

Ingrid & Isabel, LLC v. Baby Be Mine, LLC et al  
Case No. 13-cv-01806-JCS. (N.D.CA 2014)

SPERO, Magistrate Judge.

## I. INTRODUCTION

On April 19, 2013, Plaintiff Ingrid & Isabel, LLC ("I&I," "Plaintiff") initiated this action against Defendants Baby Be Mine Maternity, LLC ("BBM") and BBM's sole members and co-founders, Helen Tekce ("Tekce") and Isabelle Gartner ("Gartner") (collectively, "Defendants"). Plaintiff alleges multiple counts of breach of contract, one count of violation of the Lanham Act, and two California statutory and common counts of unfair competition. Defendants subsequently alleged counterclaims against Plaintiff for intentional interference with contractual relations, and intentional and negligent interference with prospective economic advantage. The parties brought cross-motions for summary judgment, which are presently before the Court and which collectively address all of the parties' claims and counterclaims. Plaintiff moved for partial summary judgment on its breach of contract claims and all of Defendants' counterclaims; Defendants moved for summary judgment, or in the alternative, partial summary judgment, on all of Plaintiff's claims and on Defendants' counterclaim for intentional interference with contractual relations.

The motions came on for hearing August 29, 2014 at 9:30am. For the reasons set forth below, I&I's summary judgment motion is GRANTED in part and DENIED in part. BBM's motion is GRANTED in part and DENIED in part.

## II. FACTS<sup>1</sup>

### A. Background

Plaintiff and Defendants are in the business of selling belly bands, among other products. "A belly band is a cloth band worn around a pregnant woman's waist." Dkt. No. 101 (Joint Statement In Support Of Parties' Motions For Summary Judgment) ("JSF") at ¶ 1. Plaintiff markets its line of belly bands under the trade names "Bellaband®" and "BeBand®," Dkt. No. 47 (First Amended Complaint) ("FAC") at 31; Defendants currently market BBM's line of belly bands using the descriptor "Maternity Belly Band." See JSF at ¶ 36.

A belly band may be functional, decorative, or both. See JSF at ¶¶ 10-11; Dkt. No. 98 at 2. One potential function of a belly band is to hold up the pants or skirts of the pregnant woman wearing the band. See JSF at ¶¶ 10-11. The elastic fabric holds in place pants or skirts that no longer fit during the pregnancy and which would otherwise fall or slip down. See, e.g., Dkt. Nos. 98 at 3; 96-1 at 12. Some belly bands are capable of holding up unbuttoned pants or skirts, and thus allow a pregnant woman to wear her existing clothes, as opposed to larger sizes or special "maternity" clothing, during at least the early phase of the pregnancy. See, e.g., Dkt. Nos. 92 at 12; 98 at 3; 96-1 at 12-13. The size, shape, and composition of the belly band may affect its ability to hold up the pregnant wearer's pants or skirts. Id. []

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<sup>1</sup> This factual background is taken from the parties' Joint Statement In Support Of Parties' Motions For Summary Judgment, Dkt. No. 101 ("JSF") unless otherwise noted.

Belly bands may also be worn for purposes other than holding up pants or skirts. See, e.g., Dkt. No. 98 at 2-3. They can be worn as a decorative item over or along with other clothing. *Id.* They can serve to cover undone buttons on a woman's clothing without functionally holding up the undone item. *Id.* Belly bands are also marketed to cover a pregnant women's exposed skin, bridging the gap that might be created between her pants or skirt and her shirt or blouse. *Id.*

This litigation stems directly from the settlement of two previous actions against Defendant by Plaintiff. The first was a trademark infringement claim, in which Plaintiff's predecessor-in-interest, Ingrid & Isabel Inc. ("I&I Inc.") accused Defendants of infringing I&I Inc.'s common law trademark rights and of conduct in violation of 15 U.S.C. § 1125(a) (the Lanham Act). FAC at 32. Specifically, I&I Inc. alleged that Defendant's sale, offers for sale and advertising of maternity waist bands under the name "Belly Band" was confusingly similar to I&I Inc.'s "Bella Band" product. *Id.* at 32. That case was dismissed pursuant to a Trademark Settlement Agreement (the "TSA") in 2006.

In the 2008 litigation, I&I Inc. alleged claims for patent infringement and unfair competition against Defendants.<sup>2</sup> I&I Inc. alleged violation of U.S. Patent No. 7,181,775 B2 ("the `775 Patent"), which includes claims for a belly band which "hold[s] the skirt or pants in place on the women's body" and which "retain[s] the pants or skirt in place." That case was dismissed pursuant to a Patent Settlement Agreement (the "PSA") in 2009. JSF ¶¶ 4, 8.

#### B. The TSA

Paragraph 1 of the TSA states in relevant part:

"Defendants hereby represent, covenant, and warrant to plaintiffs that defendants will cease and desist from using the term "Bella" in connection with defendants' sale, distribution, or marketing of Maternity Bands."

JSF ¶ 5; Dkt. No. 1 Ex. B.

