

Macy's Earns Partial Win Over Accused TM Infringer

By **Vin Gurrieri**

Law360, New York (February 3, 2016, 5:53 PM ET) -- Macy's has won a ruling from a California federal judge that eight trademarks it accused a company that revives defunct but well-known brands of infringing are valid and that a likelihood exists that customers will be confused by competing products.

U.S. District Judge Edward M. Chen on Monday granted a bid by Macy's Inc. for a ruling that Strategic Marks LLC has infringed eight of 20 trademarks Macy's asserted by emblazoning them on items such as T-shirts.

"Because Strategic Marks' infringing activity consists of the deliberate sale of the same product sold by Macy's, bearing the same exact mark, and sold at a relatively inexpensive price which likely results in limited consumer care, the court finds that there is a high likelihood of confusion, and thus grants Macy's motion for partial summary judgment," Judge Chen said.

Macy's had initially filed suit in December 2011 accusing Strategic Marks of flouting eight of its trademarks through the operation of a website called Retro Department Stores. Macy's markets the disputed trademarks as its so-called heritage brands by putting them on products like T-shirts and tote bags.

Strategic Marks is a business that revives so-called zombie brands, or brands that have been abandoned, according to court documents.

In February 2015, Macy's filed a second lawsuit against Strategic Marks, alleging that on the eve of trial in the first case, the defendant modified its homepage and expanded its infringement to 12 additional Macy's trademarks for regional department store brands, including "Marshall Field's" and "Strawbridge's." The cases were later consolidated.

Judge Chen's ruling Monday pertained to eight of the 12 trademarks Macy's asserted in the 2015 complaint.

In his ruling, Judge Chen granted Macy's October request for partial summary judgment, finding that the retailer has a protected interest in "Marshall Field's" and "Strawbridge's" as well as six other trademarks it asserted. The judge also found there is a high likelihood of confusion since Strategic Marks used the same exact mark on the same type of products, in this case shirts.

The other marks at issue in Judge Chen's ruling were "I. Magnin," "Burdines," "Kaufmann's," "Lazarus,"

“Meier & Frank” and “Rich’s.”

As part of his ruling, the judge rejected Strategic Marks’ argument that Macy’s didn’t own a valid protectable interest in the trademarks because its use was merely ornamental and didn’t constitute bona fide commercial use.

Judge Chen further disagreed with an argument presented by Strategic Marks at a hearing last month that because Macy’s no longer operates the regional brands, the marks have been abandoned and can now be used by any other individual.

“Simply because a store has ceased operations does not mean that its proprietor or owner does not maintain a valid interest in the registered trademark of the business,” the judge said. “A trademark can still exist and be owned even after a store closes.”

The judge also noted that no dispute exists as to whether Macy’s offers products displaying the disputed marks for commercial sale on its website and, thus, uses them in commerce.

The court also found that the disputed marks are strong, noting that Strategic Marks admitted it chose them specifically for that reason, while adding that the company’s decision to expand its allegedly infringing activities was deliberate since it was already embroiled in the first lawsuit with Macy’s.

Trial on the remaining trademarks at issue is scheduled to begin on May 2.

Macy’s attorney Anthony F. Lo Cicero of Amster Rothstein & Ebenstein LLP told Law360 Wednesday that the company “is pleased that Judge Chen recognized the importance of Macy’s heritage brands, and looks forward to prevailing at trial on the remaining store names.”

Counsel for Strategic Marks was not immediately available for comment Wednesday.

Macy’s is represented by Anthony LoCicero, Chester Rothstein, Marc Jason and Jessica Capasso of Amster Rothstein & Ebenstein LLP, as well as Garner Weng of Hanson Bridgett LLP.

Strategic Marks is represented by Benjamin Ashurov and Lynn M. Terrebonne of KB Ash Law Group.

The case is Macy’s Inc. et al. v. Strategic Marks LLC et al., case numbers 3:11-cv-06198-EMC and 3:15-cv-00612-EMC, in the U.S. District Court for the Northern District of California.

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