d 203, 205 (1st Dep’t 2005); *c.f.* *Lucido v. Mancuso*, 49 A.D.3d 220, 225 (2d Dep’t 2008) (tracking origin of First Department’s heightened standard and rejecting it as erroneous).

II

THE PROPOSED AMENDMENTS ARE MERITORIOUS

As noted above, the proposed Amended Pleading seeks to add claims for violation of Section 43(a) of the Lanham Act, common law trademark infringement, unfair competition, and violation of New York General Business Law § 349. For the reasons described below, these new claims are meritorious, and Defendants’ motion to amend should be granted.

A. Violation of Section 43(a) of the Lanham Act, Common Law Trademark Infringement, and Unfair Competition

The Federal Lanham Act provides protection to parties with a valid mark, where defendant's use of that mark is likely to cause confusion. *See, e.g., 1-800-Contacts, Inc. v. WhenUCom, Inc.*, 414 F.3d 400, 406-07 (2d Cir. 2005). Section 43(a) of the Lanham Act provides a private cause of action for unregistered trademarks.⁶

To establish a claim under Section 43(a) of the Lanham Act, a plaintiff must establish that it has a valid mark that is entitled to protection, and that the defendant used the mark, in commerce, in connection with the sale or advertising of goods or services, without the plaintiff's consent. *1-800-Contacts, Inc.*, 414 F.3d at 406-07. In addition, the plaintiff must show that "defendant's use of that mark is likely to cause confusion ... as to the affiliation, connection, or association of [defendant] with [plaintiff], or as to the origin, sponsorship or approval of [the defendant's] goods, services, or commercial activities by [plaintiff]." *Id.*

Thus, to state a claim under Section 43(a) of the Lanham Act, plaintiff must establish: (1) the validity of plaintiff's trademark, and (2) likelihood of confusion. *See Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 411 (S.D.N.Y. 2006); *see also ESPN, Inc. v. Quiksilver, Inc.*, 586 F. Supp. 2d 219, 230 (S.D.N.Y. 2008).

A claim for common law trademark infringement requires these same elements. *See Standard & Poor's Corp. v. Commodity Exchange, Inc.*, 683 F.2d 704, 708 (2d Cir. 1982) ("The heart of a successful claim based upon ... the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a), and common law trademark infringement is the showing of likelihood of confusion as to the

⁶ Federal and state courts have concurrent jurisdiction over Lanham Act claims. *See, e.g., Dell Publishing Co. v. Stanley Publications, Inc.*, 9 N.Y.2d 126, 133 (1961) (state court has jurisdiction over trademark actions); *Brown & Bigelow v. Remembrance Advertising Products*, 279 A.D. 410, 412-13 (1st Dep't 1952), *aff'd*, 304 N.Y. 909 (1953) (state court can pass upon the validity of federal trademark registration); *Wyndham Co. v. Wyndham Hotel Corp.*, 261 A.D.2d 242, 243 (1st Dep't 1999) (affirming issuance of injunction against trademark violator).

source or sponsorship of defendant's products.”); *Nike, Inc. v. Top Brand Co. Ltd.*, 00 CIV.8179 KMW RLE, 2005 WL 1654859, at *7 (S.D.N.Y. July 13, 2005); *see also Adirondack Appliance Repair, Inc. v. Adirondack Appliance Parts Inc.*, 148 A.D.2d 796, 798 (3d Dep’t 1989) (trial court properly granted injunction where plaintiff showed a likelihood of confusion as to the origin of defendant’s products).

Similarly, the elements of an unfair competition claim asserted in conjunction with claims for trademark infringement also mirror those of the Lanham Act claims. *See ESPN, Inc.*, 586 F. Supp. 2d at 230, *citing Lorillard Tobacco Co. v. Jamelis Grocery, Inc.*, 378 F. Supp. 2d 448, 456 (S.D.N.Y. 2005). Thus, to state a claim for common law unfair competition premised on trademark infringement, the party must assert that: (1) it possesses a valid, protectable mark, and (2) the result of the defendant’s alleged use is a likelihood of confusion between the marks of the alleged infringer and the charging party. *Chum Ltd. v. Lisowski*, No. 98 Civ. 5060 (KMW), 2001 WL 243541, at *7 (S.D.N.Y. March 12, 2001), *citing Tri-Star Pictures, Inc. v. Leisure Time Prods. B.V.*, 17 F.3d 38, 43 (2d Cir. 1994), *cert. denied*, 513 U.S. 987 (1994); *ESPN, Inc.*, 586 F. Supp. 2d at 230; *Adirondack Appliance Repair*, 148 A.D.2d at 798.

Thus, for Defendants’ proposed claims new claims for trademark infringement under Section 43(a) of the Lanham Act, common law trademark infringement and unfair competition each require Defendants to allege that: (1) they possess a valid trademark, and (2) the Perine Parties’ unauthorized use of the marks is likely to cause confusion. Defendants have adequately alleged facts to support both of these prongs.

1. **Seena Has Valid Common Law Rights
in the DITCH PLAINS Trademarks**

As set forth in detail in the Amended Pleading, Seena has been using the DITCH PLAINS word mark in connection with apparel products in interstate commerce continuously

since at least as early as October 31, 2005; Seena has been using the DITCH PLAINS logo since at least as early as 2010. The DITCH PLAINS Trademarks have been used on or in connection with Seena's apparel products through the use of embroideries, appliqués, distinctive neck labels, care content labels, as well as a distinctive surfer hangtag and surfboard hangtag. Seena has sold millions of apparel products bearing the DITCH PLAINS Trademarks to major retailers throughout the United States, Europe, and Canada. As a result of Seena's extensive use of the DITCH PLAINS Trademarks, these marks have acquired value and recognition in the United States and are well known to the consuming public and trade as identifying and distinguishing Seena exclusively and uniquely as the source of origin of the high-quality apparel products to which the DITCH PLAINS Trademarks are applied.

Seena thus has valuable common law rights in the DITCH PLAINS Trademarks. Though the DITCH PLAINS Trademarks are not yet federally registered,⁷ this has no bearing on the validity of the mark, or whether the mark is entitled to protection under the Lanham Act or New York common law. As noted above, Section 43(a) of the Lanham Act *expressly* provides a private cause of action for unregistered trademarks, and New York recognizes claims for common law trademark infringement and unfair competition based on unregistered marks. *See* 15 U.S.C. §1125(a); *see also* *ESPN*, 586 F. Supp. 2d at 230 (defendant adequately pled a counterclaim for violations of 15 U.S.C. § 1125(a) based on its common law trademark rights); *Alexander Ave. Kosher Restaurant Corp. v. Dragoon*, 306 A.D.2d 298, 300 (2d Dep't 2003) ("To be capable of legal protection, a mark must be shown to be of distinctive quality or one which has, in the public's mind acquired a secondary meaning.").

⁷ On April 29, 2013, Seena filed an application with the U.S. Patent and Trademark Office to register the DITCH PLAINS word mark. (LME Aff. At ¶ 21.)

Here, the DITCH PLAINS Trademarks are distinct and have acquired secondary meaning, and Seena thus has valuable, protected common law rights therein sufficient to set forth a claim pursuant to Section 43(a) of the Lanham Act, common law trademark infringement and unfair competition.

2. There is an Undeniable Likelihood of Confusion Arising From the Perine Parties' Sale of Identical Infringing Goods

Defendants have also adequately alleged that the Perine Parties' unauthorized use of the DITCH PLAINS Trademarks is likely to cause confusion "as to the source or sponsorship of defendant's products." *Standard & Poor's*, 683 F.2d at 708.

In determining whether there is a likelihood of confusion, an eight-factor test is typically applied that requires the court to consider, *inter alia*, "the strength of plaintiff's mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers." *George V Restoration S.A. v. Little Rest Twelve, Inc.*, 58 A.D.3d 428, 429 (1st Dep't 2009), quoting *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

However, "[w]here a second-comer acts in bad faith and intentionally copies a trademark or trade dress, a presumption arises that the copier has succeeded in causing confusion."

Paddington Corp. v. Attiki Importers & Distributors, Inc., 996 F.2d 577, 586 (2d Cir. 1993).

Thus, "[i]t is unnecessary to perform a step-by-step examination of each *Polaroid* factor in cases involving counterfeit marks, because counterfeit marks are inherently confusing.⁸ *Nike*, 2005

⁸ A counterfeit mark is defined as "a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. While Seena has not alleged a claim for counterfeiting (it cannot because it does not currently have registered federal trademarks), the principles underlying the likelihood of confusion analysis are equally applicable here, because the Perine Parties manufactured and sold identical goods. Moreover, the lack of a federally registered mark does not affect Seena's ability to assert claims for infringement and unfair competition under both the Lanham Act and/or the common law, as explained above.

WL 1654859, at n. 4; *Gucci Am., Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003) (“the Court need not undertake a factor-by-factor analysis under *Polaroid* because counterfeits, by their very nature, cause confusion.”); *Topps Co. Inc. v. Gerrit J. Verburg Co.*, 96 CIV. 7302 (RWS), 1996 WL 719381, at *6 (S.D.N.Y. Dec. 13, 1996) (“Where the marks are identical, and the goods are also identical and directly competitive, the decision can be made directly without a more formal and complete discussion of all of the *Polaroid* factors.”).

Here, the Amended Answer sets forth in detail the Perine Parties’ manufacture and sale of goods bearing an identical reproduction of the DITCH PLAINS Trademarks. Indeed, this case goes beyond the typical counterfeiting case because Defendants do not allege that some unrelated third party created counterfeit goods, but rather that its former manufacturer, using prior apparel and/or labeling specifications provided by Defendants, created versions of Defendants’ goods bearing identical replications of the DITCH PLAINS Trademarks. Moreover, as detailed in the Verified Pleading, upon information and belief, the Infringing Goods were specifically designed to mimic Seena’s authentic products in order to induce Seena’s customers to buy those goods, believing that they were authorized by Seena. Indeed, the Perine Parties went so far as to create a forgery of the Authorization Letter, which they presented to Seena’s customers as Seena’s purported authorization to sell the Infringing Goods, and thereafter used the Authorization Letter to sell the Infringing Goods. The likelihood of confusion in this situation is clear, as the Perine Parties not only created counterfeits of Seena’s goods, but intentionally misled Seena’s customers to believe that those goods were authentic and were authorized for sale by Seena.

Nevertheless, even if the Court considers each of the *Polaroid* factors, it is clear that the relevant factors weigh heavily in Defendants' favor.

a. The strength of the mark. This factor refers to a mark's "tendency to identify the goods sold under the mark as emanating from a particular source. The concept of strength encompasses both inherent distinctiveness and acquired distinctiveness." *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 527 (S.D.N.Y. 2011) (citations omitted); see also *Fireman's Ass'n of State of New York v. French Am. Sch. of New York*, 41 A.D.3d 925, 928 (3d Dep't 2007) (a "strong mark" is "one which has a distinctive quality or has acquired a secondary meaning such that the trade name has become so associated in the public's mind with the petitioner that it identifies goods sold by that entity as distinguished from goods sold by others") (citations omitted).

"DITCH PLAINS" is inherently distinctive. DITCH PLAINS is not a common name, it does not describe or suggest anything about the apparel products on which it appears, and it has no dictionary meaning. It is therefore, falls into the highest category of distinctiveness, an arbitrary or fanciful name.