#### C. The PSA

Paragraph 1 of the PSA states in relevant part:

Defendants' Future Advertising and Maternity Band Statements. Defendants and their Affiliates (as used herein, "Affiliates" means any corporation, partnership, joint venture, or other entity or person in which Defendants or any of them hold an equity position) shall include on their websites an express statement that Defendants' Maternity Bands are decorative and are to be used as a fashionable clothing accessory that is not intended to nor does it actually hold up skirts or pants while being worn in a comfortable, nonbinding fashion. Defendants agree to include an express statement on each webpage of any website that they control or in which they have an ownership interest and on which they advertise or sell their Maternity Bands that their Maternity Bands "are not intended to nor do they actually hold up skirts or pants." Defendants agree to clearly communicate that the purpose of their Maternity Bands is decorative (and this obligation may be satisfied with respect to magazine or other media publication advertisements by the inclusion of a statement that the Maternity Bands "are for

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<sup>2</sup> Case Number CV-08-02554-JCS a. Lanham Act— Section 43(a)

decorative use"). . . Defendants agree to include a statement that their Maternity Bands are not designed to hold up skirts or pants on all of their product packaging and in Defendants' product descriptions, provided that Defendants may continue to use their existing packaging without modification for a period not to exceed -120 days after the suit is dismissed. Failure to comply with any provision of Paragraph 1 shall constitute a material breach of this Agreement.

JSF ¶ 10; Dkt. No. 1 Ex. A.

Paragraph 2.A of the PSA states in relevant part:

Function of Maternity Bands. Defendants agree that they will not . . . offer to sell, sell, market, promote, distribute or advertise Maternity Bands that hold up pants or skirts.

JSF ¶ 10; Dkt. No. 1 Ex. A.

Paragraph 2.B of the PSA states in relevant part:

Compliance by Defendants' Retailers, Vendors, Sales Representatives, and Agents. Defendants agree to provide written notification to all of their retailers, vendors, sales representatives, agents and any other individuals or companies acting for, on behalf of, or in concert with Defendants to comply with the provisions of this Paragraph 1. Defendants further agree to use commercially reasonable best efforts to insure that their retailers, vendors, sales representatives, agents, and any other individuals or companies acting for, on behalf of, or in concert with Defendants do not advertise, promote, sell or offer to sell its Maternity Bands for the purpose of holding up skirts or pants. However, Defendants will not be directly liable for the independent actions of those vendors, sales representatives, agents and any other individuals or companies that are not Affiliates of Defendants.

JSF ¶ 12; Dkt. No. 1 Ex. A.

Paragraph 4 of the PSA states in relevant part:

Defendants' Agreement Regarding Defendants' Use, Offer to Sell, Sale, Promotion, Distribution or Marketing of Maternity Bands. Defendants hereby represent, covenant and warrant to Plaintiffs that, following the execution of this Agreement by all Parties, Defendants shall not copy any of Plaintiffs' advertising, marketing and promotional copy or layout elements and materials, copying statements, ideas, or expressions used in Plaintiffs' advertising, promotional and marketing materials.

JSF ¶ 13; Dkt. No. 1 Ex. A.

#### D. BBM's websites

Defendants continued to market and sell belly bands following the settlement agreements. Defendants marketed their belly bands on their website, [www.babybeminematernity.com](http://www.babybeminematernity.com) (the "BBM website"), JSF ¶ 26, as well as on a mobile website (the "mobile website") JSF ¶ 29. "In August 2009, BBM instructed its web design[] [firm] to add a disclaimer to the website that `Baby Be Mine Maternity Bands are not intended to nor do they actually hold up skirts or pants.'" JSF ¶ 16. It is also undisputed that BBM

launched a new website design in September 2012, and the new website contained a disclaimer that states, "Baby Be Mine Maternity Bands are not intended to nor do they actually hold up skirts or pants." JSF ¶ 19. The disclaimer is located "at the bottom of the web pages under the copyright notice." Id.

"BBM advertised the Maternity Bands on the mobile website, but did not have the Disclaimer on all of the mobile webpages." Id. at ¶ 30. "I&I first brought the lack of a disclaimer on the mobile website to BBM's attention at a February 25, 2014 deposition. BBM's counsel did not receive a written communication regarding this issue. The mobile website was subsequently disabled." Id. at ¶ 31.

Defendants also had a page for BBM on Facebook.com. The parties do not agree as to how it was used with regard to marketing Defendants' belly bands. Plaintiff alleges that Defendants "marketed the Maternity Bands on their Facebook.com page," and that the BBM Facebook.com page did not include a disclaimer that BBM's belly band "is not intended to nor does it actually hold up skirts or pants." Dkt. No. 92 at 8. Defendants claim that BBM's Facebook.com page is "devoted almost exclusively to gownies and other products unrelated to the belly band." Dkt. No. 102 (Decl. of Helen Tekce) at ¶ 23, and maintains that BBM "has never sold bands directly from the Facebook.com page." Id.

#### E. BBM's product descriptions

The parties have entered into stipulations regarding the product descriptions on BBM's website, [www.babybeminematernity.com](http://www.babybeminematernity.com). The site:

describes the White, Crème Brule, Glacier Gray, Simply Taupe, Dark Denim, Pink, Cocoa, Raspberry Rose, 2 Pack Special 1 White and 1 Black, and 3 Pack Special 1 White, 1 Black and 1 Crème Brule Maternity Band, Brown and Crème printed Maternity Band, Black and White printed Maternity Bands . . . with the following language:

The belly band that grows with you! You don't have to worry about that in between stage when nothing fits, your regular clothes too small & maternity clothes too big! Designed with your comfort in mind this little beauty will cover any gaps between your tops & bottoms by adding length & cover those ugly elastic waistbands or unbuttoned pants. This fabulous belly band is a 'must have' at every stage of your pregnancy, is excellent postpartum to cover exposed skin when breastfeeding while still looking great in yummy colors.

