

THE PARTIES

2. Plaintiff Kroger Co. is an Ohio corporation having a business address at 1014 Vine Street, Cincinnati, Ohio 45202, and [sic]

ANSWER NO. 2:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

3. Plaintiff Kroger Michigan is a Michigan corporation having a business address at 40399 Grand River Avenue, Novi, Michigan 48375.

ANSWER NO. 3:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

4. On information and belief, Defendant Lidl Stiftung, is a German Kommanditgesellschaft, having an address at Stiftsbergstrasse 1, 74167 Neckarsulm, Germany.

ANSWER NO. 4:

Admitted.

5. On information and belief, Defendant Lidl US is a Delaware corporation, having a business address and headquarters at 3500 South Clark Street, Arlington, Virginia, 22202.

ANSWER NO. 5:

Admitted.

6. On information and belief, Lidl US is a subsidiary of Lidl Stiftung.

ANSWER NO. 6:

Admitted.

JURISDICTION AND VENUE

7. This Court has subject matter jurisdiction over Plaintiffs' federal claims under at least 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331 & 1338(a). The Court has jurisdiction over Plaintiffs'

related state and common law claims at least under 28 U.S.C. 1338(b) and the doctrine of supplemental jurisdiction pursuant to 28 U.S.C. § 1367.

ANSWER NO. 7:

This paragraph consists of legal conclusions, to which no response is required. To the extent a response is required, Lidl Stiftung does not contest that this Court has subject matter jurisdiction over Lidl Stiftung with respect to the claims asserted in the Complaint in this action under 28 U.S.C. §§ 1331, 1338(a)-(b) and 1367(a).

8. Defendants are subject to personal jurisdiction in this judicial district. On information and belief, Lidl US has headquarters in this judicial district and is doing business therein; Lidl Stiftung is a related company to Lidl US; Lidl Stiftung claims ownership of the trademark PREFERRED SELECTION and design complained of herein; it is using said mark in this district directly or indirectly through Lidl US; Lidl Stiftung has filed a trademark application with the United States Patent and Trademark Office (“USPTO”) in this judicial district; Lidl has opened multiple stores in this judicial district; and both Defendants are engaged in the acts of infringement, dilution, and unfair competition complained of herein and thereby causing Plaintiffs harm in this judicial district. Defendants also do business in this judicial district and engage in other systematic and continuous contacts and regular transactions within this district.

ANSWER NO. 8:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung does not dispute that it filed a trademark application with the United States Patent and Trademark Office and that, solely for purposes of this action, this Court has personal jurisdiction over it with respect to the claims asserted in the Complaint. Lidl Stiftung denies that any action taken by Lidl Stiftung has resulted in infringement, dilution, or unfair competition, or that Kroger has been harmed.

FACTS

9. Kroger Michigan owns the trademarks and service marks PRIVATE SELECTION and PRIVATE SELECTION and design for retail grocery store services and a very wide variety of grocery products sold in stores throughout the United States and in this judicial district. Kroger Michigan registered the marks in the USPTO. In particular, Kroger Michigan owns the

following United States Trademark and Service Mark Registrations (collectively “Kroger Registrations”):

- a. PRIVATE SELECTION for goods in Classes 29, 30, 31, and 32, filed March 26, 2001 and registered February 11, 2003 (Reg. No. 2685492);
- b. PRIVATE SELECTION for services in Class 35, filed September 16, 2002 and registered July 22, 2003 (Reg. No. 2740565);
- c. PRIVATE SELECTION for goods in Class 29, filed April 11, 2003 and registered March 9, 2004 (Reg. No. 2821350);
- d. PRIVATE SELECTION for goods in Class 30, filed December 15, 2004 and registered December 6, 2005 (Reg. No. 3023783);
- e. PRIVATE SELECTION for goods in Classes 29, 30, and 31, filed April 19, 2012 and registered December 18, 2012 (Registration No. 4260842); and

for goods in Classes 29 and 30, files April 1, 2010 and registered December 4, 2012 (Reg. No. 4254353).

ANSWER NO. 9:

Lidl Stiftung admits that as of the date of this filing, the United States Patent and Trademark Office’s online records identify Kroger Michigan as the owner of the above-identified registrations. Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the remaining allegations in this paragraph and therefore denies them.

10. The first four registrations listed above are “incontestable” within the meaning of 15 U.S.C. § 1065, and thereby establish conclusive presumptions of the validity of the registered marks and Kroger Michigan’s ownership thereof and exclusive rights to use and license the use of the same. The last two registrations enjoy prima facie presumptions of the same pursuant to 15 U.S.C. § 1057(b).

