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**IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK**

DIESEL S.P.A.; and DIESEL U.S.A., INC.,

Plaintiffs,

v.

DIESEL POWER GEAR, LLC,

Defendant

CIVIL ACTION NO. 19-CV-9308-MKV

**DIESEL POWER GEAR'S OPPOSITION TO PLAINTIFFS'
MOTION FOR SUMMARY JUDGMENT**

Defendant Diesel Power Gear, LLC (“Diesel Power Gear” or “Defendant”) hereby opposes Plaintiffs’ Motion for Summary Judgment (Dkt. 36, “Plaintiffs’ Motion”).

As an initial explanatory qualification, Diesel Power Gear agreed only to the language in the filed Joint 56.1 Statement (Dkt. 35), without having reviewed Plaintiffs’ supporting

declarations. Plaintiffs' declarations for the Joint 56.1 Statement are inadmissible to the extent they are inconsistent with or exceed the Joint 56.1 Statement.

Because Plaintiffs' evidence falls far short of removing all genuine issues of material fact so that judgment is appropriate as a matter of law, the Court should deny Plaintiffs' Motion for Summary Judgment. Neither claim nor issue preclusion applies because (i) Plaintiffs waived this argument, (ii) the issues are not identical with the issues in the TTAB proceeding, and (iii) Diesel Power Gear has not had a full and fair opportunity to litigate the issues of this case. The post-sale trademark confusion claim fails because Plaintiffs' speculative evidence of the *Polaroid* factors is equivocal at best and falls far short on summary judgment. Additionally, descriptive use of "diesel" cannot be trademark infringement. The dilution claim fails because Plaintiffs have no evidence of industry-independent widespread recognition, and additionally because Plaintiffs' evidence for the dilution factors is at best equivocal. The willfulness allegation fails because Plaintiffs have no evidence that Diesel Power Gear, by using "diesel" for a diesel-truck business, was "knowingly and deliberately cashing in upon [Plaintiffs'] good will."

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III. ARGUMENT

The Court should deny Plaintiffs' Motion in its entirety because Plaintiffs have not adduced evidence sufficient to remove genuine disputes of material fact such that judgment is appropriate as a matter of law. Plaintiffs waived their preclusion claim by undue delay, and materially distinct issues and stakes make preclusion unavailable. For post-sale trademark confusion, Plaintiffs simply do not have enough evidence, and Diesel Power Gear's use of "diesel" for a diesel-truck business is a protected descriptive fair use anyway. For dilution, Plaintiffs have no evidence of "household name" recognition, and the evidence of the blurring factors is insufficient on summary judgment. Finally, constructive knowledge of Plaintiffs' trademarks does not establish willfulness; Plaintiffs used "diesel power gear" in good faith as part of a business promoting and celebrating diesel trucks.

A. Claim/issue preclusion does not dispose of this case because (i) Plaintiffs waived their preclusion claim, (ii) the issues in the TTAB proceeding are materially distinct from the issues in this litigation, and (iii) Diesel Power Gear was not incentivized to fully litigate in the TTAB.

Plaintiffs cannot rely on claim/issue preclusion because they waived this argument, the issues are distinct, and Diesel Power Gear did not have a full and fair opportunity to litigate at the TTAB.

Plaintiffs waived their claim preclusion and issue preclusion arguments by failing to raise them early in this litigation. "The failure to plead or raise in a timely manner matters calling for the application of the doctrines of res judicata and collateral estoppel generally is regarded as a

waiver.” 46 Am. Jur. 2d Judgments § 615; *see also Acosta-Pelle v. New Century Fin. Servs. Inc.*, 2009 WL 4927634, at *3 (S.D.N.Y. Dec. 17, 2009) (res judicata may be “waived if it is not pled in a timely manner”); *N. Cent. Truck Lines, Inc. v. United States*, 381 F. Supp. 1217, 1220 (W.D. Mo. 1974); *Norfolk S. Corp. v. Chevron, U.S.A., Inc.*, 371 F.3d 1285, 1289 (11th Cir. 2004); *Arrow Gear Co. v. Downers Grove Sanitary Dist.*, 629 F.3d 633, 638 (7th Cir. 2010); *In re John Richards Homes Bldg. Co., L.L.C.*, 405 B.R. 192, 228 (E.D. Mich. 2009); *Wilkins v. Jakeway*, 993 F. Supp. 635, 651 (S.D. Ohio 1998) (res judicata must be “raised early in the proceeding . . . at the earliest possible time”).

Instead of raising claim and issue preclusion in their Complaint or in an early motion for summary judgment, Plaintiffs waited more than a year—until after completion of all discovery, including depositions—to raise a theory that they believe could dispose of the entire case except for damages. And Plaintiffs did not recently become aware of potential claim or issue preclusion. They raised identical claim and issue preclusion theories in a TTAB opposition long before they filed the Complaint in this litigation. This Court and other courts have made it clear that such dilatory behavior is wasteful of judicial and litigation resources, is unacceptable, and constitutes waiver.

