

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

GAVRIELI BRANDS LLC, a California
Limited Liability Company,

Plaintiff,

v.

SOTO MASSINI (USA) CORPORATION, a
Delaware corporation; SOTO MASSINI
S.R.L.S., an Italian limited company; and
THOMAS PICHLER, an individual,

Defendants.

C.A. No. 1:18-cv-00462-GMS

**DEFENDANTS' OPPOSITION TO MOTION FOR
TEMPORARY RESTRAINING ORDER**

This Court should deny Plaintiff's request for a temporary restraining order ("TRO") because the dispositive requirement of *irreparable* harm during just the next few weeks of this matter is absent. Moreover, the much greater harm here is to Defendants if a TRO stands. It would shut down Defendants' fledgling business, an event from which Defendants likely would never recover. Finally, even if this Court sees fit to allow a TRO, the order should be crafted *as narrowly and specifically as possible*, and Plaintiff should be required to post a significant bond to protect Defendants.

Introduction and Summary of Argument

Defendant Thomas Pichler, principal of the two Soto Massini corporate defendants, graduated from Harvard Business School in 1998 and has lived in the United States for nearly his entire professional life (with the exception of 2014-2016). He now lives in San Diego with his wife and two school-age children. For much of his career, Mr. Pichler has managed businesses funded from his native Austria, which is where he lived in 2014-2016 after selling a prior

business. While in Europe during that time, Mr. Pichler started Soto Massini S.r.l.a., and he started Soto Massini (USA) upon returning to the United States in 2016.¹ (See Pichler Declaration ¶¶ 1-3.)

Soto Massini's business is still in a "startup" phase. It has not yet manufactured or sold any of the shoes at issue. Rather, its campaign on "Kickstarter" is a way to generate support for a business idea from small investors, or "backers," who in return for pledged money receive steep discounts *if and when* the products eventually are manufactured and become available for sale. <https://www.kickstarter.com/help/faq/kickstarter%20basics>. Moreover, while the products at issue are intended to be *one of many different brands* of similar "ballet flats" in a crowded marketplace (a market which dates back to the 1950's), Soto Massini's shoes have distinctive features including a unique "orthotic" in-sole having a 3D arch support and a raised heel, which provides an additional level of comfort. Defendants' unique in-sole makes their shoes *not* "foldable," another distinction in comparison to Plaintiff's "Tieks" brand and others. (See Pichler Declaration ¶¶ 4-5.)

Once Defendants received Plaintiff's original letter raising the dispute in this action less than a month ago (even though Mr. Pichler was and is on a business trip out of the country), they immediately dropped any "blue-color" option for its soles as a compromise. Therefore, the blue sole color is no longer at issue. Plaintiff's design patents, moreover, claim a particular sole shape which, even if the patents are valid (which is doubtful),² Soto Massini's proposed designs

¹ Plaintiff asserts, without any actual basis in fact, that Mr. Pichler is scheming to flee the United States with the Kickstarter funds. With a home, a wife, and two children in school in San Diego, and owning a Delaware corporation, nothing could be further from the truth.

² Plaintiff ignores that *it has the burden* to prove that it is likely to defeat the defense of patent invalidity. See *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372 (Fed. Cir. 2009). Plaintiff does not even attempt to meet its burden; instead, it attempts to mislead the Court about the applicable standard at the preliminary injunction stage. There is a good reason for the

do not utilize. Therefore, on the merits, there is nothing in Defendants' proposed colors or sole shapes that should be subject to any TRO. Even if there was, the harm from a TRO is far worse than denying emergency, preliminary relief. The harm to Plaintiff simply would be another *of many competitors* in a crowded, un-differentiated marketplace for ballet flats. The harm to Defendants, on the other hand, is existential. (See Pichler Declaration ¶¶ 6-7.)