ANSWER NO. 10:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung denies that Kroger has any rights to preclude third parties from using generic terms in connection with any good or service.

11. The Kroger Co. has more than twenty differently-named grocery and convenience store banners across the country, collectively referred to as the “Kroger Family of Stores.”

ANSWER NO. 11:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

12. Kroger Michigan licenses the PRIVATE SELECTION marks to Kroger Co. and other grocery stores banners within the Kroger Family of Stores.

ANSWER NO. 12:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

13. Kroger first used the mark PRIVATE SELECTION at least as early as twenty years ago, and the use of said mark has grown continuously and extensively since then along with the size and national reach of the Kroger Family of Stores, which include supermarkets, convenience stores, and other retail stores of diverse sizes and formats.

ANSWER NO. 13:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

14. Kroger has widely advertised the PRIVATE SELECTION mark and logo on television, promotions, coupons, social media, and the Kroger websites, Kroger.com and PrivateSelection.com.

ANSWER NO. 14:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

15. Kroger sales of products in connection with the PRIVATE SELECTION marks have been in the billions of units and dollars on a steadily growing scale.

ANSWER NO. 15:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

16. Kroger's PRIVATE SELECTION mark and logo were first used in commerce and registered long before Lidl's acts complained of herein.

ANSWER NO. 16:

Lidl Stiftung lacks knowledge or information sufficient to form a belief as to the truth or falsity of the allegations in this paragraph and therefore denies them.

17. Since their first use, Kroger's PRIVATE SELECTION mark and logo have acquired secondary meaning evidenced at least in part by the billions of dollars of sales of thousands of PRIVATE SELECTION products to millions of United States households through thousands of stores in the Kroger Family of Stores.

ANSWER NO. 17:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung denies that the generic phrase "Private Selection" has acquired secondary meaning as a source identifier for Kroger.

18. As a result of Kroger's long and successful use and substantial sales and advertising of its PRIVATE SELECTION marks, they have come to symbolize and memorialize Kroger's enormous goodwill therein, and said marks became famous long before Lidl's acts complained of herein.

ANSWER NO. 18:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung denies each and every allegation in this paragraph.

19. On information and belief, Lidl US and/or Lidl Stiftung knew of one or more of the Kroger Registrations before using PREFERRED SELECTION as a potential trademark.

ANSWER NO. 19:

Lidl Stiftung admits that Kroger represented that it was the owner of registrations for a “Private Selection” mark prior to Lidl US, LLC’s actual use of the PREFERRED SELECTION mark in the market. Lidl Stiftung denies each and every remaining allegation in this paragraph.

20. On September 19, 2016, Lidl Stiftung filed an Intent-to-Use application (“Lidl TM Application”) in the USPTO to register the mark PREFERRED SELECTION and Design (Serial No. 87175637), as shown below, for a wide variety of grocery products.

ANSWER NO. 20:

Lidl Stiftung admits that it filed an Intent-to-Use application in the USPTO to register a mark that “consists of the words PREFERRED SELECTION in capital letters within a scrolled like circle,” as shown in paragraph 20 of Kroger’s Complaint, for International Class Nos. 29–33. Lidl Stiftung denies the remaining characterizations in this paragraph.

21. On information and belief, Lidl US and/or Lidl Stiftung had knowledge of one or more of Kroger Registrations before filing the Lidl TM Application at the USPTO.

ANSWER NO. 21:

Lidl Stiftung admits it was aware of one or more of Kroger's registrations at the time it filed its intent-to-use application at the USPTO.

22. By oral and written communications between Kroger and Lidl in-house counsel and outside counsel, Kroger objected to Lidl's registration and/or use of the PREFERRED SELECTION mark and logo. Kroger also asserted its PRIVATE SELECTION marks and logo and maintained that Lidl's PREFERRED SELECTION mark and logo would be likely to cause confusion, likely to cause dilution, and constitute unfair competition. Lidl rejected Kroger's objections.

ANSWER NO. 22:

Lidl Stiftung admits that an in-house attorney for Kroger spoke with and emailed an in-house attorney for Lidl US, LLC, and that Kroger and Lidl US, LLC sent written letters through outside counsel; the communications speak for themselves. Lidl Stiftung denies that any use of PREFERRED SELECTION is likely to cause confusion, likely to cause dilution, or constitutes unfair competition.

