

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

E.I. DU PONT DE NEMOURS AND COMPANY,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 13-912-LPS
)	
INC INTERNATIONAL COMPANY d/b/a)	
UNEQUAL TECHNOLOGIES COMPANY,)	
)	
Defendant.)	

MEMORANDUM

At Wilmington this 24th day of August, 2015:

On May 12, 2015, the Court held a hearing on Plaintiff's Motion to Reopen Case, to Hold Defendant in Contempt, and for Sanctions. (D.I. 8) The Court announced its decision from the bench at the conclusion of the hearing. In granting in part and denying in part without prejudice Plaintiff's motion, the Court's reasoning was as follows:

I am prepared to give you my ruling on DuPont's motion. This, of course, is a motion to reopen the case, to hold the defendant in contempt, and for sanctions. Having reviewed the materials prior to today and having heard argument and had my questions answered, my ruling is that the motion is granted to the extent that defendant is found to be held in contempt. It is denied without prejudice to the extent it also seeks to reopen the case and to impose sanctions.

I was focused before I came in for the hearing today on whether the defendant's conduct is contemptuous, and most of what we talked about today was about that question. I have been able to resolve that portion of the motion. And I didn't want to hold . . . off giving you that portion of my decision since I reached that decision and also particularly given the length of time that the motion has been pending, the changing nature of defendant's

marketing materials, the ongoing violations of the Court's judgment order, and even defendant's request for guidance. That is why I am giving you the portion of my ruling that I have been able to reach, and we will talk about how you are going to help me to resolve the remaining portions of the motion.

But let's focus on whether or not the defendant is in contempt and why I have found they are. Contempt, of course, requires that DuPont prove by clear and convincing evidence, first, that a valid court order existed. This is uncontested. The judgment order was entered as an order of the Court.

Next, DuPont must prove that defendant had knowledge of that order. Again, this is uncontested. The defendant had knowledge of the judgment order.

And, [t]hird, DuPont must prove by clear and convincing evidence that the defendant disobeyed the order. This is really what is in dispute, but I find by clear and convincing evidence that the defendant has violated the judgment order.

As DuPont accurately described, the structure of the judgment order is that defendant is enjoined, restrained, and prohibited from various acts in connection with defendant's Kevlar mark, including asserting that the Kevlar mark is generic. That comes from Paragraph 1(b) of the judgment order.

It seems today that many of defendant's arguments essentially amount to an assertion that the Kevlar mark is generic. But that is not something that defendant is permitted to do or argue given the judgment order.

The judgment order further prohibits the defendant, under 1(d), from advertising, promoting, displaying, distributing, offering for sale or selling any other products bearing the Kevlar mark. I agree with DuPont that in the context here, based on the limited record before me, that this is a prohibition on, among other things, advertising and promoting any of defendant's products through use of the Kevlar mark. That is, I do not agree with the defendant's narrower interpretation of the judgment order[,], which would have . . . prohibited [it] from use of the mark in advertising and promoting only with respect to products that themselves have the Kevlar mark physically affixed to them. I reject that interpretation

of the judgment order.

The evidence in the record is that defendant is using DuPont's Kevlar mark for advertising and promoting its products. The evidence on that point is not merely clear and convincing, it is overwhelming, and I think even in many respects is undisputed.

We have, of course, pictures of defendant's marketing materials, including pages from its website or screenshots of its website from various points in time over the past year, including as recently as yesterday. Thus, given the terms of the judgment order, the burden falls on defendant to show that its use of the Kevlar mark is permitted under the exception provided in the judgment order in Paragraph 1(g). That paragraph essentially sets out six requirements, all of which must be satisfied in order for a use of the mark to be permitted. Specifically, the three express[] conditions called out in the order itself as well as the three requirements the Third Circuit imposes for satisfying the nominative fair use standard. Defendant has failed to meet this burden.

First, the uses shown in the record are not "limited to identification of Kevlar brand aramid fiber as one ingredient among other parts of the product." That is one of the express requirements of the judgment order.

