

APPENDIX

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APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 19-3010

EZAKI GLICO KABUSHIKI KAISHA,
a Japanese Corporation d/b/a/ Ezaki Glico;

EZAKI GLICO USA CORP.,
a California Corporation,

Appellants,

v.

LOTTE INTERNATIONAL AMERICA CORP.;
LOTTE CONFECTIONARY CO. LTD.

On Appeal from the United States District Court
for the District of New Jersey
(D.C. No. 2:15-cv-05477)
District Judge: Honorable Madeline C. Arleo

Argued: July 9, 2020

Before: McKEE, BIBAS, and FUENTES, *Circuit
Judges*

(Filed: January 26, 2021)

Amended: March 10, 2021

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OPINION OF THE COURT

BIBAS, *Circuit Judge*.

This is a tale of more than just desserts. Decades ago, Ezaki Glico invented Pocky, a chocolate-covered cookie stick. Pocky was very popular. And its success drew imitators, including Lotte's Pepero. Ezaki Glico now sues Lotte for trade-dress infringement.

The District Court granted Lotte summary judgment, finding that because Pocky's design is functional, Ezaki Glico has no trade-dress protection. We agree. Trade dress is limited to designs that identify a product's source. It does not safeguard designs that are functional—that is, useful. Patent law protects useful inventions, but trademark law does not. We will thus affirm.

I. BACKGROUND

A. A cookie is born: Ezaki Glico's Pocky

Ezaki Glico is a Japanese confectionery company. For more than half a century, it has made and sold Pocky: a product line of thin, stick-shaped cookies (what the British call biscuits). These cookies are

partly coated with chocolate or a flavored cream; some have crushed almonds too. The end of each is left partly uncoated to serve as a handle. Ezaki Glico makes Pocky in both a standard and an “Ultra Slim” size. Appellant’s Br. 9.

In 1978, Ezaki Glico started selling Pocky in the United States through its wholly owned subsidiary here. Since then, it has tried to fend off competitors by registering U.S. trademarks and patents. It has two Pocky product configurations registered as trade dresses.

Ezaki Glico also has a utility patent for a “Stick Shaped Snack and Method for Producing the Same.” App. 1013–16. The first thirteen claims in the patent describe methods for making a stick-shaped snack. The final claim covers “[a] stick-shaped snack made by the method of claim 1.” App. 1016. The width of that stick-shaped snack matches that of Pocky Ultra Slim.

B. A new cookie comes to town: Lotte’s Pepero

Imitation is the sincerest form of flattery, and others have noted Pocky’s appeal. Starting in 1983, another confectionery company called Lotte started making Pepero. These snacks are also stick-shaped cookies (biscuits) partly coated in chocolate or a flavored cream, and some have crushed almonds too. It looks remarkably like pocky. Here are the two products side by side:

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See App. 980–83, 1018–19, 1021–24. Lotte and its U.S. subsidiary have been selling Pepero in the United States for more than three decades.

C. Ezaki Glico's trade-dress suit

From 1993 to 1995, Ezaki Glico sent letters to Lotte, notifying Lotte of its registered trade dress and asking it to cease and desist selling Pepero in the United States. Lotte assured Ezaki Glico that it would stop until they resolved their dispute. But Lotte resumed selling Pepero. For the next two decades, Ezaki Glico took no further action.

In 2015, Ezaki Glico sued Lotte in federal court for selling Pepero. Under federal law, Ezaki Glico alleged trademark infringement and unfair competition, in violation of the Lanham (Trademark) Act §§ 32 and 43(a), 15 U.S.C. §§ 1114, 1125(a)(1)(A). Under New

Jersey law, it alleged trademark infringement and unfair competition, in violation of both the common law and the New Jersey Fair Trade Act, N.J.S.A. § 56:4-1 and 2.

After discovery, the District Court granted summary judgment for Lotte, holding that because Pocky's product configuration is functional, it is not protected as trade dress. *Kaisha v. Lotte Int'l Am. Corp.*, No. 15-5477, 2019 WL 8405592, at *3 (D.N.J. July 31, 2019).

Ezaki Glico now appeals. The District Court had jurisdiction under 15 U.S.C. §§ 1119 and 1121(a) and 28 U.S.C. §§ 1331, 1338, and 1367. We have jurisdiction under 28 U.S.C. § 1291.

We review the District Court's grant of summary judgment de novo. *Cranbury Brick Yard, LLC v. United States*, 943 F.3d 701, 708 (3d Cir. 2019). We will affirm if no material fact is genuinely disputed and if, viewing the facts most favorably to Ezaki Glico, Lotte merits judgment as a matter of law. Fed. R. Civ. P. 56(a). Both of Ezaki Glico's Lanham Act claims depend on the validity of its trade dress. New Jersey's unfair-competition and trademark laws are not significantly different from federal law, so our analysis of Ezaki Glico's Lanham Act claims applies equally to dispose of its state-law claims. *See Am. Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1141 (3d Cir. 1986); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 22:1.50 (5th ed. 2020). Following the parties' lead, we focus on federal trademark law.

II. TRADE-DRESS LAW DOES NOT PROTECT PRODUCT DESIGNS THAT ARE USEFUL

Under the statute, the key issue is whether Pocky's trade dress is functional. Lotte says that it is; Ezaki Glico says no. Ezaki Glico equates "functional" with "essential." Appellants' Br. 18, 25 (emphases omitted). But that test is too narrow. It misreads the Lanham Act's text and its relationship with the Patent Act. Under both the statute and the case law, a feature's particular design is functional if it is useful. And there are several ways to show functionality.

A. Patent law protects useful designs, while trademark law does not

Copying is usually legal. It is part of market competition. As a rule, unless a patent, copyright, or the like protects an item, competitors are free to copy it. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001).

The Constitution does authorize Congress to grant exclusive patents and copyrights "[t]o promote the Progress of Science and useful Arts," but only "for limited Times." U.S. Const. art. I, § 8, cl. 8. Utility patents promote "Science and useful Arts" by protecting inventions that are "new and useful." 35 U.S.C. § 101. Design patents protect "any new, original and ornamental design." *Id.* § 171(a). In keeping with the Constitution's time limit, utility patents last for twenty years, and design patents last for only fifteen years. *Id.* §§ 154(a)(2), 173. If there is no patent, or once a patent expires, competitors are free to copy "publicly known design and utilitarian ideas." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,

489 U.S. 141, 152, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989); accord *Qualitex Co. v. Jacobson Prod. Co., Inc.*, 514 U.S. 159, 164, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995). This way, sellers can compete and build on one another's innovations. That competition improves quality and lowers consumers' costs.

By contrast, trademark law protects not inventions or designs per se, but branding. A trademark is a "word, name, symbol, or device . . . used by a person [] . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods." 15 U.S.C. § 1127. Trademark law can protect a product's "trade dress[,] [which] is the overall look of a product or business." *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 308 (3d Cir. 2014). That includes not only a product's packaging but also its design, such as its size, shape, and color. *Id.*; *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000).