Moreover, the Amended Pleading expressly alleges that Seena has been using the DITCH PLAINS word mark since at least October 31, 2005, and has been using the DITCH PLAINS logo since at least 2010. Seena has designed, manufactured, and sold millions of apparel products bearing the DITCH PLAINS Trademarks through the United States, Canada, and Europe. Thus, over the nearly eight years of use, the DITCH PLAINS Trademarks have acquired distinctiveness in the apparel industry, and are well known to the consuming public and trade.

b. The degree of similarity between the two marks. “An assessment of the similarity of marks examines the similarity between them in appearance, sound, and meaning.... The analysis should consider the products’ sizes, logos, typefaces, and package designs and colors to determine whether the overall impression in the relevant market context would lead consumers to believe that the [product] emanates from the same source as products bearing the senior user’s mark.” *U.S. Polo Ass’n*, 800 F. Supp. 2d at 528 (citation omitted). Here, the marks are identical. The Perine Parties acted as the manufacturer for Bedford and thus had access to the design and other specifications for Seena’s marks and products. The Perine Parties used these specifications to manufacture, advertise, and sell versions of Seena’s goods bearing identical reproductions of the DITCH PLAINS Trademarks, and did so for the purpose of misleading Seena’s customers into purchasing those unauthorized goods.

c. The proximity of the products. “This factor concerns whether and to what extent the two products compete with each other.” *Id.* at 530 (citation omitted). Here, both sets of products are comprised of apparel items bearing an identical reproduction of the DITCH PLAINS Trademarks. Indeed, as explained above, the Perine Parties intentionally manufactured replicas of Seena’s goods and sold to Seena’s customers.

d. The likelihood that the prior owner will bridge the gap. “This factor concerns the likelihood that [a] senior user that is not in direct competition with a junior user at the time a suit is brought will later expand the scope of its business so as to enter the junior user’s market.” *Id.* at 531. However, as in *U.S. Polo*, “[b]ecause the parties in this case are already competitively proximate, there is no gap to bridge and so this factor is irrelevant.” *Id.*

e. Actual confusion. “It is black letter law that actual confusion need not be shown to prevail under the Lanham Act [or under the common law], since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source.” *Id.* Nevertheless, the proposed Amended Pleading does allege actual confusion, because the Perine Parties successfully tricked at least two of Seena’s customers into purchasing the Infringing Goods, believing that they came from Seena.

f. The Perine Parties’ bad faith in adopting the mark. This element considers “whether [the Perine Parties] in adopting its mark intended to capitalize on [Seena’s] good will.” *EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, 228 F.3d 56, 66 (2d Cir. 2000). Under New York law, “a presumption of bad faith attaches to the use of a counterfeit mark.” *Lorillard Tobacco Co.*, 378 F. Supp. 2d 448, 456 (S.D.N.Y. 2005). Moreover, a defendant’s actual or constructive knowledge of the prior user’s mark is a strong indication of bad faith. *See Paddington*, 996 F.2d at 587. Here, the Perine Parties had actual knowledge of the DITCH PLAINS Trademarks because they manufactured goods bearing those trademarks for a year. The Perine Parties intentionally created versions of goods bearing the DITCH PLAINS Trademarks and sold those goods to Seena’s customers. Indeed, the Perine Parties even went so far as to create a forgery of the Authorization Letter to trick Seena’s customers into believing that the goods were authentic and authorized for sale by Seena.

g. The quality of defendant’s product. The purpose of this factor is to assess “the loss of control over quality.” *U.S. Polo Ass’n*, 800 F. Supp. 2d at 537. “A senior user is not required to put its reputation in a junior user’s hands, no matter how capable those hands may be.” *Id.* (citation omitted). Here, as explained in the proposed Amended Pleading, the duration of Bedford’s relationship with the Perine Defendants was marred by production of

nonconforming and defective goods. There is no reason to believe that the Infringing Goods are of any better quality than the prior cancelled/rejected goods. The entry of low-quality, counterfeit goods into the market – indeed, directly to Seena’s customers – has obvious negative repercussions on Seena’s goodwill and reputation.

h. The sophistication of the buyers. This last factor recognizes that “[t]he more sophisticated and careful the average consumer of a product is, the less likely it is that similarities in trade dress or trade marks will result in confusion concerning the source or sponsorship of the product.” *Id.* (citation omitted). This factor is inapplicable where, as here, the Perine Parties sold goods to Seena’s customers using a forged Authorization Letter ostensibly authenticating the goods and authorizing the sale. Moreover, because the goods were manufactured by the same manufacturer that had been producing the goods for the year, the identity of the products was complete. Even the most sophisticated consumer would be unable to recognize the difference between authentic Seena goods bearing the DITCH PLAINS Trademarks and counterfeit goods manufactured by the prior manufacturer.

3. The Anvil Registration Has No Bearing on Defendants’ Claims

The Perine Parties may contend that Seena does not have valid trademark rights in the DITCH PLAINS Trademarks because a third party, Anvil NY LLC (“Anvil”), which operates a restaurant entitled Ditch Plains, owns a federal registration for DITCH PLAINS for certain apparel goods (the “Anvil Registration”). The Anvil Registration No. is 4,305,585, and claims a first use date of May 31, 2006.

Such an assertion by the Perine Parties would be misplaced, as Anvil recently amended the Anvil Registration to be limited to “T-shirts, sweatshirts, hats and beanies . . . to be sold in promotion of the Ditch Plains restaurant.” Thus, Anvil’s Registration is limited to sale of goods in connection with the promotion of Anvil’s Ditch Plains restaurant, and does not impair or

impact Defendants' DITCH PLAINS Trademarks. Indeed, Anvil and Seena have entered into a coexistence agreement, and Anvil has consented to the registration of the DITCH PLAINS Trademarks by Seena. (LME Aff. At ¶ 21.)

Further, even if Anvil's Registration were not limited to restaurant promotional goods, the purported assertion of Anvil's rights as a defense to the Perine Parties' actions, known as a *jus tertii* defense, is not a defense in trademark litigation. *General Cigar Co., Inc. v. G.D.M. Inc.*, 988 F. Supp. 647, 661 (S.D.N.Y. 1997); *Marshak v. Sheppard*, 666 F. Supp. 590, 599 (S.D.N.Y. 1987)(rejecting defense that third party's rights were superior to plaintiff; whether plaintiff acquired valid title from his assignor is irrelevant where plaintiff has rights superior to defendant). Thus, New York courts routinely reject *jus tertii* defenses in trademark actions, holding that "[d]efendant is no less an infringer because it is brought to account by a plaintiff whose rights may or may not be superior to the whole word." *Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899, 909 (E.D.N.Y. 1988)(rejecting defense that third party's rights were superior); *see also General Cigar Co., Inc.* 988 F. Supp. at 661-62 (third party's possibly superior rights cannot be a defense).

Indeed, only if the Perine Parties could prove privity with the third party (Anvil), which they cannot, would the Perine Parties be able to claim some entitlement to the priority rights of Anvil. *Diarama Trading Co., Inc. v. J. Walter Thompson U.S.A., Inc.*, No. 01-Civ-2950 (DAB) (DCF), 2005 WL 2148925, *6 (S.D.N.Y. 2005), *aff'd* 194 Fed. Appx. 81 (2d Cir. 2006)("[T]he *jus tertii* defense is severely disfavored by the federal courts, which have only entertained it where the defendant invoking it makes a showing of privity or successor-in-interest status with respect to such [superior trademark] rights"(citations omitted)"). That is not the case here as there is no relationship between Anvil and the Perine Parties.

Finally, even if Seena and Anvil had not entered into the co-existence agreement, and even if the Perine Parties could somehow assert a *jus tertii* defense, such defense would nonetheless fail as Seena has superior rights in the DITCH PLAINS Trademarks which are not erased by the Anvil Registration. Thus, though Anvil's Registration is evidence of its mark's validity, "[i]t is a fundamental principal of trademark law that the right to exclusive use of a trademark derives from . . . [t]he user who first appropriates the mark" *Patsy's Italian Restaurant, Inc. v. Banas*, 508 F. Supp. 2d 194, 217 (E.D.N.Y. 2007), citing *Hawaii-Pacific Apparel Group, Inc. v. Cleveland Browns Football Co. LLC*, 418 F. Supp. 2d 501, 505-06 (S.D.N.Y. 2006)(citations and quotations omitted)).

Here, Seena has been using the DITCH PLAINS word mark for apparel since at least October 2005. (Am. Pl. at ¶ 42.) Anvil, by contrast, claims that its first use was May 2006. Seena is thus the senior user and its rights in the same are superior to those of Anvil. *See Patsy's Italian Restaurant, Inc.*, 508 F. Supp. 2d at 217, citing *Architemps, Inc. v. Architemps, Ltd.*, 704 F. Supp. 39, 40 (S.D.N.Y. 1998) ("The prior user of an unregistered mark is entitled to common law protection for its continued use of the mark in the areas of use that predate registration."); *see also* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* 16:18.50 (4th ed. 2012) ("Neither application for nor registration of a mark at the federal level wipes out the prior nonregistered, common law rights of others. The nonregistered rights of a senior user continue and are not erased by the later federal registration of a junior user.").

The Anvil Registration is thus of no issue in this litigation.

B. Violation of New York General Business Law § 349

Defendants' proposed Amended Pleading also asserts a claim under Section 349 of New York's General Business Law. This statute makes unlawful "deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service." To state a claim

under this section of the GBL, a plaintiff must allege (1) that the defendant engaged in an act or practice that is deceptive or misleading in a material respect and (ii) that plaintiff suffered injury as a result thereof. *See Oswego Laborers' Local 214 Pension Fund v. Marine Midland Bank*, 85 N.Y.2d 20, 25 (1995); *In re Houbigant Inc.*, 914 F. Supp. 964, 983-84 (S.D.N.Y. 1995) (upholding GBL § 349 claim where defendants engaged in a scheme to export and sell counterfeit items).

Here, as set forth in detail in the Amended Pleading, the Perine Parties' knowingly designed, manufactured and sold unauthorized and infringing apparel goods in New York bearing identical reproductions of the DITCH PLAINS Trademarks. The Perine Parties went even further by offering to sell and/or selling these Infringing Goods to Defendants' own customers. The public is harmed by these actions because they unknowingly purchase counterfeit DITCH PLAINS products from the retailers who regularly carry authentic products. Unbeknownst to consumers, they are actually purchasing non-conforming, substandard Infringing Goods which have not been subject to Defendants' quality control procedures. When consumers spend their hard earned money on products they believe to be authentic DITCH PLAINS apparel goods and actually receive counterfeit products, the harm to the public is great. Thus, both Defendants and consumers at large are harmed by the acts of the Perine Parties.

As such, Defendants' GBL § 349 claim is meritorious and should be allowed. *See, e.g., Steinway, Inc. v. Ashley*, No. 01 Civ. 9703 GEL, 2002 WL 122929, *2 (S.D.N.Y. Jan. 29, 2002) (allegation that defendants knowingly distributed Steinway piano decals to customers that use plaintiffs' marks in commerce, and that such use is likely to deceive or cause confusion as to the affiliation or association of defendants' customers with plaintiffs, sufficient to support a claim

under New York GBL § 349); *Microsoft Corp. v. AGA Solutions, Inc.*, 05 CV 5796 (DRH) (MLO), 2007 WL 77756, at *7 (E.D.N.Y. March 12, 2007).

C. The Addition of New Parties as Cross-Claim Defendants

Defendants seek to add Lam, Regent, J & Co., and Linna Textiles (the “Proposed Parties”) as additional cross-claim defendants. As set forth above, each of the Proposed Parties is affiliated with Plaintiff, and was involved in the unlawful distribution of the Infringing Goods.