Finally, Plaintiff's proposed TRO reveals Plaintiff's overreaching and the problem with preliminary relief here. First, Plaintiff proposes to enjoin Defendants from "engaging in the manufacture, sale, offer for sale, or importing into the United States of 'Terzetto Milano' shoes." But as yet, the sole design of Defendants' shoes is not finalized, which means the proposed TRO would prevent the sale of shoes *having ANY sole design whatsoever*, whether claimed in Plaintiff's patents or not. Clearly, such an order would be overbroad. Moreover, Plaintiff's asserted rights cannot extend to activities outside the United States. Second, Plaintiff proposes to enjoin Defendants from "using the monies obtained in the Kickstarter campaign to manufacture, sale [sic], offer for sale [sic], or import into the United States [] 'Terzetto Milano' shoes." This aspect of the proposed order would again extend to non-infringing activities occurring outside the United States, making it overbroad. Third, Plaintiff proposes that the Court enjoin Defendants from "transferring . . . or otherwise disposing of any interest in the \$694,417 of funds received from Kickstarter" In the abstract, without any connection to any potentially infringing activity *in the United States*, this provision is overbroad. For example, an Asian or Australian consumer who made a pledge on Kickstarter should be able to have their pledge used to manufacture (outside the United States) and sell a product to that consumer (outside the

different burden at this stage, because Defendants have not yet had time to marshal their evidence and present the strong case for invalidity of Plaintiff's patents to this Court. For this reason alone, the TRO request should be denied.

United States) free from interference from a TRO reaching only likely infringing activities occurring within the United States. (See Pichler Declaration ¶¶ 8-9.)

There Would Be No Irreparable Harm Over The Next Few Weeks

In order to grant a TRO request, the Court must find not only likely success on the merits, but also irreparable harm and the absence of “even greater harm to the other party.” *See Zaslou v. Coleman*, 103 F. Supp. 3d 657, 662 (E.D. Pa. 2015) (TRO is “extraordinary remedy and should be granted only in limited circumstances.”). Here, without any supporting evidence, Plaintiff asserts that if a TRO is not in place over the next few weeks until its motion for preliminary injunction is heard, it would suffer “irreversible price erosion” and loss of market share that would be “very difficult to quantify.” (See Plaintiff’s Brief at 13.) But Defendants will not be selling any product over the next few weeks, which underscores the pure speculation of Plaintiff’s asserted harm. *See Acierno v. New Castle Cty.*, 40 F.3d 645, 655 (3d Cir. 1994) (injunction “may not be used simply to eliminate a possibility of a remote future injury”); *see also Apple, Inc. v. Samsung Elecs. Co.*, 678 F.3d 1314, 1324-25 (Fed. Cir. 2012) (“[T]hat [Plaintiff] might lose some insubstantial market share as a result [Defendant’s] infringement is not enough.”). Even if Defendants were making sales, initially they would be in small numbers (in the few thousands), and not only in the United States. Plaintiff’s claim to lost sales is precisely the type of economic harm that is never “irreparable.”

On the other hand, being enjoined even for a few weeks could ruin Defendants’ startup business. In assessing the harm to a defendant, the Court should “ensure that the issuance of an injunction would not harm the [accused] infringer more than a denial would harm [plaintiff].” *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 727 (3d Cir. 2004) (quoting *Opticians Ass’n of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 195 (3d Cir. 1990)). According to Plaintiff,

“Tieks” is a well-recognized brand. As such, even if Defendants’ products were to hit the market in the next three weeks, an influx of 3,000 or so pairs of Defendants’ shoes would unlikely affect Plaintiff’s profits, reputation, or goodwill. This is particularly true because the parties’ products are aimed at different markets, with Defendants targeting consumers in need of a specialized, orthotic in-sole to remedy foot pain issues. If Defendants’ Kickstarter funds are withheld, it is inevitable that a substantial amount of its backers will withdraw from the business, which would greatly inhibit (and could prevent) Defendants from bringing their product to market.

