

Flaster/Greenberg Upholds Rights of Generic Goods Marketers

By **Abbe F. Fletman, Esq.**

Marketers of generic goods had reason to cheer earlier this month when a federal court refused to remove from grocery shelves store-brand sucralose, the active ingredient in the no-calorie sweetener Splenda®. This case indicates that courts are increasingly recognizing consumer familiarity with store brands and that consumers are unlikely to be confused between them and national brands.

Heartland Sweeteners, LLC, is an Indiana-based manufacturer of private-label artificial tabletop sweetener products. In the spring of 2006, Heartland began providing private-label sucralose products to five grocery chains: Food Lion, Safeway, Stop & Shop, Giant and Tops. McNeil Nutritionals LLC, the consumer products subsidiary of Johnson & Johnson that markets and distributes Splenda®, sued in December 2006 and asked the Court to stop Heartland from distributing its sucralose products in yellow packaging McNeil claimed was likely to confuse consumers with its own yellow packaging.

McNeil's suit is part of a long line of cases intended to stop marketers of generic products from selling their wares. As private-label brands have become increasingly prevalent, however, courts have increasingly sided with the generics.

On May 21, 2007, Judge John R. Padova found that McNeil was unlikely to succeed on its trade dress infringement or dilution claims and denied the injunction McNeil had sought. The Court allowed Heartland to continue using its packaging and distributing its products.

The ruling is a significant victory for makers of store-brand products. The court held that 11 of the 17 packages at issue were not similar to Splenda® packaging. Even though all of the Heartland and Splenda® packaging is yellow, the court found, for example, that the Heartland product marketed in Safeway



stores is significantly different from the Splenda® packaging because the name of the Safeway product (Sucralose) is different, the positioning of the name on the box is different, and the pictures on the box are different.

The court held that, even though no-calorie sweeteners are a relatively inexpensive commodity, consumers exercise heightened care when making a purchase in this product category because of health, fitness and dietary considerations. This finding figured into the Court's determination that consumers are not likely to be confused by the Heartland packaging.

The Court rejected McNeil's evidence of actual confusion, which consisted of a single consumer who said she bought Safeway Sucralose instead of Splenda by mistake. The Court found that McNeil's witness testified that she was "just buzzing through the market" when she "just grabbed the box and ran." The Court held that the witness' testimony "fails to demonstrate that the ordinarily prudent consumer would be confused by Heartland packaging."

The Court rejected McNeil's argument that Heartland intended to confuse consumers into buying the store-brand products because they thought they were Splenda®. The Court found that McNeil had presented no evidence of bad intent. Instead, the Court credited Heartland's evidence that the stores that develop store-brand products do not intend to confuse; to the contrary,



their goals are to enhance the retailers' image, to strengthen their relationship with consumers and to build consumer loyalty to a particular store.

The Court specifically found that consumers are highly aware of the existence of store-brand products. The Court stated: "[W]hen they [consumers] are shopping in a particular store they are aware of the store's name; each of the Heartland products on sale in grocery stores displays the store name/logo; the Heartland and Splenda products typically appear next to each other; and there are other signals to the consumer on grocery store shelves, such as price differentials and shelf-talkers inviting consumers to compare and save, that indicate to the consumer that the Heartland and Splenda products are not the same."

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The lesson of this case is that courts are willing to look beyond similarities in packaging and confront the real question of whether consumers are likely to be confused. In today's market, where

private-label sales represent 20 percent of all supermarket, drug store chain and mass merchandising purchases, and where 83 percent of consumers regularly buy store brands, confusion is highly unlikely.

Abbe F. Fletman led the trial team for Heartland, which included Lizanne Hackett at Flaster/Greenberg P.C. in Philadelphia and Heartland attorney Bill O'Connor, of Dann Pecar Newman & Kleiman, P.C. in Indianapolis.

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