Whether or not this requirement strictly limits defendant's use to a mere ingredient list is not dispositive since on this record the uses defendant has engaged in are far removed from simply using the mark just as identification as opposed to, for instance, promotion.

A second way in which the defendant failed to meet its burden is that the uses shown in the record show use of the Kevlar mark "in a prominent manner" where the appearance of the mark is not visually similar to the surrounding text as the use of the mark is not always in the same size, font, and color as the rest of the text describing the product components. Therefore, again, defendant's use fails to satisfy this additional requirement called out in the judgment order.

Further, the uses shown in the record are attention getting uses which means that they are uses that do not come within the

nominate fair use standard under Third Circuit precedent, yet another reason why defendant has failed to show that its uses are [permitted]. These attention getting uses are not necessary to describe DuPont's product and defendant's product.

Alternatively, for instance, the defendant could describe DuPont's product as aramid fiber. Defendant could also explain that the various layers of defendant's products include aramid fiber as opposed to Kevlar. Instead, by calling out Kevlar and doing so, for instance, as the only text highlighted in yellow in the one example we discussed most extensively today, the defendant's use of the Kevlar mark does not reflect the true relationship between DuPont and defendant's products. Instead, it implies a sponsorship by DuPont of defendant's products or, at a minimum, it does not accurately reflect the reality that DuPont is merely a supplier of an ingredient for defendant's products.

Defendant's defenses to the Court's decision are unavailing.

First, defendant has failed to prove substantial compliance with the judgment order for reasons including the following: First, the defendant has failed to show that it has taken all reasonable steps to comply with the judgment order. Under the circumstances, "all reasonable steps" would have included I believe better communicating with DuPont to try to work out these disputes, possibly even seeking DuPont's consent or at least trying to understand DuPont position as to whether DuPont shared defendant's interpretation of permitted use of the Kevlar mark under the judgment order. There is no evidence that defendant ever ran by the plaintiff any of its intended uses or even had a discussion of whether the limit of the permitted uses were limited to an ingredient list, for instance.

Defendant also fails to include anywhere on its website or any other marketing materials in the record a disclaimer relating to the non-relationship between DuPont and defendant's products.

Defendant has also failed to show its violations of the judgment order were merely technical or inadvertent. Instead, from the record, it is clear that defendant's uses and violation of the order were intentional acts, albeit based on what I accept was a misinterpretation of the judgment order. But a misinterpretation of an order is not what I understand the cases to mean when they

speak of "technical inadvertent violations."

For these reasons, the Court finds that the defendant has violated the judgment order. Defendant is therefore adjudged and held to be in contempt of the Court's judgment order.

As for the appropriate sanctions, I am not prepared today to make a decision on that, but I do want to do so in a timely manner. The reasons I can't do so today include again I was focused really logically on the prior question today as to whether or not the defendant is in contempt, but they also include that defendant's uses of the Kevlar mark are changing. Even DuPont acknowledges that some of the relief it seeks today requires additional evidence not yet in the record and further briefing may be necessary to assist the Court particularly to reflect today's ruling.

I am also concerned that some of the relief sought by DuPont seems beyond the relief it obtained in the judgment order. That may [be] warranted under the circumstances[,] which now include defendant's repeated violations of the judgment order. But I think I would benefit from more assistance from the parties on this point. So I will be asking momentarily the parties for their positions as to how soon they can meet and confer and propose to me a procedure for DuPont to renew its request for sanctions and to help me determine hopefully in a timely manner what those sanctions should be.

(Transcript of May 12, 2015 hearing) (D.I. 26 at 47-55)

A handwritten signature in black ink, appearing to read "L. P. Stark", written over a horizontal line.

HON. LEONARD P. STARK
UNITED STATES DISTRICT JUDGE

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FOR THE DISTRICT OF DELAWARE**

E. I. DU PONT DE NEMOURS AND COMPANY,)	
)	
Plaintiff,)	
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v.)	
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INC INTERNATIONAL COMPANY d/b/a)	
UNEQUAL TECHNOLOGIES COMPANY,)	
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Defendant.)	

