

No. 23-7540

United States Court of Appeals for the Second Circuit

THE WONDERFUL COMPANY LLC, A DELAWARE LIMITED LIABILITY
COMPANY, CAL PURE PRODUCE INC., A CALIFORNIA NONPROFIT
COOPERATIVE ASSOCIATION,

Plaintiffs-Appellants,

v.

NUT CRAVINGS INC., A NEW YORK CORPORATION,

Defendant-Appellee,

DOES 1 THROUGH 10,

Defendant.

Appeal from the United States District Court for the Southern District
of New York (No. 1:21-cv-3960) (Mary Kay Vyskocil, J.)

OPENING BRIEF

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1, Plaintiffs-Appellants certify as follows:

Plaintiff-Appellant The Wonderful Company LLC is a Delaware Limited Liability Company that is owned by The Stewart and Lynda Resnick Revocable Trust (1988).

Plaintiff-Appellant Cal Pure Produce Inc. is a private nongovernmental entity with no corporate parent and no publicly held corporation that owns 10% or more of its stock.

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INTRODUCTION

This is a trade dress infringement case. Plaintiffs The Wonderful Company LLC and Cal Pure Produce Inc. allege that Defendant Nut Cravings Inc. intentionally designed its packaging (below-right) to create the same impression as the “WONDERFUL® Packaging” (below-left), so Defendant could unlawfully benefit from the reputation and goodwill Plaintiffs built over a decade with over \$500 million in advertising.



Appendix (“A”) 11¶13; A16¶26; A78-79. The District Court held that it is not even *plausible* that a consumer of this low-cost, fast-moving snack product would glance at these packages and likely believe all three are associated with the WONDERFUL® brand. A91-92. That was wrong.

While Plaintiffs are required to allege “likelihood of confusion” vis-à-vis the consuming public, it “is a fact-intensive analysis that ordinarily

does not lend itself to a motion to dismiss.” *Van Praagh v. Gratton*, 993 F. Supp. 2d 293, 303 (E.D.N.Y. 2014) (quotation marks omitted). Plaintiffs’ allegations are surely sufficient, given the overall similar impression of the packages and low-cost, fast-moving nature of the products. Since this is the only issue as to Plaintiffs’ registered trade dress infringement claim, the Court should reverse and remand for that claim to proceed.

The District Court compounded its error by dismissing Plaintiffs’ unregistered trade dress claim for the further reason that Plaintiffs failed to plead their trade dress is nonfunctional. A95. That was doubly wrong.

First, Plaintiffs explained that because the same trade dress is registered with the United States Patent and Trademark Office (“USPTO”), it is presumed to be nonfunctional. *See Nike, Inc. v. Reloaded Merch LLC*, 2023 WL 8879274, at *9 (S.D.N.Y. Dec. 22, 2023) (“registered trade dress holders are not obligated” to plead the trade dress is valid and protectable “in order to assert an infringement claim”) (collecting cases). “Registration of the mark creates a presumption that the mark is not functional.” *Victorinox AG v. B&F Sys., Inc.*, 709 F. App’x 44, 48 (2d Cir.), *as amended* (Oct. 4, 2017).

The Certificate of Registration describes the registered trade dress as including the same combination of colors, transparent cutouts, sans serif font/all capital lettering of “PISTACHIOS,” and the WONDERFUL® mark, *compare* A30, that Plaintiffs describe as their unregistered trade dress, *with* A10¶12. By holding that Plaintiffs failed to plausibly allege the non-functionality of those *same elements* for their unregistered trade dress infringement claim, A95-96 & n.2, the District Court came to the opposite conclusion of the examining attorney who certified Plaintiffs’ trade dress nearly a decade ago. *But see Lane Cap. Mgmt., Inc. v. Lane Cap. Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999) (“A certificate of registration with the PTO is prima facie evidence that the mark is registered and valid (*i.e.*, protectible).”).

Second, the complaint alleges that the “color combinations, fonts, capitalization options[,] and designs for their packaging” are non-functional, given the “myriad” choices a company can make as to those elements of their packages. A20¶43; *see* A18¶33; A65-75 (scores of examples of non-infringing packaging of competitors). “If the overall dress is arbitrary, fanciful, or suggestive, it is inherently distinctive despite its incorporation of generic or descriptive elements” like “lettering

styles, geometric shapes, or colors.” *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 584 (2d Cir. 1993). Such trade dress is also “nonfunctional ‘when viewed in its entirety,’” “despite [the] functionality of individual elements.” *Ibid.* (citation omitted).

Plaintiffs also allege that Defendant has *changed* its packaging over time to “look even more confusingly similar” to Plaintiffs’, A18¶34—a good indication that the design elements are not necessary. An older iteration included other color elements and did not use the word “PISTACHIOS,” let alone in the same font/capitalization as Plaintiffs’.



A77-79. The District Court failed to accept the factual allegations and draw all reasonable inferences in Plaintiffs’ favor.

This Court should reverse and remand for Plaintiffs’ claims to proceed.

JURISDICTION

The District Court had jurisdiction under 28 U.S.C. § 1331 (federal question) and 28 U.S.C. § 1338(a) (jurisdiction over “any civil action arising under any Act of Congress relating to ... trademarks”). Final judgment was entered on September 26, 2023, A98, and Plaintiffs timely noticed this appeal on October 24, 2023, A99. This Court has jurisdiction under 28 U.S.C. § 1291.

STATEMENT OF THE ISSUES

1. Whether the District Court erred in ruling that Plaintiffs failed to plausibly allege a likelihood of confusion.
2. Whether the District Court erred in ruling that Plaintiffs failed to sufficiently allege that the trade dress recognized in Plaintiffs’ Certificate of Registration with the USPTO is nonfunctional.

STATEMENT OF THE CASE

I. LEGAL BACKGROUND

The Lanham Act, also known as the Trademark Act, is a federal statute enacted by Congress in 1946 to provide for the registration and protection of trademarks used in commerce. 18 U.S.C. § 2320(f)(3). The protection afforded to trademarks by Section 32(1) (registered trademarks) and Section 43(a) (unregistered trademarks) extends to

trade dress. *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 114-15 (2d Cir. 2006) (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000)); see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992) (Section “43(a) provides no basis for distinguishing between trademark and trade dress.”).

“The ‘trade dress’ of a product is essentially its total image and overall appearance.” *Two Pesos*, 505 U.S. at 765 n.1 (citation omitted). Thus, the concept of trade dress is “expansive,” encompassing all the elements on packaging that help identify the product to the consumer. *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 31 (2d Cir. 1995). It includes a package’s “total image” as “defined by its overall composition and design, including size, shape, color, texture, and graphics.” *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991); see *Two Pesos*, 505 U.S. at 765 n.1 (same).

A plaintiff alleging trade dress infringement under either Section 32(1) or 43(a) “must demonstrate that (1) it has a valid mark that is entitled to protection and that (2) the defendant’s actions are likely to cause confusion with that mark.” *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74, 84 (2d Cir. 2020) (cleaned up).

Put differently, to plead that a valid and protectable trade dress was infringed, the plaintiff must plausibly allege a “likelihood of confusion” between the plaintiff’s trade dress and defendant’s. *Two Pesos*, 505 U.S. at 769. “Likelihood of confusion is a fact-intensive analysis that ordinarily does not lend itself to a motion to dismiss.” *Van Praagh v. Gratton*, 993 F. Supp. 2d 293, 303 (E.D.N.Y. 2014) (collecting cases) (alteration omitted); see *Hana Fin., Inc. v. Hana Bank*, 574 U.S. 418, 422 (2015) (“Application of a test that relies upon an ordinary consumer’s understanding of the impression that a mark conveys falls comfortably within the ken of a jury,” which “is generally the decisionmaker that ought to provide the fact-intensive answer.”). Cf. *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314, 326 n.4 (2d Cir. 2020) (noting tension between Supreme Court’s decision in *Hana* and older Second Circuit cases “that consider likelihood of confusion to be a question of law”).

Courts in this circuit weigh the “*Polaroid* factors” to make this determination: (1) the strength of the plaintiff’s trade dress; (2) the degree of similarity between the plaintiff’s and defendant’s dresses; (3) the competitive proximity of the products sold under the dresses; (4) the likelihood that the plaintiff will enter the defendant’s market;

(5) evidence of actual confusion; (6) the defendant's bad faith; (7) the quality of the defendant's product; and (8) the sophistication of the relevant consumer group. *See Paddington Corp. v. Attiki Imps. & Distributions, Inc.*, 996 F.2d 577, 584 (2d Cir. 1993) (citing *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961)).

Weighing these considerations “is not a mechanical process where the party with the greatest number of factors weighing in its favor wins. Rather, a court should focus on the ultimate question of whether consumers are likely to be confused.” *Paddington Corp.*, 996 F.2d at 584 (cleaned up).

A. *Registered Trade Dress Infringement*

Under Section 32(1) of the Lanham Act, the holder of a registered trade dress may sue “[a]ny person who ... , without the consent of the registrant ... use[s] in commerce any ... colorable imitation of [the] registered” trade dress that “is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1)(a). The holder of a registered trade dress need not allege that the mark is valid and entitled to protection under “prong one” of a trade dress infringement claim. By having already gone through a USPTO examination as to validity, a

plaintiff has met her burden at the pleading stage by alleging that the trade dress is registered. The only question is whether the plaintiff has alleged a likelihood of consumer confusion under “prong two.”

The “text of the Lanham Act” and “Supreme Court and Second Circuit precedent[] all ... confirm that registered trade dress claims do not require plaintiffs to satisfy the same pleading requirements as unregistered trade dress claims.” *Nike, Inc. v. Reloaded Merch LLC*, 2023 WL 8879274, at *5 (S.D.N.Y. Dec. 22, 2023). The Lanham Act provides that “[a]ny registration ... of a mark ... shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark.” 15 U.S.C. § 1115(a). “A certificate of registration of a mark ... shall be prima facie evidence of the validity of the registered mark.” 15 U.S.C. § 1057(b). Indeed, when “such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce,” it “shall be incontestable” except for narrow circumstances irrelevant here. *See* 15 U.S.C. § 1065. “Registration of a mark” thus “entitles the owner to a presumption that its mark is valid, and ordinarily renders the registered mark incontestable after five years of continuous use.” *Wal-Mart Stores*, 529

U.S. at 209 (citations omitted); see *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174, 178 n.2 (2d Cir. 2021) (“Registration on the principal register confers on the mark’s holder certain benefits in litigation, including a rebuttable presumption that the mark is valid.”).

