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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CAR-FRESHNER CORPORATION and JULIUS
SAMANN LTD.,

Plaintiff,

v.

GREY GLOBAL GROUP INC.,

Defendant.

12 Civ. 8924 (DLC)
ECF Case

**ANSWER AND THIRD PARTY
COMPLAINT OF
DEFENDANT/THIRD PARTY
PLAINTIFF GREY GLOBAL
GROUP INC.**

GREY GLOBAL GROUP INC.

Third Party Plaintiff,

v.

JONATHAN STONE, d/b/a ANOTHER DANCING
BEAR and AIR FRESHENERS, INC. d/b/a SCENT
USA,

Third Party Defendants

Defendant / Third Party Plaintiff Grey Global Group Inc. ("Defendant" or "Grey"), by its
attorneys, Davis & Gilbert LLP, hereby answers the Complaint of Plaintiffs Car-Freshner

Corporation (“CFC”) and Julius Samann (“Plaintiffs”) as follows, and further alleges the following third party claims against Third Party Defendants Another Dancing Bear Productions and Air Fresheners, Inc. d/b/a Scent USA:

JURISDICTION AND VENUE

1. Paragraph 1 of the Complaint states legal conclusions to which no response is required. To the extent that a response is required, Defendant denies the allegations contained in paragraph 1 of the Complaint, except admits that Plaintiffs purport to invoke the jurisdiction of the Court as set forth therein.

2. Paragraph 2 of the Complaint states legal conclusions to which no response is required. To the extent that a response is required, admits that Plaintiffs purports to assert that venue is proper in this judicial district for the reasons set forth therein.

PARTIES

3. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3 of the Complaint.

4. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 4 of the Complaint.

5. Admits the allegations contained in paragraph 5 of the Complaint.

6. Admits the allegations contained in paragraph 6 of the Complaint.

PLAINTIFFS’ BUSINESS AND TRADEMARKS

7. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 7 of the Complaint.

8. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 8 of the Complaint.

9. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 9 of the Complaint.

10. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 10 of the Complaint.

11. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 11 of the Complaint.

12. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 12 of the Complaint.

13. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 13 of the Complaint.

14. Paragraph 14 of the Complaint states legal conclusions to which no response is required. To the extent that a response is required, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 14 of the Complaint.

15. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 15 of the Complaint.

16. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 16 of the Complaint.

17. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 17 of the Complaint.

18. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 18 of the Complaint.

DEFENDANT'S ACTIVITIES

19. Denies the allegations contained in paragraph 19 of the Complaint, except admits that it provides advertising and marketing services, and is headquartered in New York.

20. Denies the allegations contained in paragraph 20 of the Complaint, except admits that Grey West provided advertising services for BMW of North America, LLC.

21. Denies the allegations in paragraph 21 of the Complaint, except admits that Grey West, along with third parties, was involved in the production of a mirror hang tag for BMW Certified Pre-Owned vehicles.

22. Denies the allegations contained in paragraph 22 of the Complaint, except admits that the mirror hang tag included a paper air freshener.

23. Denies the allegations contained in paragraph 23 of the Complaint, except admits that the mirror hang tag contained the words "New Car Smell."

24. Denies the allegations contained in paragraph 24 of the Complaint.

25. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 25 of the Complaint.

26. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 26 of the Complaint.

27. Denies the allegations contained in paragraph 27 of the Complaint, except admits that the mirror hang tags and air fresheners, upon information and belief, were displayed in BMW dealerships by BMW.

28. Denies the allegations contained in paragraph 28 of the Complaint.

29. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 29 of the Complaint, except denies that the mirror hang tag or air freshener were infringing.

30. Denies the allegations contained in paragraph 30 of the Complaint.

31. Denies the allegations contained in paragraph 31 of the Complaint.

32. Denies the allegations contained in paragraph 32 of the Complaint.

33. Denies the allegations contained in paragraph 33 of the Complaint.

34. Denies the allegations contained in paragraph 34 of the Complaint.

CLAIMS FOR RELIEF

CLAIM I

INFRINGEMENT OF A REGISTERED TRADEMARK (FEDERAL)

35. Defendant repeats and realleges its responses to paragraphs 1 through 34 of the Complaint as if each were fully set forth herein.