Defendants would be forced to go back to “square one;” that is, finding potential backers or investors with the hopes of eventually manufacturing a product. There is an “imbalance” of hardships: Plaintiff would suffer no material injury, while Defendants’ business likely would be destroyed.

Plaintiff Is Unlikely to Succeed on the Merits of Its Substantive Claims

Plaintiff asserts trade dress infringement based on its “blue” sole color, but the trade dress claim is moot because Defendants are no longer utilizing any shade of blue for soles of their future manufactured products. In addition to being moot, Defendants would consent to a TRO on this issue, as long as any order is appropriately narrow in scope.³

Plaintiff’s principal argument for likely success on the merits is design patent infringement, which by its very nature underscores the need to wait for a full record and preliminary injunction hearing before ruling on any requested preliminary relief. First, design

³ Plaintiff’s “blue” claim is similar to that made by a French fashion designer in *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206 (2d Cir. 2012), which held that “YSL’s use of a red outsole on monochromatic red shoes does not infringe on the Mark.” *Id.* at 225. While Plaintiff argues that its blue sole is ubiquitous and well-known, it is nowhere near as recognizable as the Louboutin red sole. Furthermore, Louboutin holds a federally registered trademark for the red sole. Yet despite the extra level of trademark protection (something Plaintiff does not have), the court in *Christian Louboutin* still held that YSL’s use of a red sole was non-infringing.

patent rights are uniquely narrow and rarely justify anything more than a very limited scope of preliminary relief, if any. Second, design patents in particular are tightly constrained by the prior art, which here requires an examination of the prior art which Defendants have not had time yet to prepare. Specifically, the test for infringement of a design patent is whether “an ordinary observer, *familiar with the prior art* . . . would be deceived into believing” that the designs are the same. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 681 (Fed. Cir. 2008).

Here, infringement is unlikely because no ordinary observer would be deceived into thinking Plaintiff’s and Defendants’ designs are the same. The most glaring difference between the two designs is that Defendants’ shoe is much larger, because of the built-in orthotic support. Plaintiff’s design, by contrast, is minimalistic in order to fold in half. In addition, the designs vary in the following ways:

- The topline of Plaintiff’s design is elastic (giving the shoe no topline structure), whereas Defendants’ design has a regular shoe topline structure;
- Plaintiff’s design “rides” much lower on the foot, whereas Defendants’ topline covers much more of the foot in order to provide the stability needed for the orthotic foot bed to function properly;
- Defendants’ design has a much higher and more rounded toe, while Plaintiff’s design is flat and pointed;
- Plaintiff’s overall design is shaped differently, flaring out towards the front of the foot, while Defendants’ design is more consistent and narrow;
- The outsole designs are very different, with Plaintiff’s designs having a simple oval-shaped heel with one flat end, while Defendants’ design has a tear-drop shape at the heel with their silver logo inserted prominently in the middle;

- the back of Plaintiff’s design has a thin blue stripe, whereas Defendants’ design has a metallic padlock hanging on it or alternatively a logo embroidery; and
- the way the leather upper material is cut is completely different.

In light of all of these many, many differences, it is **highly unlikely** an ordinary observer would think Plaintiff’s and Defendants’ designs are the same. (See Pichler Declaration ¶¶ 10-11.)

Furthermore, Plaintiff’s design is so common and ubiquitous that its patents likely are invalid. In addition to the ordinary observer test, courts also apply the “point of novelty” test which is “distinct from the ordinary observer test and requires that the accused [product] contain substantially the same points of novelty that distinguished the patented design from the prior art.” *Tropicana Prod., Inc. v. Land O’Lakes, Inc.*, 286 F. Supp. 2d 343, 346 (D. Del. 2003). In addition, the patent holder must demonstrate that its patents have “points of novelty.” *Id.* There is nothing novel about Plaintiff’s designs, thus any protection they have is minimal at best.