“The reason courts consider registered trade dress presumptively valid is that the USPTO requires applicants to make the same showing that prong one requires.” *Nike*, 2023 WL 8879274, at *5. “Before a trade dress can be registered, the USPTO requires applicants to (1) list and define the elements of the trade dress, (2) establish the trade dress’ distinctiveness, and (3) demonstrate that the trade dress is not functional.” *Ibid.* (citing Trademark Manual of Examining Procedure (“TMEP”) § 1202.02 (July 2022 ed.), <http://tinyurl.com/249aywtt>).

Applicants for registration must provide the USPTO examining attorney “[d]rawings of three-dimensional ... product packaging trade dress marks,” which “may not contain elements that are not part of the mark (i.e., matter that is functional or incapable of trademark significance.” TMEP § 1202.02(c)(i) (citing 37 C.F.R. § 2.52(b)(4)). Once the applicant has adequately defined its trade dress, she must “establish[] that the mark has acquired distinctiveness” by making “a

showing of secondary meaning.” TMEP § 1202.02(b)(i). Finally, the applicant must show that the proposed trade dress is not functional. TMEP § 1202.02(a). The examining attorney must satisfy herself that the applicant seeking to register a proposed trade dress with the USPTO has met each of these three conditions before a certificate of registration will issue. *See* TMEP § 1202.02.

It is no accident that the pleading requirements for unregistered trade dress claims mirror the USPTO’s registration requirements. To ensure uniformity between registered trade dress and unregistered trade dress claims, the Supreme Court (and the lower courts) fashioned the pleading requirements for unregistered trade dress claims after the USPTO’s registration requirements. *See Two Pesos*, 505 U.S. at 768 (“[I]t is common ground that ... the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”); *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 114 (2d Cir. 2001) (same). This is why trade dress registered by the USPTO is treated as valid and protectable (adequately described, distinctive, and non-functional) at the pleading stage. *See Nike*, 2023 WL 8879274, at *5.

B. Unregistered Trade Dress Infringement

Under Section 43(a) of the Act, a plaintiff may sue “[a]ny person who, on or in connection with ... any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof,” “which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1)(A). Together with likelihood of confusion, a plaintiff claiming unregistered trade dress infringement must sufficiently plead that her trade dress is valid and protectable (“prong one” of a trade dress infringement claim).

As just described, the plaintiff’s pleading burden is the same as an applicant for registration. The plaintiff must first “offer ‘a precise expression of the character and scope of the claimed trade dress.’” *Sherwood 48 Assocs. v. Sony Corp. of Am.*, 76 F. App’x 389, 391 (2d Cir. 2003) (quoting *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 381 (2d Cir. 1997)). Second, she must allege “that the mark is distinctive as to the source of the good.” *Yurman Design*, 262 F.3d at 115.

The plaintiff establishes “distinctiveness” in its “product packaging” by showing “that ‘in the minds of the public, the primary significance’” of the trade dress “is to identify the source of the product rather than the product itself.” *Ibid.* (quoting *Wal-Mart Stores*, 529 U.S. at 211). Third, the plaintiff must “show that the allegedly infringing feature is not ‘functional.’” *Wal-Mart Stores*, 529 U.S. at 210 (citing 15 U.S.C. § 1125(a)(3)).

II. PLAINTIFFS’ ALLEGATIONS

Plaintiff The Wonderful Company LLC (“TWC”) is the owner of the WONDERFUL® trademark, as well as the distinctive trade dress for its product packaging for pistachio nuts that is the subject of this litigation. A8¶1. Plaintiff Cal Pure Products Inc. markets and sells pistachio nuts bearing the WONDERFUL® mark and distinctive trade dress as TWC’s licensee. A8¶2. Defendant Nut Cravings Inc. is a competitor who began selling its competing snack nuts and fruits of various kinds in strikingly similar packages long after the WONDERFUL® Packaging was already established in the marketplace. A8-9¶¶3-5; A21¶¶45, 47.

TWC is the world’s largest vertically integrated pistachio and almond grower and processor, cultivating and harvesting more than

65,000 acres of pistachio and almond orchards and delivering more than 450 million pounds of nuts globally each year. A10¶10. The WONDERFUL® brand pistachio nuts are premium quality and are brought to consumers using the highest quality standards in the industry. A10¶11.

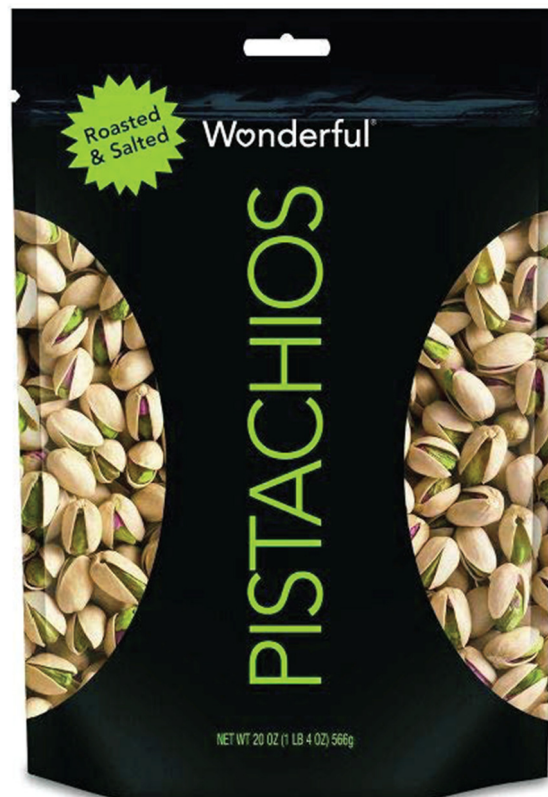
Plaintiffs and their authorized distributors have continuously and exclusively used the WONDERFUL® Packaging to distinguish themselves as the source of WONDERFUL® brand pistachio nuts for the past thirteen years. A17¶31. Pistachios in the WONDERFUL® Packaging are sold nationwide, in all fifty States, as well as in other countries around the world. *Ibid.* The product is available for sale online with retailers such as Amazon, as well as brick and mortar stores like Walmart, Target, Costco, and many other major retailers, including their respective online stores. *Ibid.*

A. *Plaintiffs' Trade Dress*

The WONDERFUL® brand pistachio nuts have been on the market since 2009 with retailers like Whole Foods, Amazon, Walmart, and Target—to name just a few. A10¶12. And the WONDERFUL® brand

pistachio nuts are intentionally sold in a highly distinctive and recognizable package.

As shown in the image below, the trade dress in Plaintiffs' packaging includes the following distinctive elements, which the District Court found to be "adequately articulated, with sufficient specificity": "(1) 'a predominantly black package'; (2) 'a bright green accent color'; (3) 'use of sans serif font for the word "PISTACHIOS"'; (4) 'use of capital letters for the word "PISTACHIOS"'; (5) 'semi-circular curved "window" cut outs showing pistachios'; and (6) 'the WONDERFUL mark.'" See A85-87 (quoting A10-11¶12); A28:



The WONDERFUL® Packaging has also been a registered trade dress since June 2014. A11¶14; A30. Just like the unregistered trade dress, the registered mark describes the color scheme “white, black and green” as “a feature of the mark” on a “black three-dimensional product packaging having a rectangular shape with transparent semi-circular curved sides”; the word “PISTACHIOS’ ... as shown” in all capital letters in a sans serif font; and “the word ‘Wonderful’ in white with a design of a ‘heart’ in place of the letter ‘o’ appearing across the top of the packaging,”—the WONDERFUL® mark. A30.

B. Plaintiffs’ Advertising Efforts

The purpose and core of every piece of Plaintiffs’ advertising of their pistachios is to create a source identification link in a consumer’s mind between the WONDERFUL® brand pistachio nuts and, specifically, the WONDERFUL® Packaging. A12¶17. Thus, since September 2009, Plaintiffs have spent “more than half a billion dollars ... on various forms of advertisements highlighting The WONDERFUL® Packaging.” A12¶18; A16¶26.

For example, Plaintiffs have expended significant sums in highly-publicized, nationwide television commercials featuring the

WONDERFUL® Packaging and trade dress on major nationwide networks such as NBC, CBS, ABC, FOX, A&E, Biography, Comedy Central, Discovery, Discovery Science, E!, Food Network, FX, HGTV, IFC, National Geographic, SYFY, TBS, TLC, TNT, and ESPN. A12¶18.

Over the years, these commercials have been shown in prime-time slots during highly popular television shows, and even during several Super Bowls. A12¶18. Dozens of these television commercials featured mega celebrities like rapper Snoop Dogg, boxer Manny Pacquiao, talk show host Stephen Colbert, the Kardashians, comedian Lewis Black, former Chicago Bulls basketball star Dennis Rodman, and even characters such as Kermit the Frog, Homer Simpson, Miss Piggy, and the Grinch. A12¶19. In all these commercials for the WONDERFUL® brand roasted and salted in-shell pistachio nuts, the WONDERFUL® Packaging is prominently featured with its distinctive trade dress elements so that consumers become familiar with and associate the trade dress with the WONDERFUL® brand. A12-13¶20; *see* A40-51 (example screenshots from some of these advertisements).

It isn't just the packaging and its attendant trade dress that is featured in Plaintiffs' advertising. Each of TWC's commercials also

focuses on and highlights the black/green theme of the WONDERFUL® Packaging. For example, TWC used Kermit the Frog (a bright green character) with Miss Piggy dressed in black on a green couch and the artist Psy wearing a bright green jacket and black trousers to heighten consumer awareness and recognition of the combined choice of color elements on the WONDERFUL® Packaging. A13¶21:



Stephen Colbert, who starred in numerous commercials advertising WONDERFUL® brand pistachio nuts, was similarly clad in black and bright green attire for this purpose. A13-15¶22:



Plaintiffs' massive advertising expenditures were intended to emphasize the trade dress elements of the WONDERFUL® Packaging, including in particular TWC's choice of color scheme and hue, so that consumers would become familiar with and associate this trade dress with the WONDERFUL® brand. A15¶23.

Along with extensive commercial advertising on television, Plaintiffs have expended significant sums with their in-store advertising on display bins to solidify the connection of the trade dress to the WONDERFUL® brand pistachio nuts. A16¶24. The display bins provide dedicated store space to catch the attention of shoppers. *Ibid.* And the bins showcase the WONDERFUL® Packaging on them in a manner easily visible and recognizable to consumers. *Ibid.*

Just like the television commercials, the display bins are predominantly black and green with the word pistachio written in all capital letters in a sans serif font. A16¶24; see A53:



In the past five years alone, half a million of these display bins have been shipped to stores nationwide. A16¶24.