23. On March 21, 2017, Kroger filed an Opposition to Lidl's Intent-To-Use PREFERRED SELECTION trademark application before the Trademark Trial and Appeal Board ("TTAB") of the USPTO. (Opposition No. 91233541).

ANSWER NO. 23:

Admitted.

24. Concurrent with this civil action, Kroger is filing a motion with the TTAB to stay the TTAB proceedings pending the outcome of this civil action, on grounds that this civil action may likely be dispositive of the TTAB proceedings.

ANSWER NO. 24:

Lidl Stiftung admits that Kroger filed a "Motion to Suspend Pending Outcome of Another Proceeding" with the TTAB on June 30, 2017. Lidl Stiftung denies the remaining allegations and characterizations in this paragraph.

25. On or about June 15, 2017, Lidl opened grocery stores for business in this judicial district and elsewhere in interstate commerce, with plans to open many more such stores on the East Coast and elsewhere.

ANSWER NO. 25:

Lidl Stiftung admits that Lidl US opened grocery stores in this judicial district and elsewhere along the East Coast on June 15, 2017 and that Lidl US plans to open additional stores nationwide. Lidl Stiftung otherwise denies the allegations in this paragraph.

26. According to a press release from Lidl US, Lidl expects to open 20 stores during the summer of 2017 and to have 100 stores open across the East Coast of the United States by next summer.

ANSWER NO. 26:

Lidl Stiftung admits that Lidl US issued a press release in May 2017 regarding Lidl US's plans for grocery stores in the United States. The press release speaks for itself.

27. Lidl uses the PREFERRED SELECTION mark and logo throughout the Lidl grocery stores, on and in connection with the promotion and sale of a variety of different grocery products and services.

ANSWER NO. 27:

Lidl Stiftung admits that Lidl US, a related company, has used the PREFERRED SELECTION mark in the United States.

28. An example of the PREFERRED SELECTION logo as actually used appears as follows:

ANSWER NO. 28:

Admitted that the above image is a black-and-white example of a PREFERRED SELECTION logo. Lidl Stiftung denies any implication that this is the only version of the PREFERRED SELECTION mark that appears in Lidl US, LLC stores.

29. On information and belief, Lidl plans to sell PREFERRED SELECTION brand groceries throughout all of its United States stores.

ANSWER NO. 29:

Lidl Stiftung admits that Lidl US plans to sell PREFERRED SELECTION brand groceries throughout all of Lidl US's United States stores. Lidl Stiftung otherwise denies the allegations in this paragraph.

30. Lidl has commenced use of the PREFERRED SELECTION mark with full knowledge of Kroger's objections thereto and Kroger's Registrations, and Lidl's actions herein have been willful and deliberate acts of infringement and unfair competition, which will cause irreparable harm and other damages to Kroger.

ANSWER NO. 30:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung denies each and every allegation in this paragraph.

31. On information and belief, Lidl's actions have been done with the intent to capitalize on and benefit from the goodwill in Kroger's PRIVATE SELECTION marks by causing confusion with Lidl's PREFERRED SELECTION mark.

ANSWER NO. 31:

Denied.

32. By the wrongful conduct alleged herein, including without limitation offering for sale and selling products bearing an infringing mark, Lidl has competed unfairly and continues to compete unfairly with Kroger in that such use of the infringing mark is likely to cause confusion, mistake, or deception as to sponsorship, origin, or approval.

ANSWER NO. 32:

Denied.

33. As a direct result of Lidl's wrongful conduct, Kroger has suffered and will continue to suffer irreparable injury, including, but not limited to, injury to its trademarks and to the goodwill and business reputation associated with those trademarks. Moreover, as a direct result of Lidl's wrongful conduct, Kroger has suffered harm.

ANSWER NO. 33:

Denied.

34. By the wrongful conduct alleged herein, Lidl has engaged in the knowing, deliberate, bad faith, and willful violation of the law, and the knowing, deliberate, bad faith, and willful infringement of Kroger's trademarks.

ANSWER NO. 34:

Denied.

35. By the wrongful conduct alleged herein, Lidl has been and is likely to continue to be unjustly enriched to the detriment of Kroger.

ANSWER NO. 35:

Denied.

Claim I: Federal Trademark & Service Mark Infringement

36. Kroger alleges trademark and service mark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114. The foregoing averments are incorporated herein by reference.

ANSWER NO. 36:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, denied. Lidl Stiftung incorporates by reference and re-alleges the averments of the foregoing paragraphs.

