10th Circuit Rejects Bimbo: Trade Dress and Trade Secret Too Broad and "Local" Too Subjective

***Bimbo Bakeries USA, Inc. v. Sycamore*,**
2022 WL 816679 (10th Cir. Mar. 18, 2022)

By: Lisa Holubar & Ted Mahan | March 28, 2022

Holding all claims related to homemade bread failed as a matter of law, the 10th Circuit upheld summary judgment of no trade dress infringement and reversed verdicts for misappropriation and false advertising.

Grandma Sycamore's Home-Made Bread started tantalizing taste buds in Utah in 1979. Leland Sycamore created the recipe, transferred rights to an intermediary in 1998, and Bimbo Bakeries USA, Inc. ("Bimbo") acquired the business in 2014. Hostess competed by offering Grandma Emilie's bread, which Oregon-based U.S. Bakery later acquired. Initially, U.S. Bakery produced Grandma Emilie's in Salt Lake City, having hired a Sycamore follow-on bakery for assistance. But U.S. Bakery moved its operations from Utah to Idaho, bringing along the former Sycamore employee, with plans for a new formula. U.S. Bakery marketed Grandma Emilie's bread – in both where it operated bakeries and those where it did not – with the tagline "Fresh. Local. Quality." Bimbo asserted Lanham Act trade dress infringement and false advertising against U.S. Bakery, and trade secret misappropriation under Utah state law. The district court granted summary judgment of no infringement for U.S. Bakery, concluding Bimbo's trade dress was generic. A jury found for Bimbo on the other claims, entering a misappropriation verdict for $2.1M with additur of $789K for willfulness and awarding $8.0M in false advertising damages with remittitur to $83K.

The 10th Circuit agreed with the district court's conclusion that Bimbo's pled trade dress was so broadly claimed as to be generic, and thus there was no trade dress infringement. In its amended complaint, Bimbo identified its bread packaging as consisting of a horizontal label; a design at the top center of the end; the word 'White' in red letters; a red, yellow, and white color scheme; and italicized font below the design, outlined in white. U.S. Bakery offered evidence that such trade dress was "the custom in the industry" and Bimbo failed to present facts opposing industry custom trade dress. Addressing misappropriation, the 10th Circuit focused its inquiry on the plaintiff's burden to show that the purported compilation secret was not generally known or readily ascertainable based on a defendant's knowledge and experience. Although the opinion redacts the composition recipe, the court's conclusion that no reasonable jury could find the standard met supports the inference that the bread formulation was none too complex. Despite employee overlap, the standard for a secret was determinative. Finally, reversing false advertising based on "Fresh. Local. Quality", the court determined that locality is fundamentally subjective and thus unactionable. "Local," contrary to Bimbo's argument, did not mean "locally baked."

In closing, the 10th Circuit noted that "[w]e do not doubt that Bimbo Bakeries has both a protectable trade secret and a protectable trade dress in every loaf of Grandma Sycamore's. But the versions it tried to claim in this litigation are far too broad to be protectable." This case is a cautionary tale for rights holders: precisely delineate your trade dress and trade secrets lest, in reaching too far, no protection remains..