TWC has also advertised its WONDERFUL® brand pistachio nuts in many other ways, including online via ad banners, social media, print media (like coupons), billboards, in-store point-of-sale promotions, and via product placements. A16¶25. In virtually every one, the trade dress elements of the WONDERFUL® Packaging are incorporated into the advertising. *See, e.g.*, A55-63 (photo examples).

Given Plaintiffs' extensive advertising efforts, numerous unsolicited articles have been written about WONDERFUL® brand pistachios and the WONDERFUL® Packaging, appearing in periodicals such as USA Today, Women's Health, E! News, New York Magazine, and Prevention Magazine. A16-17¶28.

C. Consumer Reaction

Plaintiffs have been careful, skillful, and diligent in conducting their pistachio business and maintaining uniform standards of high quality for their WONDERFUL® brand pistachio nuts. A18¶32. The WONDERFUL® Packaging is a strong trade dress, given its length and exclusive use, the amount of advertising, and the volume of sales. A20-21¶44. TWC has done several consumer studies to determine the level of awareness consumers have of the WONDERFUL® Packaging, and the

results show that an impressive 85% of snack nut purchasers recognize the WONDERFUL® Packaging. *Ibid.*

As a result of these efforts, the WONDERFUL® Packaging has acquired a public acceptance and reputation, thereby creating a valuable public goodwill that inures to Plaintiffs' benefit. A18¶32. The WONDERFUL® brand pistachio nuts sold in the WONDERFUL® Packaging are the best-selling snack nut in the United States by revenue—Plaintiffs have sold more than one billion packages of pistachios with the WONDERFUL® Packaging in the last thirteen years, amounting to over \$4.2 billion in retail sales. A16¶27.

Nuts and snacks are considered a “fast moving” consumer good, and because of their wide distribution and low cost, consumers are likely to buy them quickly, on impulse. A17¶30. This is why TWC has spent such a considerable sum of money linking the high quality WONDERFUL® brand pistachio nuts to the recognizable and distinctive WONDERFUL® Packaging. *Ibid.* Given Plaintiffs' success in developing and benefiting from this brand association, they have had to diligently protect the consumer goodwill they have built for over a decade.

Over the years, for example, several infringers (aside from Defendant) have attempted to copy the WONDERFUL® Packaging for their own nut products. A17¶29. To name just a few, in *Paramount Farms International LLC v. Keenan Farms Inc.*, No. 2:12-cv-01463-FMO-E (C.D. Cal. Feb. 21, 2012), the defendant copied trade dress aspects of the in-store display bins. *Ibid.* In *The Wonderful Company LLC v. Beyond Better Foods, LLC*, No. 2:18-cv-03993-SJO-GJS (C.D. Cal. May 14, 2018); *Paramount Farms International LLC v. Walgreen Co*, No. 2:11-cv-05501-PA-SS (C.D. Cal. July 1, 2011); and *The Wonderful Company v. Overweitea Food Group Ltd.*, No. S-168404 (Can. B.C. S. Ct. Sept. 12, 2016), defendants copied the trade dress in the WONDERFUL® Packaging, just like the Defendant here. *Ibid.* In all these instances, each of the defendants eventually agreed to change their infringing bin/packaging after Plaintiffs sued to protect their trade dress from infringement, and the parties stipulated to dismissal. *Ibid.*

D. Defendant's Infringing Packaging

Like the defendants in the cases noted in the previous paragraph, Nut Cravings Inc. also designed its packing to benefit from Plaintiffs' substantial efforts to create brand identity and goodwill. Defendant has

even modified its packaging over time—each iteration incorporating more of Plaintiffs’ trade dress in the WONDERFUL® Packaging into Defendant’s. A18¶34; A77-79:



Defendant added the word “PISTACHIOS” to the newer packaging written in all capital letters and in a sans serif font resembling Plaintiffs’. See A18¶34. So too, Defendant largely removed the blue color elements from their newer packages. These revisions were intended to make Defendant’s packaging look closer to Plaintiffs’ trade dress by copying additional elements of the trade dress from the WONDERFUL® Packaging into the newer packaging that Defendant uses. *Ibid.*

To be sure, Defendant has been infringing Plaintiffs’ trade dress since the first iteration above—its modifications since simply show that its infringement has always been willful. Thus, Defendant has used at

least three different packaging designs for the Nut Cravings brand of snacks, all of which infringe on the WONDERFUL® Packaging. A21¶45. The parties competing packages both use a predominantly black packaging; a remarkably similar shade of green as the accent color; “windows” to depict the content of the packaging; and Defendant’s newer designs use all capital letters for the writing calling out the content of the packaging in a font that is very similar to the sans serif font (also in all capitals) on the WONDERFUL® Packaging. *Ibid.*

The WONDERFUL® Packaging creates a unique overall impression that does not exist on any other snack product package, other than Defendant’s. A18¶35. Of the millions of color combinations available, Defendant settled on a predominantly black package with a green accent color and eliminated the distinguishing colors that previously existed. A18-19¶36. The color green alone has hundreds of different hues and shades, yet Defendant purposefully chose one that calls to the viewer’s mind the same bright green color used on the WONDERFUL® Packaging. *Ibid.* So too, Defendant had dozens (if not hundreds) of fonts to choose from, yet it selected a font that is nearly identical to the font used on the WONDERFUL® Packaging. *See* A19¶37.

And Defendant decided—just like Plaintiffs—to use all capital letters in that font. A19¶38.

In contrast, there are many packaging designs in the marketplace for nuts and snacks. A18¶33. Defendant, like Plaintiffs’ competitors, had an infinite combination of colors, fonts, and designs to choose from with which to create a packaging that “stands out” and uniquely identifies the source of the product. *Ibid.* Here are just a few examples:



A67-68; A72. On top of these, Plaintiffs have identified 40 other examples of the packaging competitors use to sell snack nuts. *See* A65-75. None comes anywhere near close to incorporating the trade dress elements of the WONDERFUL® Packaging such that they give a similar overall impression, as Defendant’s packaging does.

For consumers buying a low-cost, fast-moving product like snack nuts, Defendant’s use of the same color scheme, hues, font, and all

capitals “PISTACHIOS” as the WONDERFUL® Packaging is likely to cause confusion among consumers quickly scrolling through online stores to select their snack nuts—just as Defendant intended. A19¶¶39-40. Given the strong association of the trade dress with the WONDERFUL® brand and fast-moving, low-cost nature of the product, consumers are likely to believe that Defendant’s use for *all* their snack nuts and fruits are associated with the WONDERFUL® brand or in some way sponsored by or affiliated with Plaintiffs when they are not. *See* A19¶40.

The parties sell their products in overlapping trade channels, A21¶46, but because Defendant’s snack nuts are not currently sold in brick-and-mortar grocery stores alongside Plaintiffs’, consumers are largely prevented from being able to see and compare the packages side-by-side in a grocery aisle—compounding the likelihood that consumers will assume they are buying WONDERFUL® brand products when they quickly opt to buy Defendant’s snack nuts and fruits online, A19-20¶41. Instead, consumers who have seen commercials or advertisements containing the WONDERFUL® Packaging or who have purchased the product in the past might recall the trade dress elements that make Plaintiffs’ packaging distinctive, and associate Defendant’s snack nuts

and fruits with the WONDERFUL® brand. *Ibid.* With the black/bright green elements being the most striking and memorable—the central theme of Plaintiffs’ extensive marketing efforts—consumers are likely to be confused into thinking Defendant’s product is sponsored or affiliated with Plaintiffs or that Defendant’s packaging is a variation of the WONDERFUL® Packaging for certain online retailers like Amazon. *Ibid.*

Defendant’s packaging was created long after Plaintiffs’ packaging was in the marketplace. A21¶47. As a competitor, Defendant had both actual and constructive knowledge of the WONDERFUL® Packaging, as well as the opportunity and time to copy it. *Ibid.* Given the millions of colors, fonts, and design combinations available to Defendant, it is hard to imagine how Defendant could have come up with the packaging design for Nut Cravings’ snacks without having the WONDERFUL® Packaging in mind and intentionally copying it to achieve a similar look. *Ibid.* Defendant’s willful copying to profit off the goodwill that Plaintiffs have built for over a decade is further demonstrated by Plaintiffs’ allegations that Defendant modified its packaging over the years to look more like the WONDERFUL® Packaging. A18¶34; A77-79.

III. PROCEDURAL HISTORY

Plaintiffs initiated this action in May 2021. *See* A2. The operative Second Amended Complaint asserts two causes of action: (1) registered trade dress infringement under Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(a); and (2) unregistered trade dress infringement and false designation of origin under Section 43(a) of the Act, 15 U.S.C. § 1125(a). A22-23¶¶48-63.

On December 5, 2022, Defendant moved to dismiss under Federal Rule of Civil Procedure 12(b)(6), arguing that Plaintiffs failed to sufficiently allege *any* element of their trade dress infringement claims. Docs. 34, 35. Briefing was completed by December 27, 2022. *See* Doc. 36 (Plaintiffs' opposition filed December 19, 2022); Doc. 37 (Defendant's reply filed December 27, 2022). Nearly one year later, the District Court granted the motion to dismiss without holding oral argument. *See* A80.

1. The District Court (Mary Kay Vyskocil, J.) dismissed Plaintiffs' registered trade dress infringement claim because it believed that Plaintiffs failed to plausibly allege that the overall impression of Defendant's package might confuse consumers into associating Defendant's snack products with the WONDERFUL® brand. A90; A96.

“Most significantly,” the court held, “Plaintiffs have not alleged that the WONDERFUL packaging and Defendant’s packaging are so substantially similar in appearance that they convey the same overall impression to consumers.” A94. “[A]fter a review of the” first two images reproduced on the first page of this brief, the court deemed *implausible* Plaintiffs’ allegation that “the WONDERFUL Packaging and Defendant’s packaging” have “the same general overall impression.” See A91 (quoting *Knowles-Carter v. Feyonce, Inc.*, 347 F. Supp. 3d 217, 225 (S.D.N.Y. 2018) (denying summary judgment and sending this issue to the jury)).

The court properly recognized that “the question is not how many points of similarity exist between the two packages.” A91 (quoting *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1046 (2d Cir. 1992)). Yet rather than determine whether it is plausible that an ordinary consumer might believe the products have the same overall impression, the court mistakenly analyzed the points of similarity and difference exactly as it had just acknowledged is improper—reasoning that “[a]lthough there are some points of likeness, the differences outweigh the similarities.” A91-92 (quotation marks omitted).