JSF ¶ 26. The parties also agree that:

Under the photograph of the Current Products is a section titled "Description" on BBM's website, which includes the following statements: "Conceal those unsightly elastic waistbands and expandable panes on maternity pants and skirts"; "Double your wardrobe. You don't have to worry about that in between stage when nothing fits — your regular clothes are too small and your maternity clothes are too big"; "Keep your tummy under wraps as it becomes beautifully round — cover any gaps between your tops & bottoms"; "Wear your favorite pre-pregnancy clothes longer"; "Get back into prepregnancy clothes sooner after birth"; "Make your maternity clothing more comfortable instantly — just fold your waistband under your belly and cover with the belly band"; "Perfect while you recuperate postpartum and as a breastfeeding cover-up, too".

JSF ¶ 28.

It is also undisputed that, "Two bands sold on BBM's website as of June 11, 2014 — a solid black band, and a `pink maternity belly band last years inventory' — include a statement in the product description that these bands `are not designed to hold up skirts or pants.'" JSF ¶ 27.

#### F. BBM's sales to Wayfair and Walmart

In addition to selling its belly bands directly through its website, BBM also sold belly bands to Wayfair, LLC, a distributor and online retailer, which in turn sold BBM's belly bands to Wayfair's customers and partners. Dkt. No. 102 at ¶27. BBM signed a supplier contract with Wayfair on or about October 14, 2011. JSF at ¶ 37. The contract states that BBM, as supplier, would sell belly bands and designer hospital gowns ("gownies") to Wayfair's customers and/or Partners. Id. BBM subsequently sold belly bands and gownies to Walmart, which was a Wayfair partner. JSF ¶ 38. Orders made by customers on Walmart's website were received by BBM through Wayfair and fulfilled by BBM. Dkt. No. 102 at ¶ 29.

Plaintiff's counsel contacted Walmart in May and accused it and BBM of infringing on Plaintiff's '775 Patent. Dkt. No. 94-1. Plaintiff later contacted Wayfair as well and described the parties' PSA and this ongoing action. Dkt. No. 104-17. Wayfair subsequently cancelled its supplier agreement with BBM and sales of Defendants' maternity belly bands through Wayfair and Walmart ceased in July 2013. Dkt. No. 102 at ¶ 30. Defendants allege that Plaintiff's contact with Walmart and Wayfair "caused Wayfair to cancel its Supplier Contract with BBM." Dkt. No. 133 at 17.

### III. RELEVANT PROCEDURAL HISTORY

#### A. Plaintiff I&I's Claims

On April 19, 2013, Plaintiff filed its Complaint. Dkt. 1. On February 4, 2014, Plaintiff filed its First Amended Complaint, asserting five breach of contract claims and three unfair competition claims. \* \* \* \* \*

#### B. Defendant BBM's Counterclaims

On August 7, 2013, Defendant filed its Answer and Counterclaims. Dkt. 1. Defendant asserted three counterclaims [.] \* \* \* \* \*

#### C. Motions for summary judgment

On July 25, 2014 Plaintiff moved for partial summary judgment. Plaintiff sought summary judgment [.] \* \* \* \* \* On July 25, 2014, Defendant moved for [summary judgment]. \* \* \* \* \*

### IV. ANALYSIS

#### A. Legal Standards

##### i. Summary Judgment

Summary judgment on a claim or defense is appropriate "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P.

56(a). In order to prevail, a party moving for summary judgment must show the absence of a genuine issue of material fact with respect to an essential element of the non-moving party's claim, or to a defense on which the non-moving party will bear the burden of persuasion at trial. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Once the movant has made this showing, the burden then shifts to the party opposing summary judgment to designate "specific facts showing there is a genuine issue for trial." *Id.* "[T]he inquiry involved in a ruling on a motion for summary judgment . . . implicates the substantive evidentiary standard of proof that would apply at the trial on the merits." *Anderson v. Liberty Lobby Inc.*, All U.S. 242, 252 (1986). On summary judgment, the court draws all reasonable factual inferences in favor of the non-movant. *Id.* at 255.

Partial summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(c). The purpose of partial summary judgment "is to isolate and dispose of factually unsupported claims or defenses." *Celotex v. Catrett*, 477 U.S. 317, 323-24 (1986).

When evaluating a motion for partial or full summary judgment, the court views the evidence through the prism of the evidentiary standard of proof that would pertain at trial. *Anderson v. Liberty Lobby Inc.*, 477 U.S. 242, 255 (1986). The court draws all reasonable inferences in favor of the non-moving party, including questions of credibility and of the weight that particular evidence is accorded. See, e.g. *Masson v. New Yorker Magazine, Inc.*, 501 U.S. 496, 520 (1991). The court determines whether the non-moving party's "specific facts," coupled with disputed background or contextual facts, are such that a reasonable jury might return a verdict for the non-moving party. *T.W. Elec. Serv. Inc. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 631 (9th Cir.1987). In such a case, partial summary judgment is inappropriate. *Anderson*, 477 U.S. at 248. However, where a rational trier of fact could not find for the non-moving party based on the record as a whole, there is no "genuine issue for trial." *Matsushita Elec. Indus. Co. v. Zenith Radio*, 475 U.S. 574, 587 (1986).