Even if Plaintiffs have not waived preclusion, neither claim nor issue preclusion applies because the issues in the TTAB opposition proceedings are not identical to the issues in this litigation, and Diesel Power Gear was not incentivized to zealously litigate the in the opposition proceedings. “For . . . issue preclusion[] to apply[] it is required that an issue in the present proceeding be identical to that necessarily decided in a prior proceeding, and that in the prior proceeding the party against whom preclusion is sought was accorded a full and fair opportunity to contest the issue.” *Helms Realty Corp. v. City of New York*, 397 F. Supp. 3d 379, 384

(S.D.N.Y. 2019) (internal quotation marks and citation omitted). But neither the claims nor the underlying issues are identical, and Diesel Power Gear did not have a “full and opportunity to contest the issue[s]” because the incentive in the TTAB was much lower than in this litigation.

Light Sources—the case upon which Plaintiffs principally rely—explains that the non-identity between the TTAB and instant claims makes preclusion inappropriate here: “Litigation before the TTAB in opposition proceedings is . . . limited to whether one has the right to register a mark, . . . but [district court trademark infringement litigation determines] opposer’s right to exclusive use.” *Light Sources, Inc. v. Cosmedico Light, Inc.*, 360 F.Supp.2d 432, 440 (D. Conn. March 4, 2005). “For 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.” *Id.* at 440 (quoting *Levy v. Kosher Overseers Ass’n of America, Inc.*, 104 F.3d 38, 42 (2d Cir. 1997) (emphasis in quoted case)).

Diesel Power Gear’s trademark registration applications sought a registration for *unrestricted* use of “diesel power gear” on apparel. In contrast, in this litigation Plaintiffs do not argue that Diesel Power Gear cannot engage in *unrestricted* use of “diesel power gear,” but instead argue that Diesel Power Gear cannot engage in *any* use of “diesel power gear”—even in the narrow context of diesel trucks and apparel celebrating diesel trucks, sold through a website designed around promotion of diesel truck giveaways. The TTAB opposition addressed *only* the former issue (“can Diesel Power Gear use ‘diesel power gear’ on apparel in all industries, businesses, and trade channels?”) but *did not address* the instant issue (“can Diesel Power Gear engage in *any* use of ‘diesel power gear,’ even if limited and tightly coupled to diesel trucks?”). The same adjudicative body could reasonably decide these issues differently. In the TTAB opposition proceeding Diesel Power Gear *could not have raised* any of its arguments about the

marketplace context of its use of “diesel power gear” because its description of goods and services did not include any such limitations.

Additionally, claim and/or issue preclusion cannot apply here because the low stakes in the TTAB opposition did not sufficiently incentivize Diesel Power Gear in a manner tantamount to a “full and fair opportunity” to litigate. Claim and issue preclusion are inapplicable unless a party had a “full and fair opportunity to contest the issue” in the earlier proceeding. *Helms Realty*, 397 F.Supp.3d at 834 (internal quotation marks and citation omitted). Such fairness requires “an adequate incentive to litigate ‘to the hilt’ the issues in question” and a review of the “actual extent of such litigation.” *Pilates, Inc. v. Current Concepts, Inc.*, 120 F. Supp. 2d 286, 317 (S.D.N.Y. 2000) (quoting *Alpert’s Newspaper Delivery Inc. v. The New York Times Co.*, 875 F.2d 266, 270 (2d Cir. 1989)); *Pack v. Artuz*, 348 F. Supp. 2d 63, 75 (S.D.N.Y. 2004) (citations omitted). For Diesel Power Gear, the stakes in the TTAB opposition were relatively low. At the time of the TTAB opposition, Diesel Power Gear had already been using “diesel power gear” for more than five years, had accrued strong common-law rights, and non-registration—the worst-case possible outcome from the TTAB opposition—would not have compromised such uses or common-law rights. Additionally, Diesel Power Gear could have subsequently filed an application to register “diesel power gear” for a much narrower class of goods, e.g., tightly coupled to diesel trucks.

The stakes in this litigation, on the other hand, are extremely high. A finding of trademark infringement and/or dilution for all uses of “diesel power gear” would force a potentially fatal rebrand away from the strong “diesel power gear,” and could additionally result in a significant damages award that would significantly harm, cripple, and/or bankrupt Diesel Power Gear. Because the stakes and associated incentive was so low in the TTAB relative to this

litigation, Diesel Power Gear did not have a full and fair opportunity to litigate likelihood of confusion and dilution in the TTAB opposition.

