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mbm

September 16, 2019

Opposition No. 91241641

Diesel S.p.A.

v.

Diesel Power Gear, LLC (Utah LLC)

Before Taylor, Wellington, and Wolfson,
Administrative Trademark Judges.

By the Board:

This proceeding now comes before the Board for consideration of Opposer's motion (filed May 13, 2019) for summary judgment on the ground of res judicata, or claim preclusion, based on the Board's entry of default judgment against Applicant in a prior proceeding, i.e., Opposition No. 91229297 (the "Prior Proceeding"). The motion is fully briefed.

I. Background of Prior Proceeding

In the Prior Proceeding, Opposer opposed registration of Applicant's mark DIESEL POWER GEAR, in standard characters, for "Athletic shirts, Baseball caps and hats; Camouflage shirts; Graphic T-shirts; Hats; Hooded sweat shirts; Long-sleeved shirts; Shirts; Shirts and short-sleeved shirts; Short-sleeved or long-sleeved t-shirts; Short sleeved shirts; Sports caps and hats; T-shirts; Wristbands" in

International Class 25[1] and "On-line retail store services featuring a wide variety of consumer goods of others, excluding electric generators" in International Class 35.[2] The opposition was filed on August 2, 2016, and was based on the grounds of likelihood of confusion and dilution by blurring.

Applicant failed to file an answer by the deadline set forth in the Board's institution order. The Board therefore issued a notice of default on September 21, 2016 and Applicant was allowed until thirty days from the date of the notice of default in which to show cause why judgment by default should not be entered against Applicant. After Applicant failed to respond to the notice of default within the time specified, the Board entered default judgment against Applicant and sustained the opposition on November 14, 2016. The judgment was not appealed and is final.

II. Background of Current Proceeding

Applicant seeks to register the mark DIESEL POWER GEAR, in standard characters, for "Athletic shirts; Baseball caps and hats; Camouflage shirts; Graphic T-shirts; Hats; Hooded sweat shirts; Long-sleeved shirts; Shirts; Shirts and short-sleeved shirts; Short-sleeved or long-sleeved t-shirts; Short-sleeved shirts; Sports caps and hats; T-shirts; Wristbands" in International Class 25.[3]

On June 6, 2018, Opposer filed a notice of opposition opposing registration of Applicant's involved mark on the following grounds: likelihood of confusion, dilution,

[1] Application Serial No. 86776509, filed October 2, 2015, alleging January 1, 2013 as both the date of first use and the date of first use in commerce. "GEAR" is disclaimed.
[2] Application Serial No. 86776517, filed October 2, 2015, alleging January 1, 2013 as both the date of first use and the date of first use in commerce. "GEAR" is disclaimed.
[3] Application Serial No. 87710791, filed December 6, 2017, alleging January 1, 2013 as both the date of first use and the date of first use in commerce. "GEAR" is disclaimed.

and res judicata based upon the Prior Proceeding. In its July 16, 2018 answer, Applicant denied the salient allegations in the notice of opposition.

III. Opposer's Motion for Summary Judgment

Opposer contends that Applicant is barred from registering its involved mark under the doctrine of claim preclusion based on the entry of default judgment against Applicant in the Prior Proceeding. In support of its motion, Opposer submitted the declaration of William C. Wright, counsel for Opposer, who attached the following: (1) a copy of the TSDR records for Applicant's Application Serial No. 86776509, at issue in the Prior Proceeding; (2) a copy of the notice of opposition filed in the Prior Proceeding; and (3) a copy of the September 21, 2016 notice of default issued in the Prior Proceeding.

In response to Opposer's motion for summary judgment, Applicant submitted the declaration of Joseph Shapiro, counsel for Applicant, who attached the following: (1) selected portions of the TSDR records for Applicant's Application Serial No. 86776509; and (2) selected portions of the TSDR records for Applicant's Application Serial No. 87710791, the application at issue in this proceeding. Applicant also submitted the declaration of Josh Stuart, CFO for Applicant.

A. Summary Judgment Standard

Summary judgment is appropriate where the movant shows that there is no genuine dispute as to any material fact and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). A party asserting that a fact cannot be or is genuinely disputed must support its assertion by either (1) citing to particular parts of materials

in the record, or (2) showing that the materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact. Fed. R. Civ. P. 56(c).

A movant for summary judgment carries the burden of proof in regard to its motion. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). In deciding the motion, the function of the Board is not to try issues of fact, but to determine if there are any genuine disputes of material fact to be tried. *See* TBMP § 529.01 and cases cited therein. When the moving party has supported its motion with sufficient evidence that, if unopposed, indicates there is no genuine dispute of material fact, the burden then shifts to the nonmoving party to demonstrate the existence of a genuine dispute of material fact to be resolved at trial. *Enbridge, Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1540 (TTAB 2009).

The nonmoving party must be given the benefit of all reasonable doubt as to whether genuine disputes of material fact exist, and the evidentiary record on summary judgment, and all inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party. *See Opryland USA, Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992).

B. Analysis

Initially, we consider Opposer's standing, which is a threshold issue that must be pleaded and proven by the plaintiff in every inter partes case. *See Empresa Cubana Del Tabaco v. Gen Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014);

Ritchie v. Simpson, 171 F.3d 1092, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999). We find that there is no genuine dispute of material fact that Opposer has standing to bring this proceeding. The parties do not dispute that Opposer was the plaintiff in the Prior Proceeding or that judgment was entered against Applicant as the defendant in the Prior Proceeding, or that the marks and goods are the same. *See Domino's Pizza, Inc. v. Little Caesar Enters., Inc.*, 7 USPQ2d 1359, 1363 (TTAB 1988) (finding standing where opposer was defendant in a civil action between the parties regarding the same mark). Additionally, Opposer attached copies of the Trademark Electronic Search System ("TESS") records for its pleaded registrations to its notice of opposition, which establish its standing. *See Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000). Further, Applicant has not challenged Opposer's standing. In view thereof, we find that there is no genuine dispute of material fact as to Opposer's standing.