CPLR 1003 states that “[p]arties may be added at any stage of the action by leave of court....” Here, the Proposed Parties are each involved in the activity described in the Proposed Pleading, as well as the activity described in Plaintiff’s Complaint. For example, Perine asserts in the Verified Complaint a claim for breach of contract, asserting that it is owed damages for good sold and accepted by Defendants, or wrongfully refused by Defendants. However, the basis of Plaintiff’s claims are purchase orders between Defendant Bedford and Proposed Party Regent. Indeed, Plaintiff’s failure to include Regent as a party is fatal to its claim. *See* CPLR 1001.

By further way of example, the Authorization Letter authorizes Perine and Proposed Parties Regent and J & Co. to sell a specific quantity of goods bearing the DITCH PLAINS word mark. The proposed Amended Pleading alleges that Perine, Regent, J & Co., Lam, and Linna Textiles manufactured over 400,000 counterfeit items and then sold those Infringing Goods to Seena’s customers. (Am. Pl. at ¶¶ 65-80.)

III

THE PLAINTIFF AND PROPOSED NEW PARTIES
WILL NOT BE PREJUDICED BY THE AMENDMENTS

Defendants' motion to amend should also be granted because there is no prejudice to Plaintiff or the Proposed Parties, all of whom are affiliated with Plaintiff and were involved in the unlawful distribution and sale of the infringing products.

As explained by the First Department, "prejudice occurs when the party opposing amendment has been hindered in the preparation of his case or has been prevented from taking some measure in support of his position." *Jacobson v. McNeil Consumer & Specialty Pharmaceuticals*, 68 A.D.3d 652, 654-55 (1st Dep't 2009) (citation omitted); *see also Abdelnabi v. N.Y. Transit Auth.*, 273 A.D.2d 114 (1st Dep't 2000).

Although the Proposed Pleading adds several new claims and will require additional discovery, "[p]rejudice does not occur simply because a defendant is exposed to greater liability or because a defendant has to expend additional time preparing its case." *Jacobson*, 68 A.D.3d at 654. "Moreover, the need for additional discovery does not constitute prejudice sufficient to justify denial of an amendment." *Id.* Nor does "[m]ere lateness" or delay constitute "a barrier to the amendment. It must be lateness coupled with significant prejudice to the other side." *Edenwald Contracting Co., Inc. v. City of New York*, 60 N.Y.2d 957, 959 (1983).

Here, fact discovery is still ongoing, depositions have not yet occurred, no expert discovery has taken place, no note of issue has yet been filed, and no trial date has yet been set. (LME Aff. at ¶¶ 9-11.) Thus, permitting the Amended Pleading will not hinder Plaintiff in the preparation of its case, or prevent Plaintiff from taking any measures in support of its position. *Jacobson*, 68 A.D.3d at 654.

Further, permitting Defendants to amend their pleading will, in fact, minimize any prejudice that could occur, as the proposed claims arise out of the very same goods that are at issue in the Verified Complaint. Specifically, the claims in the Verified Complaint and the Proposed Pleading arise out of and relate to the Rejected Goods and the Authorization Letter. Accordingly, much of the discovery related to Plaintiff's claims will overlap with the discovery required in connection with the proposed claims.

Conclusion

For the reasons stated above, Defendants respectfully request that the Court enter an Order granting Defendants' permission to serve and file an Amended Verified Answer with Counterclaims and Cross-Claims, together with such other and further relief as the Court deems just and proper.

Dated: New York, New York
April 29, 2013

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EXHIBIT E

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

-----X
PERINE INTERNATIONAL INC.,

Plaintiff,

-against-

**BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS and VASU KOTHAPALLY,**

Defendants.
-----X

Index No. 650040/12

Hon. Barbara R. Kapnick

**PLAINTIFF'S MEMORANDUM OF LAW IN OPPOSITION
TO DEFENDANTS' MOTION FOR LEAVE TO AMEND**

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Plaintiff Perine International, Inc. ("Plaintiff") respectfully submits this memorandum of law in opposition to the motion by defendants Bedford Clothiers, Inc., Seena International Inc., Ricky Singh and Brooklyn Xpress (collectively, "Defendants") seeking: (1) leave to file and serve an Amended Verified Answer with Counterclaims and Cross-Claims; (2) to add non-parties Regent Alliance Ltd., J & Company Jeans LLC, "Linna or Llina Lam," and Linna Textiles Manufacturing Ltd. as cross-claim defendants; and (3) for related relief.¹

PRELIMINARY STATEMENT

Defendants' motion for leave to amend was made long after discovery was supposed to have been completed in this simple goods sold and delivered case. The only reason why discovery has not been completed is because Defendants have engineered one delay after another. Now, Defendants want to add new parties and assert trademark infringement claims even though they have no protectable rights in the mark, "DITCH PLAINS."

ARGUMENT

I. THE MOTION FOR LEAVE TO AMEND SHOULD BE DENIED

A. Standard of Review

Leave to amend a pleading "shall be freely given" absent prejudice or surprise resulting from the delay. CPLR 3025(b); Davis & Davis, P.C. v. Morson, 286 A.D.2d 584, 585, 730 N.Y.S.2d 293, 294 (1st Dep't 2001). The First Department, however, "has consistently held that in order to conserve judicial resources, an examination of the proposed causes of action is

¹ The proposed Amended Verified Answer with Counterclaims and Cross-Claims is attached as Exhibit 1 to the Affirmation of Lori Marks-Esterman and citations thereto will be in the form of "Am. Counterclaim."

warranted and leave to amend will be denied where the proposed pleading fails to state a cause of action or is palpably insufficient as a matter of law.” *Id.* (internal citations omitted).

Prejudice has been defined as “a special right lost in the interim, a change in position, or significant trouble or expense that could have been avoided had the original pleading contained the proposed amendment.” *Ward v. City of Schenectady*, 204 A.D.2d 779, 781, 611 N.Y.S.2d 932 (3rd Dep’t 1994). “Prejudice” warrants denial of leave to amend when a party incurs a change in position or is hindered in the preparation of its case or has been prevented from taking some measure in support of its position, and these problems might have been avoided had the original pleading contained the proposed amendment. *Valdes v. Marbrose Realty, Inc.*, 289 A.D.2d 28, 734 N.Y.S.2d 24 (1st Dep’t 2001).

B. Because Seena Has No Trademark Rights in “DITCH PLAINS”, the Proposed Claims for Trademark Infringement and Unfair Competition Are Palpably Insufficient

To establish a claim for trademark infringement under Section 43(a) of the Lanham Act, a party must establish that it has a valid mark entitled to protection. *1-800-Contacts, Inc. v. WhenUCom, Inc.*, 414 F.3d 400, 406-07 (2d Cir. 2005). Here, Seena’s proposed trademark infringement and unfair competition claims are palpably insufficient because: (1) the U.S. Trademark Trial and Appeal Board (TTAB) already denied Seena’s application to register the “DITCH PLAINS” mark, and Seena then became estopped from challenging that result when it appealed to the Federal Circuit and then abandoned its appeal and (2) Seena’s use of “DITCH PLAINS” is geographically deceptively misdescriptive.

1. Seena is Collaterally Estopped from Claiming That It Possesses a Valid Mark

Non-party Anvil NY LLC has four “DITCH PLAINS” trademarks registered with the U.S. Patent and Trademark Office (the “USPTO”). (Fritz Aff., Exh. A). Anvil NY LLC’s most senior “DITCH PLAINS” trademark (Reg. No. 3,327,160) was registered by the USPTO on

October 30, 2007 for “oyster bar, restaurant and bar services,” based upon a first use date of May 10, 2006. (Id.).

In 2008, Seena filed an application with the USPTO to register “DITCH PLAINS” for certain men’s and women’s apparel. (Fritz Aff., Exh. B). The Examining Attorney refused registration pursuant to Trademark Act Section 2(d), citing a likelihood of confusion between Seena’s mark and Anvil NY LLC’s registered mark “DITCH PLAINS” (Reg. No. 3,327,160). (Fritz Aff., Exh. C). Thereafter, a Final Refusal was issued on the same grounds of likelihood of confusion with Anvil NY LLC’s registered mark. (Id.).

Seena appealed to the Trademark Trial and Appeal Board (the “TTAB”), which affirmed the refusal to register. (Fritz Aff., Exh. D). In its Opinion, the TTAB concluded that “in view of the identical nature of the marks, their contemporaneous use on the related goods and services involved in this case is likely to cause confusion as to the source or sponsorship of such goods or services.” (Id.). Seena appealed the TTAB’s Opinion to the U.S. Court of Appeals for the Federal Circuit. (Fritz Aff., Exh. E). The Federal Circuit dismissed the appeal. (Fritz Aff., Exh. F).

In the Second Circuit, “[f]or a TTAB ... determination of ‘likelihood of confusion’ to have collateral estoppel effect in a trademark infringement action, the TTAB ... must have taken into account, in a meaningful way, the context of the marketplace.” Levy v. Kasher Overseers Assoc. of America, 104 F.3d 39, 42 (2nd Cir. 1997). Here, the TTAB Opinion demonstrates that the TTAB meaningfully considered the marketplace context in determining the likelihood of confusion issue. Specifically, the TTAB considered: the identical nature of Seena’s mark and Anvil NY LLC’s mark in terms of appearance, sound, connotation and commercial impression, (Fritz Aff., Exh. D, p. 3); the close relation between Seena and Anvil NY LLC’s respective

goods and services, (id. p. 3 – 7); the overlapping trade channels, (id. p. 7); and the same targeted class of purchasers – the general public. (Id.).

The record demonstrates that Seena had a full and fair opportunity to litigate, and in fact did litigate, the likelihood of confusion issue before the TTAB. (Fritz Aff., Exh. A, B, C, D). Seena filed briefs with the TTAB and had an opportunity to submit evidence. (Fritz Aff., Exh. D, p. 2, 7). Faced with an adverse decision by the TTAB, Seena appealed the Opinion to the Federal Circuit. (Fritz Aff., Exh. E). The appeal was later dismissed, making the TTAB's findings and conclusions final and binding upon Seena. (Fritz Aff., Exh. F).

Given the USPTO's denial of Seena's previous application to register "DITCH PLAINS," Seena is collaterally estopped from claiming that "DITCH PLAINS" is a valid, protectable mark.

2. "DITCH PLAINS" is Geographically
Deceptively Misdescriptive and Thus Not Entitled to Protection

Under trademark law, geographic terms or signs are not entitled to trademark protection if they are either geographically descriptive or geographically misdescriptive of where the goods or services originate.

"Terms that are descriptive of the geographic location or origin of goods and services are regarded by the law as not being 'inherently distinctive' marks." J. Thomas McCarthy, McCarthy on Trademarks § 14.1 (2002). "Since geographically descriptive terms are not inherently distinctive, they can be protected as trademarks only upon proof that through usage, they have become distinctive," *i.e.* obtained "secondary meaning." Id. Because a descriptive geographic adjective "can be truthfully applied to a wide range of goods and services that emanate from or are connected with a certain geographic region," a geographically descriptive term cannot, *per se*, function to identify and distinguish the goods of only one seller in that geographical

location.” Id. “A parallel rationale states that descriptive geographical terms are in the ‘public domain’ in the sense that every seller should have the right to inform customers of the geographic origin of his goods” without the risk of infringement. Id.

Ditch Plains is a generally known geographic location, *i.e.* a beach in Montauk, New York that is particularly well-known by surfers. (Fritz Aff., Exh. I, J, K). Even assuming that Seena’s goods had a connection to Ditch Plains or Montauk, which they do not, the mark “DITCH PLAINS” is *at best* geographically descriptive and not entitled to trademark protection.