Because (i) Plaintiffs waived claim and/or issue preclusion, (ii) the TTAB opposition issues are distinct from the issues in this litigation, and (iii) Diesel Power Gear did not have a full and fair opportunity to litigate in the TTAB opposition, the Court should find that claim and issue preclusion do not apply as a matter of law.

B. Plaintiffs' equivocal evidence of difficult-to-prove post-sale confusion falls far short, especially on summary judgment.

Conceding that they cannot show conventional point-of-sale confusion, Plaintiffs resort to longshot post-sale confusion. As this Court has explained, “post-sale trademark cases [are] inherently difficult to prove, speculative, and subject to increased scrutiny.” *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 239-40 (S.D.N.Y. 2012) (citing *Lang v. Retirement Living Publ'g Co.*, 949 F.2d 576, 583 (2d Cir.1991)). Summary judgment amplifies this “inherent difficulty.” Notwithstanding, Plaintiffs contrive a legal theory for post-sale confusion that, if it were the law, would obviate point-of-sale confusion. This customized post-sale confusion theory conveniently matches Plaintiffs’ facts: even though a junior user sells through channels and at price points entirely distinct from a senior user, trademark infringement occurs if an individual may see the junior user’s use on the street and may wonder about the senior user—even though such wondering may never affect purchasing decisions *of any individual*. But this is not the law. Even if it were, disputed issues of fact preclude summary judgment.

Although post-sale confusion is a relatively undeveloped area of trademark jurisprudence, courts have identified three post-sale confusion theories resulting in actionable damage to a trademark owner. First, a customer may purchase a junior user’s lower-priced

product to gain the prestige of the senior user's product at a lower price, thereby arguably depriving the senior user of a sale. Second, a potential-customer post-sale observer of a junior user's inferior-quality product may determine the inferior quality is attributable to the senior user and may therefore have a damaged perception of the senior user's quality and/or may determine to not purchase a product from a senior user, thereby depriving a senior user of a sale. And third, a potential-customer post-sale observer may conclude that a junior user's similar trademark is actually a variant or new trademark of a senior user, and the junior user may be diverted to the junior user's sales outlets, thereby depriving the senior user of potential purchasers. McCarthy on Trademarks and Unfair Competition § 23:7 (5th ed.) (citing *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir. 1955) (first theory); *Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446 (9th Cir. 1991) (first theory); *General Motors Corp. v. Keystone Automotive Industries, Inc.*, 453 F.3d 351 (6th Cir. 2006) (second theory); *Payless Shoesource, Inc. v. Reebok Intern. Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993) (second theory); *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 552 (6th Cir. 2005) (second theory); *Big Dog Motorcycles, L.L.C. v. Big Dog Holdings, Inc.*, 402 F. Supp. 2d 1312, 1334 (D. Kan. 2005) (second theory); *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817 (9th Cir. 1980) (third theory); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735 (S.D.N.Y. 1985) (second and third theories); *Keds Corp. v. Renee International Trading Corp.*, 888 F.2d 215, 12 U.S.P.Q.2d 1808 (1st Cir. 1989) (third theory); *Hermes Intern. v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104 (2d Cir. 2000) (first theory); *Meridian Mutual Insurance Co. v. Meridian Insurance Group, Inc.*, 128 F.3d 1111 (7th Cir. 1997) (second theory); *Beacon Mut. Ins. Co. v. OneBeacon Ins. Group*, 376

F.3d 8 (1st Cir. 2004) (second theory); *Georgia Pacific Consumer Products, LP v. Von Drehle Corp.*, 618 F.3d 441, 454 (4th Cir. 2010) (second theory)).

“Post-sale confusion occurs when a consumer sees a product worn by another individual outside of a retail store, wrongly associates the product with the trademark holder, and then allows that association to influence a later purchasing decision.” *Reebok Int’l Ltd. v. K-Mart Corp.*, 849 F. Supp. 252, 271 (S.D.N.Y. 1994), vacated in light of subsequent settlement at *Reebok Int’l Ltd. v. Kmart Corp.*, 1994 WL 733616 (S.D.N.Y. Dec. 28, 1994). “[A] post-sale confusion plaintiff must still establish a likelihood of confusion among an appreciable number of post-sale observers, taking into account all the vagaries involved with post-sale observation. . . . [P]ost-sale trademark cases [are] inherently difficult to prove, speculative, and subject to increased scrutiny.” *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 239-40 (S.D.N.Y. 2012) (citations omitted). The “paradigmatic postsale confusion case arises when a consumer knowingly purchases a counterfeit of a luxury item.” *Springboards To Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 813–14 (5th Cir. 2019), as revised (Jan. 29, 2019), as revised (Feb. 14, 2019) (citing 4 McCarthy on Trademarks, § 23:7); *Hermes Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir.2000) (explaining that post-sale confusion “can occur when a manufacturer of knockoff goods offers consumers a cheap knockoff copy of the original manufacturer's more expensive product, thus allowing a buyer to acquire the prestige of owning what appears to be the more expensive product”).