When considering cross-motions for partial summary judgment or summary judgment, the denial of one motion does not necessarily require the grant of another. See *Atl. Richfield Co. v. Farm Credit Bank of Wichita*, 226 F.3d 1138, 1147 (10th Cir. 2000). The motions must be evaluated in accordance with the claim or defense which is the subject of the motion and in accordance with the burden of proof allocated to each party.

## ii. Breach of Contract

Plaintiff's first five claims are for breach of contract. \* \* \* \* \*

## iii. Unfair Competition

### a. Lanham Act— Section 43(a)

Plaintiff's sixth cause of action is for unfair competition in violation of Section 43(a) of the Lanham Act. See FAC at 20. Section 43(a) of the Lanham Act creates a federal cause of action for unfair competition and prohibits the sale of goods by use of:

[a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any

false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) 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, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C 1125(a)(1).

"To state a claim under section 43(a), plaintiff must demonstrate (1) that it possesses a valid, protectable proprietary interest in the trademark or trade name, and (2) defendant's use of its mark creates a 'likelihood of confusion' in the consuming public." Chronicle Pub. Co. v. Chronicle Publications, Inc., 733 F.Supp. 1371, 1376 (N.D. Cal. 1989), citing New W. Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1198-1202 (9th Cir.1979). "This cause of action has been extended to cover a product's 'trade dress'—a category that traditionally consisted of packaging, but in modern parlance includes the design and shape of the product itself." Walker & Zanger, Inc. v. Paragon Indus., Inc., 549 F.Supp.2d 1168, 1173 (N.D. Cal. 2007); see also Autodesk, Inc. v. Dassault Systemes SolidWorks Corp., 685 F.Supp.2d 1001, 1012 (N.D. Cal. 2009). "Trade dress generally refers to the total image, design, and appearance of a product and may include features such as size, shape, color combinations, texture, or graphics." Clicks Billiards, Inc. v. Sixshooters Inc., 251 F.3d 1252, 1257-58 (9th Cir. 2001) (internal citations omitted). "If a seller uses a trade dress that is confusingly similar to a competitor's, that conduct is actionable as unfair competition under Section 43(a) of the Lanham Act." Autodesk, 685 F. Supp. 2d at 1012-13.

"[U]nder the Lanham Act, 15 U.S.C. [ ] 1125(a), the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks." New W. Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1201 (9th Cir.1979). (citations omitted). "Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical—is there a 'likelihood of confusion?'" Id.

b. California unfair competition claims (common law and California Business and Professions Code Section 17200)

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iv. Intentional Interference With Contractual Relations

\* \* \* \* \*

v. Intentional or Negligent Interference With Prospective Economic Advantage

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B. Application of the Law to the Facts of the Case

i. Breach of Contract

Plaintiff alleges breach of four separate clauses of the PSA and breach of one clause of the TSA. \* \* \* \* \*

3. Conclusions

Plaintiff has submitted three evidentiary bases to conclude that Defendant breached ¶ 2.A of the PSA by selling bands that hold up skirts and pants: (1) compiled survey results from pregnant women who actually tested whether the bands help up their skirts and pants, as well as declarations from three of them; (2) simulated weight-capacity testing of the bands in a laboratory setting; and (3) rhetorical analysis of Defendant's marketing language.

The Court finds that Defendants' bands hold up pants and skirts. \* \* \* \* \*

Accordingly, Plaintiff's Motion is GRANTED as to Count 1's claim for breach of contract with respect to elements (1) the existence of a contract; (2) performance by the Plaintiff; and (3) a breach by Defendants. The Court denies summary judgment as to (4) damages, finding that a triable issue of fact exists as to the extent of Plaintiff's damages, if any. Defendants' motion as to Count 1 is DENIED.

b. Count 3: ¶ 1 of the PSA

\* \* \* \* \*

The Court [] finds that Defendants breached paragraph 1 of the PSA as to inclusion of the disclaimer in Defendants' product descriptions. As to this claim, Plaintiff's motion is GRANTED with respect to elements (1) the existence of a contract; (2) performance by the Plaintiff; and (3) a breach by Defendants. The Court denies summary judgment as to (4) damages, finding that a triable issue of fact exists as to the extent of Plaintiff's damages, if any. Defendants' motion as to this claims is DENIED.

2. Mobile website

It is undisputed that BBM maintained the mobile website to advertise, market, and sell the Maternity Bands, JSF ¶ 29, but did not have the disclaimer on all of the mobile webpages. \* \* \* \* \* The Court [] finds that Plaintiff has no claim for Defendants' failure to include the disclaimer on its mobile website because Plaintiff failed to inform Defendant of the breach as required by ¶ 3 of the PSA. As to this claim, Plaintiff's motion is DENIED, and Defendants' motion is GRANTED.

3. Facebook.com page

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The Court [] finds that Plaintiff has no claim for Defendants' failure to include the disclaimer on its Facebook.com page because Plaintiff failed to inform Defendant of the breach as required by ¶ 3 of the PSA. As to this claim, Plaintiff's motion is DENIED, and Defendants' motion is GRANTED.

4. Magazine or other media publication advertisements



\* \* \* \* \*

The Court [] finds that Plaintiff has no claim that Defendants failed to include the disclaimer on all of their magazine or other media publication advertisements, including those in Elite Magazine. As to this claim, Plaintiff's motion is DENIED and Defendants' motion is GRANTED.