“For example,” the District Court reasoned, “Defendant’s packaging utilizes a large rectangular cutout window displaying pistachios, instead of the WONDERFUL packaging’s two ‘semi-circular curved’ windows that are alleged to be distinctive elements of Plaintiffs’ trade dress.” A92.¹ The court also pointed out that “Defendant’s packaging displays the word ‘PISTACHIOS’ horizontally (not vertically, an element of Plaintiffs’ registered mark).” *Ibid.* And because Defendant’s packaging “prominently” described the contents as “ROASTED SALTED” on just one of its infringing packages, *compare* A82, *with* A77-78, and “does not feature the WONDERFUL mark,” the court concluded that the packages “are wholly different,” *see* A92 (quotation marks omitted). The court had nothing to say about Defendant’s choice of the same combination of colors, hues, sans serif font, and capitalization.

¹ The large rectangular cutout is only used in some of the Nut Cravings packaging that Plaintiffs allege is infringing. The District Court did not address the other infringing packaging in the complaint. *See* A77-78.

The court also rejected Plaintiffs' allegations of bad faith. The court noted that Defendant's "packaging was created after" Plaintiffs'. A93. The court even highlighted Plaintiffs' allegations that "Defendant modified its packaging over time so that it more closely resembled Plaintiffs' WONDERFUL packaging." *Ibid.* Yet it considered Plaintiffs' allegation that Defendant intentionally designed and then modified its package to capitalize on Plaintiffs' reputation and goodwill as merely "[conclusory]." *Ibid.*

As to the remaining factors, the court held that some weighed in Plaintiffs' favor and some in Defendant's. The court agreed that Plaintiffs' "trade dress is strong." A90-91. And the court accepted Plaintiffs' allegations "that nuts and snacks are low cost, 'fast moving' goods purchased on impulse," markers that "correlate with a lack of consumer sophistication." A93-94.

However, even though the parties sell their competing products from their websites and on Amazon.com, the court determined that the competitive proximity factor still "tilts slightly in Defendant's favor" because "much of the SAC focuses on Plaintiffs' *brick-and-mortar* retailers." A92. And since Plaintiffs alleged only a likelihood of confusion

rather than evidence of actual confusion, the court concluded that the “actual confusion ... factor favor[s] Defendant” as well. A93. So too, the court held that because Plaintiffs offered no “allegations regarding the quality of Defendant’s product” in addition to Plaintiffs’ own, this factor weighed in Defendant’s favor. *Ibid.*

2. The court also dismissed Plaintiffs’ claim of unregistered trade dress infringement because, according to the court, Plaintiffs failed to sufficiently allege that their trade dress is not functional. A95.

The District Court did not doubt that Plaintiffs “adequately allege” that “the primary significance of the trade dress in the minds of the consuming public is not the product but the producer, such that the trade dress tends to be associated not just with the goods or services but with a single source.” A88 (quoting *Schutte Bagclosures Inc. v. Kwik Lok Corp.*, 48 F. Supp. 3d 675, 697 (S.D.N.Y. 2014)) (cleaned up). But the court held that Plaintiffs did not plausibly allege that the trade dress—again, the design choices of black, green, and white packaging with clear cutouts; the hue/shade of the colors in that specific combination; the nearly identical sans serif font; and the capitalization—was “nonfunctional.” The court believed Plaintiffs only alleged “threadbare

recitations of the applicable legal standard insufficient to plead nonfunctionality.” A95.

The court recognized that the USPTO had taken the opposite view, having reviewed the same trade dress and determined that it satisfied the non-functionality element and all other requirements for registration nearly a decade ago.² And it acknowledged that Plaintiffs included detailed factual allegations beyond the mere assertion of non-functionality. For example, the court recognized that “the SAC alleges that there are numerous design options available for packaging nuts.” A95. But in a footnote, the court simply observed that the statutory presumption of validity (and thus non-functionality) does not apply to unregistered trade dress claims. A95-96 n.2.

² The District Court did not dispute Plaintiffs’ allegation that the registered trade dress approved by the USPTO was materially identical to the description of their unregistered trade dress in the WONDERFUL® Packaging. A91-92 (treating both claims as the same in analyzing likelihood of confusion, noting that “Defendant’s packaging displays the word ‘PISTACHIOS’ horizontally (not vertically, an element of Plaintiffs’ registered mark)”); see A11¶¶14-15; A20¶43.

The court stated that “[e]ven if the Court were to consider” the “surrounding allegations,” it would still find them insufficient. A95. It reasoned that “the fact of potential alternative designs does not establish that a claimed trade dress *feature* is nonfunctional.” *Ibid.* (emphasis added). The court did not address whether Plaintiffs’ allegations that Defendant changed these design elements over the years to incorporate more of Plaintiffs trade dress in Defendant’s own packaging plausibly establishes that the elements are nonfunctional.

The court dismissed the case with prejudice. A96-97.

This appeal follows.

SUMMARY OF ARGUMENT

I. The District Court’s dismissal of Plaintiffs’ registered trade dress infringement claim must be reversed because they plausibly allege that consumers are likely to confuse Defendant’s snack products as associated with the WONDERFUL® brand.

“Likelihood of confusion is a fact-intensive analysis that ordinarily does not lend itself to a motion to dismiss.” *Van Praagh v. Gratton*, 993 F. Supp. 2d 293, 303 (E.D.N.Y. 2014) (alteration and quotation marks omitted). Thus, the “[p]laintiff’s hurdle for pleading the likelihood of

confusion is exceedingly low.” *BBAM Aircraft Mgmt., LP v. Babcock & Brown LLC*, 2021 WL 4460258, at *4 (D. Conn. Sept. 29, 2021).

The District Court did not dispute that a registered trade dress holder need not establish that her trade dress is valid and protectable. *See* A96. But the court held that “Plaintiffs have not adequately alleged a likelihood of confusion.” *Ibid.* The court’s analysis of the *Polaroid* factors was riddled with errors. Essentially all weigh in Plaintiffs’ favor, and those that do not should receive little weight at the pleading stage.

The court correctly held that Plaintiffs’ “trade dress is strong.” A91. And the court accepted that because “nuts and snacks are low cost, ‘fast moving’ goods purchased on impulse,” the sophistication of the relevant consumer group favors Plaintiffs as well. A93-94 (quoting A17¶30). But “[m]ost significantly,” the court held, “Plaintiffs have not alleged that the WONDERFUL packaging and Defendant’s packaging are so substantially similar in appearance that they convey the same overall impression to consumers.” A94. That was error.

Just glancing at the parties’ competing packages on the first page of this brief is enough to see that it is plausible that a consumer is likely to confuse Defendant’s snacks as affiliated with the WONDERFUL®

brand given their similar overall impression. The District Court erred by isolating the “points of similarity” and difference, rather than looking to “whether the two trade dresses create the same overall impression.” *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1046 (2d Cir. 1992). This Court has reversed for *clear error* a trial court *finding* of non-similarity after a bench trial, even though the product packaging was not as alike as the parties’ packages here. *See Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 586-91 (2d Cir. 1993). *A fortiori*, the District Court erred in concluding that it is not even *plausible* the parties’ packages give the same overall impression. *See also Concannon v. LEGO Sys., Inc.*, 2023 WL 2526637, at *17 (D. Conn. Mar. 15, 2023) (denying motion to dismiss infringement claim based on similar overall impression of trade dress in products in *different markets*).

So too, the District Court erred in holding that the commercial proximity factor weighs in Defendant’s favor, because the court acknowledged that the parties sell their competing products in the same online marketplace, to the same clientele. That is all that is needed for this factor to weigh in Plaintiffs’ favor, not that the parties’ market reach be coextensive. *See, e.g., Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d

74, 85 n.6 (2d Cir. 2020); *Brennan's, Inc. v. Brennan's Rest., LLC*, 360 F.3d 125, 134-35 (2d Cir. 2004). It does not matter that Plaintiffs *also* sell their product where Defendant does not. *Contra* A92.

The remaining *Polaroid* factors either tilt in Plaintiffs' favor or should get little weight at the pleading stage. Whether there is evidence that consumers are actually confused by the packages; whether Defendant's products meet the same "highest quality standards" as Plaintiffs'; and *especially* whether Defendant subjectively acted in bad faith by imitating Plaintiffs' trade dress are some of the most fact-intensive of the *Polaroid* factors—evidence of which is most likely to be held by Defendant. These considerations should thus be resolved by the factfinder after an opportunity for discovery. *See McGucken v. Newsweek LLC*, 2022 WL 836786, at *11 (S.D.N.Y. Mar. 21, 2022) ("whether Defendant acted in bad faith" in copyright infringement action "is a fact-intensive inquiry that necessarily requires the resolution of disputed facts"); *Country Home Prod., Inc. v. Banjo*, 2015 WL 13505446, at *11 (D. Vt. Oct. 6, 2015) (denying motion to dismiss because defendant failed to establish that the plaintiff could not show actual confusion at the evidentiary stage); *L'Oreal USA, Inc. v. Trend Beauty Corp.*, 2013 WL

4400532, at *17 (S.D.N.Y. Aug. 15, 2013) (whether competing products “differ materially” is “a fact-intensive inquiry that is appropriately reserved for the jury”).

Accepting Plaintiffs’ allegations as true, and drawing all reasonable inferences in their favor, Plaintiffs plausibly plead that consumers are likely to confuse Defendant’s snack products as associated with the WONDERFUL® brand. This claim must be reversed and remanded to proceed past the pleading stage.

II. On top of sufficiently alleging a likelihood of confusion, Plaintiffs also met their burden to plead that their unregistered trade dress is valid and protectable.

Plaintiffs’ unregistered trade dress claim is coextensive with the trade dress that has been registered with and recognized by the USPTO as valid and protectable for nearly a decade. The certificate describes the registered trade dress as (a) the color combination of “white, black and green” as “a feature of the mark” on a “black three-dimensional product packaging having a rectangular shape with transparent semi-circular curved sides”; (b) the “right to use ‘PISTACHIOS’ ... as shown” in all capital letters in a sans serif font, “appearing vertically in the middle of

the packaging”; and (c) the WONDERFUL mark “appearing across the top of the packaging.” A30. The unregistered trade dress is described as (a) “a predominantly black package” with “a bright green accent color” and “semi-circular curved ‘window’ cut outs showing pistachios;” (b) “use of sans serif font” and “use of capital letters for the word ‘PISTACHIOS’;” and (c) “the WONDERFUL mark.” A10¶12.