36. Denies the allegations contained in paragraph 36 of the Complaint.

37. Denies the allegations contained in paragraph 37 of the Complaint.

38. Denies the allegations contained in paragraph 38 of the Complaint.

39. Denies the allegations contained in paragraph 39 of the Complaint.

40. Denies the allegations contained in paragraph 40 of the Complaint.

CLAIM II

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION (FEDERAL)

41. Defendant repeats and realleges its responses to paragraphs 1 through 41 of the Complaint as if each were fully set forth herein.

42. Denies the allegations contained in paragraph 42 of the Complaint.

43. Denies the allegations contained in paragraph 43 of the Complaint.

- 44. Denies the allegations contained in paragraph 44 of the Complaint.
- 45. Denies the allegations contained in paragraph 45 of the Complaint.
- 46. Denies the allegations contained in paragraph 46 of the Complaint.

COUNT III (sic)
TRADEMARK DILUTION (FEDERAL)

47. Defendant repeats and realleges its responses to paragraphs 1 through 46 of the Complaint as if each were fully set forth herein.

- 48. Denies the allegations contained in paragraph 48 of the Complaint.
- 49. Denies the allegations contained in paragraph 49 of the Complaint.
- 50. Denies the allegations contained in paragraph 50 of the Complaint.
- 51. Denies the allegations contained in paragraph 51 of the Complaint.
- 52. Denies the allegations contained in paragraph 52 of the Complaint.
- 53. Denies the allegations contained in paragraph 53 of the Complaint.

COUNT IV (sic)
VIOLATION OF NEW YORK GENERAL BUSINESS LAW § 349

54. Defendant repeats and realleges its responses to paragraphs 1 through 53 of the Complaint as if each were fully set forth herein.

- 55. Denies the allegations contained in paragraph 55 of the Complaint.
- 56. Denies the allegations contained in paragraph 56 of the Complaint.
- 57. Denies the allegations contained in paragraph 57 of the Complaint.
- 58. Denies the allegations contained in paragraph 58 of the Complaint.

COUNT V (sic)
VIOLATION OF NEW YORK GENERAL BUSINESS LAW § 360-1

59. Defendant repeats and realleges its responses to paragraphs 1 through 58 of the Complaint as if each were fully set forth herein.

60. Denies the allegations contained in paragraph 60 of the Complaint.

61. Denies the allegations contained in paragraph 61 of the Complaint.

62. Denies the allegations contained in paragraph 62 of the Complaint.

COUNT VI (sic)
UNFAIR COMPETITION (COMMON LAW)

63. Defendant repeats and realleges its responses to paragraphs 1 through 62 of the Complaint as if each were fully set forth herein.

64. Denies the allegations contained in paragraph 64 of the Complaint.

65. Denies the allegations contained in paragraph 65 of the Complaint.

66. Denies the allegations contained in paragraph 66 of the Complaint.

67. Denies the allegations contained in paragraph 67 of the Complaint.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

The Complaint fails to state a claim, in whole or in part, upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Defendant has not infringed or diluted any valid and enforceable trademark right, if any, owned by Plaintiff.

THIRD AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Defendant did not use in commerce Plaintiffs' trademarks to identify any goods or services or to indicate the source of any goods or services.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Defendant acted solely as an agent for a disclosed principal, BMW, and Plaintiffs do not have a claim for direct infringement against BMW or Defendant.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of accord and satisfaction pursuant to its settlement with BMW.

SIXTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Defendant did not intentionally induce any other party to infringe Plaintiff's trademarks.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because any injury or damage to Plaintiffs was as a result of the conduct of third parties, not Defendant.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs have not suffered any legally cognizable injury or damage.

NINTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs have misused their trademark rights, if any.

TENTH AFFIRMATIVE DEFENSE

Plaintiffs' damages, if any, should be mitigated, in whole or in part, by the doctrine of innocent infringement and/or innocent intent.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part by the doctrine of unclean hands.

TWELFTH AFFIRMATIVE DEFENSE

Plaintiff's damages, if any, are remote, uncertain, speculative and without basis in law or in fact.