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c. Count 2: ¶ 2.B of the PSA

Plaintiff moves for summary judgment on Count 2, arguing that there is no genuine dispute that Defendants breached paragraph 2.B of the PSA. The motion is DENIED. Defendants move for partial summary judgment on Count 2, arguing that the undisputed facts demonstrate that Defendants did not breach the notification requirement and that the provision is unenforceable as drafted. The motion is GRANTED.

\* \* \* \* \*

The evidence shows that Defendants did not breach ¶ 2.B of the PSA. Defendants provided evidence of compliance. Plaintiff introduces no affirmative evidence of Defendants' non-compliance and at most raises questions about whether the disclaimer was sent to all required parties. Defendants submit evidence showing that it was. Accordingly, Plaintiff's motion is DENIED as to Count 2's claim for breach of contract of ¶ 2.B of the PSA. Defendants' motion is GRANTED as to Count 2's claim for breach of contract of ¶ 2.B of the PSA.

d. Count 4: ¶ 4 of the PSA

Plaintiff moves for summary judgment on Count 4, arguing that there is no genuine dispute that Defendants breached paragraph 4 of the PSA. The motion is DENIED. Defendants move for partial summary judgment on Count 4, arguing that there is no evidence that Defendants "copied" Plaintiff's website and no prohibition on Defendants having marketing "that happens to be similar" to Plaintiff's. Dkt. No. 98 at 18. The motion is DENIED.

Paragraph 4 of the PSA centers on Defendants' agreement to "not copy any of Plaintiffs' advertising, marketing and promotional copy or layout elements and materials, copying statements, ideas, or expressions used in Plaintiffs' advertising, promotional and marketing materials" and to "provide express written notification to all of their retailers, vendors, sales representatives, agents and any other individuals or companies acting for, on behalf of, or in concert with Defendants" regarding paragraph 4." JSF ¶ 13.

Plaintiff presents evidence that Defendants did explicitly instruct some vendors that Defendants wanted BBM's Website to share some visual elements and concepts with Plaintiff's website. See Dkt. No. 92 at 16-17; 10-11; Dkt. No. 93 Exs. J, K, L, S. Plaintiff's evidence, including photographic comparisons of the parties' marketing material, raises a triable issue as to whether Defendant breached paragraph 4. Defendant argues that "¶4 of the PSA prohibits "copying . . . it does not impose liability on BBM for having marketing that happens to be similar" to Plaintiff's marketing. Dkt. No. 98 at 18-19. A jury will have to decide whether the similarities amount to copying under the agreement. For that reason, both parties' motions for summary judgment as to Count 4 are DENIED.

e. Count 5: ¶ 1 of the TSA

Plaintiff moves for summary judgment on Count 5, arguing that there is no genuine dispute that Defendants breached paragraph 1 of the PSA. Defendant moves for summary judgment as well, arguing there is not no genuine dispute that Defendants did not breach. Plaintiff's motion is DENIED and Defendants' motion is GRANTED.

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[] Plaintiff's motion as to Count 5 is DENIED. Defendants' motion as to Count 5 is GRANTED.

ii. Counts 6-8: Unfair Competition

Defendant moves for summary judgment on Counts 6-8, arguing that there is no genuine dispute that Plaintiff "cannot show inherent distinctiveness, secondary meaning, or likelihood of confusion." Dkt. No. 98 at 22. Defendants' motion for summary judgment as to Plaintiff's Counts 6-8 is DENIED.

Plaintiff's Counts 6-8 are for unfair competition, under § 43(a) of the Lanham Act (Count 6), § 17200 of the California Business & Professional Code, and California Common Law. FAC at ¶¶ 71-97. The Ninth Circuit "has consistently held that state common law claims of unfair competition and actions pursuant to California Business and Professions Code § 17200 are 'substantially congruent' to claims made under the Lanham Act." Cleary v. News Corp., 30 F.3d 1255, 1262-63 (9th Cir.1994) (citations omitted). The Court thus considers Plaintiff's three claims and Defendants' motion for summary judgment on them together.

Section 43(a) of the Lanham Act creates a federal cause of action for unfair competition and prohibits the sale of goods by use of:

[a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) 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). To successfully maintain an action for . . . false designation of origin [or] unfair competition under the Lanham Act or California law, plaintiff must show that it has a valid trademark and that defendant's use of the mark is likely to cause confusion. Vallavista Corp. v. Amazon.com, Inc., 657 F.Supp.2d 1132, 1136 (N.D. Cal. 2008). The definition of the actionable elements in Section 43(a) has been held to include trade dress. Autodesk, Inc. v. Dassault Systemes SolidWorks Corp., 685 F.Supp.2d 1001, 1012 (N.D. Cal. 2009)

Plaintiff alleges three bases for its Lanham Act claim: (1) Defendants' use of the "code words and phrases" on its website; (2) Defendants' alleged use of the word "Bella" in its marketing; and (3)

Defendants' alleged copying of Plaintiff's "trade dress, the look and feel of the website." See Dkt. No. 158 (Hr'g Tr.) at 18:14-20:21.

Only Plaintiff's third basis warrants significant discussion. Plaintiff's primary argument regarding the "code words and phrases" is that they led consumers to believe that Defendants' bands hold up pants or skirts in breach of ¶ 2.A of the PSA; the Court finds that Plaintiff presented no evidence that the "code words and phrases" are likely to lead any consumer to reach that conclusion. Plaintiff has presented no evidence that the "code words and phrases" are protectable trademark or trade dress, or that they have or could lead a consumer to be confused as to Defendants' products' origins. Accordingly, the Court rejects the "code words and phrases" as an independent basis for Plaintiff's unfair competition claims.