Under the doctrine of claim preclusion, the entry of a final judgment "on the merits" of a claim (i.e., the cause of action) in a proceeding "prevents litigation of all grounds for, or defenses to, recovery that were previously available to the parties, regardless of whether they were asserted or determined in the prior proceeding." *Brown v. Felsen*, 442 U.S. 127, 131 (1979) (superseded by statute on other grounds).

For claim preclusion to be applied, the following factors must be present:

(1) the parties (or their privies) are identical;

(2) there has been an earlier final judgment on the merits of a claim; and

(3) the second claim is based on the same set of transactional facts as the first.

Jet, Inc. v. Sewage Aeration Sys., 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000).

In this case, the parties do not dispute that the present opposition involves the same parties as the Prior Proceeding. Accordingly, no genuine dispute of material fact exists regarding the first factor of the claim preclusion analysis.

Turning next to the third factor, there is no genuine dispute of material fact that the claims asserted by Opposer are identical to those Opposer asserted in the Prior Proceeding, i.e., likelihood of confusion and dilution. There is also no genuine dispute of material fact that the marks and goods are identical. Accordingly, there is no genuine dispute of material fact that the claims in this proceeding are based on the same transactional facts as the Prior Proceeding.

With regard to the second factor, there is no genuine dispute of material fact that there has been an earlier final judgment on the merits of Opposer's claims despite Applicant's earlier default. "A judgment of a court having jurisdiction of the parties and of the subject matter operates as *res judicata*, in the absence of fraud or collusion, even if obtained upon a default." *The Urock Network, LLC v. Sulpasso*, 115 USPQ2d 1409, 1411 (TTAB 2015) (quoting *Morris v. Jones*, 329 U.S. 545, 550-51, 67 S.Ct. 451, 91 L. Ed. 468 (1947)); *see also Int'l Nutrition Co. v. Horphag Research Ltd.*, 220 F.3d 1325, 55 USPQ2d 1492, 1494 (Fed. Cir. 2000) ("default judgments can give rise to res judicata"); *Bass Anglers Sportsman Soc'y of Am., Inc. v. Bass Pro Lures, Inc.*, 200 USPQ 819, 822 (TTAB 1978) ("[T]he application of a legal doctrine which would be appropriate to a judgment after trial is equally appropriate to a judgment by

default."); *Wells Cargo, Inc. v. Wells Cargo, Inc.*, 197 USPQ 569, 571 (TTAB 1977), *aff'd*, 606 F.2d 961, 203 USPQ 564 (CCPA 1979) (finding that for preclusion to apply, default "is all that is necessary to support the judgment.").

Applicant does not appear to dispute that any of the three prongs are met, but rather argues that application of the doctrine of claim preclusion would be unfair in this situation because the judgment in the Prior Proceeding was based on Applicant's "[u]nintentional default." 11 TTABVUE at 6. Applicant contends that it was not aware of the Prior Proceeding and then "promptly took remedial action upon becoming aware of the default judgment" by "immediately re-fil[ing] its trademark application." *Id.* at 7-8.

Claim preclusion is intended to "protect[] a party from being required to relitigate the same issue against the same party in a separate action." *Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1379 (Fed. Cir. 2006). Although we are cognizant that care must be taken in applying claim preclusion, *see Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327 n.5, 99 S. Ct. 645, 58 L. Ed. 2d 552 (1979), Applicant has acknowledged that it filed its involved application in an attempt to avoid the default judgment in the Prior Proceeding. *See* 11 TTABVUE 7-8 ("When Applicant became aware of the default judgment circumstances in the [Prior Proceeding], it immediately re-filed its trademark application."). Applicant is therefore "attempt[ing] to evade the effect of a previous adverse judgment on the merits" by refiling an application for the identical mark and the identical goods. *Sharp Kabushiki Kaisha,* 79 USPQ2d at 1379-80. The fact that Applicant's default in

the Prior Proceeding was allegedly unintentional does not warrant a different result where there is an identity of parties, claims, marks, and goods. As explained above, it is well settled that claim preclusion applies where the prior judgment was based upon the defendant's default. *See Wells Cargo, Inc.*, 197 USPQ at 571 (TTAB 1977) ("The conservation of the Board's time and resources and the need for finality to litigation require that the party which failed to contest the matter at its first opportunity should not, at its option, be permitted to reopen questions that have been concluded. An applicant's default … is all that is necessary to support the judgment."). Applicant's default in the Prior Proceeding, whether intentional or unwitting, operates to preclude relitigation by the same parties of the identical claims for the identical mark and goods.[4]

In view of the foregoing, there is no genuine dispute of material fact that the elements of claim preclusion have been satisfied. In view thereof, Opposer's motion for summary judgment is **granted**. Judgment is hereby entered against Applicant, the opposition is sustained, and registration of Applicant's mark is refused.

[4] Fed. R. Civ. P. 60(b)(1) provides for motions for relief from final judgment, including default judgment, in instances of mistake, inadvertence, surprise, or excusable neglect. *See also* TBMP § 544. Applicant did not avail itself of this potential remedy in the Prior Proceeding.