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claim for disgorgement of Defendant's alleged profits, which were none, is barred because Defendant's use, if any, which there was not, was not willfully deceptive; rather Defendant's use, if any, which there was not, was made in good faith.

FOURTEENTH AFFIRMATIVE DEFENSE

Plaintiffs are not entitled to attorneys' fees pursuant to 15 U.S.C. §1117 and any other applicable laws because Defendant's use, if any, which there was not, was in good faith.

FIFTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' request for injunctive relief should be denied as moot, vague, overly broad, and unenforceable.

THIRD PARTY COMPLAINT

1. Third Party Plaintiff Grey Global Group Inc. brings these third-party claims against Jonathan Stone, d/b/a Another Dancing Bear Productions ("ADBP") and Air Fresheners, Inc., d/b/a Scent USA ("Scent USA") for breach of contract and indemnification in connection with their manufacture and sale of the air fresheners at issue in this litigation.

PARTIES

2. Upon information and belief, Jonathan Stone is doing business as Another Dancing Bear Productions, which is a sole proprietorship located at 3762 Fillmore Street, San Francisco, California 94123. Upon information and belief, ADBP is a marketing company that provides branded promotional products for companies.

3. Upon information and belief, Air Fresheners, Inc. d/b/a Scent USA is a Nevada corporation, with its principal place of business at 2980 Marco Street, Las Vegas, NV 89115. Scent USA is a manufacturer of air fresheners.

STATEMENT OF FACTS

4. In or about 2011, Grey West was engaged in providing advertising services to BMW of North America, LLC ("BMW").

5. In or about the Fall of 2011, Grey was in communications with ADBP regarding a marketing concept for BMW Certified Pre-Owned Vehicles involving hanging air fresheners.

6. ADBP represented to Grey that it could provide an air freshener through its manufacturer, Scent USA, in the shape of a generic tree that did not infringe on the rights of any third parties and which the manufacturer had sold previously numerous times without any claims being made against it.

7. Based on ADBP's representations, on or about November 29, 2011, Grey, as an agent for its client BMW, entered into an agreement with ADBP to purchase a quantity of generic tree-shaped air fresheners (the "BMW Air Fresheners"). The Purchase Order memorializing the agreement explicitly incorporated Grey's vendor terms and conditions ("Terms and Conditions").

8. Pursuant to the Terms and Conditions, ADBP represented and warranted that

that it has the full and unencumbered right and authority to license, sell or assign the rights herein conveyed (as applicable), and the same may be used or reproduced for advertising or trade purposes, or for any other purpose whatsoever, without violating any laws or the rights of any third parties . . . [and] (e) all goods and services provided hereunder will be provided . . . in compliance with all laws, rules and regulations . . . (Terms and Conditions Paragraph 2, titled Representations and Warranties).

9. Furthermore, ADBP agreed to indemnify and hold harmless Grey and its client BMW

from and against any damages, claims, losses or expenses (including reasonable attorneys' fees and expenses) any of them may incur or be liable for arising out of or resulting from: (a) any breach or alleged breach by Supplier [ADBP] of any representation or warranty made by Supplier hereunder; (b) the performance of this Order by Supplier [ADBP] (including but not limited to Supplier's employees, agents, subcontractors and designees); and (c) the use or reproduction in any manner whatsoever, including advertising or trade purposes, of the Materials. (Terms and Conditions, Paragraph 11, titled Indemnification).

10. Grey duly paid ADBP pursuant to the terms of their agreement.

11. In or about June 2012, BMW received a cease and desist letter from Plaintiffs, alleging that the BMW Air Fresheners infringed Plaintiffs' rights. Subsequently, on or about August 10, 2012, BMW and Plaintiffs settled their dispute.

12. Upon information and belief, Scent USA, unknown to Grey at the time it placed the order with ADBP for BMW, had been the subject of prior claims by Plaintiffs regarding the shape of the air fresheners manufactured by Scent USA, but ADBP did not disclose and in fact represented, that Scent USA had valid rights in its air fresheners and that no one had claimed that they were infringing.