Plaintiffs cherry-pick language from several cases to suggest that post-sale confusion is easy to establish—even ignoring or turning on their heads several of the *Polaroid* likelihood-of-confusion factors. Plaintiffs omit, however, to explain that point-of-sale confusion is a relatively undeveloped area of trademark law, rare, and difficult to prove. The cases upon which Plaintiffs

rely involve fact-intensive analysis to find post-sale confusion for knock-off fragrances and colognes, a knock-off of the distinctive Levi's back-pocket stitching design, trade-dress infringement of ultra-expensive watches, and bad-faith attempts to free-ride off a senior user's good will. *Coty Inc. v. Excell Brands, LLC*, 277 F.Supp.3d 425 (S.D.N.Y. 2017); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867 (2d Cir. 1986); *Audemars Piguet Holding S.A. v. Swiss Watch Int'l, Inc.*, 46 F. Supp. 3d 255 (S.D.N.Y. 2014); *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207 (S.D.N.Y. 2012).

Plaintiffs correctly observe that post-sale confusion requires the same *Polaroid*-factor analysis as for point-of-sale infringement: strength of plaintiff's mark, similarity of marks, competitive proximity, bridging the gap, actual confusion, bad faith, product quality, and consumer sophistication. *Gucci*, 868 F. Supp. 2d at 239-40. But Plaintiffs' evidence *Polaroid*-factor evidence is equivocal at best, especially on summary judgment.

For the mark-strength factor, Diesel Power Gear does not dispute the strength of Plaintiffs' marks.

Regarding similarity, Plaintiffs show two cherry-picked Diesel Power Gear products to conclude that all appearances of "diesel" on Diesel Power Gear products are "similar uses." What Plaintiffs are hesitant and embarrassed to suggest—but must establish to prevail on their allegation that all Diesel Power Gear products are infringing—is that any product sold on a diesel-truck-giveaway website called "dieselpowergear.com," or that any apparel item with the word "diesel" in reference to diesel trucks, is trademark infringement. Because Diesel Power Gear uses "diesel" as an ornamental, descriptive, and/or generic reference to diesel trucks, even a *prima facie* case on summary judgment would require providing evidence of the content and look of dieselpowergear.com, and additionally showing all apparel products Plaintiffs believe are

infringing (or at least proposing a rule, e.g., “diesel” in larger font than “power gear” is infringing, or “diesel” without showing a diesel truck is infringing). Because of the ornamental, descriptive, and/or generic uses of “diesel,” summary judgment is inappropriate under the mark similarity factor.

Plaintiffs concede a complete absence of competitive proximity, gloating that for post-sale confusion this factor cuts the other way!¹ This proposed infringement regime would definitely be good for plaintiffs: if you cannot show point-of-sale infringement, no problem—just use the confusion flavor in which the factors cut the other way. But this is not so. *Lois Sportswear* does not *generally* suggest that absence of commercial proximity makes confusion more likely, but instead narrowly observes that a consumer might assume a *natural* entry of a jeans brand into the designer jeans space. *Lois Sportswear*, 799 F.2d at 874. *Lois Sportswear* provides no reasoning supporting a conclusion that a consumer would conclude that a designer clothing company (Plaintiffs) has entered the blue-collar-buy-truck-apparel-to-win-a-truck space. And proximity is not a non-factor. What Plaintiffs have not shown, or even suggested, is a high likelihood that individuals familiar with and interested in Plaintiffs’ apparel with often cross paths with wearers of Plaintiffs’ Diesel Power Gear apparel while they are wearing it. “[A] post-sale confusion plaintiff must [] establish a likelihood of confusion among an *appreciable* number of post-sale observers.” *Gucci*, 868 F. Supp. 2d at 239 (citation omitted, emphasis added).

Plaintiffs’ bridge-the-gap analysis fails even modest logical scrutiny. Plaintiffs suggest that by partnering with a high-end car company and motorcycle company on aesthetic features of

¹ Alleging that “some products, specifically t-shirts, retail for \$48, which is around the same range as the average product purchase on Defendant’s website (approximately \$44-\$45)” concedes the weakness of Plaintiffs’ position. Plaintiffs do not dare oversell reality by suggesting, e.g., that a *significant* or *appreciable* number of t-shirts sell for \$48. It’s not true. As Diesel Power Gear’s facts establish, Plaintiffs’ t-shirts cost a lot. And the apples-to-oranges comparison is irrelevant. Why is a comparison of the cost of a t-shirt to an average transaction amount relevant? By this logic, Ferrari dealers and Kia dealers target the same customers; Ferrari sells a low-end mink seat cover for \$15,000, which is the same as the entire transaction value for purchasing a new Kia.

limited-edition car trims and collaborative clothing “capsule” collections, Plaintiffs “have already [entered Diesel Power Gear’s market].” Branded silk scarves for Ferrari owners is not an entry into the blue-collar diesel truck market.