We are careful to keep trademark law in its lane. Trade dress, like trademark law generally, is limited to protecting the owner's goodwill and preventing consumers from being confused about the source of a product. *Shire US Inc. v. Barr Labs., Inc.*, 329 F.3d 348, 353 (3d Cir. 2003). We must not overextend it to protect all of a product's features, because "product design almost invariably serves purposes other than source identification." *TrafFix*, 532 U.S. at 29, 121 S.Ct. 1255 (quoting *Wal-Mart*, 529 U.S. at 213, 120 S.Ct. 1339). "Trade dress protection . . . is not intended to create patent-like rights in innovative aspects of product design." *Shire*, 329 F.3d at 353. If it did, it could override restrictions on what is patentable and

for how long. *Qualitex*, 514 U.S. at 164–65, 115 S.Ct. 1300. After all, trademarks have no time limit.

The functionality doctrine keeps trademarks from usurping the place of patents. The Patent and Trademark Office cannot register any mark that “comprises any matter that, as a whole, is functional.” 15 U.S.C. § 1052(e)(5). Even after a mark is registered, it is a defense to infringement “[t]hat the mark is functional.” *Id.* § 1115(b)(8); *see also id.* § 1125(a)(3) (providing that the holder of an unregistered mark must prove that the mark “is not functional”). Thus, even if copying would confuse consumers about a product’s source, competitors may copy unpatented functional designs.

B. Functional designs need not be essential, just useful

The core dispute here is how to define “functional.” *Ezaki Glico* reads it narrowly, equating it with “essential.” Appellant’s Br. 18, 25. But that is not what the word means.

Since the Lanham Act does not define functionality, we start with its ordinary meaning. A feature’s design is functional if it is “designed or developed chiefly from the point of view of use: UTILITARIAN.” *Functional* (def. 2a), *Webster’s Third New International Dictionary* (1966). So something is functional as long as it is “practical, utilitarian”—in a word, useful. *Functional* (def. 2d), *Oxford English Dictionary* (2d ed. 1989). The word requires nothing more.

Reading functionality as usefulness explains how the Lanham Act fits with the Patent Act. Utility patents, not trademarks, protect inventions or designs

that are “new and useful.” 35 U.S.C. § 101. If the Lanham Act protected designs that were useful but not essential, as Ezaki Glico claims, it would invade the Patent Act’s domain. Because the Lanham Act excludes useful designs, the two statutes rule different realms.

Precedent also supports defining functional as useful. In *Qualitex*, the Supreme Court described the functionality doctrine as protecting competition by keeping a producer from perpetually “control[ing] a useful product feature.” 514 U.S. at 164, 115 S.Ct. 1300. In *TrafFix*, the Court described functionality as depending on whether “the feature in question is shown as a useful part of the invention.” 532 U.S. at 34, 121 S.Ct. 1255. It contrasted functional features disclosed in a utility patent with “arbitrary, incidental, or ornamental aspects” that “do not serve a purpose within the terms of the utility patent.” *Id.* And in *Wal-Mart*, the Court contrasted designs that only “identify the source” with those that “render the product itself more useful or more appealing.” 529 U.S. at 213, 120 S.Ct. 1339. “[M]ore useful or more appealing” is a far cry from essential.

Conversely, a design is not functional if all it does is identify its maker. “Proof of nonfunctionality generally requires a showing that the element of the product serves no purpose other than identification.” *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981) (quoting *SK&F, Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1063 (3d Cir. 1980)). But if a design gives a product an edge in usefulness, then it is functional.

Ezaki Glico resists this reading by focusing on one phrase from *Qualitex*. The heart of its claim is the first sentence of its argument: “A product’s configuration is functional for purposes of trade dress protection only ‘if it is *essential* to the use or purpose of the article or if it affects the cost or quality of the article.’ ” Appellants’ Br. 22 (quoting *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300, and adding the emphasis). But the word “only” is nowhere on the page it cites. Though Ezaki Glico’s forceful brief repeats “essential” more than four dozen times and structures its case around that touchstone, the authority does not support its drumbeat.

On the contrary, the Supreme Court recognizes several ways to show that a product feature is functional. One way is indeed to show that a feature “is essential to the use or purpose of the article.” *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982)). Another is if “it affects the cost or quality of the article.” *Id.* (Ezaki Glico keeps skipping over this part of the test.) At least in some cases, a feature is functional and unprotected if the “exclusive use of [the feature] would put competitors at a significant non-reputation-related disadvantage.” *TrafFix*, 532 U.S. at 32, 121 S.Ct. 1255 (quoting *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300). All of these are different ways of showing usefulness. (Though this last inquiry is especially apt for proving aesthetic functionality, the Court has not specifically limited it to that context. See *TrafFix*, 532 U.S. at 33, 121 S.Ct. 1255.) On the other hand, a feature is “not functional” if, for instance, “it is merely an ornamental, incidental, or

arbitrary aspect of the device.” *Id.* at 30, 121 S.Ct. 1255.

We analyze functionality not at the level of the entire product or type of feature, but at the level of the particular design chosen for feature(s). Just “because an *article* is useful for some purpose,” it does not follow that “all *design features* of that article must be ‘functional.’ ” 1 McCarthy § 7:70 (emphases added). The question is not whether the product or feature is useful, but whether “the particular shape and form” chosen for that feature is. *Id.*

For instance, though ironing-board pads need “to use *some* color . . . to avoid noticeable stains,” there is no functional reason to use green-gold in particular. *Qualitex*, 514 U.S. at 166, 115 S.Ct. 1300. Though French press coffeemakers need *some* handle, there is no functional reason to design the particular handle in the shape of a “C.” *Bodum USA, Inc. v. A Top New Casting Inc.*, 927 F.3d 486, 492–93 (7th Cir. 2019) (also noting that the design sacrificed ergonomics). And though armchairs need *some* armrest, there is no functional reason to design the particular armrest as a trapezoid. *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 867–68 (9th Cir. 2020) (also noting that the design sacrificed comfort). Ironing-board colors, coffee-pot handles, and armrests are all generally useful. But the particular designs chosen in those cases offered no edge in usefulness.

Also, a combination of functional and non-functional features can be protected as trade dress, so long as the non-functional features help make the overall design distinctive and identify its source. *See Am. Greetings*, 807 F.2d at 1143.

But a product's design, including its shape, is often useful and thus functional. For example, when Nabisco sued Kellogg for making its shredded wheat pillow-shaped, just like Nabisco's, the Supreme Court rejected the unfair-competition claim. The pillow shape is functional because using another shape would increase shredded wheat's cost and lower its quality. *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122, 59 S.Ct. 109, 83 L.Ed. 73 (1938). For the same reason, the Court rejected a challenge to copying the exact shape of a pole lamp. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231–32, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964). And if an inventor created a new light-bulb shape that improved illumination, he could not trademark that shape. *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300. That would be true even if consumers associated the bulb shape with its inventor, because trade-marking it would "frustrat[e] competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb." *Id.* So long as the design improves cost, quality, or the like, it cannot be protected as trade dress. The shape need only be useful, not essential. Conversely, a distinctive logo, pattern, or other arbitrary shape or style may be non-functional and protectable as a trade dress.

As the leading trademark treatise concurs, "functional" means useful. "To boil it down to a phrase: something is 'functional' if it works better in this shape." 1 McCarthy § 7:63. That includes features that make a product cheaper or easier to make or use. *Id.* Because the functionality bar is supposed to keep "trade dress from creating 'back-door patents,' . . . the test of what is 'functional' should be very similar to that of patent law." *Id.* § 7:67.

