

**EATRIGHT decision: Ninth Circuit dishes out food for thought on summary judgment
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**Confusion
Infringement
Enforcement**

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- **Eat Right Foods alleged that Whole Foods infringed its EATRIGHT mark by using EATRIGHT AMERICA**
- **District court found that claims were barred by laches and acquiescence**
- **Ninth Circuit found that district court had “violated cardinal rule of summary judgment”**

In *Eat Right Foods Ltd v Whole Foods Market Inc* (Case 15-35524, Ninth Circuit, January 29 2018) (Tallman J), addressing the affirmative defences of laches and acquiescence in the context of a supplier’s use of another party’s registered mark on food products, the US Court of Appeals for the Ninth Circuit has vacated a district court’s grant of summary judgment and remanded for further proceedings.

Eat Right Foods (ERF) has used the mark EATRIGHT on organic foods since at least 2001. In early 2010, Whole Foods debuted a nutritional scoring system patented by Nutritional Excellence LLC, and promoted Nutritional Excellence’s ‘EatRight America’ diet. Later in 2010, the managing director of ERF observed the EATRIGHT AMERICA mark being displayed in Whole Foods stores. Soon afterward, she emailed Whole Foods stating that it was “fantastic to see” Whole Foods’ partnership with Nutritional Excellence and inquired whether Whole Foods would be interested in buying ERF’s EATRIGHT brand.

In early 2011, ERF’s managing director observed the EATRIGHT AMERICA mark on several food products in Whole Foods stores. She did not contact Whole Foods until September 2011, when she claimed that Whole Foods was infringing ERF’s EATRIGHT trademarks. When Whole Foods responded that ERF needed to take up this issue with Nutritional Excellence, ERF again asked if Whole Foods would be interested in purchasing ERF’s EATRIGHT brand. Whole Foods stated that it would “get back to her”.

In early 2012, ERF contacted Whole Foods, again alleging infringement of ERF’s EATRIGHT trademarks. Whole Foods responded that it would cease use of the EATRIGHT AMERICA trademark by the end of the year. ERF contacted Whole Foods in September 2012, stating that the EATRIGHT AMERICA trademark was still being used widely in Whole Foods stores and again asking whether Whole Foods was interested in buying ERF’s EATRIGHT trademarks. Whole Foods responded in October 2012 that it was not interested. The next month, ERF again asked Whole Foods about a “potential brand purchase as a way to resolve outstanding infringement claims”. Whole Foods again stated it was not interested.

ERF did not sue Whole Foods until September 2013. Whole Foods motioned for, and the district court granted, summary judgment in favour of Whole Foods, finding that ERF’s claims were barred by both laches and acquiescence. ERF appealed.

The Ninth Circuit reversed. While the court agreed that it was ERF’s burden to prove the reasonableness of delay, it disagreed that undisputed material facts established that ERF’s delay was unreasonable. The district court found that ERF’s delay was caused by its efforts to sell Whole Foods the EATRIGHT brand, not to settle the dispute. The Ninth Circuit stated that this determination “violated the cardinal rule of summary judgment: that disputed issues of material fact must be resolved in favour of the non-moving party”. ERF had presented evidence that it did not file suit until September 2013 because it was attempting to resolve the dispute without litigation. If the district court had credited that evidence, the district court could have determined that ERF’s delay in filing suit was reasonable. Instead, the district court resolved a dispute of material fact in favour of the moving party, Whole Foods.

The Ninth Circuit also faulted the district court’s determination with respect to prejudice, the other component of the laches defence. The district court found that Whole Foods had established expectations-based prejudice because Whole Foods had invested significantly in the EATRIGHT AMERICA brand prior to the lawsuit. This was error; expectations-based prejudice concerns only the actions a defendant took during the plaintiff’s delay, not all actions it took with respect to the mark before the lawsuit was filed. Because the investments cited by the district court included actions Whole Foods took before ERF’s delay, the Ninth Circuit found that the district court’s finding of expectations-based prejudice was clearly erroneous.

Finally, the Ninth Circuit rejected the district court’s grant of summary judgment based on acquiescence, an affirmative defence that limits a plaintiff’s right to bring suit based on an affirmative act that indicates consent to a defendant’s use of a trademark. Acquiescence requires that the defendant prove that it reasonably relied on the plaintiff’s affirmative act. The Ninth Circuit found that the district court did not make factual findings concerning the reasonableness of Whole Foods’ reliance on ERF’s conduct.

The Ninth Circuit thus vacated the district court's acquiescence finding and remanded for further proceedings.

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