SECOND FINAL JUDGMENT AND PERMANENT INJUNCTION ON CONSENT

Plaintiff E. I. du Pont de Nemours and Company (“DuPont”), and Defendant INC International Company d/b/a Unequal Technologies Company (“INC”) having consented to the terms of the final judgment and permanent injunction below, this Court hereby finds as follows:

1. DuPont is the owner of multiple, incontestable federal registrations for the KEVLAR® trademark (the “KEVLAR® Mark”) for resins for synthetic fibers, protective apparel, fibers, yarns, fabrics, clothing, and association services for law enforcement relating to protective apparel, including Trademark Registration Nos. 983,080, 984,031, 2,121,970, 2,257,820, 1,431,185, 2,434,020, 2,525,567, and 1,465,988.
2. INC manufactures, sells, and markets various products, including body protection products for use in sports and military applications.
3. On July 18, 2013, the Court entered a Final Judgment and Permanent Injunction on Consent prohibiting INC from using the KEVLAR® trademark except in certain circumstances. *See* D.I. 6.

4. On July 2, 2014, DuPont filed a Motion to Reopen Case, to Hold Defendant in Contempt, and for Sanctions (the “Contempt Motion”) and the parties submitted subsequent briefing. *See* D.I. 8-10, 16-18.

5. On May 12, 2015, the Court heard oral argument on the Contempt Motion and determined that INC was in contempt, but deferred ruling on sanctions pending further proceedings. *See* D.I. 23.

6. Following the Court’s contempt ruling, the parties engaged in discussions regarding an amicable resolution, which resulted in them submitting this Second Final Judgment and Permanent Injunction on Consent.

7. This Court has jurisdiction over the subject matter of this action and over the parties, and venue in this action is proper in this judicial district.

IT IS HEREBY ORDERED AND ADJUDGED that:

A. INC and its subsidiaries, divisions, licensees, assigns, affiliates, and each of their directors, officers, agents, servants, employees, representatives, attorneys, and those persons acting for, with, by, through, or under authority from INC, or in concert or participation with them, are hereby **PERMANENTLY ENJOINED and RESTRAINED** from:

- i. using the word “KEVLAR” in any form (including without limitation in letters of any capitalization and in combination with other terms or elements) and any other marks, names, or designations that are confusingly similar to, or that are likely to cause dilution of, the KEVLAR® Mark in any manner, including without limitation, as trademarks, service marks, trade names, business names, descriptors, product names, domain names, keywords, metatags, or on websites (whether as part of hidden or visible text), internet sites (including without limitation social

- media sites), press releases, products, product packaging, in employee statements, or on any other electronic or printed material for the purpose of advertising, promoting, marketing, or describing any products or services;
- ii. applying for, prosecuting, maintaining, or seeking to have any third party apply for, prosecute, maintain, or enforce for INC's benefit, any application and/or registration the KEVLAR® Mark in any form (including without limitation in letters of any capitalization and in combination with other terms or elements) or any other marks, names, or designations that are confusingly similar to, or that are likely to cause dilution of, the KEVLAR® Mark; and
 - iii. asserting that the KEVLAR® Mark is generic, not distinctive, or otherwise not entitled to trademark protection in any proceeding, including without limitation any proceeding before any judicial or administrative tribunal including without limitation any court, arbitrator, or the United States Patent and Trademark Office.

B. As an exception to Paragraph A(i), and provided that the disclaimer in B(iii) appears in close proximity to and in the same font size as any use of the KEVLAR® Mark itself, INC may use the KEVLAR® Mark on product packaging and on INC's website in the following instances:

- i. INC may use the KEVLAR® Mark as part of a list of ingredients, provided that the use of the KEVLAR® Mark is no more prominent than the smallest text in the list, and that it is not highlighted or emphasized in any way in comparison to the surrounding text, which would include without limitation having the KEVLAR® Mark in a different font or color than the surrounding text. Though the specific listing of ingredients will necessarily change to match the ingredients of the

particular product at issue, two examples of approved language are as follows: (1)

“ACTIVE INGREDIENTS: Unequal® is a patented military-grade composite made of these ingredients: multi-layer polypropylene polymer; elastomeric sealed Kevlar® fabric; high density PVC foam; and low density polyurethane padding.”