C. Evidence of functionality

There are several ways to prove functionality. First, evidence can directly show that a feature or design makes a product work better. *See Am. Greetings*, 807 F.2d at 1142 (treating as functional “tummy graphics” on teddy bears because they signal each bear’s personality). Second, it is “strong evidence” of functionality that a product’s marketer touts a feature’s usefulness. *Id.* at 1142–43. Third, “[a] utility patent is strong evidence that the features therein claimed are functional.” *TrafFix*, 532 U.S. at 29, 121 S.Ct. 1255. Fourth, if there are only a few ways to design a product, the design is functional. *Keene*, 653 F.2d at 827. But the converse is not necessarily true: the existence of other workable designs is relevant evidence but not independently enough to make a design non-functional. *Id.*; 1 McCarthy § 7:75 (interpreting *TrafFix*, 532 U.S. at 33–34, 121 S.Ct. 1255).

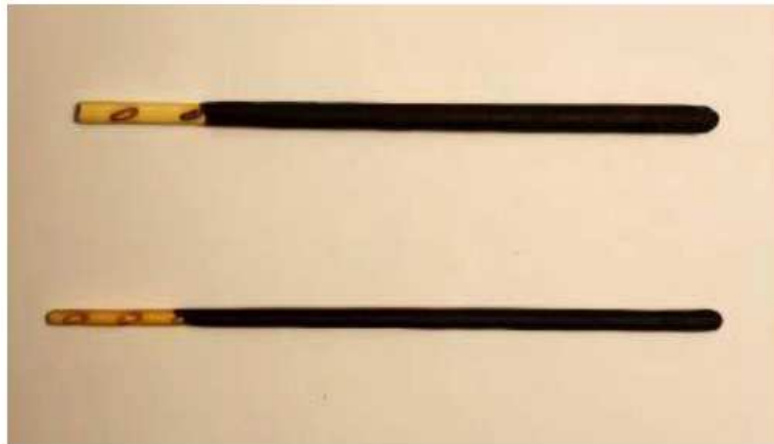
Our list is not exhaustive; there may be other considerations. The Federal Circuit and other sister circuits also use similar inquiries. *See, e.g., Georgia-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727–28 (7th Cir. 2011); *Disc Golf Ass’n, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340–41 (C.C.P.A. 1982) (predecessor to the Federal Circuit).

With these definitions and inquiries in mind, we can now apply them to this case.

III. POCKY'S TRADE DRESS IS FUNCTIONAL

To decide whether a trade dress is functional, we look at the usefulness of the exact feature or set of features claimed by the trade dress. *See Am. Greetings*, 807 F.2d at 1141. Ezaki Glico has two registered Pocky trade dresses, both broad. The first “comprises an elongated rod comprising biscuit or the like, partially covered with chocolate.” App 10, 1448. The second consists of the same sort of snack, along with almonds on top of the chocolate or cream.

In a picture, Ezaki Glico's trade dresses include all cookies like these:



App. 292. The trade dresses are presumptively valid because they are registered and incontestable. *See* 15 U.S.C. § 1115. So Lotte bears the burden of proving that they are functional. *Id.* §§ 1115(a), (b)(8).

Ezaki Glico argues that none of these features is essential to make the snack easy to eat. But that is the wrong test. Lotte has shown that Pocky's design is useful and thus functional.

A. Pocky's design makes it work better as a snack

Every feature of Pocky's registration relates to the practical functions of holding, eating, sharing, or packing the snack. Consider each stick's uncoated handle. Ezaki Glico's internal documents show that it wanted to make a snack that people could eat without getting chocolate on their hands. Pocky was born when Ezaki Glico found that it could coat just part of a cookie stick, leaving people an uncoated place to hold it. So it designed Pocky's handle to be useful.

The same is true of Pocky's stick shape. As Ezaki Glico recognizes, the stick shape makes it "easy to hold, so it c[an] be shared with others to enjoy as a snack." App. 595. It also lets people eat the cookie without having to open their mouths wide. And the thin, compact shape lets Ezaki Glico pack many sticks in each box, enough to share with friends.

Viewed as a whole, Pocky's trade dress is functional. The claimed features are not arbitrary or ornamental flourishes that serve only to identify Ezaki Glico as the source. The design makes Pocky more useful as a snack, and its advantages make Pocky more appealing to consumers for reasons well beyond reputation. *See Kellogg*, 305 U.S. at 120, 59 S.Ct. 109. As Ezaki Glico's own documents acknowledge, "Pocky provides a functional value [Enjoy chocolate lightly]." App. 636 (bracketed material in original).

B. Ezaki Glico promotes Pocky's utilitarian advantages

There is plenty of evidence that Ezaki Glico promotes Pocky's "convenient design." App. 646. Its

ads tout all the useful features described above. It advertises “the no mess handle of the Pocky stick,” which “mak[es] it easier for multi-tasking without getting chocolate on your hands.” App. 648, 651. It also describes Pocky as “[p]ortable,” since “one compact, easy-to-carry package holds plentiful amounts of Pocky.” App. 648. “With plenty of sticks in each package, Pocky lends itself to sharing anytime, anywhere, and with anyone.” App. 655. These promotions confirm that Pocky’s design is functional.

C. There are alternative designs, but that does not make Pocky’s design non-functional

Lotte could have shaped its Pepero differently. Ezaki Glico offers nine examples of partly-chocolate-coated snacks that do not look like Pocky. That is hardly dispositive. As we noted in *Keene*, even when there are alternatives, the evidence can still show that a product design is functional. 653 F.2d at 827. That is true here. Every aspect of Pocky is useful. The nine other designs do not make it less so.

D. Ezaki Glico’s utility patent for a manufacturing method is irrelevant

Finally, Lotte argues that Ezaki Glico’s utility patent for a “Stick Shaped Snack and Method for Producing the Same” proves functionality. It does not.

As *TrafFix* explained, “[a] utility patent is strong evidence that the features therein claimed are functional.” 532 U.S. at 29, 121 S.Ct. 1255. This is because patented items must be “useful.” 35 U.S.C. § 101. If a patentee relied on a product’s feature to show that the product was patentable, that reliance is

good evidence that the feature is useful. As *TrafFix* put it, the question is whether the “central advance” of the utility patent is also “the essential feature of the trade dress” that the owners want to protect. 532 U.S. at 30, 121 S.Ct. 1255. So Ezaki Glico’s utility patent would be strong evidence of functionality if the features it claimed overlapped with its trade dress. But they do not.

The trade dress that Ezaki Glico defends is a stick-shaped snack that is partly coated with chocolate or cream. Yet those features are not the “central advance” of its utility patent. Instead, the patent’s innovation is a better method for *making* the snack’s stick shape. The method is useful for making the shape whether or not the shape *itself* is useful for anything. Thus, the patent’s mention of the shape says nothing about whether the shape is functional.

The District Court erroneously considered the utility patent. But that error was immaterial. Even setting that aside, many other factors show that Pocky’s trade dress is functional and so not protectable. Thus, the District Court properly granted summary judgment for Lotte. We need not reach other possible grounds for affirmance.

* * * * *

Though Ezaki Glico created Pocky, it cannot use trade dress protection to keep competitors from copying it. The Lanham Act protects features that serve only to identify their source. It does not cover functional (that is, useful) features. That is the domain of patents, not trademarks. There is no real dispute that Pocky’s design is useful, so the trade

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dress is not protectable. We will thus affirm. That's the way the cookie crumbles.