The District Court did not doubt that “Plaintiffs have adequately articulated, with sufficient specificity, the features and scope of their claimed trade dress in the WONDERFUL packaging.” A87. And the court accepted Plaintiffs’ allegations that the trade dress is distinctive such that it calls to mind the WONDERFUL® brand, rather than the product itself. A88. But the court somehow concluded that Plaintiffs “only allegations regarding nonfunctionality are threadbare recitations of the applicable legal standard.” A95.

Even if true (it is not), that would not require dismissal. Since Plaintiffs’ unregistered trade dress is the same as the trade dress described in their Certificate of Registration, that “is prima facie evidence that the mark is ... valid (*i.e.*, protectable).” *Victorinox AG v. B&F Sys., Inc.*, 709 F. App’x 44, 47 (2d Cir.), *as amended* (Oct. 4, 2017). The court

should have treated the registration as “satisfying prong one of the infringement test (the trade dress’ validity)” and proceeded “to the second prong (likelihood of confusion).” *Nike, Inc. v. Reloaded Merch LLC*, 2023 WL 8879274, at *5 (S.D.N.Y. Dec. 22, 2023).

In all events, the court also bucked contrary authority finding identical non-functionality allegations sufficient at the pleading stage. Thus, even if Plaintiffs had *not* registered the same trade dress with the USPTO, the District Court still erred.

Plaintiffs allege that there are “a myriad of color combinations, fonts, capitalization options[,] and designs for their packaging.” A20¶43. The District Court held that this was not enough. “Even if the Court were to consider” that allegation (which, of course, it is required to do at this stage), it held that “the fact of potential alternative designs does not establish that a claimed trade dress *feature* is nonfunctional.” A95 (emphasis added).

But when “determining whether the trade dress or ‘look’ is functional one should consider it overall and as a whole, not break the trade dress into its individual features.” *See Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 975 (2d Cir. 1987) (quotation marks

omitted). If the *combination* of choices—the trade dress—is distinctive “when viewed in its entirety,” then the trade dress “is nonfunctional” “despite” the “functionality of individual elements” taken in isolation. *See Paddington*, 996 F.2d at 584 (quotation marks omitted). Thus, the allegation “that ‘there exist wide and varied ways to design packaging’” is sufficient to allege non-functionality. *Sugarfina, Inc. v. Bouquet Bar, Inc.*, 2018 WL 6844720, at *3-4 (C.D. Cal. Oct. 9, 2018) (quoting complaint); *see, e.g., Friesland Brands, B.V. v. Vietnam Nat. Milk Co.*, 228 F. Supp. 2d 399, 414 (S.D.N.Y. 2002); *Life Indus. Corp. v. Ocean Bio-Chem, Inc.*, 827 F. Supp. 926, 930 (E.D.N.Y. 1993), *amended in other part on reconsideration*, 832 F. Supp. 54 (E.D.N.Y. 1993).

Plaintiffs also alleged that Defendant has changed its trade dress over time, inching closer and closer to the look of the WONDERFUL® Packaging. A18¶34; *see* A77-79. The District Court did not address this allegation. Accepting it, and drawing the reasonable inferences in Plaintiffs’ favor, they sufficiently allege that the trade dress is nonfunctional. If Defendant didn’t need the elements of Plaintiffs’ trade dress before, it can’t claim as a matter of law they are necessary to compete with Plaintiffs now.

STANDARD OF REVIEW

“Because the court dismissed the Complaint under Federal Rule of Civil Procedure 12(b)(6), [this Court’s] review is *de novo*, accepting all of the complaint’s factual allegations as true and drawing all reasonable inferences in the plaintiffs’ favor.” *Yamashita v. Scholastic Inc.*, 936 F.3d 98, 103 (2d Cir. 2019) (quotation marks omitted).

“In a trademark infringement case,” the Court “review[s] *de novo* a ruling on whether the plaintiff has shown a likelihood of confusion.” *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314, 326 (2d Cir. 2020). “Moreover,” the Court has clarified, “insofar as the determination of whether one of the *Polaroid* factors favors one party or another involves a legal judgment—which it often does—[the Court] must review that determination *de novo*.” *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74, 86 (2d Cir. 2020) (footnote omitted). “Accordingly, in the majority of cases,” like this one, the Court “should review *de novo* both a district court’s determinations as to each *Polaroid* factor and its ultimate balancing of those factors.” *Ibid.*; see also *Car-Freshner*, 980 F.3d at 328 & n.11 (same).

This Court recently rejected its “past cases” that “have purported to afford ‘considerable deference’ to district courts’ findings ‘with respect to predicate facts underlying each *Polaroid* factor,’” or “even to its ‘finding on each factor’ generally.” *Tiffany & Co.*, 971 F.3d at 85 (citations omitted). “These cases should not be read,” the Court made clear, “to suggest that a district court ... has greater discretion than it would have in a non-trademark case to resolve disputed issues of fact or draw inferences against the non-moving party.” *Ibid.* (cleaned up) (so holding in appeal from grant of summary judgment).

ARGUMENT

I. THE DISTRICT COURT’S DISMISSAL OF PLAINTIFFS’ REGISTERED TRADE DRESS INFRINGEMENT CLAIM MUST BE REVERSED BECAUSE PLAINTIFFS SUFFICIENTLY PLEADED LIKELIHOOD OF CONFUSION.

As explained above, courts in this circuit consider the *Polaroid* factors in evaluating whether a plaintiff has plausibly pleaded a likelihood of confusion. Those factors are (1) the strength of the plaintiff’s trade dress; (2) the degree of similarity between the plaintiff’s and defendant’s dresses; (3) the competitive proximity of the products sold under the dresses; (4) the likelihood that the plaintiff will “bridge the gap between the products” by entering the defendant’s market; (5) evidence

of actual confusion; (6) the defendant's bad faith; (7) the quality of the defendant's product; and (8) the sophistication of the relevant consumer group. *Supra* pp.7-8.

As previously noted, "likelihood of confusion is a fact-intensive analysis." *Van Praagh v. Gratton*, 993 F. Supp. 2d 293, 303 (E.D.N.Y. 2014) (collecting cases) (cleaned up). "Given the array of considerations, analysis of which is highly fact intensive, Plaintiff's hurdle for pleading the likelihood of confusion is exceedingly low." *BBAM Aircraft Mgmt., LP v. Babcock & Brown LLC*, 2021 WL 4460258, at *4 (D. Conn. Sept. 29, 2021). "Due to the nature of the standard, a motion to dismiss will be granted for failure to plead likelihood of confusion only if no reasonable factfinder could find a likelihood of confusion on any set of facts that plaintiff could prove." *Scotch & Soda B.V. v. Scotch & Iron LLC*, 2018 WL 2224997, at *3 (S.D.N.Y. May 15, 2018) (cleaned up).

As to the factor the District Court deemed "[m]ost significant[]," Plaintiffs sufficiently alleged that the parties' packages "convey the same overall impression to consumers." *Contra* A94. The Court need only look at the first page of this brief to determine that this question should go to the factfinder, particularly given the limitless number of possible choices

Nut Cravings had in designing its snack packaging, as shown by others in the market. *See* A65-75.

And as the District Court correctly recognized, Plaintiffs’ “trade dress is strong.” A91. The District Court also credited Plaintiffs’ allegations of “pistachio consumers’ lack of sophistication by pleading that nuts and snacks are low cost, ‘fast moving’ goods purchased on impulse.” A93 (quoting A17¶30). And the District Court accepted that the parties’ products “are proximate because they are both sold on Amazon.” A92. The court erred in holding that this factor still favors Defendant since Plaintiffs *also* sell their pistachios in brick-and-mortar stores. *See ibid.*

As to the remaining applicable factors, to the extent they favor Defendant at all, they should be given little weight at the pleading stage. Whether there is evidence that consumers are actually confused by the packages; whether Defendant’s product meets the same “highest quality standards” as Plaintiffs’; and *especially* whether Defendant subjectively acted in bad faith by imitating Plaintiffs’ trade dress are some of the most fact-intensive of the *Polaroid* factors. And the evidence of these considerations is most likely to be held by Defendant. They should thus

be resolved by the factfinder after an opportunity for discovery. *See McGucken v. Newsweek LLC*, 2022 WL 836786, at *11 (S.D.N.Y. Mar. 21, 2022) (“whether Defendant acted in bad faith” in copyright infringement action “is a fact-intensive inquiry that necessarily requires the resolution of disputed facts”); *Country Home Prod., Inc. v. Banjo*, 2015 WL 13505446, at *11 (D. Vt. Oct. 6, 2015) (court “cannot determine” at pleading stage “actual consumer confusion” or “the quality of the products,” among others); *L’Oreal USA, Inc. v. Trend Beauty Corp.*, 2013 WL 4400532, at *17 (S.D.N.Y. Aug. 15, 2013) (whether competing products “differ materially” is “a fact-intensive inquiry that is appropriately reserved for the jury”).

Strength of Plaintiffs’ Trade Dress. “The first *Polaroid* factor,” the District Court held, “favors Plaintiffs.” A90. That part of the court’s analysis, at least, is correct. Plaintiffs plausibly “allege that their trade dress is strong.” *See* A91.

To determine whether Plaintiffs sufficiently alleged that their trade dress is strong, the Court considers the same allegations that establish “secondary meaning”—whether “in the minds of the public, the primary significance of [the trade dress] is to identify the source of the product

rather than the product itself.” *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 211 (2000) (quotation marks omitted). “Among the factors” this Court has “found relevant to this inquiry ... are advertising expenditures, consumer studies, sales success, unsolicited media coverage, attempts to plagiarize[,] and length and exclusivity of use.” *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1041 (2d Cir. 1992). Every one of those considerations supports Plaintiffs’ allegation that their trade dress is remarkably strong.

“As to advertising expenditures, Plaintiffs allege that they have expended significant sums advertising the WONDERFUL brand through various means, and that most of these advertisements highlight the WONDERFUL packaging.” A88-89 (citing A12-16¶¶18-26). “Plaintiffs also allege that their advertising stressed the elements of the trade dress, such as by featuring a black and green theme and displaying the WONDERFUL packaging.” A89 (quotation marks omitted; citing A13¶21; A15¶23).