Seena’s goods have *no connection* with Ditch Plains or Montauk, (Marks-Esterman Aff., Exh. 1, ¶¶ 32, 47 – 53). Therefore, Seena’s use of “DITCH PLAINS” is geographically deceptively misdescriptive.² “A geographic designation that is used with goods that do not come from the place named by the designation, and which leads consumers to buy under a misapprehension as to origin, is probably deceptive. This is merely a form of false advertising.” McCarthy on Trademarks § 14.23.

The Lanham Act sets forth an unclean hands defense “if the mark is used so as to misrepresent the source of the goods or services in connection with which the mark is used.” Id. § 31.56 (citing Lanham Act § 33(b)(3)). “If the deceptive user of a mark sues someone who is validly using the geographic term, the defense of unclean hands is available.” Id. § 14.25; see also Japan Telecom, Inc. v. Japan Telecom America Inc., 287 F.3d 866, 870 (9th Cir. 2002). Hence, even assuming that Plaintiff was improperly using the “DITCH PLAINS” mark, which it is not, Plaintiff has an iron-clad unclean hands defense because Seena is using “DITCH

² The difference between “geographically descriptive” or “geographically deceptively misdescriptive” is whether the goods or services do or do not come from the place indicated by the geographic term. In re Amerise, 160 U.S.P.Q. (BNA) 687, 691 (T.T.A.B. 1969).

PLAINS” to deceive consumers into believing that the goods originate from Ditch Plains or Montauk.

Seena goes to great lengths to deceive consumers into believing that its goods come from Ditch Plains, which is a well-known surfing beach in Montauk. (Fritz Aff., Exh. I, J, K). To begin with, Seena is using the mark “DITCH PLAINS” even though it is undisputed that Seena’s goods have no connection to, and do *not* originate from, Ditch Plains or Montauk. Seena’s principal place of business is in Hauppauge, New York and its goods are made in China. (Marks-Esterman Aff., Exh. 1, ¶¶ 32, 47 – 53). Additionally, the hangtags that Seena attaches to its apparel are designed deceptively to make a connection to the Ditch Plains beach. One hangtag prominently displays the words “Ditch Plains” and a surfer on a surfboard. (Fritz Aff., Exh. G). Seena uses another hangtag which is even more deceptive in that it contains the words “Ditch Plains Surf Co. Since 1970” and “Montauk, New York” on a surfboard design.³ (Fritz Aff., Exh. H). Furthermore, the type of apparel that Seena is selling under the mark “DITCH PLAINS” – board shorts, swim trunks, tank tops, etc. – is geared towards surfers and other beachgoers. (Fritz Aff., Exh. B, p. 3).

Because the primary significance of Ditch Plains to the public is the geographic place, and in view of the renown and reputation of surfing conditions at Ditch Plains, the Court can infer that at least a substantial portion of consumers who encounter Seena’s mark featuring the words “Ditch Plains” on Seena’s products are likely be deceived into believing that those products come from or were designed in Ditch Plains, Montauk, NY.

Thus, Seena’s use of “DITCH PLAINS” is geographically deceptively misdescriptive. See *In re Miracle Tuesday, LLC*, 695 F.3d 1339 (Fed. Cir. 2012)(affirming the T.T.A.B.’s

³ The use of “since 1970” is also deceptive to the extent that consumers will think Seena’s brand has been in existence since 1970, when, in reality, the date of first use of the mark originally claimed by Seena is July 17, 2007.

refusal to register the JPK PARIS 75 mark as geographically deceptively misdescriptive since the applicant was neither located in Paris nor were the goods produced in Paris and consumers would consider the location in the purchasing decision); In re Save Venice New York Inc., 259 F.3d 1346, 59 U.S.P.Q.2d 1778 (Fed. Cir. 2001)(THE VENICE COLLECTION and design held primarily geographically deceptively misdescriptive of products that do not originate in Venice, Italy, where an atlas and a gazetteer showed that Venice was a well known center for the manufacture of glass, lace, art objects, jewelry, cotton and silk textiles); In re Wada, 194 F.3d 1297, 52 U.S.P.Q.2d 1539 (Fed. Cir. 1999)(NEW YORK WAYS GALLERY held primarily geographically deceptively misdescriptive where manufacturing listings and Nexis(r) excerpts showed that New York was well known as a place where leather goods and handbags are designed and manufactured); In re Juleigh Jeans Sportswear Inc., 24 U.S.P.Q.2d 1694 (T.T.A.B. 1992) (LONDON LONDON held deceptive for clothing having no connection with London, given the renown of London as a center for contemporary as well as traditional fashions); In re Perry Mfg. Co., 12 U.S.P.Q.2d 1751 (T.T.A.B. 1989)(PERRY NEW YORK and design ("NEW YORK" disclaimed) held deceptive for various items of clothing that originate in North Carolina, and have no connection with New York, because of the renown of New York in the apparel industry); In re House of Windsor, Inc., 221 U.S.P.Q. 53 (T.T.A.B. 1983), recon. denied, 223 U.S.P.Q. 191 (T.T.A.B. 1984)(BAHIA held deceptive of cigars that do not originate in the Bahia province of Brazil, where the evidence of record was "unequivocal" that tobacco and cigars are important products in the Bahia region).

Accordingly, Seena has no protectable rights in the mark "DITCH PLAINS." To the contrary, Seena's deceptive use of the geographic term "Ditch Plans" constitutes a violation of New York General Business Law § 350-a (false advertising), section 43(a) of the Lanham Act,

and Federal Trade Commission regulations. McCarthy on Trademarks § 14.23. In turn, the proposed amendment is palpably insufficient to state a cause of action and/or is patently devoid of merit. See Bishop v. Maurer, 83 A.D.3d 483, 485, 921 N.Y.S.2d 224, 225 (1st Dep't 2011).

C. Seena is Perpetrating a Fraud Upon the Court

In 2008, Seena swore *under penalty of perjury* that the date of its first use of the mark was in 2007 (i.e. *after* Anvil NY LLC's first use), and not in 2005. In its 2008 application to the USPTO, Seena declared that its first use of the mark was "as early as July 17, 2007." (Fritz Aff., Exh. B)(emphasis added). Non-party Anvil NY LLC has used the "DITCH PLAINS" trademark since 2006. (Fritz Aff., Exh. A). Because non-party Anvil NY LLC's prior use of the "DITCH PLAINS" mark renders Seena's proposed trademark claims meritless, Seena is fabricating (and constantly changing) the date upon which it purportedly first used the mark.

Specifically, the proposed Amended Counterclaims alleges that Seena has used the "DITCH PLAINS" mark for apparel "since at least as early as October 31, 2005...." (Am. Counterclaim ¶ 42)(emphasis added). Seena is fabricating its date of first use so that it can claim, as it now does, that it is "the senior user" and its rights in the "DITCH PLAINS" mark "are superior to those of Anvil [NY LLC]." (Defs.' Mem. of Law at 19).

As recently as March 2013, Defendants provided Plaintiff with a proposed "Amended Verified Answer With Counterclaims and Cross-Claims." (Fritz Aff., Exh. M). That document, which was verified, affirmed that "[s]ince as early as 2007, Seena has sold million of apparel products bearing the DITCH PLAINS Trademarks...." (*Id.* ¶ 43)(emphasis added).

Even worse, in the unsigned "Proposed Verified Counterclaims" delivered by Defendants to Plaintiff in February 2013, Seena claimed "[s]ince 1996 and continuing to the present, Seena has offered for sale and sold throughout the United States an apparel line under the trademark[]

... "DITCH PLAINTS" [sic]" (Fritz Aff., Exh. L, ¶ 3)(emphasis added). Which one is it – 1970, 1996, 2005, 2007?

In sum, Seena either: (a) filed a false affidavit with the USPTO in 2008, affirming that the date of first use of the mark is 2007 or (b) attached a false verified pleading to its motion for leave to amend here, affirming that the date of first use of the mark is 2005. Given Seena's unclean hands, it should be denied all relief in connection with "DITCH PLAINS." See Urecal Corp. v. Masters, 413 F.Supp. 873 (N.D. Ill. 1976)(entering judgment in defendant's favor where plaintiff misused trademark registration symbol); Electrical Info. Public., Inc. v. C-M Periodicals, Inc., 163 U.S.P.Q. 624, 1969 WL 9623 (N.D. Ill. 1969)(attempting to monopolize through false registration of generic term held to be unclean hands).

D. Seena's After-the-Fact Attempt to Register the Mark is Irrelevant

Recognizing that non-party Anvil NY LLC's use of "DITCH PLAINS" since 2006 bars Seena's claim that it has a valid, protectable mark, Seena alleges that it recently entered into a "co-existence agreement" with Anvil NY LLC "in which Anvil has consented to Seena's registration of its DITCH PLAINS Trademark." (Marks-Esterman Aff. ¶ 21). Stated differently, after Plaintiff and non-party Seven Lions, Inc. advised Seena that they were aware of Seena's infringement upon Anvil NY LLC's registered trademark, Seena apparently cut a deal with Anvil NY LLC simply so that Seena could have some basis to assert trademark infringement claims against Plaintiff. (Talasazan Aff., Exh. A). Tellingly, the "co-existence agreement" is not attached to the Affirmation of Lori Marks-Esterman.

In any event, the "co-existence agreement" purportedly entered into in April 2013 is irrelevant to the issue of whether Seena possessed a protectable mark prior to that date and of whether Perine infringed upon any such protectable mark prior to that date (even assuming that

Perine made the sales alleged in the proposed pleading, an allegation that Perine categorically denies). As noted in its Complaint, Perine sold approximately \$1.7 million worth of “DITCH PLAINS” branded goods pursuant to a release and authorization that Seena executed in Perine’s favor. The goods covered by the release are the only “DITCH PLAINS” goods that Perine sold.

E. The Evidence Shows That Perine Did Not Engage in Unauthorized Sales

The proposed Amended Counterclaims allege that the “Perine Parties” infringed upon Seena’s purported trademark in three ways: (1) armed with “a forgery of the Authorization Letter,” Perine’s “agents” Revi Green and Seven Lions, Inc. attempted to sell goods bearing the mark to Burlington Coat Factory; (2) Perine’s “agents” Revi Green and Seven Lions, Inc. sold goods bearing the mark to Ross Stores, Inc.; and (3) “agents” Revi Green and Seven Lions, Inc. sold goods bearing the mark to One Step Up Ltd. (Am. Counterclaim ¶¶ 29, 65 – 73).

Seena’s allegation that the “Perine Parties” created “a forgery of the Authorization Letter” is made “upon information and belief,” and the pleading fails to specify what information forms the basis for that belief. (*Id.* ¶ 29). The purported forgery of the Authorization Letter is dated March 15, 2012. (Marks-Esterman Aff., Exh. E). According to the Affidavit of David Talasazan, Seven Lions, Inc.’s President, the letter dated March 15, 2012 was obtained by Seven Lions, Inc. from non-party Shanzi Zhongrui Company Ltd., and not Perine. (Talasazan Aff. ¶ 4). Therefore, the documentary evidence shows that Seven Lions, Inc. did *not* obtain the purported forgery from Perine. (*Id.*).

Moreover, Seven Lions, Inc. affirms that it never sold “DITCH PLAINS” goods to Burlington Coat Factory. (*Id.* ¶ 6). Seven Lions, Inc. also affirmed that the goods that it eventually sold to Ross Stores, Inc. were purchased by Seven Lions, Inc. from non-party Shanzi Zhongrui Company Ltd., and not from Perine. (*Id.* ¶ 5).

Counsel for Seven Lions, Inc. clearly communicated these facts to Seena's counsel almost two months ago. (Id. ¶ 7).