Plaintiff separately argues that Defendants breached ¶ 1 of the TSA by using the word "Bella." See supra. The Court finds that Plaintiff has not submitted admissible evidence which creates a triable issue of fact that Defendants did, in fact, use the term "Bella." See supra. Accordingly, the Court rejects the use of the word "Bella" as a basis for Plaintiff's unfair competition claims.

The remaining basis for Plaintiff's unfair competition is the allegation that Defendants' copied Plaintiff's trade dress, and in particular the "look and feel" of its website. Defendants suggest that the Lanham Act may not offer protection for the "look and feel" of a website, Dkt. No. 98 at 21-22, citing Blue Nile, Inc. v. Ice.com, Inc. as the only published case Defendants could find that discussed such protection. 478 F.Supp.2d 1240, 1246 (W.D. Wash. 2007). That case called Lanham Act protection for a website's "look and feel" a "novel legal theory" and reserved judgment on the issue pending further factual development. *Id.*

Plaintiff misconstrues Blue Nile to stand for the proposition that a website's "look and feel" "can constitute a protectable trade dress," Dkt. No. 117 at 17 (emphasis added), and states that "[t]wo other unpublished cases exist which reached this same conclusion." *Id.* (citing Conference Archives, Inc. v. Sound Images, Inc., 2010 WL 1626072 (W.D. Pa. Mar. 31, 2010); Sleep Sci. Partners v. Lieberman, 2010 WL 1881770 (N.D. Cal. May 10, 2010)). Conference Archives extensively discusses the leading academic literature on extending trade dress protection to a website's "look and feel," *id.* at \*14-16, and does, unlike Blue Nile, conclude that that a website's "look and feel" can constitute protectable trade dress. *Id.* at \*16. However, it did so in the context of a Lanham Act claim to protect the "look and feel" of a website that was, itself, the product.<sup>3</sup> In contrast, Plaintiff's claim here is for protection of the website it uses to market and sell its physical products. The Court in Sleep Science Partners cited Blue Nile and Conference Archives, and like Blue Nile, it considered but ultimately reserved judgment on the issue of whether a website's "look and feel" can constitute the basis for a Lanham Act claim.<sup>4</sup> Sleep Sci. Partners v. Lieberman, 09-04200 CW, 2010 WL 1881770, \*5 (N.D. Cal. May 10, 2010) ("The Court need not decide this issue here because Plaintiff has not adequately identified the elements of its website that comprise its alleged trade dress").

Three additional cases from within the Ninth Circuit are instructive. First, the Court in Salt Optics, Inc. v. Jand relied on Sleep Science, Blue Nile, and Conference Archives to conclude that although "the Ninth

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<sup>3</sup> The plaintiff created "a product called Conference Companion" that "display[ed] recorded video in a web page within an Internet browser;" defendant admitted to copying plaintiff's website's underlying code "in order for its product to have a 'consistent' appearance to those previously produced by the [p]laintiff," and also admitted to intentionally "mimic[ing] the 'look and feel' of [the] [p]laintiff's product." 2010 WL 1626072 at \*1.

<sup>4</sup> Again, contrary to Plaintiff's reading.

Circuit has yet to explicate the precise boundaries of trade dress law as applied to the internet . . . [p]recedent from around the country . . . indicates that a website's total 'look and feel' can constitute a protectible trade dress. 2010 WL 4961702, \*5 (C.D. Cal. Nov. 19, 2010). Following Sleep Science, however, the court granted the defendant's motion to dismiss, holding that defendant's "mere cataloguing of [the] website's features does not give defendants adequate notice of a plaintiff's trade dress claim." Id. (adding that the "inadequacy of such cataloguing is exacerbated when a plaintiff, in a complaint, also 'employs language suggesting that [the listed components] are only some among many' of the elements comprising the alleged trade dress," citing Sleep Science, 2010 WL 1881770 at \*3). Second, the Court in Bryant v. Matvieshen cited Sleep Science for the same proposition in denying a request for a temporary restraining order related to a website trade dress claim. 904 F.Supp.2d 1034, 1046-47 (E.D. Cal. 2012) ("In order to state a trade dress claim for website design, [plaintiff] needs to clearly define the specific elements that constitute the trade dress; a general description of the site is insufficient"). Third, SG Servs. Inc. v. God's Girls Inc. considered a claim for "false designation of origin/trade dress infringement" that claimed trade dress protection for plaintiff's website's look and feel without using that express term. 2007 WL 2315437, at \*8 (C.D. Cal. May 9, 2007). The claim was for infringement of "certain features on the website," including "the color pink," and the court considered printouts of pages from plaintiff's and defendant's websites for their distinctiveness and likelihood of confusion. Id. at \*8-11.