Ballet flats have been a staple of women’s fashion at least since Brigitte Bardot and Audrey Hepburn popularized them in the 1950’s. Even a cursory online search reveals dozens of designs that look far more similar to Plaintiff’s than does Defendants’ design. For example, this product from Yosi Samra is almost identical to Plaintiff’s patent, down to the sole shape and the foldability:



See <https://www.yosisamra.com/collections/featured-womens/products/samara-2-0-patent-leather-in-navy?variant=42920721938>. More examples can be seen in Exhibit A. (See Pichler Declaration ¶¶ 12-13, Ex. A.) Plaintiff’s patents stand on unstable ground and, based on prior art and the lack of novelty, it is likely that the patents are invalid. However, even if not invalid, with so many third party uses of similar designs, the scope of protection for Plaintiff’s designs patents is necessarily narrow. Only truly “identical” designs could be considered infringing, and Defendants’ design is not nearly identical.

Further concerning alleged trade dress infringement, this claim requires that “(1) the allegedly infringing design is non-functional; (2) the design is inherently distinctive or has acquired secondary meaning; and (3) consumers are likely to confuse the source of the plaintiff’s product with that of the defendant’s product.” *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350, 357 (3d Cir. 2007). First, both Plaintiff’s and Defendants’ designs are functional. They are shoes designed for specific purposes, and their respective designs reflect that. Plaintiff’s shoes are very light and flexible and are “designed to fold and fit in a purse.” <https://tieks.com/abouttieks>. Defendants’ flats, meanwhile, are much more rigid and solid in their construction, and cannot be folded. Defendants’ flats “look like a ballet flat” but are “engineered like a running shoe.” <https://www.kickstarter.com/projects/148816659/the-worlds-most-elegant-sneaker-concealed-in-a-bal>. Plaintiff’s and Defendants’ products are designed and constructed for two different audiences. Plaintiff’s design emphasizes portability, while Defendants’ design emphasizes orthotic foot support. Therefore, Plaintiff has not satisfied the first requirement. (See Pichler Declaration ¶ 14.)

The second requirement, inherently distinctive or possessing a second meaning, is unclear in this case. Plaintiff claims that these two requirements are satisfied, but Plaintiff does

so with conclusory and self-serving statements. The “blogs” cited by Plaintiff which suggest that its designs are distinctive look suspiciously like paid reviews; *i.e.*, Plaintiff sent a pair of its shoes to a blogger for free, in exchange for an “honest” and “unbiased” review. However, despite citing a smattering of questionable blogs, Plaintiff has not met its burden of proving distinctiveness or secondary meaning of its trade dress. (*See* Pichler Declaration ¶ 15.)

The third requirement necessitates an analysis of several factors, including (1) degree of similarity, (2) strength of trade dress; (3) price of goods and other factors indicative of care and attention; (4) length of time defendant has used its trade dress without actual confusion; (5) intent of defendant; (6) evidence of actual confusion; (7) channels of trade and advertising media; (8) targets of sales efforts; and (9) similarity of function. *McNeil Nutritionals*, 511 F.3d at 358. First, the many design differences suggest that the designs give very different overall impressions. Second, Plaintiff’s asserted trade dress is very weak, as the market is crowded with many brands of similar ballet flats. Third, Plaintiff’s high \$179-300 price point means customers exhibit a significant amount of attention and care when shopping for Plaintiff’s shoes, favoring non-infringement. Fourth, Defendants are aware of no actual confusion. Fifth, Defendants simply intend to produce a unique take on the ballet flat, and have no interest in utilizing anything similar to Plaintiff’s designs. (*See* Pichler Declaration ¶¶ 16-17.)

Next, the parties’ products are not directly competitive. Plaintiff’s shoe is far more flexible, intended to be folded and put into a purse. Defendants’ shoe, on the contrary, is not intended nor marketed to be folded. Instead, Defendants’ product is designed to maintain a sturdiness required for orthotic foot beds to achieve a level of comfort and pain relief not found (or even intended) with Plaintiff’s shoe. Defendants had marketed and advertised their product through a Kickstarter program. Plaintiff, on the other hand, markets through its online “boutiek.”