F. The Proposed Pleading Tellingly Lacks Any Specifics Regarding the Proposed Parties' Alleged Conduct

1. The Proposed Pleading Improperly Lumps Everyone Together as "Perine Parties"

CPLR § 3013 provides: "Statements in a pleading shall be sufficiently particular to give the court and the parties notice of the transactions, occurrences, or series of transactions or occurrences, intended to be proved and the material elements of each cause of action or defense." (CPLR § 3013). Here, the proposed Amended Counterclaims improperly assigns the same defined term (the "Perine Parties") to include Plaintiff, Regent, J & Co., Lam, Linna Textiles, "and various unknown John and Jane Does," (Am. Counterclaim, p. 4), and alleges material allegations against all of them collectively, without differentiating between them.

In Aetna Cas. & Sur. Co. v. Merchants Mut. Ins. Co., 84 A.D.2d 736, 444 N.Y.S.2d 79 (1st Dep't 1981), the First Department dismissed a complaint wherein "the first four causes of action are pleaded against all defendants collectively without any specification as to the precise tortious conduct charged to a particular defendant." In Mandracchia v. 901 Stewart Partners, LLC, 2009 WL 5078846 (Nassau Co. Dec. 2, 2009), the Supreme Court, Nassau County dismissed an amended complaint that "lumped all the defendants together 'without any specification as to the precise tortious conduct charged' to each, and without separately identifying the legal bases, if any, actually supporting the claims made against" each defendant and which "collectively attribute[d] wrongdoing and fraud to 'the defendants' without particularizing the discrete fraudulent and/or wrongful acts actually committed by each separately named entity." See also Rand Int'l Leisure Prods., Inc. v. Bruno, 22 Misc.3d 1111(A), 875 N.Y.S.2d 823, at *3 (Nassau Co. 2009)(dismissing complaint against defendant where

pleading failed to particularize what defendant did and simply “lumped” defendant together with another defendant); Bianco v. AXA Equitable Life Ins. Co., 2009 WL 3780684 (Nassau Co. Oct. 23, 2009)(dismissing complaint containing “[c]ollective or generic references to the ‘defendants,’ in which one defendant is merely lumped together with several others”).

Again, here, the proposed Amended Counterclaims lumps Plaintiff and the proposed additional parties together as the “Perine Parties” and then asserts that they collectively contracted with Seena and Bedford to sell goods, infringed upon Seena’s mark, and engaged in unfair competition. (Am. Counterclaim, ¶¶ 49 – 80). There are no specifics as to which party did what, when or how. “To allow these allegations to stand against all of the ... defendants would be, in effect, tantamount to reversing the burden of proof in a civil case and requiring each of these named defendants to prove by a preponderance of the evidence that they committed no tortious conduct to these plaintiffs.” Portnoy v. American Tobacco Co., 1997 WL 638800, at *3 (Suffolk Co. Sept. 26, 1997)(dismissing claims where “plaintiffs fail to distinguish the action of any one defendant from those of the others”).

2. First Counterclaim for Breach of Warranty and Breach of Contract

The proposed First Counterclaim is for breach of warranty and breach of contract against Perine, Regent and Lam. (Am. Counterclaim ¶¶ 81 – 86). However, the First Counterclaim does not even properly allege, as against Regent and Lam, the basic elements of claims for breach of warranty and breach of contract.

To state a claim for breach of an express warranty, a plaintiff must allege that it: (1) entered into a contract; (2) containing an express warranty by the defendant with respect to a material fact; (3) which warranty was part of the basis of the bargain; and (4) the express warranty was breached by the defendant. CBS, Inc. v. Ziff-Davis Pub. Co., 75 N.Y.2d 496, 501 – 06 (1990).

Here, the proposed Amended Counterclaims alleges that defendant Bedford entered into a contract with *Perine*, and not Regent or Lam. For example, paragraph 52 alleges that “Bedford agreed to pay to Perine the agreed purchase order price.” (Am. Counterclaim ¶ 52). Furthermore, the proposed Amended Counterclaims do not allege that Regent or Lam made any express warranties. To the contrary, the pleading alleges that “*Perine* expressly warranted to Bedford that the goods would be fit for Bedford’s purpose.” (*Id.* ¶ 82)(emphasis added). The proposed Amended Counterclaim also does not allege that Regent or Lam breached any warranty. Instead, the proposed Amended Counterclaims alleges “[t]he defective and nonconforming nature of certain goods sold and delivered by *Perine* and *its* failure to comply with the agreed upon representations by Lam ... constituted a breach of contract and of said warranties.” (*Id.* ¶ 83)(emphasis added). Bedford also refers to “the inferior quality of *Perine*’s workmanship....” (*Id.* ¶ 84)(emphasis added). All of the allegations pertain to *Perine*, and not Regent or Lam.

To the extent that Bedford seeks to assert a claim for breach of implied warranty, such proposed claim fares no better. The proposed Amended Counterclaims alleges that “[a]s a result of *Perine*’s breach of warranty of merchantability, *its* breach of implied warranty of fitness and *its* breach of warranty for a particular purpose....” (*Id.* ¶ 85)(emphasis added). The pleading does not allege that Regent or Lam breached anything.

The proposed breach of contract claim is totally devoid of merit for the same reasons. The elements of a cause of action for breach of contract are (1) the existence of a contract between plaintiff and defendant; (2) performance by the plaintiff; (3) defendant’s failure to perform; and (4) damages resulting from such failure to perform. *Furia v. Furia*, 116 A.D.2d 694, 695, 498 N.Y.S.2d 12, 13 (2d Dep’t 1986).

First, and as noted above, the proposed Amended Counterclaims does not allege the existence of any contract between Bedford and either Regent or Lam. Second, Bedford does not allege that it fully performed under its contract with Perine. To the contrary, Bedford's proposed pleading admits that Bedford did not fully pay for goods that Perine delivered and that Bedford accepted. Specifically, Bedford claims that it "reluctantly agreed to accept the goods, conditioned upon the granting of certain charge backs and the ability *to pay Perine as the goods were sold....*"⁴ (Am. Counterclaim ¶ 59)(emphasis added). Third, the proposed Amended Counterclaims allege that Perine, and not Regent or Lam, breached the contract: "The defective and nonconforming nature of certain goods sold and delivered by *Perine* and *its* failure to comply with the agreed upon representations by Lam ... constituted a breach of contract...." (*Id.* ¶ 83)(emphasis added). Lastly, Bedford alleges that it was damaged by Perine, and not Regent or Lam: "Based upon the foregoing, Bedford has been damaged by Perine...." (*Id.* ¶ 86)(emphasis added).

Because the proposed First Counterclaim does not even properly allege, as against Regent and Lam, the basic elements of claims for breach of warranty and breach of contract, that portion of Defendants' motion for leave to amend should be denied and the proposed First Counterclaim does not support the addition of Regent or Lam as parties. See American Theatre for Performing Arts, Inc. v. Consolidated Credit Corp., 45 A.D.3d 506, 846 N.Y.S.2d 60, 60 (1st Dep't 2007)(affirming denial of motion to amend where none of proposed additional parties were signatories to contract).

⁴ Notably, Bedford has not provided a single contemporaneous document – no emails, letters, faxes, memos, nothing – to support its naked assertion that it conditioned its acceptance in any way.

**G. The Proposed Claim for Violation
of General Business Law § 349 is Palpably Insufficient**

The proposed Fifth Counterclaim alleges that the “Perine Parties” violated Section 349 of the New York General Business Law. (Am. Counterclaim ¶¶ 106 - 109). Section 349 makes unlawful “[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service....” N.Y. Gen. Bus. Law § 349. To state a valid claim for deceptive practices under Section 349, a party must allege: (1) deceptive acts or practices directed toward consumers; (2) the acts are misleading in a material way; and (3) the plaintiff has been injured as a result. Stutman v. Chemical Bank, 95 N.Y.2d 24, 29, 709 N.Y.S.2d 892, 731 N.E.2d 608 (2000). The proposed Fifth Counterclaim claims that the “Perine Parties” alleged infringement upon Seena’s trademark “has injured Seena in an amount to be determined at trial and has caused and will continue to cause irreparably injury to Seena....” (Am. Counterclaim ¶¶ 107, 109).

As detailed above, Seena does not have any protectable rights in the mark “DITCH PLAINS.” Moreover, even assuming that Seena has protectable rights, the evidence shows that the alleged counterfeit goods were distributed by non-party Shanzi Zhongrui Company Ltd., and *not Perine or any of the proposed new parties*. (Talasazan Aff.).

Additionally, the proposed Fifth Counterclaim fails to sufficiently allege a consumer injury or harm to the public interest. “Even claims brought by a commercial claimant, not a consumer, must allege harm to the public interest.” City of New York v. Cyco.Net, Inc., 383 F.Supp.2d 526, 563-64 (S.D.N.Y. 2005). Nowhere in the proposed pleading does Seena allege that any consumer purchased any purported counterfeit product. Instead, Seena alleges that non-parties Revi Green and Seven Lions, Inc.: (1) “offered for sale” certain goods and (2) “successfully sold” certain goods to Ross Stores, Inc., which is not a consumer. (Am. Counterclaim ¶¶ 67, 70).

Thus, the proposed claim for violation of Section 349 is totally devoid of merit and palpably insufficient.

H. Plaintiff Will Be Prejudiced by the Amendment

1. Defendants' Delay Tactics

Defendants' motion is just the latest, of many, tactics that they have employed to delay this simple case for goods sold and delivered. Now, months after Defendants represented to the Court months that document discovery was completed, Defendants are attempting to add multiple parties domiciled in China (which, alone, will add a significant delay while Defendants attempt to effectuate service on those parties) all in an effort to stall the day of reckoning, when judgment must finally be rendered against them.

First, Defendants moved to dismiss the Complaint because the index number and date of filing were not listed on the Summons and because the Complaint was allegedly not signed. The Court summarily denied that motion. (Fritz Aff., Exh. N).

Next, long after document discovery was completed and shortly before scheduled depositions, Defendants advised the Court during a January 28, 2013 conference call that they wanted to amend their Counterclaims to assert a claim for trademark infringement. (Fritz Aff. ¶ 26). The Court directed Defendants to send Plaintiff their proposed amended Counterclaims (in the form that it would be attached to a motion for leave to amend) by February 11, 2013. (Id.). Defendants sent Plaintiff the aforementioned unsigned "draft" pleading that contained no specifics whatsoever. (Fritz Aff., Exh. L). Tellingly, even though the proposed pleading claims that Defendants learned of the alleged infringement in October 2012, (Am. Counterclaims ¶ 67), Defendants did not advise the Court of their desire to amend until the end of January 2013 and did not file a motion until April 2013. See Estate of Birdshall, 60 A.D.2d 522, 399 N.Y.S.2d 686

(1st Dep't 1977) (trial court providently exercised its discretion denying motion for leave to amend where the factual basis of the proposed amendment was known two years prior).

Thereafter, Defendants refused to conduct long-standing depositions and even had one defendant file for bankruptcy in a bad faith attempt to stay this entire case. On February 15, 2013, Defendants confirmed via telephone that they would depose Plaintiff's representative, Na Lam (Linna), on February 25, 2013 "as ordered by the Court." (Fritz Aff. ¶ 27). Then, *after Linna traveled to New York from her home in Hong Kong*, Defendants refused to depose her as scheduled. (*Id.*). On February 21, 2013, Plaintiff advised Defendants that Plaintiff would be appearing at the Courthouse on February 25, 2013 to present its motion, by Order to Show Cause, for injunctive relief. (*Id.* ¶ 28). The next day, one of the defendants, Vasu Kothapally, filed a bankruptcy petition and Defendants frivolously claimed that such filing stayed the entire case.⁵ (Fritz Aff., Exh. Q).