For actual confusion, in an attempt to make the best of their lack of evidence, Plaintiffs self-consciously remind that it’s possible to find likelihood of confusion without actual confusion evidence. Although this may be an accurate characterization of the law, Plaintiffs fail to remind that years of their stalking Diesel Power Gear have turned up no evidence of actual confusion, and that they chose to not provide survey evidence in this litigation.

For the bad-faith factor, Plaintiffs’ lack of evidence prevents them from even articulating a prima facie case of bad faith on summary judgment. Instead, Plaintiffs conclude “it is clear that Defendant’s action have been in bad faith” because “there is more than an adequate bases to infer Defendant’s constructive knowledge of the DIESEL marks.” First, “an adequate basis to infer” falls far short of the absence of genuine issues of material fact that is required for summary judgment, But far more significantly, Plaintiffs’ two cited cases do not hold that actual or constructive knowledge of the senior user’s mark is per se bad faith, but hold merely that, in conjunction with other circumstances, e.g., intentional copying of a senior user’s mark, actual or construction knowledge of a trademark registration may further evidence bad faith. *Tri-Star Pictures, Inc. v. Unger*, 14 F. Supp. 2d 339, 375 (S.D.N.Y. 1998) (explaining that where junior user had intentionally copied senior user’s mark, “bad faith can be demonstrated by a showing of actual or constructive knowledge of the prior user’s mark”); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258-59 (2d Cir. 1987) (explaining, where junior user had intentionally copied senior user’s trademark thereby giving rise to a presumption of a likelihood

of confusion, that although actual and constructive notice is not *necessarily* indicative of bad faith, it “*may* signal bad faith.”) (emphasis added).

For evidence of bad faith, Plaintiffs point to (i) a graphic designer’s awareness that Plaintiffs exist, (ii) Diesel Power Gear’s bidding on adwords including the word “diesel” to target people interested in diesel trucks, and (iii) Plaintiffs’ marketing efforts. But these circumstances do not evidence bad faith. The evidence that does matter establishes non-willfulness: Diesel Power Gear has always believed that its diesel-truck business is unrelated to Plaintiffs’ high-end fashion business, and has never cared about Plaintiffs and their trademarks, or unfairly benefitting from goodwill in Plaintiffs’ trademarks.

Plaintiffs have provided no evidence about product quality, and have not otherwise proffered rationale that the quality factor suggests likelihood of confusion.

Finally, consumer sophistication cuts against confusion. *Lois* did not hold that sophisticated buyers are generally “more likely to be affected” and “to transfer goodwill,” but instead narrowly observed that, in the context of Levi’s distinctive back-pocket stitching pattern, a sophisticated consumer was likely to assume that another’s use of such stitching pattern must be attributable to Levi’s. As sophisticated consumers (as Plaintiffs admit), Plaintiffs’ consumers are likely to perceive distinctions in style, context, circumstances, environment, and use of “diesel.” This factor cuts against confusion, especially on summary judgment.

Plaintiffs evidence under the *Polaroid* factors is equivocal at best, and falls far short for summary judgment.

C. Diesel Power Gear’s use of “diesel” is a non-infringing descriptive fair use.

Additionally, Diesel Power Gear’s use of “diesel” to reference diesel trucks and products associated with diesel trucks is protected as a descriptive fair use that cannot give rise to liability for trademark infringement.

It is a defense to trademark infringement that “the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term [] which is descriptive of and used fairly and in good faith only to describe the goods or services of such party.” 15 U.S.C. § 1115(b)(4). “The fair-use defense, in essence, forbids a trademark registrant to appropriate a descriptive term for its exclusive use and so prevent others from accurately describing a characteristic of their goods.” *Hard Candy, LLC v. Anastasia Beverly Hills, Inc.*, 921 F.3d 1343, 1363 (11th Cir. 2019) (internal quotation marks and citation omitted). “A junior user is always entitled to use a descriptive term in good faith in its primary, descriptive sense other than as a trademark.” *Marketquest Grp., Inc. v. BIC Corp.*, 862 F.3d 927, 935 (9th Cir. 2017) (internal quotation marks and citation omitted). “[S]ome possibility of consumer confusion must be compatible with fair use.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121 (2004).

