

Diva's new suit

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Not so fast, Martha!

Macy's sued to block Martha Stewart's new tie-up with JCPenney, saying it plans to keep selling the domestic doyenne's products at Macy's stores exclusively for years to come.

Macy's got miffed at Stewart last month when, in addition to signing a 10-year contract with Penney for an exclusive line of home products, she agreed to sell nearly 17 percent of her company to the bitter Macy's rival.

Yesterday, Macy's said it had renewed an exclusive and binding agreement with Stewart that will remain in effect for the next five years, covering a wide swath of products including cookware, kitchen utensils and bed-and-bath products.

"The right for Macy's to sell [Martha Stewart] product exclusively in these categories was clearly outlined" in the agreement, according to a statement by Macy's.

Macy's didn't say when it had signed the renewal, but the timing couldn't be worse for Penney, whose new CEO, Ron Johnson, is slated to give a splashy presentation in New York that will outline a new turnaround strategy for the retailer, which will emphasize luring in more desirable brands such as Martha Stewart.

"You have to guess that Macy's is looking to rain on Penney's parade," said an executive at one supplier who serves both chains.

Penney declined to comment, but Martha Stewart Living Omnimedia said yesterday that Penney's minority investment has closed and their business partnership "remains in effect."

"This is a testament to the strength of the Martha Stewart brand among consumers as being synonymous with quality, beauty, great design and affordability," Stewart's company said in a statement.

Macy's asked a judge to keep the details of its lawsuit sealed for competitive reasons.

While the broad terms of the Macy's agreement may be ironclad, it's possible Martha Stewart's argument could "devolve into technical claims," said Michael Goldberg, a partner at law firm Pryor Cashman.

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