Then, Defendants failed even to attend the February 25, 2013 hearing on Plaintiff's motion. (Fritz Aff., Exh. R).

Still not done wasting time, Defendants resorted to the next trick in the book – changing counsel. On March 7, 2013, Defendants notified Plaintiff that new counsel was being substituted in and would need additional time to familiarize themselves with the file. (Fritz Aff., Exh. S).

2. Document Discovery Was Completed

In an apparent attempt to mischaracterize this case as being in its infancy, Defendants claim that "[c]ertain document discovery has taken place, but has not been concluded." (Marks-Esterman Aff. ¶ 9). In truth, document discovery was completed in September 2012. (Fritz Aff.

⁵ It is well settled that 11 U.S.C. § 362(a)(1) does not automatically stay an action against a non-debtor and that such action proceeds until the Bankruptcy Court orders otherwise. *In re Bidermann Industries U.S.A., Inc.*, 200 B.R. 799, 782 (S.D.N.Y. 1996). As further proof that the bankruptcy petition was a ruse to delay depositions, the debtor did not even bother to attend the creditors' meeting on March 18, 2013. (Fritz Aff. ¶ 29).

¶ 24). In fact, because no document discovery was outstanding, the parties adjourned an October 2012 compliance conference to March 2013 and, due to scheduling conflicts, agreed to conduct depositions in February 2013. (Fritz Aff. ¶¶ 25 – 26; Fritz Aff., Exh. P).

Now, months after the parties advised the Court that document discovery was complete, Defendants' new counsel claimed that Defendants did not seek (but should have sought) certain discovery regarding Plaintiff's goods that Defendants failed to accept. (Fritz Aff. ¶ 32). On or about April 19, 2013, new counsel served Defendants' Second Request for the Production of Documents (the "Second Document Request") on consent. Plaintiffs timely responded to the Second Document Request. (Fritz Aff., Exh. T).

With respect to Defendants' statement that "no depositions have yet been taken," (Marks-Esterman Aff. 11), the reason why depositions have not been completed is because Defendants refused to conduct Plaintiff's deposition and to produce their witnesses, even after Plaintiff's representative traveled to New York from China for the depositions. (Fritz Aff. ¶¶ 25 – 30). Defendants' improper conduct in delaying depositions, which resulted in sanctions being imposed upon them by the Court, should not serve as a basis for finding that Plaintiff is not prejudiced by an amended pleading.

Defendants also note that "the parties have not yet served demands for expert disclosures, nor identified any experts to be called at trial." (Marks-Esterman Aff. ¶ 11). However, the deadline to demand expert disclosures has long since passed. The Preliminary Conference Order directed that other discovery, such as expert discovery, be served by December 1, 2012. (Fritz Aff., Exh. O).

Finally, Defendants note that "no note of issue has been filed...." (Marks-Esterman Aff. ¶ 11). The Preliminary Conference Order directed that the Note of Issue be filed by December 31,

2012. (Fritz Aff., Exh. O). The parties agreed to extend that deadline to April 1, 2013 in order to conduct depositions in February 2013. (Fritz Aff. ¶ 25; Fritz Aff., Exh. P). Again, the only reason why the Note of Issue has not been filed is because Defendants refused to participate in depositions. That Defendants successfully delayed, in bad faith, the completion of discovery should not be a reason to grant a motion for leave to amend. Depositions on the only existing claim in the case can and should be completed promptly and this case moved ahead towards judgment. Depositions and the Note of Issue are the only remaining items standing between Defendants and a summary judgment motion.

3. Granting the Motion Will Result in Even More Delay

Of course, granting the motion for leave to amend so that Defendants can assert trademark infringement claims will significantly delay the adjudication of this case. The proposed Amended Counterclaims is designed to do just that in several ways.

To begin with, Defendants seek to add certain entities and individuals as additional defendants. According to the pleading, proposed additional defendants Regent Alliance Ltd., J & Company Jeans LLC, Linna Textiles Manufacturing Ltd., and Na Lam (Linna) all reside in China, (Am. Counterclaims ¶¶ 34 – 37), and thus it will be difficult for Defendants to properly serve them.

Furthermore, even assuming that proposed additional defendants J & Company Jeans LLC, Linna Textiles Manufacturing Ltd., and Na Lam (Linna) are eventually properly served, the Court has no personal jurisdiction over them. Thus, the proposed additional defendants will inevitably move to dismiss the pleading on that basis.

In Konrad v. 136 East 64th Street Corp., 246 A.D.2d 324, 325, 667 N.Y.2d 354, 355 (1st Dep't 1998), the First Department found that the proposed amended pleading "does considerably

more than assert an additional cause of action. It asserts novel claims, not merely novel theories, against persons sought to be named as additional parties to the action. Defendants have made the requisite assertion of prejudice resulting from the need to prepare a defense on behalf of the additional parties.” *Id.* at 325. Accordingly, the First Department reversed an Order granting leave to amend. *Id.* at 324. That is precisely the situation here. Defendants do more than assert an additional cause of action pertaining to Plaintiff’s sale of goods to Seena and Bedford. Defendants assert novel claims for trademark infringement, unfair competition, and violation of New York General Business Law § 349 against persons sought to be named as parties to this action – Regent Alliance Ltd., J & Company Jeans LLC, Linna Textiles Manufacturing Ltd., and Na Lam (Linna).

Next, Defendants did not seek to add certain parties that may be necessary for the proper adjudication of the infringement claims. For example, because Anvil NY LLC’s rights to the “DITCH PLAINS” trademark are superior to Seena’s rights (assuming Seena has any rights), Anvil NY LLC should be named as a defendant. Additionally, the proposed pleading alleges that it was “agents” Revi Green and Seven Lions, Inc. (and not Perine) that purportedly sold goods bearing the “DITCH PLAINS” mark to Ross Stores, Inc. and One Step Up Ltd. (Am. Counterclaim ¶¶ 29, 65 – 73). Those “agents” may be necessary parties as well.

4. Defendants Will Not Be Prejudiced by the Denial of the Motion

Moreover, to the extent that the Court denies Defendants’ motion, Defendants will not be prejudiced. If Defendants truly believe that their proposed counterclaims have merit, and really believe that they have claims against all of the new parties, nothing prevents Defendants from commencing a separate plenary action against those parties in which they can assert those

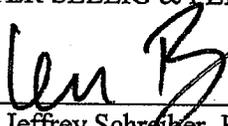
claims. And, by doing so, the unfair and unnecessary delays that they now seek to interpose in this simple goods sold and delivered case will be avoided.

CONCLUSION

For the reasons set forth above, Defendants' motion should be denied in its entirety.

Dated: New York, New York
June 5, 2013

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EXHIBIT F

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
PERINE INTERNATIONAL INC.,

Plaintiff,

- against -

BEDFORD CLOTHIERS, INC., SEENA
INTERNATIONAL INC., RICKY SINGH,
BROOKLYN XPRESS, and VASU
KOTHAPALLY,

Defendants.
-----X

Index No. 650040/12

Hon. Barbara R. Kapnick, J.S.C.

IAS Part 39

**DEFENDANTS' REPLY MEMORANDUM OF LAW IN FURTHER SUPPORT OF
MOTION FOR LEAVE TO SERVE AND FILE AN AMENDED VERIFIED ANSWER
WITH CROSS-CLAIMS AND COUNTERCLAIMS**

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J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th ed. 2013)1, 2, 5

Defendants Bedford Clothiers, Inc. (“Bedford”), Seena International Inc. (“Seena”), Ricky Singh and Brooklyn Xpress, by and through their attorneys Andrews Kurth LLP, submit this Reply Memorandum of Law in further support of their motion to amend (the “Motion to Amend”) and file an Amended Verified Answer with Counterclaims and Cross-Claims (the “Proposed Pleading”).

Preliminary Statement

Plaintiff fails to raise any viable contention in opposition to the Motion to Amend. Plaintiffs’ lead argument, that Defendants have no protectable interest in their “DITCH PLAINS” mark, is entirely meritless. Defendants are not “collaterally estopped” from asserting their rights in the mark by reason of agency determinations concerning the registrability of the mark. Nor is the “DITCH PLAINS” mark “geographically deceptively misdescriptive.” As for Plaintiff’s assorted other arguments -- which involve such issues as Defendants’ error with respect to the “first use” date of their mark; the purported lack of involvement of the Perine Parties in the sale of infringing goods; the specificity of the proposed claims against the Perine Parties; the sufficiency of the “consumer injury” element of the proposed claim under the New York General Business Law (“GBL”); and the alleged “prejudice” to the Perine Parties if the Motion to Amend is granted -- are either wrong as a matter of law or distort the liberal standard applicable to motions under CPLR 3025 by seeking to place upon Defendants the burden of proving the allegations in the Proposed Pleading.

ARGUMENT

I.

PLAINTIFF'S CONTENTION THAT SEENA HAS NO TRADEMARK RIGHTS IN "DITCH PLAINS" IS MERITLESS

Plaintiff's arguments that Seena has no trademark rights in "Ditch Plains" because it is "collaterally estopped" from asserting any rights to the mark and that "Ditch Plains" is not entitled to protection because it is "geographically deceptively misdescriptive" (Plaintiffs' Brief in Opposition ("Opp. Br.") at 2-8) are both without merit.

A. No Collateral Estoppel Applies to the TTAB Decision

Plaintiff asserts that Seena is collaterally estopped from claiming possession of a valid mark in "DITCH PLAINS" because the Trademark Trial and Appeal Board ("TTAB") affirmed the refusal by the Patent and Trademark Office ("PTO") to register the mark in an *ex parte* proceeding. (Opp. Br. at 2-4)

For collateral estoppel to apply, the issues in the earlier proceeding must have been identical to the issue in the later one. *Levy v. Kosher Overseers Ass'n of Am.*, 104 F.3d 38, 41 (2d Cir. 1997). It is well-established that registration proceedings before the PTO and TTAB have no collateral estoppel effect in a subsequent trademark infringement action involving the same mark. *E.g., Tonka Corp. v. Rose Art Indus., Inc.*, 836 F. Supp. 200, 214-15 (D.N.J. 1993); 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* ("McCarthy on Trademarks") (4th ed. 2013), §32:84 at 32-202-203, n. 5. This is because the issue of the entitlement to register the mark, which is the issue determined in the registration proceeding, is different from, and therefore not dispositive of, the right to use the mark for purposes of an infringement action. *Tonka*, 836 F. Supp. at 213.¹

¹ As a rule, *ex parte* determinations by the PTO or the TTAB regarding the registrability of a mark have no binding or preclusive effect in a subsequent *inter partes* action involving the mark. *See McCarthy on*

Thus, denial of registration has absolutely no effect upon the ability to enforce common law rights to the mark. See McCarthy on Trademarks, §32:95 at 32-222-223 (“It is clear that an *ex parte* refusal to register a mark does not estop the owner from asserting common law rights in the mark.”); *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 819 (1st Cir. 1987) (“A refusal by the PTO to register a mark does not preclude the owner of the mark from his right to use it. [citation omitted] ... A plaintiff need not rely on federal registration to establish a claim for trademark infringement.”).²

In the present case, therefore, the denial of registration by the PTO/TTAB has no preclusive effect upon Defendants’ proposed infringement claims, as those determinations did not involve or affect Defendants’ right to protect their unregistered mark. Indeed, no identity of issues exists between the PTO/TTAB *ex parte* proceedings and the proposed claims by Defendants in the present case against Plaintiff and the proposed additional parties, which were not parties to the PTO/TTAB proceedings. In denying registration to the “DITCH PLAINS” mark on the basis of its similarity to the registered mark of Anvil NY LLC (“Anvil”), the PTO/TTAB neither considered nor determined the key issue underlying Defendants’ Proposed Pleading, *i.e.*, whether Seena can enforce its rights in “DITCH PLAINS” against Plaintiff. See, *e.g.*, *Levy*, 104 F.3d at 42 (collateral estoppel inappropriate where “factual basis for likelihood of confusion” and issues not the same). Accordingly, collateral estoppel is inapplicable. The issue of whether Seena’s mark is confusingly similar to Anvil’s has nothing whatsoever to do with Plaintiff’s infringements of Seena’s mark.