Diesel Power Gear uses the word “diesel” in several contexts, all of which describe goods and/or services for diesel trucks. Diesel Power Gear uses the word “diesel” as a descriptive component of “diesel power gear.” As used in dieselpowergear.com, “diesel” describes a website for *diesel* truck giveaways, selling *diesel* truck parts and accessories, and selling apparel and gear that promote and celebrate *diesel* trucks. As used in “diesel power gear” for apparel, “diesel” describes apparel that celebrates and promotes *diesel* trucks. As used in dieseಲ್ಲerz.com, “diesel” describes a website and service for a classifieds platform to facilitate buying and selling *diesel* trucks and parts. Although “diesel power gear” is often used as a trademark in a source-identifying manner, the appearance of “diesel” as an element of “diesel power gear” does not carry independent source-identification weight, but instead describes the diesel-centric services and products that Diesel Power Gear provides.

The Second Circuit applied trademark fair use to resolve this issue 24 years ago under substantively indistinguishable facts. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). In *Abercrombie*, the New York retail store Abercrombie & Fitch (“Abercrombie”) owned trademark registrations for the mark SAFARI for goods including “[m]en’s and [w]omen’s outer garments, including hats . . . and shoes.” *Id.* at 7. Subsequent to Abercrombie’s registrations, New York retail store Hunter’s World began selling three styles of boots imported from Africa and for use on safaris, named “Camel Safari,” “Hippo Safari,” and “Safari Chukka.” *Id.* at 12.

The Second Circuit held that Abercrombie & Fitch “had no right to prevent Hunter’s World from descriptively using the word ‘Safari’ to describe its business [of selling clothing, gear, and travel planning for safaris in Africa.]” *Id.* at 8. Applied to this case, “[Plaintiffs] [have] no right to prevent [Diesel Power Gear] from using the word [‘diesel’] to describe its business of [giving away diesel trucks, selling apparel promoting and celebrating diesel trucks, and maintaining a classifieds service for diesel trucks].”

The Second Circuit then rejected Abercrombie & Fitch’s contention that its trademark registrations for “safari” for shoes precluded all uses of “safari” by another on shoes: “‘Camel Safari,’ ‘Hippo Safari’ and ‘Safari Chukka’ were devoted by H[unter’s] W[orld] to a purely descriptive use on its boots, [and] H[unter’s] W[orld] therefore] has a defense against a charge of infringement . . . on the basis of ‘fair use.’” *Id.* at 11.

Applying 15 U.S.C. § 1115, the Second Circuit found that Hunter’s World’s overall business focused on safaris and, therefore, its use of “safari” on boots was descriptive and innocent:

Here, Lee Expeditions, Ltd., the parent company of HW, has been primarily engaged in arranging safaris to Africa since 1959; Robert Lee, the president of

both companies, is the author of a book published in 1959 entitled “Safari Today The Modern Safari Handbook” and has, since 1961, booked persons on safaris as well as purchased safari clothing in Africa for resale in America. These facts suffice to establish, absent a contrary showing, that defendant's use of “Safari” with respect to boots was made in the context of hunting and traveling expeditions and not as an attempt to garner A&F's good will. . . . H[unter's] W[orld]'s use of “Camel Safari,” “Hippo Safari,” and “Safari Chukka” as names for various boots imported from Africa constituted a purely descriptive use to apprise the public of the type of product by referring to its origin and use.

Id. at 12 (internal quotation marks omitted).

The facts and legal principles are so similar that the Second Circuit's analysis applies by merely substituting facts and party names:

Here, [Diesel Power Gear] has been primarily engaged in [building custom diesel trucks] since [2012]; [Dave Sparks and Dave Kiley], the [principles] of [Diesel Power Gear], [are the stars of a television show on Discovery Channel called “Diesel Brothers,” in which they build custom diesel trucks and are] the author[s] of a book published in [2017] entitled “[The Diesel Brothers: A Truckin' Awesome Guide to Trucks and Life].” These facts suffice to establish, absent a contrary showing, that defendant's use of “[diesel]” with respect to [apparel] was made in the context of [clothing to convey enthusiasm for diesel trucks and commentary on diesel trucks] and not as an attempt to garner [Plaintiffs'] good will. . . . [Diesel Power Gear's] use of “[diesel power gear]” for [clothing conveying an enthusiasm for diesel trucks] constituted a purely descriptive use to apprise the public of the type of product by referring to its [core association and message: diesel trucks.]

Id. at 12 (internal quotation marks omitted).

The Second Circuit summed it up nicely: “When plaintiff has chosen a mark with some descriptive qualities, [it] cannot altogether exclude some kinds of competing uses even when the mark is properly on the register.” *Id.* at 12-13 (citations omitted). Plaintiffs' trademark registrations for “diesel” (or analogous common law rights) cannot prevent Diesel Power Gear from using the word “diesel” to reference the diesel trucks that are the focus and inspiration for a website and apparel for promoting and celebrating diesel trucks.

D. Plaintiffs' marks are not famous and therefore cannot be diluted by blurring.

Diesel Power Gear's use of "diesel" has not diluted (by blurring) Plaintiffs' trademark rights at least because Plaintiffs' trademarks are not famous. "There are 'five necessary elements to a claim of dilution: (1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark.'"