Plaintiff here offers some particularity as to the website elements it claims to constitute its website's protectable "look and feel." Its First Amended Complaint includes a list that is not specific to the website,<sup>5</sup> but at the hearing Plaintiff specified that it was claiming the elements described in the declaration of Ingrid Carney. Hr'g Tr. at 21:8-23. Ms. Carney's declaration describes I&I's 2009-2011 efforts to refresh its brand, including through updating its website, and describes the goals and creative purpose of the refresh. Dkt. No. 120 at ¶¶ 3-6. It also describes a list of alleged similarities between Plaintiff's redesigned website and Defendants' redesigned website, "include[ing] but not limited to:

- Logo in feminine script in pastel pink-orange hue in upper left corner of the page.
- Pink and orange script carried throughout the site.
- Close-up of model photos featured from head to mid-thigh, wearing white tanks with jeans, with long naturally wavy hair.
- Model photos feature mouse-over change of whimsical, casual poses to display all angles of the product.
- Featuring Model photos instead of product photos, throughout the site.
- Color and pattern of wallpaper.
- Category sliders.
- Dots for category sliders and similar colors of the dots.
- Placement of models to text in the sliders.
- The general fonts used.
- How the models are posing

Dkt. No. 120 at ¶ 9. Plaintiff's list is more specific than the allegations that were dismissed in Sleep Science, 2010 WL 1881770 at \*3, or in Bryant, 904 F. Supp. 2d at 1046-47. However, as in Sleep Science,

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<sup>5</sup> FAC at ¶ 72 (describing Plaintiff's trade dress as "including, but not limited to, customer communications, advertisements, press releases, pencil drawings, sizing charts, product inserts, product colors, product descriptions and photographs"); at ¶ 73 (describing "Defendants' website communications, marketing and advertising materials" as "confusingly similar to Plaintiffs Advertising").

"Plaintiff employs language suggesting that these components are only some among many," which weighs against Plaintiff's claim, and Plaintiff lists only alleged similarities, not a definitive list of the elements constituting Plaintiff's website's "look and feel." 2010 WL 1881770 at \*3.

The Court finds that the "look and feel" of a web site can constitute a trade dress protected by the Lanham Act. Accordingly, to succeed in its claim Plaintiff must thus show "(1) that its trade dress is inherently distinctive or has acquired secondary meaning; (2) that its trade dress is nonfunctional; and (3) that defendant's product creates a likelihood of consumer confusion." Autodesk, Inc. v. Dassault Systemes SolidWorks Corp., C08-04397 WHA, 2008 WL 6742224 (N.D. Cal. Dec. 18, 2008).

#### Distinctiveness

"A mark or dress is distinctive when it identifies the particular source of the product or distinguishes it from other products. . . . Correspondingly, a product's trademark or trade dress acquires a secondary meaning when the purchasing public associates the mark or dress with a single producer or source rather than with the product itself. Int'l Jensen, Inc. v. Metrosound U.S.A., Inc., 4 F.3d 819, 824 (9th Cir. 1993). The Supreme Court has held that "design, like color is not inherently distinctive." Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 212 (2000). Given the conceptual similarity between "look and feel" and "design," Wal-Mart suggests that Plaintiff must show that its website's "look and feel" is distinctive through its secondary meaning; Plaintiff also conceded at the hearing that it must show look and feel of the website has developed secondary meaning. Hr'g Tr. at 43:11-16. Plaintiff has offered no direct evidence of distinctiveness, either inherent distinctiveness or through secondary meaning. See Dkt. No. 117 (rebutting Defendants' motion to dismiss Plaintiff's unfair competition claims only on the basis that it "has presented direct evidence of customer confusion").

However, at the hearing, Plaintiff argued that "evidence of deliberate copying can support an inference of secondary meaning," Hr'g Tr. at 44:6-10, referring to Fuddrucker, Inc. v. Doc's B.R. Others, Inc. 826 F.2d 837, 844 (9th Cir. 1987). Fuddrucker "recognize[d] that evidence of deliberate copying is relevant to a determination of secondary meaning," and "in appropriate circumstances, deliberate copying may suffice to support an inference of secondary meaning." Id. (citing Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1014-16 (9th Cir. 1985)). Plaintiff here has submitted evidence of copying, including the declaration of Ms. Carney, Dkt. Nos. 120 at ¶ 9, 120-5 (screenshots of BBM and I&I's websites), as well as evidence that Defendants explicitly instructed some vendors that Defendants wanted BBM's Website to share some visual elements and concepts with Plaintiff's website. See Dkt. No. 92 at 16-17; 10-11; Dkt. No. 93 Exs. J, K, L, S. Though Defendants dispute Plaintiff's claim, and submit evidence that they were employing a "look and feel" popular among several other websites, Dkt. No. 98 at 22 (citing Dkt. Nos. 104 (Pradhan Decl.) at ¶¶25-26; 104-24, 104-25 (screenshots), Plaintiff's evidence raises an issue of triable fact as to distinctiveness.

#### Non-functionality

"Trade dress protection extends only to design features that are nonfunctional." E.g., Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1258 (9th Cir. 2001). "Functionality is a question of fact." Id. (citing Fuddrucker, 826 F.2d at 843). When multiple elements combine to form one visual whole that constitutes the asserted trade dress, "[t]he fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional; rather, functional elements that are separately unprotectable can be protected together as part of a trade dress." Clicks Billiards, 251 F.3d at 1259 (emphasis in original) (citation omitted). "[A]s long as there are alternate ways

to design a web site, beyond the arrangement protected by the trade dress, the site's interface should not be considered functional." Conference Archives, Inc. v. Sound Images, Inc., CIV. 3:2006-76, 2010 WL 1626072 (W.D. Pa. Mar. 31, 2010).