Plaintiffs further allege “that consumer studies established that 85% of consumers recognize the WONDERFUL packaging, and that the WONDERFUL brand and its packaging have been the subject of

unsolicited articles.” A89 (citing A16-17¶28; A20-21¶44). And Plaintiffs allege “that WONDERFUL brand pistachios sold in the WONDERFUL packaging are the best-selling snack nut in the United States, and that Plaintiffs have sold over one billion packages of pistachios in the WONDERFUL packaging in the last thirteen years, for over \$4.2 billion in revenue.” *Ibid.* (citing A16¶27).

So too, the District Court recognized that “Plaintiffs additionally allege that they have combatted attempts to plagiarize the WONDERFUL packaging in other lawsuits, which they list by case name.” A89 (citing A17¶29). Relatedly, Plaintiffs allege that they have exclusively used the trade dress for over a decade, and successfully tamped down any efforts to infringe. *See* A17¶¶29, 31. All the considerations this Court weighs supports Plaintiffs’ claim that their trade dress in the WONDERFUL® Packaging is strong.

Similarity. “Most significantly,” the District Court held, “Plaintiffs have not alleged that the WONDERFUL packaging and Defendant’s packaging are so substantially similar in appearance that they convey the same overall impression to consumers.” A94. Wrong. And given the

weight the District Court accorded this *Polaroid* factor, reversal is required for this error alone.

The “question is not how many points of similarity exist between the two packages but rather whether the two trade dresses create the same overall impression.” *Bristol-Myers Squibb*, 973 F.2d at 1046 (quotation marks omitted). Looking at the parties’ packages, it is more than plausible that the finder of fact could conclude that they have the “same overall impression” such that a consumer of the parties’ low-cost, fast-moving snack products would glance at the packages and believe all three are associated with the WONDERFUL® brand:



A11¶13; A16¶26; A78-79. Case law from this and other courts supports this conclusion.

In *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577 (2d Cir. 1993), this Court reversed the district court’s dismissal of an unregistered trade dress infringement claim, in which the district court determined there was no likelihood of confusion between the parties’ liqueur bottles (pictured below). *Id.* at 586, 589-90:



The district court had found after a bench trial—as the District Court concluded as a matter of law here—that “while there was some similarity between the two trade dresses, there were sufficient differences for this factor to weigh in favor of” the defendant. *See id.* at 585-86. This Court reversed, holding that the district court’s finding was “clearly erroneous.” *Id.* at 586.

“The dresses of the two bottles,” this Court held, “bear substantial similarities, both in their details and their overall appearance.” *Paddington*, 996 F.2d at 586. “Both bottles are clear, with a large main label and a smaller neck label using identical shades of red, white, and black.” *Ibid.* “The labels are both broken into two fields, a white top and a red bottom.” *Ibid.* “Both use back block lettering, with the numbers in very large type and the ‘#’ and ‘No’ in small type.” *Ibid.* “Both ‘Ouzo’ ’s are in white block lettering over red fields, the only difference being subtle black shadowing in the No. 12 labels,” and the “neck labels of the two bottles are nearly identical to each other.” *Ibid.*

In contrast, the Court noted, the “differences are minimal: an ellipse versus a square on the large labels; a plain black block-lettered ‘#1’ versus a stencilled-look black block-lettered ‘No 12’ (and this distinction disappears if one takes a few steps back); a plain white block-lettered ‘ouzo’ versus a shadowed white block-lettered ‘ouzo’;” and “a few other very minor distinctions such as subtle differences in bottle shape, the design of the label borders, and the cap design.” *Paddington*, 996 F.2d at 586.

“More significant than the striking similarities in various details”—and critical here—“are the dresses’ similarity in overall appearance.” *Paddington*, 996 F.2d at 586. “Each label’s *lettering style, layout, and coloration, taken together*, convey the same impression,” this Court held, “a design that is simple, clean, and stark.” *Ibid.* (emphasis added). “In light of the marked similarity between the two bottles, the district court’s determination that they were not similar was clearly erroneous.” *Ibid.*

This is an even stronger case, since it comes to this Court after dismissal at the pleading stage. In *Paddington*, the court of appeals applied a clear-error standard to the district court’s *finding* on this question after a bench trial. Here, the Court simply accepts Plaintiffs’ allegations as true. And Plaintiffs allege that the parties’ competing packages both use a predominantly black packaging; a remarkably similar shade of green as the accent color; “windows” to depict the content of the packaging; and Defendant’s newer designs use all capital letters for the writing calling out the content of the packaging in a font that is strikingly similar to the sans serif font (also in all capitals) on the WONDERFUL® Packaging. A21¶45.

And many differences noted by the *Paddington* Court as “minimal,” *see* 996 F.2d at 586, are starker than the differences the District Court was preoccupied with in this case. In *Paddington*, “an ellipse versus a square on the large labels” was a “minimal” difference, *id.* at 586, but the court below found significant Defendant’s “large rectangular cutout window displaying pistachios, instead of the WONDERFUL packaging’s two ‘semi-circular curved’ windows,” A92.³ The *Paddington* Court also found “minimal” the difference of “a plain black block-lettered ‘#1’ versus a stencilled-look black block-lettered ‘No 12’”—different numbers altogether—even reasoning that “this distinction disappears if one takes a few steps back,” 996 F.2d at 586, while the District Court found significant that Defendant orients the *same word* “PISTACHIOS’ horizontally []not vertically” like the WONDERFUL® Packaging, A92.

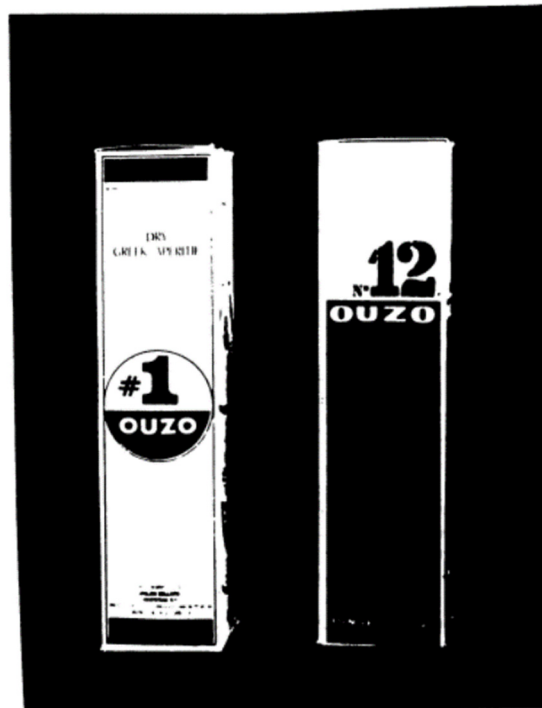
³ Again, this distinction applies only to *one* of Defendant’s packages. *Supra* note 1. In all events, the District Court’s failure to analyze Defendant’s other packages—with circular/oval, curved windows—is irrelevant because all three infringe. *See* A21¶45.

The Court in *Paddington* noted “a few other very minor distinctions such as subtle differences in bottle shape, the design of the label borders, and the cap design,” 996 F.2d at 586, but the District Court gave substantial weight to Defendant’s use of “the descriptor ‘ROASTED SALTED’ and additional product characteristics marked in white circles (as opposed to the WONDERFUL packaging’s minimal appearance),” A92. Indeed, the *Paddington* Court found “minimal” that the competing bottles used different font styles—“a plain white block-lettered ‘ouzo’ versus a shadowed white block-lettered ‘ouzo.’” 996 F.2d at 586. Here, in contrast, the District Court did not even acknowledge that Defendant uses the same sans serif font in the same capitalization for the same word “PISTACHIOS.” *See* A10¶12; A30.

The differences in the competing designs highlighted in *Paddington* and in this case are unusually alike. Yet this Court held it was clear error not to find overall similarity despite the differences there, while the District Court here dismissed the allegations as implausible. The only explanation is that the District Court failed to apply the appropriate standard of review or assess whether the parties’ competing packages “create the same general overall impression,” rather than counting the

“points of similarity” versus difference at too granular a level. *Compare Knowles-Carter v. Feyonce, Inc.*, 347 F. Supp. 3d 217, 225 (S.D.N.Y. 2018) (denying summary judgment after finding triable issue of fact on similarity). *Cf.* A91 (quoting *Knowles-Carter* for this proposition).

The *Paddington* Court then rejected the defendant’s argument that it “should examine the gift boxes in which the ouzos are shipped rather than the bottles” pictured below. 996 F.2d at 586.



See id. at 591. “Although less similar,” the Court held that the boxes were “sufficiently so that this *Polaroid* factor still weigh[ed] in favor” of the plaintiff. *Id.* at 586. “Despite a few more differences in details than between the bottles, the boxes nonetheless are sufficiently similar in

overall impression to suggest that they are made by the same manufacturer.” *Ibid.* “To the extent” the district court “considered them in reaching a conclusion of non-similarity,” the Court held that “this was clear error” too. *Ibid.* If the images in *Paddington* are enough to make the district court’s non-similarity finding *clearly erroneous*, then there ought to be no doubt that the images of the parties’ competing packaging in Plaintiffs’ complaint are enough to overcome a motion to dismiss. *See Scotch & Soda*, 2018 WL 2224997, at *3 (“A motion to dismiss will be granted for failure to plead likelihood of confusion only if no reasonable factfinder could find a likelihood of confusion on any set of facts that plaintiff could prove.” (cleaned up)).

This is especially so given that the competing Ouzo bottles in *Paddington* were presumably sold side-by-side, allowing consumers to compare them in person, while the parties’ snack products are not. As such, consumers do not see Plaintiffs’ and Defendant’s packaging next to each other in any grocery aisle, so they don’t have the same opportunity to compare and contrast any differences. Rather, consumers who have seen commercials or advertisements containing the WONDERFUL® Packaging or have bought the product in the past, might recall only some

elements of the WONDERFUL® Packaging and, when they see Defendant’s competing snack products, assume they are associated with the WONDERFUL® brand.