Therefore, the goods are not marketed through the same channels or advertised through the same media. Thus, this factor weighs in favor of non-infringement. (*See* Pichler Declaration ¶ 17.)

Regarding the eighth factor, as noted above, Defendants are targeting a much different audience; that is, women who want a stylish looking ballet flat that functions like a sneaker or orthopedic health shoe. Plaintiff targets women who want a ballet flat that is foldable. Thus, this factor weighs in favor of non-infringement. Regarding the ninth factor, it is unclear what the relationship of the goods in the minds of consumers is because Defendants have not yet produced a single shoe. Other than the fact that the goods in dispute are both women's footwear, in the minds of consumers the goods are not especially related to each other due to the design, construction, and uses of the product. Thus, this factor weighs in favor of non-infringement. (*See* Pichler Declaration ¶ 18.)

Overall, Defendants and Plaintiff are focused on different niche markets. It is unlikely that Plaintiff would manufacture a shoe in Defendants' niche market, particularly because Plaintiff heavily advertises and markets a shoe that is flexible and foldable. This is essentially the cornerstone of its business. There are no facts that suggest that Plaintiff will develop a product that is just the opposite of what they have developed for years. Thus, this factor weighs in favor of non-infringement. (*See* Pichler Declaration ¶ 19.)

Public Interest Favors Denial of a TRO

Courts generally are reluctant to stifle competition and have held that the "public has a strong interest in free competition." *Pharmacia Corp. v. GlaxoSmithKline Consumer Healthcare, L.P.*, 292 F. Supp. 2d 594, 609 (D.N.J. 2003). Granting injunctive relief here (especially an "emergency" TRO) would alter the status quo before Defendants are able to fully assert their defenses. The public has no interest in such rough justice, particularly in a purely

commercial dispute where money damages are perfectly adequate to remedy any infringement of valid rights that is ultimately proven on a fair record.

Plaintiff Should Be Required to Post a Substantial Bond

Plaintiff overreached considerably when it argued that no bond should be posted. Federal Rule of Civil Procedure 65(c) states that the “court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained.” The Third Circuit “interpret[s] this requirement strictly.” *Globus Med., Inc. v. Vortex Spine, LLC*, 605 F. App’x 126, 129 (3d Cir. 2015). Furthermore, “the instances in which a bond may not be required are so rare that the requirement is almost mandatory” and “absent circumstances where there is no risk of monetary loss to the defendant, the failure of a district court to require a successful applicant to post a bond constitutes reversible error.” *Id.* There are strong policy reasons underlying the issuance of a bond. The bond requirement “serves to compensate a wrongfully enjoined party.” *Synthes, Inc. v. Gregoris*, 228 F. Supp. 3d 421, 447 (E.D. Pa. 2017). An injunction bond cannot be speculative, but “need not . . . be to a mathematical certainty” either. *See Latuszewski v. VALIC Fin. Advisors, Inc.*, 393 F. App’x 962, 966 (3d Cir. 2010).

Here, there is a significant risk of monetary loss to Defendants. If injunctive relief is granted, it is virtually certain that backers of its Kickstarter program will cancel their support and withdraw funds. Yet the withdrawal of backers is not the only monetary loss that Defendants will suffer. Defendants have already made plans for the \$694,417 in Kickstarter funds: product development, advertising, and marketing. Yet Defendants’ monetary damages from an improper TRO likely would exceed this figure. Defendants would be forced modify their entire business

plan at great expense. Therefore, due to the inevitable and substantial risk of monetary loss to Defendants, Plaintiff should be required to post a bond of at least \$694,417. (See Pichler Declaration ¶ 20.)

Conclusion

For each of the foregoing reasons, Defendants respectfully request that this Court should deny Plaintiff's request for a TRO. In the event the Court grants injunctive relief, Defendants request a narrowly-tailored order, and a substantial bond.

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