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APPENDIX B

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

EZAKI GLICO KABUSHIKI KAISHA, d/b/a EZAKI GLICO
Co., LTD., and EZAKI GLICO USA CORPORATION,
Plaintiffs,

v.

LOTTE INTERNATIONAL AMERICA CORP. and LOTTE
CONFECTIONERY Co. LTD.,
Defendants.

Civil Action No. 15-5477

Signed July 31, 2019

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OPINION

Madeline Cox Arleo, United States District Judge

THIS MATTER comes before the Court by way of Defendants Lotte International America Corp. (“Lotte IA”) and Lotte Confectionary Co. Ltd.’s (“Lotte Confectionary,” or together with Lotte IA, “Defendants”) motion for summary judgment against Plaintiffs Ezaki Glico Kabushiki Kaisha, d/b/a Ezaki Glico Co., Ltd. (“Ezaki Japan”) and Ezaki Glico USA Corporation (“Ezaki USA,” or together with Ezaki Japan, “Plaintiffs”). ECF No. 230. Plaintiffs opposed Defendants’ Motion and filed a partial motion for summary judgment as to Defendants’ affirmative defenses. ECF No. 226. For the reasons stated below, Defendants’ Motion is **GRANTED IN PART** and **DENIED IN PART**, and Plaintiffs’ Motion is **DENIED**.

I. BACKGROUND

This matter arises out of Defendants’ alleged infringement of Plaintiffs’ trademark rights in Pocky, their chocolate covered biscuit sticks. See Second Amended Complaint (“SAC”), ECF No. 102. Specifically, Plaintiffs allege that Defendants created a knock-off of Pocky—a virtually identical chocolate covered biscuit stick sold as Pepero—in violation of the Lanham Act and New Jersey state law. See id. Though the parties raise numerous issues at summary judgment, the threshold issue for this Court is whether Pocky’s product configuration is protectible as trade dress. See Sweet St. Desserts, Inc. v. Chudleigh’s Ltd., 655 F. App’x 103, 108 (3d Cir. 2016) (“Only ‘incidental, arbitrary, or ornamental product features which identify the product’s source’ are protectable as trade dress.”). Because the Pocky

product configuration is functional, it is not protectable as trade dress, and Defendants' motion for summary judgment is granted.

A. Factual Summary



Plaintiff Ezaki Japan is a global confectionary company headquartered in Osaka, Japan that manufactures and sells “a biscuit stick product partially coated in chocolate and/or cream” under the brand name Pocky. Plaintiffs' Statement of Material Facts (“Pls.' SOMF”) ¶¶ 1, 4, ECF No 227.1.¹ Ezaki Japan began selling Pocky products in the United States in 1978 via its wholly owned subsidiary, Ezaki USA. *Id.* ¶¶ 3, 8. In 1987, Plaintiffs filed an application to register Pocky's product configuration with the United States Patent and Trademark Office (the “PTO”), and the configuration was later registered in 1989 (the “208 Registration”). *Id.* ¶ 14, 20; Defendants' Statement of Material Facts (“Defs.' SOMF”), ¶ 1, ECF No. 228.1; see also 1987 Application for Registration, ECF No. 248.2 at 44 (“The mark comprises an elongated rod comprising biscuit or the like, partially covered with chocolate.”).² Plaintiffs

¹ The facts are taken from the parties' statements of material fact and their responsive statements of material fact. The facts are undisputed unless otherwise noted. Moreover, where facts in a party's statement are supported by evidence in the record and denied by the opposing party without citation to conflicting evidence, the Court deems such facts undisputed. See Fed. R. Civ. P. 56(e)(2)–(3); Carita v. Mon Cheri Bridals, LLC, No. 10-2517, 2012 WL 2401985, at *3 (D.N.J. June 25, 2012).

² Defendants dispute that the 1987 Application for Registration describes the Pocky product configuration in the same way that Plaintiffs' have defined it in this case. See Defs.' Response to Pls.' Supplemental SOMF ¶ 18, ECF No. 282.1. The

later filed a separate registration for the Pocky Almond Crush configuration. See Plaintiffs Response to Defendants' Statement of Material Facts ("Pls.' Response") ¶¶ 30–44, ECF No. 247.1. Each registration depicts the Pocky product configuration as follows:

Court finds this dispute to be immaterial. Plaintiffs define the Pocky product configuration as "an elongated, thin, straight, cylindrical rod-shaped biscuit with more than half, but not all, of the biscuit coated with chocolate and/or a cream or cream-like coating that fully covers and extends from one end of the biscuit over halfway to the other end, but terminates short of the other end, and with the coated portion of the biscuit having a rounded end and the uncoated portion of the biscuit having a generally flat end." ECF No. 229.1 at 4; see also Pls.' Response p. 82, ¶ 2. This configuration covers a variety of Pocky products except for Pocky Almond Crush, which is similarly defined but also contains "almond pieces" added "to the cream or cream-like coating." Id. ¶ 2. Regardless of the exact wording, there is no dispute that the Pocky product configurations at issue are registered as trademarks on the principal register of the PTO. In other words, this isn't a dispute about the scope of the registered trade dress, which would impact the burden of proof analysis. See, e.g., Sweet St. Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 530, 542 (E.D. Pa. 2014), aff'd, 665 F. App'x 103 (3d Cir. 2016) (identifying a dispute as to whether the registered trade dress covered both hand-folded and machine-folded pastries).

Reg. No.	Registered Configuration	Glico's Description of the Configuration	Goods
1,527,208		“The mark comprises an elongated rod comprising biscuit or the like, partially covered with chocolate.”	“Chocolate covered candy stick”
2,615,119		“The mark consists of the configuration of the applicant's goods, which are biscuit sticks, covered with chocolate or cream and almonds.”	“Biscuit stick partially covered with chocolate or cream in which are mixed crushed pieces of almond.”

Defs.' SOMF ¶ 1. In 2008, Plaintiffs applied for a U.S. utility patent entitled, “Stick-Shaped Snack and Method for Producing Same.” Defs.' SOMF ¶ 47; see also ECF No. 229.29. The utility patent was ultimately issued in 2014. See ECF No. 229.34. Plaintiffs also hold a Japanese utility model entitled, “Biscuit Covered in Chocolate.” See ECF No. 229.28.

Defendant Lotte Confectionary is a Korean corporation that sells biscuit sticks under the brand name Pepero. See Pls.' Response ¶ 101. "Pepero Chocolate" and "Pepero Almond" are pictured below:



Defs.' SOMF ¶ 103. Plaintiffs allege that Defendants "have adopted and are using the identical product designs" for Pepero biscuit sticks. SAC ¶¶ 24, 26 ("Defendants' product designs are identical to, and confusingly similar to, the Ezaki Glico Marks."). As such, Plaintiffs initiated this lawsuit on July 10, 2015. See ECF No. 1.