Trademarks, §32:94 at 32-218 - 219. See also *D.M. Antique Import Corp. v. Royal Saxe Corp.*, 311 F. Supp. 1261, 1274 (S.D.N.Y. 1971) (although the court accords “respectful consideration” to determinations of the PTO, it is not bound by them).

² For this reason, Plaintiff’s argument (Opp. Br. at 9-10) that Defendants cannot attempt to claim a “valid, protectable mark after-the-fact” of the PTO/TTAB determinations must be rejected.

Accordingly, collateral estoppel is inapplicable and this Court can determine Defendants' proposed cross-claims and counterclaims.

In any event, the existence of Anvil's registered mark has no bearing on Defendants' ability to protect their mark against Plaintiff in the present case. First, the issue is moot because Anvil's mark is not in competition with Seena's. Since the time of the PTO and TTAB determinations, Anvil has amended the registration for its mark to limit it to the sale of goods in connection with the promotion of its Ditch Plains restaurant and has, moreover, consented to the registration of Seena's mark and entered into a "Mutual Co-existence Agreement" with Seena. (Reply Affidavit of Anju Uchima (the "Uchima Aff."), Exh. A; Affidavit of Lori Marks-Esterman submitted in support of Defendants' Motion (the "Marks-Esterman Aff."), ¶21) Under that Agreement, the parties acknowledged that they have each used their respective "DITCH PLAINS" mark for the last seven years without actual confusion; the goods and services and marketing channels associated with the two marks were sufficiently dissimilar to allow the parties to continue to use the marks without confusion; and neither party would object to the use and registration of the other's mark. (Uchima Aff., Exh. A)

Second, Plaintiff does not challenge, and therefore concedes, Defendants' point (*see* Defendants' Memorandum of Law in Support of Motion ("Def. Mem.") at 18) that Plaintiff's reliance on Anvil's mark to challenge Seena's right to protect "DITCH PLAINS" from the Perine Parties' infringement amounts to a *jus tertii* argument that the courts have consistently rejected as a defense to infringement, holding that a defendant in a trademark infringement action may not argue that he should not be held liable because some third party has superior rights to the mark at issue than the plaintiff's. *See, e.g., Marshak v. Sheppard*, 666 F. Supp. 590

(S.D.N.Y. 1987); *Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899 (E.D.N.Y. 1988); *General Cigar Co., Inc. v. G.D.M., Inc.*, 988 F. Supp. 647 (S.D.N.Y. 1997).

Thus, Plaintiff's first argument that Defendants are collaterally estopped from enforcing the "DITCH PLAINS" mark lacks merit.

B. "DITCH PLAINS" Is Not Geographically Deceptively Misdescriptive

Plaintiff argues that "DITCH PLAINS" is "geographically deceptively misdescriptive" and therefore not entitled to trademark protection. (Opp. Br. at 4-8) It contends that, because Ditch Plains "is a generally known geographic location, *i.e.*, a beach in Montauk, New York that is particularly well-known by surfers" (*id.*, at 5) and because "Seena's goods have no connection with Ditch Plains or Montauk" and do not originate from those places (*id.*), Seena's "use of "DITCH PLAINS" is geographically misdescriptive" because consumers "are likely to be deceived into believing that those products come from or were designed in Ditch Plains, Montauk, NY." (*Id.* at 5, 6) Plaintiff's contention, which betrays a fundamental misunderstanding of the applicable law, is entirely unavailing.

A mark that is "primarily geographically deceptively misdescriptive" of the goods on which it is used may not be registered under 15 U.S.C. §1052(e)(3) if: "(1) the primary significance of the mark is a generally-known geographical location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) the misrepresentation would be a material factor in the consumer's decision" to purchase the goods. *In re California Innovations*, 329 F.3d 1334, 1341 (Fed. Cir. 2003).³ In the present case, Plaintiff cannot satisfy this test.

³ The consuming public can be influenced by a mark's geographical designation if the place is known for the goods. A consumer may prefer geographically-designated products in the belief that they are of higher quality,

As to the first prong of the test, Plaintiff fails to present any evidence that the “primary significance” of “DITCH PLAINS” to the relevant consuming public is indeed a geographical location. Ditch Plains may be, as Plaintiff alleges, known as a location to some surfers. However, Defendants’ “DITCH PLAINS” products are marketed widely to the American public and the mark, to many prospective buyers, likely means nothing in terms of geography. The relevant inquiry is not whether Ditch Plains is known as a beach to the small segment of the public familiar with surfing destinations in New York, but rather whether it has any significance as a geographical place to the far larger group consisting of millions of consumers of Defendants’ apparel products nationwide. See, e.g., *In re Societe Generale des Eaux Minerales de Vittel, S.A.*, 824 F.2d 957, 959-60 (Fed. Cir. 1987) (“VITTEL” as a mark for cosmetic products not “primarily geographically descriptive” because, while Vittel may be known as a French resort with mineral springs to “the unusually well-traveled, aficionados of European watering places,” it is unknown to “the mill run” of American cosmetic-purchasers to whom the goods are marketed).

Plaintiff has furnished no evidence that pertains to the American consuming public that purchases “DITCH PLAINS” products. As with “VITTEL,” it may be that “DITCH PLAINS” is “so obscure or remote that purchasers would fail to recognize the term as indicating the geographical source of the goods.” *Id.* at 959. At the very least, there is a question of fact on this issue that should preclude the type of summary determination Plaintiff seeks in opposition to this motion.

Under the second prong of the *California Innovations* test, the consuming public must “associate the goods in question with the place identified by the mark.” *California Innovations*,

e.g., Cuban cigars, Russian vodka, French scarves. If such goods do not in fact come from the designated place, the consumer can be misled. See McCarthy on Trademarks, §§14:1.50, 14.7.

329 F.3d at 1338. This “goods-place association” requires that the place identified by the mark be “a known source of the product.” *In re Les Halles de Paris J.V.*, 334 F.3d 1371, 1374 (Fed. Cir. 2003). In other words, the consumer’s association of the product with the mark’s geographic location must arise from the fact that the place “is known for producing the product.” *Id.* Otherwise, the public can make no goods-place association and would not be deceived if the goods do not in fact come from the place. *In re Nantucket, Inc.*, 677 F.2d 95, 99 (CCPA 1982). Under the third prong, any “goods-place” association must be “material to the consumer’s decision to purchase those goods.” *California Innovations*, 329 F.3d at 1340. An inference of materiality may be raised with evidence “that the place is famous as a source of the goods at issue.” *Les Halles*, 334 F.3d at 1374.⁴

In the present case, Ditch Plains is the name of a beach in Montauk, New York. As such, it has no manufacturing industry and is not known as a source of apparel products or, indeed, any goods. No one would reasonably believe a piece of clothing with a “DITCH PLAINS” mark was produced on a beach. *See Nantucket*, 677 F.2d at 105 (Nies, J., concurring) (noting that “the names of places devoid of commercial activity are arbitrary usage” and not geographically descriptive, citing as examples ANTARCTICA, MOUNT EVEREST and GALAPAGOS for ordinary commercial products). Seena’s “DITCH PLAINS” mark, in any event, covers apparel that extends far beyond items that may reasonably be associated with surfing, such as hoodies, pants, jackets and coats. (*See Esterman-Marks Aff.*, Exh. 8) Montauk, moreover, is a “hamlet”

⁴ Thus, in *In re Save Venice New York Inc.*, 259 F.3d 1346 (Fed. Cir. 2001), the court affirmed the denial of registration to the mark “SAVE VENICE” for American-made goods that were either identical or similar to traditional Venetian products, noting that the public was likely to believe it was purchasing traditional products from Venice. *See also, e.g., In re Spirits Int’l N.V.*, 86 U.S.P.Q.2d 1078,1080, 2008 WL 375723 (T.T.A.B. 2008), *rev’d on other grounds*, 563 F.3d 1347 (Fed. Cir. 2009) (“MOSKOVSKAYA” for non-Moscow vodka held primarily geographically deceptively misdescriptive, as Moscow is known for vodka production); *In re Consol. Specialty Rest. Co.*, 2004 WL 1957184 (T.T.A.B. Aug. 25, 2004) (denying registration to mark “COLORADO STEAKHOUSE” for non-Colorado steaks in view of fact that Colorado is known for steaks).

with a population of 3,326, known for beaches, water sports and fishing. (See Uchima Aff., Exh. B) Plaintiff furnishes no evidence whatsoever that Montauk is a known source of apparel manufacture. Indeed, Plaintiff is completely silent about *any* goods industry in Montauk. Under the circumstances, there can be no goods-place association because consumers -- *especially* those who recognize Ditch Plains and Montauk as geographical locations -- would not associate the "DITCH PLAINS" goods with those places.

Where no goods-place association arises because the location at issue is not known to be a source of the goods carrying the mark, neither the second nor third prongs of the *California Innovations* test may be satisfied. In *California Innovations*, for example, an applicant sought registration of the mark "CALIFORNIA INNOVATIONS" for thermal insulated bags and wraps. The court vacated the TTAB's denial of registration, holding that there was no goods-place association in that, while California is famous for its fashion industry, it is not known for the products in question. 329 F.3d at 1342-43. Similarly, in *In re Glaze Inc.*, 2005 WL 847417, at *4 (T.T.A.B. March 17, 2005), the TTAB found, with respect to an application to register the mark "SWISSCELL" for lighting batteries, that there was no goods-place association between Switzerland and the product. Thus, it found, prospective purchasers would not be materially influenced by the term "Swiss" when purchasing batteries for lighting. *See also Nantucket*, 677 F.2d at 97 (no goods-place association between Nantucket and the product in question, men's shirts); *LaTouraine Coffee, Inc. v. Lorraine Coffee*, 157 F.2d 115, 116-17 (2d Cir.), *cert. denied*, 329 U.S. 771 (1946) (mark "LaTOURAINÉ" for coffee was "arbitrary" in that Touraine, the ancient French province, has no actual or professed relation to the source or manufacture of coffee).

The goods-place association must be a “material” factor in the consumer’s decision to purchase the goods. In other words, the consumer must base his decision to purchase the goods in material part on the mistaken assumption that the goods come from the place. *California Innovations*, 329 F.3d at 1340. To raise an inference of deception or materiality, there must be “some heightened association” between the goods and the place. *Les Halles*, 334 F.3d at 1374. In the present case, Plaintiff has shown *no* goods-place association, much less a “heightened” one, with respect to “DITCH PLAINS” and there is, accordingly, no evidence that a consumer would care where an item of apparel bearing the “DITCH PLAINS” mark came from.⁵

Not surprisingly, the decisions Plaintiff cites in support of its argument (Opp. Br. at 7) are completely distinguishable from the present case because they each involved extremely well-known places famous for producing the particular type of goods at issue and, therefore, a strong goods-place association. *See In re Miracle Tuesday, LLC*, 695 F.3d 1339 (Fed. Cir. 2012) (Paris has “renown and reputation” for fashion designs); *Save Venice*, 259 F.3d 1346 (Venice is well-known source of glass, lace, art objects, jewelry, cotton and silk textiles); *In re Wada*, 194 F.3d 1297 (Fed. Cir. 1999) (New York is famous for design and manufacture of leather goods and handbags); *In re Juleigh Jeans Sportswear Inc.*, 24 U.S.P.Q.2d 1694 (T.T.A.B. 1992) (London is renowned for contemporary and traditional fashions); *In re Perry Mfg. Co.*, 12 U.S.P.Q.2d 1751 (T.T.A.B. 1989) (New York is well-known in apparel industry); *In re House of Windsor, Inc.*, 221 U.S.P.Q. 53 (T.T.A.B. 1983) (Bahia is famous among consumers of tobacco products -- the relevant market -- as a source of tobacco and cigars).