Museum of Modern Art v. MOMACHA IP LLC, 339 F. Supp. 3d 361, 380 (S.D.N.Y. 2018) (quoting *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999)).

"A mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). For fame, "a court may consider all relevant factors, including the following:"

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125 (c)(2)(A).

Under the dilution-by-blurring statute, the senior mark "must possess more than niche fame," and must "carry a substantial degree of fame," which is "difficult to prove" and requires showing that a mark has "widespread recognition by the general public" to the extent that it "has become a household name." *Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 446 (N.D.N.Y. 2019) (quoting *Burberry Ltd. v. Euro Moda, Inc.*, No. 08cv5781, 2009 WL 1675080,

at *11 (S.D.N.Y. June 10, 2009); *TCPIP Holding Co. v. Haar Communs. Inc.*, 244 F.3d 88, 99 (2d Cir. 2001); *Coach Servs. v. Triumph Learning, LLC*, 668 F.3d 1356, 1373 (Fed. Cir. 2012)). Niche fame, i.e., “fame limited to a particular channel of trade, segment of industry or service, or geographic region,” is insufficient for fame under the dilution statute. *Dan-Foam A/S v. Brand Named Beds, LLC*, 500 F. Supp. 2d 296, 307 n.90 (S.D.N.Y. 2007) (internal quotation marks and citation omitted). Fame requires that a mark have trademark significance even when encountered outside of its market segment. 4 McCarthy Trademarks § 24:104 (citing Restatement Third, Unfair Competition, § 25, comment e (1995)). “A mark that evokes an association with a specific source only when used in connection with the particular goods or services that it identifies is ordinarily not sufficiently distinctive to be protected against dilution.” 4 McCarthy Trademarks § 24:106 (quoting Restatement Third, Unfair Competition, § 25, comment e (1995)). “Dilution causes of action are restricted to those few truly famous marks like Budweiser beer, Camel cigarettes, Barbie Dolls, and the like.” *Glob. Brand Holdings, LLC v. Church & Dwight Co.*, No. 17-CV-6571 (KBF), 2017 WL 6515419, at *3 (S.D.N.Y. Dec. 19, 2017) (internal quotation marks and citation omitted)

Plaintiffs’ evidence falls far short of establishing fame—especially on summary judgment. At most, Plaintiff have shown that they have invested resources in advertising their apparel in their industry and that have had sales in their industry. But even if this circumstantial evidence were sufficient to establish fame, it would be merely niche fame in Plaintiffs’ own industry. Marketing expenditures “(even a lot of it),” “news articles, and editorials in mainstream publications . . . are simply not enough.” *Id.* at *5. (internal quotation marks and citation omitted). “Fame under the [dilution statute is not] a dollar test.” *Id.* at *5. Establishing fame

requires a showing that “the *general consuming public* would recognize the mark.” *Id.* at *5 (emphasis added). But Plaintiffs have no evidence that the *general public* recognizes their marks.

And registration of a mark is inconclusive as to fame; millions of non-famous marks are registered. *Car Freshner Corp. v. Am. Covers, LLC*, 419 F. Supp. 3d 407, 448 (N.D.N.Y. 2019) (citing McCarthy on Trademarks, §24:106 at 24-293 (4th Ed.) (“[O]ne cannot logically infer fame from the fact that a mark is one of the millions on the federal Register.”)).

Plaintiffs’ reliance on an unreported default judgment ruling against *doe* defendants, in which the Court adopted Plaintiffs’ complaint allegations to find fame, are irrelevant. Plaintiffs’ Motion at 16 (citing *Diesel S.P.A. v. Does*, 2016 WL 96171 (S.D.N.Y. Jan. 8, 2016)). A narrow finding of *fact* on default judgment is not controlling *legal* precedent, and neither claim nor issue preclusion applies because Diesel Power Gear was not a party to the cited case.

Additionally, Diesel Power Gear has not admitted fame. As explained above (and incorporated herein by reference) in Diesel Power Gear’s response to Plaintiffs Fact ¶ 76, the cited testimony of Diesel Power Gear’s chief marketing officer is inadmissible as vague and lacking foundation.

Conspicuously absent from Plaintiffs’ evidence is any non-anecdotal or non-de-minimis evidence of actual recognition of “diesel” as one of Plaintiffs’ trademarks outside of Plaintiffs’ industry. Without any evidence of *widespread recognition*, a reasonable factfinder could not find *widespread recognition*, and definitely would not be *compelled* to find fame as required to grant summary judgment.

Additionally, as explained above in detail in the discussion of fair use, Diesel Power Gear’s use of “diesel” is protected under the dilution statute as a “descriptive fair use.” 15 U.S.C.

§ 1125(c)(3)(A) (providing that “any fair use[,] including a nominative or descriptive fair use,” is “not [] actionable as dilution by blurring”).