The operative complaint asserts five causes of action: (1) trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1114; (2) unfair competition and false designation of origin in violation of the Lanham Act, 15 U.S.C. § 1125(a); (3) unfair competition in violation of New Jersey common law; (4) trademark infringement in violation of New Jersey common law; and (5) unfair competition in violation of N.J.S.A. § 56:4-1 and 2. See SAC ¶¶ 29–50. Defendants filed an answer to the operative complaint and asserted fifteen affirmative defenses and five counterclaims. See ECF No. 117. Defendants now seek summary judgment on all of Plaintiffs' claims.³

³ Defendants also ask this Court to grant summary judgment on Count I (false advertising under the Lanham Act, 15 U.S.C. § 1125) and Count III (false advertising under California state law) of its counterclaims. See Defs.' Br. at 36, ECF No. 228.2; see

ECF No. 230. Plaintiffs also seek partial summary judgment on Defendants' affirmative defenses of prior use and fraud. ECF No. 226.

II. LEGAL STANDARD

Pursuant to Fed. R. Civ. P. 56(c), a motion for summary judgment will be granted if the pleadings, depositions, answers to interrogatories, and admissions on file, together with available affidavits, show that there is no genuine dispute as to any material fact and that the moving party is entitled to judgment as a matter of law. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247 (1986); Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). “[S]ummary judgment may be granted only if there exists no genuine issue of material fact that would permit a reasonable jury to find for the nonmoving party.” Miller v. Ind. Hosp., 843 F.2d 139, 143 (3d Cir. 1988). All facts and inferences must be construed in the light most favorable to the non-moving party. Peters v. Del. River Port Auth., 16 F.3d 1346, 1349 (3d Cir. 1994).

III. ANALYSIS

Defendants argue that they are entitled to summary judgment because: (1) the Pocky Product configuration is functional and therefore their registered trade dress is invalid as a matter of law; (2) Plaintiffs have abandoned the Pocky product configuration through naked licensing; and (3) Plaintiffs' claims are barred by laches due to their

also ECF No. 17. However, Defendants set forth no factual basis as to why summary judgment is warranted as to its counterclaims. Accordingly, the Court denies Defendants' motion without prejudice with respect to its counterclaims.

“decades-long delay” in bringing suit. See Defs.’ Br. at 10–11, ECF No. 228.2. Without sugarcoating, the Court finds that there is no genuine issue of material fact as to the functionality of Pocky’s product configuration. Plaintiffs’ arguments to the contrary are “half-baked.” Accordingly, the Court grants summary judgment in favor of Defendants and need not address Defendants’ latter arguments.

A. Trade Dress Infringement Under the Lanham Act

The Lanham Act “protects from deceptive imitation not only a business’s trademarks, but also its ‘trade dress.’” Fair Wind Sailing, Inc. v. Dempster, 764 F.3d 303, 308 (3d Cir. 2014) (citing 15 U.S.C. § 1125(a)(3)).⁴ Trade dress “is the total image or overall appearance of a product, [which] includes, but is not limited to, such features as size, shape, color, or color combinations, texture, [and] graphics.” Sweet St. Desserts, 655 F. App’x at 108 (internal quotation marks omitted). “In short, trade dress is the overall look of a product or business.” Fair Wind Sailing, 764 F.3d at 308; see also Pet Gifts USA, LLC, 2018 WL 1586324, at *3 (“Although trade dress historically

⁴ “Because N.J.S.A. § 56.4-1 is the statutory equivalent of Section 43(a) of the Lanham Act, courts assess New Jersey trade dress infringement claims under the Lanham Act.” Pet Gifts USA, LLC v. Imagine This Co., LLC, No. 14-3884 (PGS) (DEA), 2018 WL 1586324, at *3 (D.N.J. Mar. 29, 2018); see Bracco Diagnostics, Inc. v. Amersham Health, Inc., 627 F. Supp. 2d 384, 454–55 (D.N.J. 2009) (noting that the elements for both trademark infringement and unfair competition claims under the Lanham Act are the same as the elements for trademark infringement and unfair competition under New Jersey statutory and common law).

referred to the packaging and labeling of a product, it has extended to include the product itself.”). Yet, “only incidental, arbitrary or ornamental product features which identify the product’s source are protectable as trade dress.” Sweet St. Desserts, 655 F. App’x at 108. “Functional” features are not protectable. See id.; Fair Wind Sailing, 764 F.3d at 309 (“[T]he law does not afford every combination of visual elements exclusive legal rights.”); Am. Greetings Corp. v. Dan-Dee Imports, Inc., 807 F.2d 1136, 1141 (3d Cir. 1986) (“When a feature or combination of features is found to be functional, it may be copied and the imitator may not be enjoined from using it, even if confusion in the marketplace will result.”).

Trade dress may be registered with the PTO. See Sweet St. Desserts, 69 F. Supp. 3d at 541. “Registration provides the owner with a right of action under 15 U.S.C. § 1444 for infringement of a registered trademark” and “creates a presumption of non-functionality.” Id. However, “[a] registered trademark is always subject to cancellation as functional.” Id.; see also Sweet St. Desserts, 655 F. App’x at 109 (“A registered trade dress is presumed to be non-functional unless the alleged infringer demonstrates that it is functional.”). Therefore, “functionality is a defense to infringement of a registered trademark, even if that mark has become incontestable.” Id.

Whether a feature is functional is a question of fact.⁵ See Sweet St. Desserts, 69 F. Supp. 3d at 544. “[A]

⁵ While courts across the circuits “are divided over whether it is appropriate to grant summary judgment on the question of

product feature is functional . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” TraFFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 32 (2001) (internal quotation marks omitted). “When the thing claimed as trade dress or a trademark consists of a combination of individual design features, then it is the functionality of the overall combination that controls.” 1 McCarthy on Trademarks § 7:76; see also Am. Greetings, 807 F.2d at 1143. If the product feature or features meets this test for functionality, “the feature is not protected and no further inquiry is necessary.” Pet Gifts, 2018 WL 1586324, at *4; see also Sweet St. Desserts, 655 F. App’x at 109. If, however, the Court cannot determine functionality under this standard, the Court “next ask[s] whether affording [the feature] trademark protection would nonetheless put competitors at a ‘significant non-reputation related disadvantage’ that would restrict competition in the market.” Sweet St. Desserts, 655 F. App’x at 109 (quoting TraFFix, 532 U.S. at 33).

functionality,” Sweet St. Desserts, 69 F. Supp. 3d at 544 (collecting cases), the Third Circuit has affirmed a district court’s grant of summary judgment on the question of functionality on more than one occasion, see Sweet St. Desserts, Inc. v. Chudleigh’s Ltd., 655 F. App’x 103 (3d Cir. 2016); U.S. Golf Ass’n v. St. Andrews Sys., Data-Max, Inc., 749 F.2d 1028 (3d Cir. 1984). Generally, “courts may determine functionality on summary judgment where there is no dispute of material fact regarding the functionality of the product at issue and no reasonable jury could find the product to be nonfunctional.” Sweet St. Desserts, 69 F. Supp. 3d at 545 (“[S]ummary judgment is inappropriate where a dispute of material fact precludes the court from determining that the product is functional.”).

B. Plaintiffs' Registered Trade Dress Is Functional

Because Pocky's trade dress is registered, it is presumed to be non-functional unless Defendants can demonstrate otherwise. See Sweet St. Desserts, 655 F. App'x at 109. Here, Defendants have overcome that presumption and have shown that there is no genuine dispute of material fact that Pocky's trade dress is functional.