More recently, another district court in this circuit denied a defendant’s motion to dismiss the plaintiff’s unregistered trademark claim after comparing the trade dress in the images below. *Concannon v. LEGO Sys., Inc.*, 2023 WL 2526637, at *2, *17 (D. Conn. Mar. 15, 2023):



The plaintiff alleged that the defendant’s “LEGO Jacket” (right) infringed plaintiff’s trade dress in its “Concannon Jacket” (left). *Id.* at *2. The defendant, according to the plaintiff, “copied ‘the individual creative

elements of the Concannon Jacket’ as well as the ‘unique placement, coordination, and arrangement of those individual artistic elements,” as well as the “tongue-in-cheek phrase prominently displayed in graffiti-style lettering on the back of the jacket.” *See ibid.* (quoting complaint). The defendant claimed that the allegations of overall similarity were “insufficient to survive its motion to dismiss.” *Id.* at *17. The district court rejected the argument. “A visual comparison of the two products,” the court reasoned, “reveals similarity in the placement and general design; the safety pins, the peace sign, and the yang symbol are all placed in similar places on both jackets.” *Ibid.*

Even the differences, the court determined, “often still bear visual resemblance to the original, such as the visual blur around the words on the back of the jacket, the use of a short all-caps phrase on the back of the jacket,” and “a LEGO skull placed on the LEGO Jacket in the spot where a human skull shape is placed on the Concannon Jacket.” *Concannon*, 2023 WL 2526637, at *17. Although the court believed this *Polaroid* factor to be a “close call” in that case, given “that the purpose of the uses is facially different based on the facts” alleged, the court *still* concluded that the plaintiff “plausibly allege[d] that the purpose of the

use was to create a perception of affiliation, and the two products are similar based on a visual comparison.” *Ibid.*

This is a stronger case, because the difference in the competing products’ purpose and use identified in *Concannon* does not exist here. Plaintiffs have plausibly alleged that the parties’ packages, for goods that compete in the same consumer markets, have the “same general overall impression.” *Bristol-Myers Squibb*, 973 F.2d at 1046 (quotation marks omitted).

Competitive Proximity of the Products. The District Court accepted Plaintiffs’ allegation that the parties sell their competing products online, including on Amazon.com. A92. But without citing any case, the court held that the factor favors Defendant because Plaintiffs *also* sell their products in brick-and-mortar retailers, while Defendant does not. *Ibid.*

That makes no sense. The District Court seemed to believe that since Plaintiffs sell their product everywhere, and Defendant only sells its product in one overlapping trade channel, there is no commercial proximity. But the inquiry is whether the parties’ goods compete with one another to overlapping clientele. *See Tiffany & Co.*, 971 F.3d at 85 n.6

“As the district court correctly explained, Costco’s and Tiffany’s diamond engagement rings are already in competitive proximity.”); *Brennan’s, Inc. v. Brennan’s Rest., LLC*, 360 F.3d 125, 135 (2d Cir. 2004) (commercial proximity asks whether defendant is marketing to an “overlapping clientele” who may therefore be confused (citation omitted)).

Indeed, in addressing the very next *Polaroid* factor (whether Plaintiffs are likely to enter Defendant’s market), the District Court recognized that the parties’ products already “are largely operating in the same market,” such that the Plaintiffs’ “likelihood of bridging the gap” between them is irrelevant. A92 (quotation marks omitted). The reason the “likelihood-of-bridging-the-gap factor” becomes “irrelevant” when the products already “compete in the same market” is *because* they are in “competitive proximity,” such that the proximity factor *already* weighs in the plaintiff’s favor. *See Tiffany & Co.*, 971 F.3d at 85 n.6 (quoting *Paddington*, 996 F.2d a 586).

And precisely because consumers likely have seen the WONDERFUL® Packaging’s trade dress advertised in stores, on television, in product placement, and even in unsolicited articles, A12-17¶¶17-28, when they go shopping on Amazon and see the same trade

dress on Defendant's packaging it is *more* likely that the consumer will associate it with the WONDERFUL® brand than it would be if Defendant *also* sold in stores. This factor, too, weighs in Plaintiffs' favor.

Evidence of Actual Confusion. As to the fifth *Polaroid* Factor, the District Court recognized that “for a finding of trademark infringement, it is not essential to demonstrate actual confusion.” A93 (cleaned up). But because Plaintiffs did not allege that they have evidence of actual confusion at the pleadings stage, the court held that the factor favors Defendant. *Ibid.*

The idea that evidence of “actual confusion” should have significant weight in determining a *likelihood* of confusion makes little sense—and isn't particularly relevant at the pleading stage. *See Paddington*, 996 F.2d at 585, 587-88 (“clear error” for district court to find no likelihood of confusion even though “district court correctly found that there was *no evidence* of actual confusion and *no evidence* of a disparity in the quality of the” competing products (emphasis added)). Although the court could “compare the two [packages] at the pleading stage, it cannot determine the competitiveness of the products, actual consumer confusion, the quality of the products, and the sophistication of consumers in the market

without a factual record.” *Country Home Prod., Inc. v. Banjo*, 2015 WL 13505446, at *11 (D. Vt. Oct. 6, 2015) (denying motion to dismiss in part because defendant failed to establish that the plaintiff could not show actual confusion at the evidentiary stage).

And given “the strong showing to satisfy factors one, two, three, and four,” Plaintiffs have “sufficiently shown ‘actual confusion’ at the motion to dismiss stage.” *E.g., Franklin v. X Gear 101, LLC*, 2018 WL 3528731, at *12 (S.D.N.Y. July 23, 2018), *report and recommendation adopted*, 2018 WL 4103492 (S.D.N.Y. Aug. 28, 2018); *see also Ferring B.V. v. Fera Pharms., LLC*, 2015 WL 4623507, at *11 (E.D.N.Y. July 6, 2015) (pleading that trademarks are “confusingly similar” and defendant’s sale of mark in commerce is “likely to cause confusion” sufficient at pleading stage), *report and recommendation adopted*, 2015 WL 4611990 (E.D.N.Y. July 31, 2015); *The Name LLC v. Arias*, 2010 WL 4642456, at *2-3, *5 (S.D.N.Y. Nov. 16, 2010) (allegations as to strength of mark, degree of similarity, actual confusion, and bad faith sufficient to state Lanham Act claim).

Given the strength of Plaintiffs’ other allegations, this factor too should weigh in Plaintiffs’ favor at the pleading stage. The stronger the

allegations of likelihood of confusion, the more reasonable the inference that evidence of actual confusion will be uncovered in discovery. *See, e.g., Franklin*, 2018 WL 3528731, at *12. To the extent this Court disagrees, the “*evidence of actual confusion*” factor should be given little weight.

Bad Faith. “As to the sixth factor,” the District Court held that Plaintiffs “do not offer any nonconclusory allegations that Defendant ‘adopted its mark with the intention of capitalizing on plaintiff’s reputation and goodwill.’” A93 (quoting *Lang v. Ret. Living Pub. Co.*, 949 F.2d 576, 583 (2d Cir. 1991)). “This factor,” the court concluded, “thus favors Defendant.” *Ibid.*

Remarkably, though, the court noted *in the same paragraph* that Plaintiffs allege “Defendant’s packaging was created after theirs, and that Defendant modified its packaging over time so that it more closely resembled Plaintiffs’ WONDERFUL packaging.” A93. Those assertions are surely sufficient at the pleading stage to plausibly allege bad faith.

“In analyzing whether a defendant has acted in bad faith, the question is whether the defendant attempted to exploit the good will and reputation of a senior user by adopting the mark with the intent to sow confusion between the two companies’ products.” *Tiffany & Co.*, 971 F.3d

at 88 (quotation marks omitted). No one disputes that Defendant was aware of Plaintiffs' trade dress. In fact, the District Court credited Plaintiffs' allegations that the trade dress is strong. And the stronger the trade dress, the more likely an imitation is to profit from the goodwill that consumers associate with it. The allegations supporting the strength of the Plaintiffs' trade dress, together with the allegations that Defendant iteratively changed its packaging to more closely resemble Plaintiffs', is sufficient at the pleading stage to plausibly allege bad faith.

This should especially be so because evidence of a defendant's subjective bad faith almost always rests in the defendant's own hands. Without an opportunity for discovery, it is exceedingly difficult to plead beyond the circumstantial allegations Plaintiffs set forth here that Defendant intended its design to call to mind the WONDERFUL® brand.

The Quality of Defendant's Product. "This [*Polaroid*] factor is primarily concerned with whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality." *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 398 (2d Cir. 1995). Because Plaintiffs "allege only that *their own* product is 'premium quality' and produced 'using the highest quality standards,'"

the District Court held that this “factor ... favors Defendant.” A93 (quoting A10¶11). That fails to draw the reasonable inference, though, that anything short of using the “highest quality standards” to produce Defendant’s competing snack products risks Plaintiffs’ hard-earned reputation as the best vertically integrated producer of snack nuts on the market.

To the extent this Court disagrees, this factor should also have minimal weight at the pleading stage. *Cf. Paddington*, 996 F.2d at 585, 587-88 (“clear error” for district court to find no likelihood of confusion even though “district court correctly found that there was ... no evidence of a disparity in the quality of the” competing products). “[W]hether the [defendant] followed” any “quality-control measures” is “fact-intensive.” *See Exec. Park Partners LLC v. Benicci Inc.*, 2023 WL 3739093, at *5 (S.D.N.Y. May 31, 2023) (so holding for claim under Lanham Act that infringer was selling counterfeit product “in the gray-market goods setting”). And the evidence of any quality-control measures used by Defendant to package and sell its competing snack products largely rests with Nut Cravings Inc. Through discovery of Defendant’s quality-control measures, Plaintiffs can ascertain whether Defendant’s apply the same

“highest quality standards” for its snack products as Plaintiffs use to grow, harvest, pack, and sell their WONDERFUL® brand pistachios.

Sophistication of the Relevant Consumer Group. The District Court held that this factor “favors Plaintiffs.” A93-94.

That is correct. Plaintiffs “alleged pistachio consumers’ lack of sophistication by pleading that nuts and snacks are low cost, ‘fast moving’ goods purchased on impulse.” A93 (quoting A17¶30). “Inexpensive items purchased on impulse,” the court recognized, “generally correlate with a lack of consumer sophistication, because consumers typically exercise less care in purchasing such products.” A93-94.

* * *

Plaintiffs have plausibly alleged that essentially every one of the *Polaroid* factors weighs in their favor. The District Court’s most fundamental error was its holding that it is not even plausible a consumer is likely to confuse Defendant’s snack products for WONDERFUL® brand goods. A91-92. Since this is the factor the District Court gave the most weight, *see* A94, the court’s conclusion that Plaintiffs failed to plausibly allege a “likelihood of confusion” must be reversed. And because the only pleading requirement for a registered trade dress claim

is whether the competing dresses are likely to cause confusion, this claim must be sent back to proceed to discovery. *See supra* pp.8-11.

II. THE DISTRICT COURT’S DISMISSAL OF PLAINTIFFS’ UNREGISTERED TRADE DRESS INFRINGEMENT CLAIM MUST BE REVERSED BECAUSE THE ARBITRARY COMBINATION OF DESIGN CHOICES THAT MAKE UP THE TRADE DRESS IN THE WONDERFUL® PACKAGING IS NOT FUNCTIONAL.