13. Subsequently, on or about September 11, 2012, Grey also received a claim directly from Plaintiffs in connection with the same air fresheners, which ultimately resulted in

Plaintiffs filing the instant action, asserting numerous claims against Grey and seeking damages and injunctive relief.

14. ADBP's obligation to indemnify and hold Grey harmless was triggered by Paragraph 11(b) and (c), as well as by Paragraph 11(a), due to its breach of the representations and warranties contained in Paragraph 2 and common law.

15. Grey has sought indemnification from ADBP, and to date ADBP has refused to abide by its indemnification obligations.

16. Scent USA also owes Grey an equitable duty of indemnification and contribution under common law.

17. As a result, Grey has been injured due to ADBP and Scent USA's misrepresentations, including in the amount paid pursuant to its agreement with ADBP, the amount sought by BMW in connection with its dispute with Plaintiffs, if any such amounts are due and owing by Grey, damages, if any, owing to Plaintiffs, and Grey's costs, expenses and attorney's fees in connection with this action.

COUNT I

BREACH OF CONTRACT AGAINST ADBP

18. Grey realleges and incorporates by reference each of the allegations of Paragraphs 1 through X of this Third Party Complaint.

19. Grey and ADBP had a valid contract pursuant to which ADBP made certain representations and warranties, and undertook certain indemnification obligations towards Grey.

20. Grey has sought, and to date ADBP has refused, to abide by its indemnification obligations.

21. As a result, ADBP is in breach of tis contract with Grey.

22. Furthermore, should it be determined that the mirror hang tag and air freshener at issue infringe Plaintiffs' rights, ADBP has breach of its representations and warranties.

23. Grey has been injured as a result of ADBP's breaches, in an amount to be determined at trial, including, but not limited to, the amounts paid to ADBP under the contract, and any damages or other monies payable to Plaintiffs, if any, as well as Grey's attorney's fees and expenses in connection with this action.

COUNT II

CONTRACTUAL INDEMNIFICATION AGAINST ADBP

24. Grey realleges and incorporates by reference each of the allegations of Paragraphs 1 through X of this Third Party Complaint.

25. ADBP had a valid contract pursuant to which ADBP undertook certain indemnification obligations towards Grey.

26. If, and to the extent that Grey is found liable to Plaintiffs, Grey is entitled to complete indemnification from ADBP for the full amount of any judgment, including costs and disbursements, and in any event is entitled to indemnification for all its expenses and attorney's fees in connection with this action, pursuant to the terms of the parties' contract.

COUNT III

EQUITABLE INDEMNITY AND CONTRIBUTION AGAINST ADBP AND SCENT USA

27. Grey realleges and incorporates by reference each of the allegations of Paragraphs 1 through X of this Third Party Complaint.

28. To the extent that Plaintiffs have suffered injury or damages as a result of the acts, incidents and/or occurrences alleged in Plaintiffs' Complaint, ADBP and/or Scent USA, and not Grey, were responsible in whole or in part for such injury or damage.

29. In equity and good conscience, if Grey is found liable to Plaintiffs, then Grey is entitled to complete indemnification from ADBP and/or Scent USA for the full amount of any judgment, including costs and disbursements, together with all its expenses and attorney's fees in connection with this action.

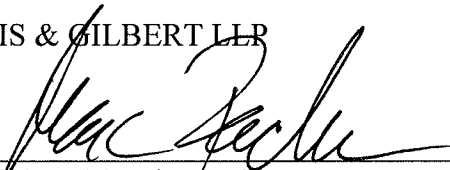
WHEREFORE, Defendant respectfully prays for relief as follows:

- A. That Plaintiffs take nothing by the Complaint;
- B. That judgment be entered in favor of it and against Plaintiffs;
- C. That this action be dismissed with prejudice as against Defendant;
- D. That Third Party Defendants Scent USA and Another Dancing Bear Productions be held solely responsible for any liability to Plaintiffs, and indemnify Defendant / Third Party Plaintiff for its damages and costs of suit, including attorneys' fees;
- E. That Defendant be awarded its costs of suit, including reasonable attorneys' fees under the Lanham Act; and

F. For such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 28, 2012

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