⁵ The similar lack of a goods-place association is undoubtedly why Pepperidge Farm, Inc., a Connecticut company, for example, holds such registered marks as MONTAUK®, SAUSALITO®, TAHOE® and SANIBEL®, among others, for its Crispy Chocolate Chunk and Soft Baked Cookies. (See *Uchima Aff.*, Exh. C) Moreover, Defendants’ consumers are no more likely to care about the origin of a “DITCH PLAINS” piece of apparel than they are to care about whether the HOLLISTER CALIFORNIA® products of Abercrombie & Fitch -- an Ohio company -- which bear such names as Laguna Beach, Manhattan Beach and Malibu Beach, among others (see *Uchima Aff.*, Exh. D), actually come from those beaches or, for that matter, from California.

Accordingly, Plaintiff's second argument concerning Defendants' ability to enforce the "DITCH PLAINS" mark must also be rejected.⁶

II.

PLAINTIFF'S OTHER ARGUMENTS ARE UNAVAILING

Plaintiff asserts several other arguments in opposition to the motion, none of which, as discussed below, suffices to overcome the liberal standard applicable to motions under CPLR 3025.

A. Plaintiff's Argument Concerning Seena's "First Use" Date For "DITCH PLAINS" Has No Bearing On This Motion

Plaintiff seeks unfairly to capitalize on a mistake that was made in 2008 and convert it to a "fraud on the court," asserting that Defendants have misrepresented in the Proposed Pleading that the "first use" date for the mark was October 2005. Plaintiff asserts that Defendants are doing so in an effort to claim a first use date earlier than Anvil's May 2006 date. (Opp. Br. at 8-9) To the contrary, as Defendants' records clearly reflect, the first use date for the "DITCH PLAINS" mark was at least as early as October 2005 and the 2007 date that is set forth in its application for registration was in error. (Uchima Aff., Exh. E)

In any event, as discussed above, the Anvil mark is nothing more than a red herring. Defendants do not need to establish a first use date earlier than Anvil's, as the two marks are not in competition with each other, as evidenced by Anvil's amendment to the registration of its mark limiting it to goods used in promoting its restaurant business, its consent to Seena's

⁶ Relying entirely on these meritless arguments, Plaintiff fails entirely to address -- and therefore concedes -- Defendants' arguments (*see* Def. Mem. at 12-17) that the Perine Parties' sale of identical infringing goods is presumptively likely to cause confusion and that, in any event, the eight-factor test set forth in *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) to determine whether an infringement is likely to cause confusion is easily met in the present case.

registration of its mark and its entering into a co-existence agreement with Seena acknowledging that the goods, services and marketplace associated with the two marks are sufficiently different so as not to cause confusion. (Uchima Aff., Exh. A) Defendants' previous error with respect to the 2007 first use date is neither here nor there and furnishes no basis whatsoever for denying the instant motion.

B. The Talasazan Affidavit, Far From Establishing That Plaintiff Was Not Involved in Unauthorized Sales, Raises More Questions Than It Answers

Plaintiff further argues that a key issue of fact -- the involvement of the Perine Parties in the sales of infringing goods -- should be resolved on this motion entirely on the basis of an assertion in the Affidavit of David Talasazan (the "Talasazan Aff.") that Seven Lions, a customer of Seena, purchased goods pursuant to a March 2012 authorization letter from a mysterious unidentified entity called "Shanzi Zhonjrui Company Ltd." and not Perine. That assertion, for which neither Plaintiff nor Mr. Talasazan provides any documentary corroboration, far from disposing of the issue, in fact raises more questions than it answers and furnishes no basis whatsoever for denying the present motion.

First, no one contests that the March 2012 letter was a forgery of the December 7, 2011 Authorization Letter which Defendants provided to *the Perine Parties*. How did "Shanzi Zhonjrui" obtain such letter if not from those parties? Significantly, Plaintiff does not deny forging the letter. It does not, moreover, deny that the Perine Parties provided such letter to "Shanzi Zhonjrui." Second, the product designs and exact specifications which were followed to the letter in manufacturing the infringing goods came from the Perine Parties, as Defendants had made them available to no one else. Assuming it was "Shanzi Zhonjrui" and such entity was unconnected to Perine -- and not one or more of the Perine Parties (yet another question left unresolved by the Talasazan Aff.) -- who produced the infringing goods, how could it possibly

have done so without the Perine Parties' active involvement? Again, Plaintiff nowhere denies improperly providing "Shanzi Zhonjrui" with the product designs and specifications Defendants had entrusted to them or, indeed, having themselves ordered that the infringing goods be made and sold. Next, what is "Shanzi Zhonjrui"? For all we know, it is a sham entity and alter ego of Perine or is affiliated with, or controlled by, one of the Perine Parties. Plaintiff nowhere alleges that "Shanzi Zhonjrui" is unrelated to it. Finally, the Talasazan Aff. is silent as to which entity Seven Lions paid for the infringing goods. Plaintiff nowhere alleges it did not receive payment for those goods.⁷

These are all factual issues that are appropriately explored in discovery. They are not properly before the Court to resolve on this Motion to Amend. *See Curiale v. Stephen Weicholz & Co., Inc.*, 192 A.D.2d 339, 596 N.Y.S.2d 19, 20 (1st Dep't 1993) (resolution of issues pertaining to the merits "not appropriate" on a CPLR 3025 motion to amend); *Bast Hatfield, Inc. v. Schalmont Central School Dist.*, 37 A.D.3d 987, 830 N.Y.S.2d 799, 801 (3d Dep't 2007) (summary judgment standard not to be applied on motion to amend); *Acker v. Garson*, 306 A.D.2d 609, 759 N.Y.S.2d 609, 610 (3d Dep't 2003) (motion to amend is not proper vehicle for determination of merits of an issue).

C. The Pleading Specificity Issues Plaintiff Identifies Furnish No Basis to Deny the Motion

Next, Plaintiff contends that the proposed claims lack specificity as to each proposed additional party's role with respect to the claims. (Opp. Br. at 11-14) This argument too furnishes no basis to deny the present motion. First, it is simply disingenuous. It is undisputed that the "Perine Parties" are closely interrelated and were each involved in the manufacture of

⁷ Plaintiff submits no evidence to rebut the allegation in the Proposed Pleading that One Step Up Ltd. and its affiliated company Aggressive Apparel Inc. also sold and/or offered for sale infringing goods obtained from the Perine Parties. (See Proposed Amended Verified Answer, ¶¶72, 73)

Defendants' goods. Regent Alliance Ltd. ("Regent"), indeed, was the entity with which Bedford contracted in connection with the manufacture of "DITCH PLAINS" apparel and to which Bedford issued purchase orders. Regent, in turn, invoiced Bedford. (Proposed Pleading, ¶¶47-50)⁸ Further, there is no question that Na Lam controls Perine and the other Perine Parties. (*Id.*, ¶¶33-37) Nor is there any issue concerning the identity of the parties to which Defendants granted authorization to sell a designated number of "DITCH PLAINS" goods pursuant to the Authorization Letter: Perine, Regent and J & Company Jeans, LLC, three of the Perine Parties. The Forged Authorization Letter, moreover, purports to grant authorization to Perine and Regent.

Under the circumstances, there is no doubt that the Proposed Pleading furnishes sufficient notice under CPLR 3013 to each of the Perine Parties "of the transactions, occurrences, or series of transactions or occurrences, intended to be proved," as well as the material elements of the claims asserted against them. There is no heightened obligation to plead specific facts under CPLR 3016 and it is clear that the Proposed Pleading provides the basic allegations underlying the proposed cross-claims and counterclaims.

D. Plaintiff's Contention That Defendants Set Forth No Consumer Injury Or Harm to the Public Interest to Support Their GBL Claim Is Wholly Meritless

Plaintiff's contention that the Proposed Fifth Counterclaim for violation of N.Y. General Business Law §349 is "palpably insufficient" because it does not adequately allege a consumer injury or harm to the public interest (Opp. Br. at 15-16) must itself be rejected as wholly contrary to the case law, which clearly holds that a defendant's marketing of infringing goods identical to those of the plaintiff causes confusion to the plaintiff's purchasing public and thereby

⁸ For this reason, Plaintiff's argument that no breach of contract counterclaim is stated against Regent (Opp. Br. at 12-14) is meritless. In addition, it appears from testimony given by Na Lam in another proceeding and the findings of the court in that proceeding, that Regent may be a shell company and a front used by Na Lam. (Uchima Aff., Exh. F at ¶35)

causes the very type of consumer injury necessary for a claim under GBL §349. *See, e.g. GTFM, Inc. v. Solid Clothing Inc.*, 215 F. Supp.2d 273, 301-02 (S.D.N.Y. 2002) (applying New York law); *Francis S. Denney, Inc. v. I.S. Laboratories, Inc.*, 737 F. Supp. 247, 250-51 (S.D.N.Y. 1990) (applying New York law).

E. Plaintiff Fails to Show It Would Be Prejudiced By the Amendment

Finally, Plaintiff contends it would be “prejudiced” by the proposed amendment. (Opp. Br. at 16-17) It cites “delay,” pointing to events that occurred half a year ago when Defendants were represented by their former counsel and that have absolutely nothing to do with the issues in the Proposed Pleading. Those events furnish no basis to deny the motion, which seeks leave to add cross-claims, counterclaims and parties pursuant to a Proposed Pleading that sets forth a prima facie case involving issues that are inextricably intertwined with Plaintiff’s claims and should therefore be resolved with those claims in a single action.⁹

Plaintiff does not contest that “prejudice” for purposes of a CPLR 3025 motion means more than “delay” or having “to expend additional time preparing [one’s] case.” *See Jacobson v. McNeil Consumer and Specialty Pharmaceuticals*, 68 A.D.3d 652, 654-55 (1st Dep’t 2009). Plaintiff can point to no real prejudice. The decision on which it relies, *Konrad v. 136 East 64th Street Corp.*, 246 A.D.2d 325, 667 N.Y.S.2d 354 (1st Dep’t 1998), is entirely distinguishable in that it involved a prolonged period of unexplained delay -- six years after the filing of the original pleading -- in bringing the proposed amendment. In the present case, by contrast, Defendants were not aware of the facts underlying the Proposed Pleading until earlier this year, after filing their original Verified Answer, and sought leave to amend promptly upon learning the relevant facts.

⁹ Contrary to Plaintiff’s assertion, document discovery is *not* complete.

While Plaintiff would not be prejudiced by the granting of this motion, Defendants, on the other hand, would be prejudiced by the denial of this motion, as the issues in the Proposed Pleading are inextricably intertwined with those in Plaintiff's claim, involving the very same goods, and should be adjudicated in the same case to conserve judicial resources.

Conclusion

For the foregoing reasons, Defendants respectfully request that their Motion to Amend be granted.

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