Pocky's trade dress consists of the following features, as articulated by Plaintiffs:

an elongated, thin, straight, cylindrical rod-shaped biscuit with more than half, but not all, of the biscuit coated with chocolate and/or cream or cream like coating that fully covers and extends from one end of the biscuit over halfway to the other end, but terminates short of the other end, and with the coated portion of the biscuit having a rounded end and the uncoated portion of the biscuit having a generally flat end.⁶

ECF No. 229.1 at 4; see also Fair Wind Sailing, 764 F.3d at 311 (utilizing the plaintiff's definition of its trade dress in assessing its functionality). Considering the functionality of the Pocky design as a whole, the Court concludes that the evidence clearly indicates that the design "is essential to the use or purpose" of the cookie and is not merely an "arbitrary,

⁶ As noted, Plaintiffs define the product configuration for Pocky Almond Crush in a nearly identical fashion but add that almond pieces can be found in the cream or cream-like coating. See Pls.' Response p. 81, ¶ 2.

incidental, or ornamental” product feature. See Traffix, 532 U.S. at 33–34.

1. Designed for Ease of Consumption

First, the undisputed evidence in the record indicates that Pocky product configuration was designed with functionality in mind, a factor that the Third Circuit has cited as evidence of a product configuration’s functionality. See Sweet St. Desserts, 655 F. App’x at 109. According to Plaintiffs’ own press release for Pocky’s 50th Anniversary, the Pocky product configuration is at least partially based⁷ on an earlier product of Plaintiffs’ called “Pretz,” which was born out of the idea that a fully coated chocolate stick “would get all over your hands when you held it.” ECF No. 229.15 at 3 (“Pretz was stick-shaped and easy to hold, so it could be shared with others to enjoy as a snack.”). Other internal documents also highlight functionality as playing a role in the “[b]irth of Pocky”:

How about coating a plitz with chocolate? You can eat it watching TV, or on a date. We may

⁷ Although Plaintiffs dispute that Pretz was the “precursor” to Pocky, Pls.’ Response p. 92, ¶ 25, the Court finds that there is no genuine dispute that Pretz played a role in Pocky’s development. Plaintiffs cite only to the Latella Declaration in support of their contention that “Pocky is a different product entirely.” Id. However, the cited section of the Latella Declaration merely states that “the Pocky product configuration is unique in the U.S. market.” Latella Decl. ¶ 22, ECF No. 254. In the absence of truly conflicting evidence, the Court deems such facts undisputed. See Fed. R. Civ. P. 56(e)(2)–(3). Moreover, Plaintiffs address Pretz in their “50th Anniversary of Pocky” press release in the section on Pocky’s development, see ECF No. 229.15 at 3, and also cite to Pretz’s development in a corporate history document titled “The Birth of Pocky,” see ECF No. 229.14.

be able to capture the multitasking group, was the first inspiration. . . . However, the fact that the chocolate melts and stains the hands when holding it remained a problem. One day, we thought it might not be necessary to coat the entire plitz with chocolate, and tried coating with chocolate . . . leaving a “Place to hold” --- It was the moment when the original shape of the product called Pocky was born.

ECF No. 229.8 at 5 (internal quotation marks omitted); see also ECF No. 229.14 at 3 (“Even after repeated research in manufacturing, developing a product that tasted good but that would not dirty the hands was difficult. . . . Can it be made so that one can eat it without having to grasp it in one’s hands[?]”). Thus, by Plaintiffs’ own account, Pocky’s design is critical in enabling ease of consumption for the customer.

In addition, Pocky documents—both advertisements and those internal to the company—explicitly link the Pocky product configuration to functionality. See, e.g., ECF No. 229.8 at 10 (describing Pocky as having an “[e]longated shape that you can eat without opening your mouth wide, one bite at a time at your own pace” and noting it “has a place to hold”). Indeed, Pocky’s 2011 “Product Specification Sheet” explicitly states: “The idea of handy, convenient and fun snacks resulted in the current design of Pocky biscuit sticks coated with Chocolate cream except for a small portion at one end of the stick to make it easier to snack on.” ECF No. 229.16 at 2 (emphasis added). In advertisements, Plaintiffs explicitly tout Pocky’s “convenient design.” ECF No. 229.20; see also ECF No. 229.21 (“Generously coated with high-quality

chocolate except for a small portion at one end, creating a handle, making it easier for multi-tasking without getting chocolate on your hands.”); ECF No. 229.19 (“Small portion to make it easy to handle.”). Even the Pocky website referred to the partial coating of the biscuit stick as “[t]he [h]andle [i]nnovation.” ECF No. 229.17 at 1; see also ECF No. 229.18 at 1; Defs. SOMF ¶ 35 (citing language from Pocky’s website: “no mess handle”; “easy-to-handle stick that keeps chocolate off your hands”; “[t]he snack with a handle”; “[a] simple, yet innovative idea of leaving a portion uncoated” (internal quotation marks omitted)); id. at ¶ 38 (“With the no mess handle of the Pocky stick, your kids won’t have chocolate all over their hands.”). Plaintiffs also promote that the thin shape of the Pocky product configuration, emphasizing that it allows many Pocky sticks to be “packed close together” in a “compact box,” which is “both suitable for oneself and good for sharing it.” Id.; see also ECF No. 229.23 (“With plenty of sticks in each box, Pocky is the perfect snack for bringing people closer together and livening the mood.”). The Third Circuit has found similar advertisements to constitute “strong evidence” of functionality. See Am. Greetings Corp., 807 F.2d at 1142 (“If the marketer of a product advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of its functionality.”).

Nevertheless, Plaintiffs argue that “these qualities do not show functionality.” Pls. Response ¶ 29. To support this line of reasoning, Plaintiffs put forth the following argument: (1) the fundamental use and purpose of a snack product is to be consumed; (2) pleasant taste, texture, and ease of consumption are

important for that purpose; (3) the Pocky product configuration is not essential for taste, texture or consumption; and therefore, (4) there is at least a dispute as to whether the Pocky product configuration is essential to the use or purpose of the Pocky product. See Pls.’ Opp. at 12–13, ECF No. 247; see also Levine Decl. ¶ 18, ECF No. 255. This argument fails on multiple levels.

As an initial matter, Plaintiffs’ experts admit that “ease of consumption” is an important consideration with respect to a snack’s purpose. Levine Decl. ¶ 18 (emphasis added); see also Latella Decl. ¶ 42. It would seem to logically follow that the Pocky product configuration, which plainly allows for ease of consumption, is functional. Yet, Plaintiffs’ expert asserts that the Pocky product configuration is not essential for easy consumption because “[m]any other shapes are equally suited for easy consumption.” Levine Decl. ¶ 19; see also id. ¶ 37 (“The Pocky product configuration is no more suited for holding, consumption, or packaging that [sic] the vast majority of other snack products.”). The fact that other shapes might be equally suited for easy consumption, however, does not foreclose the conclusion that Pocky’s configuration is itself functional.

Indeed, both the Supreme Court and the Third Circuit have found product designs to be essential to the use or purpose of a product, and therefore functional, even where alternative designs might accomplish the same result. In TraFFix Devices, Inc. v. Marketing Displays, Inc., the Supreme Court found that the trade dress at issue—a dual-spring designed to keep road signs upright in adverse weather conditions—was “essential to the use or purpose of the

device” and therefore functional because it provided a “useful mechanism to resist the force of the wind.” 532 U.S. 23, 33 (2001). The Supreme Court then expressly rejected plaintiffs contention that the trade dress was not functional because alternative devices could also keep a road sign upright in windy conditions. See id. at 33–34. The Court explained:

There is no need . . . to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring is not an arbitrary flourish in the configuration of [defendant’s] product; it is the reason the device works. Other designs need not be attempted.