The District Court’s conclusion that Plaintiffs only provide “conclusory allegations” of non-functionality (1) is contrary to the USPTO’s contrary determination in 2014 when it approved the same combination of elements as valid and protectable trade dress; and (2) bucks contrary authority from this and other courts that accept the *same* allegation of “a myriad of color combinations, fonts, capitalization options[,] and designs for their packaging,” A20¶43, as sufficient to plead non-functionality.

1. The District Court came to the opposite conclusion of the USPTO Examining Attorney who long ago registered the very trade dress the District Court held is not even plausibly nonfunctional.

The District Court recognized that the “legal elements of a registered trade dress claim are the same as those of an unregistered trade dress claim.” A96; *see supra* pp.8-11. And the trade dress recognized

in Plaintiffs' Certificate of Registration describes every element of Plaintiffs' unregistered trade dress. Thus, Plaintiffs were "entitle[d]" to "a presumption that its [trade dress] is valid"—that is, adequately articulated, distinctive, and nonfunctional. *See Wal-Mart Stores*, 529 U.S. at 209 (citations omitted).

The Certificate of Registration describes the trade dress as consisting "of [(a)] black three-dimensional packaging having a rectangular shape with [(b)] transparent semi-circular curved sides," and (c) the WONDERFUL® mark "appearing across the top of the packaging." A30. The unregistered trade dress claim describes (a) "a predominantly black package'"; (b) "semi-circular curved "window" cut outs showing pistachios'"; and (c) "the WONDERFUL mark." A85 (quoting A10¶12).

The Certificate of Registration also describes (a) the combination of "white, black and green" as "a feature of the mark," and (b) the "right to use" the word "PISTACHIOS' ... as shown" in sans serif font in all capital letters, "in green appearing vertically in the middle of the packaging." A30. The unregistered trade dress, the District Court agreed, describes (a) "a predominantly black package" with "a bright green accent color'";

and (b) ““use of sans serif font” and ““use of capital letters for the word “PISTACHIOS.””” A85 (quoting A10¶12).

Since Plaintiffs’ registered trade dress is coextensive with their unregistered trade dress, they should not have had to plead any of the prong one elements of their infringement claims—“that the mark is registered and valid (*i.e.*, protectable).” *Victorinox AG*, 709 F. App’x at 47; *see supra* pp.8-11. “Registration of the mark creates a presumption that the mark is not functional.” *Victorinox AG*, 709 F. App’x at 48.

Although Plaintiffs were not required to plead these elements, the District Court nonetheless accepted that Plaintiffs still “adequately articulated, with sufficient specificity, the features and scope of their claimed trade dress in the WONDERFUL packaging.” A87. So too, the court did not doubt that Plaintiffs “adequately allege secondary meaning,” which is to say that their trade dress calls to the consumer’s mind the WONDERFUL® brand, not just the product. A88. But in holding that Plaintiffs failed to plead that the trade dress is nonfunctional, the District Court failed to “confer[]” on Plaintiffs the “benefits in litigation” to which they are entitled, “including a rebuttable

presumption that the mark is valid.” *See Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174, 178 n.2 (2d Cir. 2021).

2. In all events, Plaintiffs plausibly allege that their trade dress is not functional.

It should be the rare case where the arbitrary combination of color scheme, hue/shade, font and capitalization style, and design for the *packaging* of a product is considered functional. “Trade dresses often utilize commonly used lettering styles, geometric shapes, or colors, or incorporate descriptive elements, such as an illustration of the sun on a bottle of suntan lotion.” *Paddington*, 996 F.2d at 584. “While each of these elements individually would not be” protectable, “it is the combination of elements and the total impression that the dress gives to the observer that should be the focus of a court’s analysis.” *See ibid.* “If the overall dress is arbitrary, fanciful, or suggestive, it is inherently distinctive,” for example, “despite its incorporation of generic or descriptive elements.” *Ibid.*

The same goes for determining non-functionality. “In determining whether the trade dress or ‘look’ is functional one should consider it overall and as a whole, not break the trade dress into its individual

features.” See *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 975 (2d Cir. 1987) (quotation marks omitted); see, e.g., *Paddington*, 996 F.2d at 584 (citing, with approval, *LeSportsac, Inc. v. K mart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985), and describing its holding as: “despite functionality of individual elements of sports bag, bag is nonfunctional ‘when viewed in its entirety’”). Yet the District Court rejected as insufficient, A95, Plaintiffs’ allegations that “Plaintiffs, like Defendant[], could have chosen a myriad of color combinations, fonts, capitalization options and designs for their packaging,” A20¶43. The “fact of potential alternative designs,” the court reasoned, “does not establish that a claimed trade dress feature is nonfunctional.” A95.

That spurns the contrary authority from this and other courts. See also, e.g., *Friesland Brands, B.V. v. Vietnam Nat. Milk Co.*, 228 F. Supp. 2d 399, 414 (S.D.N.Y. 2002) (“The Vinamilk trade dress has numerous non-functional and arbitrary elements, including its white label with blue lettering and the positioning, size, color and contents of its English, Vietnamese and Chinese phrases.”); *Life Indus. Corp. v. Ocean Bio-Chem, Inc.*, 827 F. Supp. 926, 930 (E.D.N.Y. 1993) (finding that plaintiff’s “choice of color, shading and print placement are nonfunctional and

nondescriptive features effecting an arbitrary and inherently distinctive trade dress which serves as source identification”). The district court’s decision in *Sugarfina, Inc. v. Bouquet Bar, Inc.*, 2018 WL 6844720 (C.D. Cal. Oct. 9, 2018), illustrates the point.

In *Sugarfina*, the district court denied a motion to dismiss premised on design elements that defendants there, like Defendant here, asserted to be functional. 2018 WL 6844720, at *4. The plaintiff alleged “distinctive trade dress” in its packaging (below-left), consisting of:



(1) an individual clear top cube with a label with a patterned band and shapes (namely, circles, diamonds, or hearts), and a triangular end-tab containing candy product, (2) a rectangular or square product package with minimal lettering, (3) the inside bottom surface of the product package

dominated by a series of cube wells or trays, (4) the series of cube wells being spaced from one another within the product package, and (5) a series of clear top cubes with labels and a patterned band, overlaid shapes (namely, circles, diamonds, or hearts), and a triangular end-tab containing candy product that each reside in a corresponding cube inside the box.

Id. at *1, *3 (quotation marks omitted). The plaintiff alleged that by “sell[ing] candy in small orange cubes with clear tops that are arranged in wells in rectangular boxes,” defendant’s packaging (above-right) infringed its trade dress. *See id.* at *2.

There, as here, the plaintiff alleged “that ‘there exist wide and varied ways to design packaging that contains gifts and candy.’” *Sugarfina*, 2018 WL 6844720, at *4 (quoting complaint); *compare* A20¶43 (Plaintiffs’ allegation that there are “a myriad of color combinations, fonts, capitalization options[,] and designs for their packaging”). And there, as here, the defendant argued this allegation was “insufficient to allege the trade dress’s nonfunctionality because it is a conclusion of law.” *Ibid.* The court rightly rejected the argument.

“Whether or not there are wide and varied ways to design candy packaging is a question of fact, possibly requiring expert testimony.” *Sugarfina, Inc.*, 2018 WL 6844720, at *4. And since, on “a Rule 12(b)(6) motion to dismiss, the Court is required to accept all factual allegations

as true,” the district court in *Sugarfina* applied the standard as it was supposed to: “Assuming there exist wide and varied ways to design candy packaging besides Sugarfina’s alleged trade dress, Sugarfina has sufficiently alleged that its trade dress is nonfunctional.” *Ibid.*

The District Court held the exact opposite. The court recognized that “the SAC alleges that there are numerous design options available for the packaging of nuts.” A95 (citing, *e.g.*, A17¶33 (“Samples of snack packaging from various competitors are attached hereto as Exhibit F.”)). “Even if the Court were to consider” those allegations, the court held, “the fact of potential alternative designs does not *establish* that a claimed trade dress *feature* is nonfunctional.” *Ibid.* (emphasis added).

Just setting that analysis down on paper is enough to discredit it. Of course the District Court had to “consider” the “surrounding allegations in the SAC.” *Contra* A95. The court failed to do so. So too, the court erred by failing to “consider” the trade dress “overall and as a whole,” in “determining whether the trade dress or ‘look’ is functional.” *See Stormy Clime*, 809 F.2d at 975 (quotation marks omitted). The court “should not [have] br[oken] the trade dress into its individual features.” *See ibid.* When the *combination* of choices—the trade dress—is

distinctive “when viewed in its entirety,” then the trade dress “is nonfunctional,” “despite” the “functionality of individual elements” examined in isolation. *See Paddington*, 996 F.2d at 584 (quotation marks omitted).

Nor were Plaintiffs required to “establish” anything at the pleading stage—they only needed to plausibly allege that, given the “myriad” other design options, these design elements are not necessary to compete. *Contra* A95. Especially since the trade dress is on the parties’ *packaging*, not a part of their competing *products*. *Compare Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 219-20 (2d Cir. 2012) (“when the aesthetic design of a product is *itself* the mark for which protection is sought, we may also deem the mark functional if giving the markholder the right to use it exclusively would put competitors at a significant non-reputation-related disadvantage” as to the *product* (quotation marks omitted)).

On top of the allegations the District Court acknowledged, Plaintiffs also alleged that Defendant has changed many of the color, font, capitalization, and clear-cutout design choices on its packaging over time. *See* A18¶34; A77-79. Drawing all reasonable inferences in the light

most favorable to Plaintiffs, this too confirms that Plaintiffs' trade dress is nonfunctional. The combined design elements Defendant has *modified* cannot be "[f]unctional because they are not essential to the use or purpose of the product or packaging, and do not affect the cost or quality of the pistachios or packaging." *See* A20. If Defendant didn't need them before, it can't claim as a matter of law they are necessary to compete with Plaintiffs now. Not at the pleading stage.

CONCLUSION

This Court should reverse and remand for further proceedings.

Dated: February 21, 2024

Respectfully submitted,

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Dated: February 21, 2024

/s/ Daniel Woofter

Daniel Woofter

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I hereby certify that on February 21, 2024, I caused the above document to be electronically filed with the Clerk of Court of the U.S. Court of Appeals for the Second Circuit by using the appellate ACMS system. I certify that all participants in this case are registered users of that system and that service will be accomplished by that system.

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Daniel Woofter