37. Lidl's unauthorized use in interstate commerce of the PREFERRED SELECTION mark is likely to cause confusion, or to cause mistake, or to deceive in violation of 15 U.S.C. § 1114.

ANSWER NO. 37:

Denied.

38. Lidl's acts as alleged herein constitute intentional and willful infringement of Kroger's rights.

ANSWER NO. 38:

Denied.

39. Lidl's acts have caused and, unless restrained by this Court, will continue to cause serious and irreparable injury to Kroger, for which there is no adequate remedy at law.

ANSWER NO. 39:

Denied.

Claim II: Federal Unfair Competition

40. Kroger alleges federal unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Kroger incorporates by reference and re-alleges the averments of the foregoing paragraphs.

ANSWER NO. 40:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, denied. Lidl Stiftung incorporates by reference and re-alleges the averments of the foregoing paragraphs.

41. Lidl's use of the PREFERRED SELECTION mark in connection with groceries and grocery store services constitutes use of a false designation of origin in interstate commerce, falsely describing or representing Lidl's goods, and causing likelihood of confusion, mistake or deception as to the affiliation, connection, or association of Lidl and Lidl's goods and services with Kroger, and/or as to the sponsorship or approval of Lidl or Lidl's goods and services by Kroger.

ANSWER NO. 41:

Denied.

42. Lidl's acts have caused and, unless restrained by this Court, will continue to cause serious and irreparable injury to Kroger, for which there is no adequate remedy at law.

ANSWER NO. 42:

Denied.

Claim III: Federal Dilution

43. Kroger alleges federal dilution in violation of Section 43(c) of the Lanham Act, 15 U.S.C. §1125(c). Kroger incorporates by reference and re-alleges the averments of the foregoing paragraphs.

ANSWER NO. 43:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, denied. Lidl Stiftung incorporates by reference and re-alleges the averments of the foregoing paragraphs.

44. Lidl's unauthorized use of the PREFERRED SELECTION mark is likely to cause dilution by blurring the distinctive quality of Kroger's famous PRIVATE SELECTION mark, in violation of 15 U.S.C. § 1125(c).

ANSWER NO. 44:

Denied.

45. Lidl's acts have caused and, unless restrained by this Court, will continue to cause serious and irreparable injury to Kroger, for which there is no adequate remedy at law.

ANSWER NO. 45:

Denied.

Claim IV: Violation of Virginia Consumer Protection Act

46. Kroger hereby alleges violation of the Virginia Consumer Protection Act. Kroger incorporates by reference and re-alleges the averments of the foregoing paragraphs.

ANSWER NO. 46:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, denied. Lidl Stiftung incorporates by reference and re-alleges the averments of the foregoing paragraphs.

47. Lidl's unauthorized use of the PREFERRED SELECTION mark is a deceptive act or practice, on which Lidl intends consumers to rely, and is an act or practice in a course of conduct involving trade or commerce.

ANSWER NO. 47:

Denied.

48. Lidl's conduct involves trade practices that are directed to the market generally and that implicate consumer protection concerns.

ANSWER NO. 48:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, Lidl Stiftung denies the allegations in this paragraph.

49. Lidl is misrepresenting to consumers, and contributing to the ability of others to misrepresent, that the goods and services of Lidl are the goods and services of Kroger in violation of Va. Code § 59.1-200(A)(1).

ANSWER NO. 49:

Denied.

50. Lidl is misrepresenting to consumers, and contributing to the ability of others to misrepresent, that the goods and services of Lidl are sponsored by, approved by, or certified by Kroger, or that Kroger is the source of same, in violation of Va. Code § 59.1-200(A)(2).

ANSWER NO. 50:

Denied.

51. Lidl is misrepresenting to consumers, and contributing to the ability of others to misrepresent, that the goods and services of Lidl are affiliated, connected, or associated with Kroger in violation of Va. Code § 59.1-200(A)(3).

ANSWER NO. 51:

Denied.

52. Lidl is misrepresenting to consumers, and contributing to the ability of others to misrepresent, that the goods and services of Lidl have the characteristics and benefits of the goods and services of Kroger in violation of Va. Code 59.1-200(A)(5).

ANSWER NO. 52:

Denied.

53. Lidl is misrepresenting to consumers, and contributing to the ability of others to misrepresent, that the goods and services of Lidl are similar to the goods and services of Kroger in terms of quality, grade, or style in violation of Va. Code 59.1-200(A)(6).

ANSWER NO. 53:

Denied.