Id. (internal citation omitted). Similarly, in Sweet Street Desserts, Inc. v. Chudleigh’s Ltd., the plaintiff argued that its six-fold pastry product configuration was non-functional because there were an unlimited number of other effective pastry configurations. 655 F. App’x 103 (3d Cir. 2016). However, the Third Circuit rejected this argument, explaining that there was “no need to consider whether five or seven folds, let alone a different shape, could have accomplished” the purpose of holding the pastry together because the six-fold design was itself functional. See id. 655 F. App’x at 110 n.9. The same analysis applies here.

Furthermore, the Third Circuit has found product designs to be functional where the record indicates that the design was “driven at least in part by

functional considerations.” See Sweet St. Desserts, 655 F. App’x at 109; see also Disc Golf Ass’n, Inc. v. Champion Discs, Inc., 158 F.3d 1002, 1007 (9th Cir. 1998) (“A product feature need only have some utilitarian advantage to be considered functional.”). In Sweet Street Desserts, the record indicated that the six-fold pastry at issue allowed for “the best bake . . . had the [least] leakage of juice, [and] . . . worked the best.” 655 F. App’x at 109 (internal quotation marks omitted). Though the defendant testified that he chose the pastry design with six folds because it “was the most beautiful,” the Court noted that this testimony did “not raise a triable issue of fact as to whether it was also particularly effective.” Id. at 110 (internal quotation marks omitted). As in Sweet Street Desserts, the fact that Pocky’s partial chocolate covering provides a “unique” design, see Pls.’ Opp. at 14, does not raise a triable issue of fact as to whether the configuration, as a whole,⁸ is effective in enabling consumers to eat the biscuit cookie.⁹ In any event, the

⁸ Plaintiffs emphasize that the “overall combination of features must be assessed, not any of the features in isolation.” Pls.’ Opp. at 15 (emphasis in original); see also Latella Decl. ¶ 49 (“[E]ven if the uncoated portion of the Pocky product had some utility, that would not render the overall Pocky product configuration functional.”). The Court notes that its analysis is inclusive of all features claimed as part of Pocky’s product configuration. In other words, the Court clarifies that it considered whether the thin elongated cylindrical rod partially coated in chocolate is functional and not merely whether the partial coating has utility.

⁹ Similarly, the fact that consumers also eat products completely coated in chocolate does not raise a triable issue of fact as to whether the product configuration is functional. See Levine Decl. ¶ 33; see also Latella Decl. ¶ 45. Plaintiffs’ experts note that “melting is generally not a problem for chocolate-covered snack products because chocolate behaves as a solid over

cylindrical cookie partially dipped in chocolate “is not ‘an arbitrary flourish’ on an otherwise complete dessert.” Sweet St. Desserts, 655 F. App’x at 110 (quoting TraFFix, 532 U.S. at 34).

2. Plaintiff’s Utility Patent

In addition to the above, Defendants also point to Plaintiffs’ utility patent, “for a utility patent is strong evidence that the features therein claimed are functional.” TraFFix, 532 U.S. at 23. The Court agrees that Plaintiffs’ utility patent and corresponding application for their “Stick-Shaped Snack and Method for Producing the Same,” further support a finding that Plaintiffs’ registered trade dress is functional.

Plaintiffs’ utility patent and application indicate that the Pocky product configuration enables efficient manufacturing. According to Plaintiff’s application, one of the problems that can occur in the production of stick-shaped snacks is warping of the ends of the stick, which results in “production problems such as the baked shaped dough rotating or dropping during the coating operation.” See ECF No. 229.29 at 4–5; see also ECF No. 229.34 at 8. Plaintiffs’ application then states that its “method for producing a stick-

most of the temperatures that consumers regularly encounter while eating snack products.” Levine Decl. ¶ 34; see also Latella Decl. ¶ 45. While it may be true that a consumer can hold the Pocky stick by the chocolate end, it does not undermine the fact that ease of consumption is enabled by Pocky’s non-coated handle and thin easy to hold shape. Accordingly, the Court finds that no reasonable juror could read Plaintiffs’ expert report to refute the evidence that Pocky’s design was “driven at least in part by functional considerations.” See Sweet St. Desserts, 655 F. App’x at 109.

shaped snack of this embodiment” solves this problem by enabling production without warping. ECF No. 229.29 at 12 (“[T]he stick-shaped pastries can be reliably prevented from rotating or dropping from the holder, thus enabling the efficient production of stick-shaped snacks coated with a coating material.”); see also id. (“[U]sing the method for producing a stick-shaped snack according to this embodiment . . . mak[es] it possible to efficiently align the stick-shaped pastries.”); ECF No. 229.34. These “statements made in the patent applications and in the course of procuring the patents demonstrate the functionality of the design.”¹⁰ Traffix, 532 U.S. at 32.

¹⁰ Plaintiffs assert that the advantages stated in the utility patent “do not prove functionality.” See Pls.’ Opp. at 19. The Court finds Plaintiffs’ arguments unpersuasive. Plaintiffs maintain that the utility patent only provides the advantages of its “very thin biscuit sticks.” Id. However, there is no dispute that the product identified in the utility patent bears the Pocky trade dress. Plaintiffs admit that: (1) the utility patent describes its Ultra Slim Pocky product, see Levine Decl. ¶ 71; and (2) Ultra Slim Pocky bears the Pocky trade dress, see Defs.’ SOMF ¶ 3. Plaintiffs’ expert’s bald conclusion that “a patent related to one embodiment of a product configuration, but that distinguishes all other embodiments of the same product configuration, cannot show functionality of the product configuration as a whole,” Levine Decl. ¶ 73, does not create a triable issue of material fact. In any event, the Court could only find two statements in the patent explicitly distinguishing between Ultra Slim Pocky and other Pocky products when discussing the product’s advantages, see ECF No. 229.34 at 9, 10 (thinner stick-shaped snacks are “very easy to eat” and can be coated so that they “do not easily break”), and the Court did not rely on those as part of its analysis. In addition, Plaintiffs argue that there are cheaper manufacturing methods that still result in the Pocky product configuration. See Pls.’ Opp. at 19. However, an alternative, less costly method of production does

Plaintiffs argue, however, that their utility patent is irrelevant to functionality because it only covers “new manufacturing methods by which a biscuit stick can be made.” Pls.’ Opp. at 18. The Third Circuit has not addressed whether a utility patent that covers manufacturing methods is evidence of the product’s functionality. Other circuits have held that a utility patent that covers manufacturing methods can be evidence of a product’s functionality where the patent “disclose[s] the advantage of [the product’s] design,” Fuji Kogyo Co. v. Pac. Bay Intel, Inc., 461 F.3d 675, 679 (6th Cir. 2006), or where the trade dress claimed is the “central advance” of the patent, see McAirloads, Inc. v. Kimberly-Clark Corp., 756 F.3d 307, 311–12 (4th Cir. 2014) (internal quotation marks omitted).