(2) “Unequal’s Dome® pad is made of: elastomeric sealed Kevlar® fabric and Acceleron™ high density PVC foam.”

- ii. INC may use the KEVLAR® Mark as part of a list of product technologies, provided that the use of the KEVLAR® Mark is no more prominent than the smallest text in the list, and that it is not highlighted or emphasized in any way in comparison to the surrounding text, which would include without limitation having the KEVLAR® Mark in a different font or color than the surrounding text. Though the specific listing of technologies will necessarily change to match the technologies of the particular product at issue, an example of approved language is as follows: “TRIDUR™ - ABSORBS AND DISPERSES IMPACT ENERGY: An elastomeric sealed fabric that is 5X stronger than steel made of Kevlar® fiber. Patented, military grade, battle tested TriDur™ has virtually unmatched abilities to absorb and disperse high impact energy. It resists UV rays, moisture, chemicals and oils.” An example of an acceptable use and format for this particular example language is attached hereto as Appendix A.
- iii. The following disclaimer shall appear in close proximity and in the same size font as each use of the KEVLAR® Mark under B(i) or B(ii): *“Kevlar® is a registered trademark of E.I. du Pont de Nemours and Company or its affiliates (“DuPont”). Use of the Kevlar® mark herein is for source identification only and does not*

indicate or imply any license, affiliation, endorsement, or sponsorship of Unequal's products by DuPont."

- iv. Provided that the underlying product packaging or website material complies with B(i) – B(iii), INC may use a reproduction of the relevant portions of that packaging or material on other INC marketing materials, e.g., a photo of product packaging on a poster, or a copy of some or all of the webpage in a brochure.

C. The Clerk of Court is hereby **DIRECTED** to **ENTER FINAL JUDGMENT** in favor of DuPont and against INC in the amount of \$40,000 (forty thousand dollars) inclusive of all damages and attorneys' fees. INC is ordered to pay this amount to DuPont in two equal payments, the first of which is to be paid on or before September 30, 2015, and the second of which is to be paid on or before December 31, 2015. Payments shall be made in the form of checks or money orders payable to Kilpatrick Townsend & Stockton LLP.

D. INC will have 60 days from entry of this Order to ensure its product packaging, website, and other written materials are in compliance with the terms of this Order. As of August 2015, the volume of insole product inventory that may not be in compliance with the terms of this Order is approximately 5,000 units. INC will have 180 days from entry of this Order to sell off any existing stock of products with prior packaging that may not be in compliance with the terms of this Order and to expend any other prior written materials that may not be in compliance with the terms of this Order. After the 180-day period has expired, any such remaining inventory or materials must be modified to remove or cover up each mention of the KEVLAR® trademark.

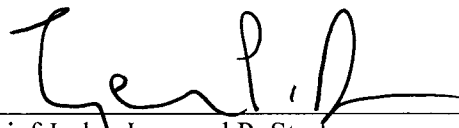
E. DuPont and INC acknowledge that they have knowingly and voluntarily entered into this Final Judgment and Permanent Injunction on Consent after reviewing same with their

counsel. DuPont and INC understand the undertakings, obligations and terms of this Order. No appeals shall be taken, and the parties hereby waive all right to appeal this Order.

F. This Court shall have continuing jurisdiction to enforce the provisions of the judgment and permanent injunction entered herein.

G. The terms of this Order are binding on the parties in any future action and the parties are foreclosed, in any future action, from litigating any of such terms and stipulations.