54. Lidl's acts have caused and, unless restrained by this Court, will continue to cause serious and irreparable injury to Kroger, for which there is no adequate remedy at law.

ANSWER NO. 54:

Denied.

Claim V: Common Law Infringement and Unfair Competition

55. Kroger hereby alleges common law trademark and service mark infringement and unfair competition in violation of common law. Kroger incorporates by reference and re-alleges the averments of the foregoing paragraphs.

ANSWER NO. 55:

This paragraph consists of legal conclusions, argument, and characterizations, to which no response is required. To the extent a response is required, denied. Lidl Stiftung incorporates by reference and re-alleges the averments of the foregoing paragraphs.

56. Lidl's use of the PREFERRED SELECTION mark constitutes trademark and service mark infringement and is likely to cause confusion, or to cause mistake or to deceive in violation of the common law.

ANSWER NO. 56:

Denied.

57. Lidl's use of the PREFERRED SELECTION mark constitutes unfair competition in violation of common law.

ANSWER NO. 57:

Denied.

58. Lidl's acts have caused and, unless restrained by this Court, will continue to cause serious and irreparable injury to Kroger, for which there is no adequate remedy at law.

ANSWER NO. 58:

Denied.

RESPONSE TO KROGER'S DEMAND FOR RELIEF

Lidl Stiftung denies that Kroger is entitled to any relief and objects to the relief requested in paragraphs A through L on pages 11 through 14 of Kroger's Complaint.

AFFIRMATIVE DEFENSES

Lidl Stiftung submits the following affirmative defenses to the allegations and claims Kroger asserts in the Complaint:

FIRST AFFIRMATIVE DEFENSE

Kroger fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Kroger fails to state a claim for any equitable relief, including injunctive relief and/or disgorgement of profits, against Lidl Stiftung because it acted in good faith when filing its trademark registration for PREFERRED SELECTION.

THIRD AFFIRMATIVE DEFENSE

Kroger fails to state a claim for damages against Lidl Stiftung because Kroger has not suffered any harm as a result of Lidl Stiftung's alleged actions, and because Kroger has failed to mitigate any alleged potential harm to itself.

FOURTH AFFIRMATIVE DEFENSE

Kroger's claims, including its requests for damages and other relief, are barred, in whole or in part, by the doctrines of waiver, acquiescence, laches, and/or estoppel.

JURY DEMAND

Lidl Stiftung demands a trial by jury on all issues so triable.

* * *

Dated: August 18, 2017

By: /s/ Stephen E. Noona
Stephen E. Noona (VSB # 25367)
KAUFMAN & CANOLES, P.C.
150 W. Main Street, Suite 2100
Norfolk, VA 23510
Telephone: (757) 624-3000
Facsimile: (888) 360-9092
senoona@kaufcan.com

Gregg F. LoCascio, P.C. (VSB # 38908)
KIRKLAND & ELLIS LLP
655 15th St. NW
Washington, D.C., 20005
Telephone: (202)-879-5000
Facsimile: (202)-879-5200
gregg.locascio@kirkland.com

Robin McCue (admitted *pro hac vice*)
Megan M. New (admitted *pro hac vice*)
KIRKLAND & ELLIS LLP
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
rmccue@kirkland.com
mnew@kirkland.com

*Attorneys for Defendant Lidl Stiftung & Co.
KG*

CERTIFICATE OF SERVICE

I hereby certify that on August 18, 2017, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEF) to all parties participating in the NEF system, including the following:

William P. Atkins
Virginia State Bar No. 47562
Benjamin L. Kiersz
Virginia State Bar No. 47043
PILLSBURY WINTHROP SHAW PITTMAN LLP
1650 Tysons Blvd.
McLean, VA 22012
Telephone: (703) 770-7900
Facsimile: (703) 770-7901
William.atkins@pillsburylaw.com
Benjamin.kiersz@pillsburylaw.com

Michael W. Smith
Roman Lifson
CHRISTIAN & BARTON, LLP
909 E. Main Street
Suite 1200
Richmond, VA 23219
Telephone: (804) 697-4100
Facsimile: (804) 697-6112
msmith@cblaw.com
rlifson@cblaw.com

/s/ Stephen E. Noona
Stephen E. Noona (VSB # 25367)
KAUFMAN & CANOLES P.C.
150 West Main Street, Suite 2100
Norfolk, VA 23510
Telephone: (757) 624-3239
Facsimile: (888) 360-9092
senoona@kaufcan.com

*Attorney for Defendant Lidl Stiftung & Co.
KG*