By either of these standards, Plaintiffs’ utility patent is evidence of functionality. First, as discussed, Plaintiffs’ utility patent explicitly discloses the advantages of Pocky’s design: manufacturing efficiency and ease of consumption. Second, the Pocky product is the central advance of the utility patent. In McAirloads, the plaintiff sought trade dress protection for a pixel pattern on its textile-like product. See id. at 309. The defendant pointed to plaintiff’s utility patents, which covered “a production process and a material,” as evidence of functionality. Id. at 312. The Fourth Circuit noted, however, that the utility patents did “not mention a particular embossing pattern as a protected element.” Id. (explaining that the pattern was not the “central advance” of any of plaintiff’s utility patents (internal quotation marks

not undermine the utility patent’s claims relating to efficient manufacturing.

omitted)). Thus, the Fourth Circuit held that the plaintiff's utility patents were "not the same 'strong evidence' as the patents in TraFFix." Id. ("McAirlaid's patents cover a production process and a material, while the trade dress claimed is a particular pattern on the material that results from the process."). Here, unlike the utility patents in McAirlaids, Plaintiffs' utility patent explicitly covers the "Stick-Shaped Snack and Method for Producing the Same." ECF No. 229.34 (emphasis added). It is not merely a pattern on the dough that results from the process; rather, the stick-shape snack is the "material" covered in the utility patent along with the manufacturing process.

Considering all of the undisputed evidence in the record, including Plaintiffs' utility patent,¹¹ the Court finds that no reasonable juror could find Plaintiffs' registered trade dress to be merely "arbitrary, incidental, or ornamental." See TraFFix, 532 U.S. at 34.

¹¹ Defendants also point to Plaintiffs' Japanese Utility Model for a biscuit stick partially coated with chocolate. See Defs.' Br. at 31. Plaintiffs argue, however, that "Japanese utility models are not utility patents, but rather a type of intellectual right for which there is no analog under U.S. law." Pls.' Opp. at 20. Because Plaintiffs' do not dispute the statements in the Utility Model (but rather the relevance of those statements), the existence of the Utility Model does not create a genuine issue of material fact. As such, the Court need not address whether Plaintiffs' Japanese Utility Model bears on functionality.

3. Affording Plaintiffs' Trade Dress Protection Restricts Competition

Finally, even if this Court could not determine functionality under the first part of the functionality test, the Pocky product configuration would still be found functional under the second. Again, where the Court cannot determine functionality by considering whether the feature is essential to the use or purpose of the product, the Court “next ask[s] whether affording [the feature] trademark protection would nonetheless put competitors at a ‘significant non-reputation related disadvantage’ that would restrict competition in the market.” Sweet St. Desserts, 655 F. App’x at 109 (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 169–70 (1996)). Here, there is no question that affording Plaintiffs the trade dress protection they seek to maintain permits Plaintiffs to hold a monopoly over the features of the design which are “essential to a successful” thin, partially dipped biscuit cookie—the exact scenario that the functionality doctrine seeks to prevent. See Shire U.S. Inc. v. Barr Labs., Inc., 329 F.3d 348, 353 (3d Cir. 2003) (internal quotation marks omitted); see also Traffix, 532 U.S. at 29 (“Allowing competitors to copy will have salutary effects in many instances.”).

Though Plaintiffs argue that disqualifying any easy to eat snack from trade dress protection would “require removal of countless federal trademark registrations,” Pls.’ Opp. at 22, this argument misses the mark. A snack can be both easy to eat and have features that are eligible for trade dress protection, but Plaintiffs cannot claim protection over the “features of a design essential to a successful product

of that type.” Shire U.S. Inc., 329 F.3d at 353 (internal quotation marks omitted). As the Supreme Court has emphasized, “[t]rade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products.” Traffix, 532 U.S. at 29 (“[C]opying is not always discouraged or disfavored by the laws which preserve our competitive economy.”). The functionality doctrine only “protects the manufacturer . . . from the copying of those features that signify a product’s source (and quality).” Shire U.S. Inc., 329 F.3d at 353 (internal quotation marks omitted). Had Plaintiffs sought trade dress protection for features that were solely ornamental, the result would be different. However, permitting Plaintiffs to maintain a trademark in the functional Pocky product configuration “would overextend trade dress law” and “deny competitors the ability to compete by manufacturing a similar product incorporating [the configuration’s] functional elements.”¹² See Sweet St. Desserts, 69 F. Supp. 3d at 549–50. Therefore, Plaintiffs’ trademark claims must be dismissed.

III. CONCLUSION

For the reasons set forth herein, Defendants’ Motion for Summary Judgment, ECF No. 230, is **GRANTED IN PART** and **DENIED IN PART**, and Plaintiffs’

¹² Notably, the Court’s decision does not leave Plaintiffs without other means to protect and distinguish their product. “[A]lthough appearance is important to the marketing of a dessert product, the taste of that product is equally important, and this result does not prevent [Plaintiffs] from winning market share by producing a superior tasting dessert.” See Sweet St. Desserts, 69 F. Supp. 3d at 550.

43a

Motion is **DENIED**. Plaintiff's Motion for Partial Summary Judgement, ECF No. 226, is therefore denied as moot.

44a

APPENDIX C

UNITED STATES COURT OF APPEALS,
THIRD CIRCUIT

No. 19-3010

EZAKI GLICO KABUSHIKI KAISHA,
a Japanese Corporation d/b/a/ Ezaki Glico;

EZAKI GLICO USA CORP.,
a California Corporation,

Appellants,

v.

LOTTE INTERNATIONAL AMERICA CORP.;
LOTTE CONFECTIONARY CO. LTD.

(D.N.J. No. 2-15-cv-05477)

SUR PETITION FOR REHEARING

Dated: January 26, 2021

Present: SMITH, Chief Judge, and McKEE,
AMBRO, CHAGARES, JORDAN,
HARDIMAN, GREENAWAY, JR.,
SHWARTZ, KRAUSE, RESTREPO,
BIBAS, PORTER, MATEY, and

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PHIPPS, and FUENTES, * Circuit
Judges

STEPHANOS BIBAS, Circuit Judge

The petition for rehearing filed by Appellant in the above-captioned case having been submitted to the judges who participated in the decision, it is hereby **ORDERED** that the petition for rehearing by the panel is **GRANTED**. The opinion and judgment filed October 8, 2020, are hereby **VACATED**. A subsequent opinion and judgment are herewith issued.

A majority of the judges of the circuit in regular service not having voted for rehearing, the petition for rehearing by the Court en banc is **DENIED**.

* Judge Fuentes's vote is limited to panel rehearing only.

APPENDIX D

STATUTORY PROVISIONS INVOLVED

1. 15 U.S.C. § 1052 provides in pertinent part:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it--

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(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

* * * * *

2. 15 U.S.C. § 1057 provides in pertinent part:

(a) Issuance and form

Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the United States Patent and Trademark Office, and shall be signed by the Director or have his signature

placed thereon, and a record thereof shall be kept in the United States Patent and Trademark Office. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this chapter, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the United States Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

(b) Certificate as prima facie evidence

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

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3. 15 U.S.C. § 1115 provides:

(a) Evidentiary value; defenses

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie

evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title,

and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or
- (5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: *Provided, however,* That this defense or

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defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

4. **15 U.S.C. § 1125 provides in pertinent part:**

(a) Civil action

(1) Any 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

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(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.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

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(c) Dilution by blurring; dilution by tarnishment

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(4) Burden of proof

In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that--

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

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