It is **SO ORDERED THIS** 24th day of August, 2015



Chief Judge Leonard P. Stark
United States District Court

STIPULATED AND CONSENTED TO BY:

POTTER ANDERSON & CORROON LLP

BUCHANAN INGERSOLL & ROONEY

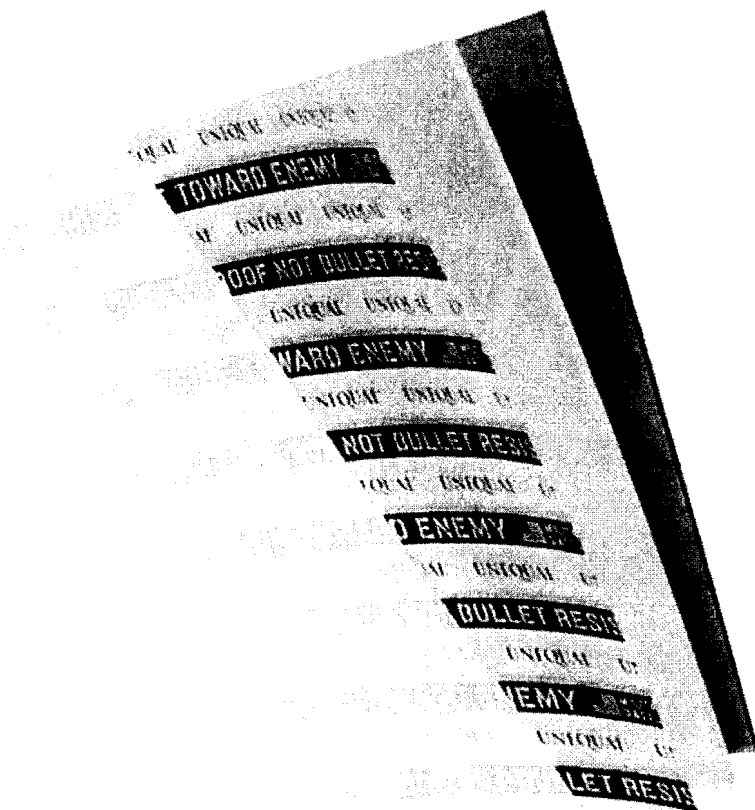
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E. I. du Pont de Nemours and Company*

APPENDIX A



UNEQUAL® IS A PATENTED MILITARY-GRADE COMPOSITE MADE OF THESE INGREDIENTS:

IMPACSHIELD® - BLOCKS AND REDIRECTS IMPACT ENERGY:

A multilayer semi-rigid polypropylene polymer. The ImpacShield® both blocks and redirects energy laterally along the surface at a 90 degree angle to its original direction of propagation, a technique known as mechanical radiation damping.

TRIDUR™ - ABSORBS AND DISPERSES IMPACT ENERGY:

An elastomeric sealed **Kevlar®** fabric that's 5X stronger than steel made of Kevlar® fiber. Patented, military grade, battle tested TriDur™ has virtually unmatched abilities to absorb and disperse high impact energy. It resists UV rays, moisture, chemicals and oils.

ACCELLERON® - DISSIPATES AND CONVERTS IMPACT ENERGY:

Provides high-energy absorption via a mechanism called 'hysteretic damping' that dissipates a part of the energy and converts a portion into heat (that is undetectable to the body). Accelleron® is a proprietary, closed cell, high density elastomeric foam that virtually maintains its structure and does not 'bottom out'.

AIRILON® - COMPLIANCY AND COMFORT:

Attenuates most of the remaining energy. It's a proprietary closed cell, low density, soft elastomeric foam. Airilon® is adjacent to the body so it is form fitting, contouring and feels comfortable.

Kevlar® is a registered trademark of El du Pont de Nemours and Company or its affiliates ("DuPont"). Use of the Kevlar® mark herein is for source identification only and does not indicate or imply any license, affiliation, endorsement, or sponsorship of Unequal's products by DuPont.

* Unequal will promptly revise the language appearing on its website to reflect the modifications shown above.