E. Plaintiffs have not established an absence of disputed material facts for blurring.

In addition to the absence of fame, summary judgment on dilution is further inappropriate because Plaintiffs have not adduced evidence to establish blurring under the six blurring factors. Several of the six blurring factors (recited in Plaintiffs’ Memorandum) overlap with the likelihood-of-confusion factors, and Diesel Power Gear hereby incorporates by reference its arguments for those overlapping factors. For degree of recognition, Plaintiffs have not adduced *any* evidence, instead relying on circumstantial evidence of marketing outlays. For intent to create an association, the record shows unequivocally that Diesel Power Gear has never cared about Plaintiffs or Plaintiffs’ marks, and instead has desired merely to run a business focused on diesel trucks, including apparel about diesel trucks. And for the sixth factor, actual association, Plaintiffs again self-consciously downplay their absolute lack of evidence of actual association or confusion, preferring to not recount that years of stalking Diesel Power Gear have not given rise to a single piece of evidence of actual association or confusion. Summary judgment is appropriate only where no reasonable factfinder could find otherwise. That is not the case here.

F. Diesel Power Gear’s use of “diesel” is not willful wrongdoing.

Plaintiffs cannot show willfulness, especially on summary judgment. Plaintiffs’ accurate articulation of the willfulness standard and recitation of true facts fails because Plaintiffs do not explain how those facts satisfy the willfulness standard. As recited by Plaintiffs, “To prove willfulness, a ‘plaintiff must show (1) that the defendant was actually aware of the infringing activity, or (2) that the defendant’s actions were the result of reckless disregard or willful

blindness.” *Fendi Adele, S.R.L. v. Ashley Reed Trading, Inc.*, 507 F. App'x 26, 31 (2d Cir. 2013) (citing *Island Software & Computer Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 263 (2d Cir. 2005)). Explained a little differently, “Conduct is willful if the infringer was knowingly and deliberately cashing in upon the good will of the infringed.” *PlayNation Play Sys., Inc. v. Velez Corp.*, 924 F.3d 1159, 1170 (11th Cir. 2019) (internal quotation marks and citation omitted). Plaintiffs’ willfulness facts are irrelevant: (i) The TTAB applied res judicata to uphold an earlier refusal to register (upon default judgment) DIESEL POWER GEAR for all apparel; (2) Diesel Power Gear has continued to use “diesel power gear” for its diesel-truck business; and (3) Diesel Power Gear is now selling jeans branded “POWER GEAR.”

But Plaintiffs hazard no explanation as to how these three admittedly true facts satisfy the willfulness standard. Willfulness is not when a defendant continues to use a word even though a *plaintiff believes* it is trademark infringement. Willfulness is when the defendant believes, or has good reason to believe, that its actions are trademark infringement and continues notwithstanding. *O’Keefe v. Ogilvy & Mather Worldwide, Inc.*, 590 F. Supp. 2d 500, 525 (S.D.N.Y. 2008) (explaining, “[A] defendant's refusal to abandon a mark in the face of a cease and desist letter cannot demonstrate bad faith standing alone. If a defendant reasonably believes its mark does not infringe plaintiff's, she does not act with the requisite intention of capitalizing on plaintiff's reputation and goodwill.”) (internal quotation marks and citation omitted). Unlike Diesel Power Gear, which has always believed in good faith that it was using “diesel” to run a business for diesel trucks and that its business was therefore not infringing, the willfully infringing defendant in Plaintiffs’ cited case, *Fendi Adele*, intentionally avoided damning information, carefully destroyed damning documents, and returned infringing merchandise and

disposed of associated records when it was sued for infringement. *Fendi Adele, S.R.L. v. Ashley Reed Trading, Inc.*, 507 F. App'x 26, 31 (2d Cir. 2013).

Plaintiffs have no evidence that could establish willfulness—especially on summary judgment.

IV. CONCLUSION

The Court should deny Plaintiffs' Motion in its entirety. Neither claim nor issue preclusion applies because (i) Plaintiffs waived this argument, (ii) issues are not identical, and (iii) Diesel Power Gear has not had a full and fair opportunity to litigate the issues of this case. Post-sale trademark confusion fails because Plaintiffs' speculative evidence of the *Polaroid* factors is equivocal at best, and falls far short on summary judgment. Also, Diesel Power Gear's descriptive use of "diesel" cannot be trademark infringement. Dilution fails because Plaintiffs have no evidence of industry-independent widespread recognition, and additionally because Plaintiffs' evidence for the dilution factors is at best equivocal. The willfulness allegation fails because Plaintiffs have no evidence that Diesel Power Gear, by using "diesel" for a diesel-truck business, was "knowingly and deliberately cashing in upon [Plaintiffs'] good will."

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/s/Joseph Shapiro

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