Plaintiff asserts several elements of its website that are likely non-functional, including: the choice to use a "feminine script," the use of "pastel pink-orange hue," the use of "[p]ink and orange script," the "[c]olor and pattern of wallpaper," and the particular poses chosen for its models. Dkt. No. 120 at ¶ 9. Additionally, the placement and arrangement of functional elements can produce a non-functional aesthetic whole. See Clicks Billiards at 1259. "[I]n evaluating functionality as well as the other elements of a trade dress claim, it is crucial that we focus not on the individual elements, but rather on the overall visual impression that the combination and arrangement of those elements create. Trade dress is the composite tapestry of visual effects." *Id.* (emphasis in original).

Having asserted several apparently non-functional elements of its website, and having asserted their arrangement and their overall combination, Plaintiff has created a triable issue of fact as to the non-functionality of its website's "look and feel."

#### Likelihood of confusion

"Likelihood of confusion [is] a question of fact." *Id.* at 1264 (citing Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 1356 n.5 (9th Cir.1985)). "[T]rial courts disfavor deciding trademark cases in summary judgments because the ultimate issue is so inherently factual." Levi Strauss at 1356. Likelihood of confusion is also "the most important element" of the three components of a protectable mark. Kendall-Jackson Winery Ltd., v. E. & J. Gallo Winery, 150 F.3d 1042, 1048 (9th Cir.1998).

The test for likelihood of confusion is whether a "reasonably prudent consumer" in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks. In AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir.1979), we listed eight factors to facilitate the inquiry: (1) strength of the mark; (2) proximity or relatedness of the goods; (3) similarity of sight, sound and meaning; (4) evidence of actual confusion; (5) marketing channels; (6) type of goods and purchaser care; (7) intent; and (8) likelihood of expansion. The factors should not be rigidly weighed; we do not count beans.

Dreamwerks Prod. Grp., Inc. v. SKG Studio, 142 F.3d 1127, 1132 (9th Cir. 1998).

Plaintiff has raised a triable issue of fact as to at least (1) strength of its mark, (2) proximity or relatedness of the goods; (3) similarity of sight, sound and meaning; (5) marketing channels; and (7) intent. Some Sleekcraft factors "are much more important than others, and the relative importance of each individual factor will be case specific." Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1054 (9th Cir.1999). Here, Plaintiff's evidence as to Defendants' allegedly intentional copying, see Dkt. No. 92 at 16-17; 10-11; Dkt. No. 93 Exs. J, K, L, S, and the actual similarity of the websites, see Dkt. Nos. 120 at ¶ 9; 120-5 (screenshot comparisons of I&I and BBM websites), create triable issues of fact as to the most critical factors for likelihood of confusion in this case. Plaintiff's evidence raises an issue of triable fact as to likelihood of confusion.

Plaintiff has presented sufficient evidence to create a triable issue of fact as to the elements required to prove its unfair competition claims. Defendants' motion for summary judgment as to Plaintiff's Counts 6-8 is DENIED.

iii. Counterclaims 1-3: Intentional Interference With Contractual Relations

Defendants and Plaintiff each move for summary judgment on Defendants' first counterclaim. For the following reasons, Defendants' motion is DENIED and Plaintiff's motion is GRANTED.

\* \* \* \* \*

[] Plaintiff's motion for summary judgment as to Defendants first counterclaim is GRANTED and Defendants' motion for summary judgment as to its first counterclaim is DENIED.

iv. Counterclaims 2-3: Intentional or Negligent Interference With Prospective Economic Advantage

Plaintiff moves for summary judgment on Defendants' Counts 2-3, for intentional and negligent interference with prospective economic relations. The underlying factual basis for these counterclaims are the same as for BBM's counterclaim for intentional interference with contractual relations. The litigation privilege provides immunity from these claims just as it does from Defendants' first counterclaim. Thus, Plaintiff's motions for summary judgment are GRANTED.

V. ORDERS

1. Plaintiff's motions for summary judgment as to Counts 1 and 3 are GRANTED IN PART and DENIED IN PART:

a. Plaintiff's motion is GRANTED as to Count 1's claim for breach of ¶2.A of the PSA with respect to elements (1) the existence of a contract; (2) performance by the Plaintiff; and (3) a breach by Defendants.

b. Plaintiff's motion is DENIED as to Count 1's claim for breach of contract with respect to damages.

c. Plaintiff's motion is GRANTED as to Count 3's claim for breach of ¶ 1 of the PSA with respect to (1) the existence of a contract; (2) performance by the Plaintiff; and (3) a breach by Defendants with regard to: the product descriptions.

d. Plaintiff's Motion is DENIED as to Count 3's claim for breach of contract of ¶ 1 of the PSA with respect to damages, and entirely with regard to:

i. The mobile website

ii. The Facebook.com page

iii. Printed publications

2. Plaintiff's motions for summary judgment as to Counterclaims 1, 2, and 3 are GRANTED.

3. Plaintiff's motions for summary judgment as to Counts 2, 4, and 5 are DENIED.

4. Defendants' motion for summary judgment as to Counts 2 and 5 are GRANTED.

5. Defendant's motion for summary judgment as to Count 3 is GRANTED IN PART and DENIED IN PART:

a. Defendants' motion is GRANTED with respect to:

i. The mobile website

ii. The Facebook.com page

iii. Printed publications

b. Defendants' motion is DENIED with respect to: the product descriptions.

6. Defendants' motion for summary judgment as to Counts 1, 4, 6, 7, 8, and Counterclaim 1 are DENIED.

IT IS SO ORDERED.