

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

WILLIAMS-SONOMA, INC.,

Plaintiff,

v.

WAYFAIR INC.,

Defendant.

Civil Action

No. 1:21-12063-PBS

MEMORANDUM AND ORDER

January 24, 2022

Saris, D.J.

INTRODUCTION

Plaintiff Williams-Sonoma, Inc. ("WSI") alleges that Defendant Wayfair, Inc. ("Wayfair") "deliberately infringes the intellectual property of WSI and unlawfully imitates the West Elm Brand," in violation of federal, Massachusetts, and California state law. WSI states thirteen causes of action: infringement of nine separate patents in violation of 35 U.S.C. § 271 (Count I-IX), false advertising in violation of Section 43 of 15 U.S.C. § 1125 ("Lanham Act") (Count X), unfair competition in violation of Mass. Gen. Laws ch. 93A (Count XI), unfair competition in violation of California Business & Professions Code § 17200, *et seq.* (Count XII), and false advertising in violation of California Business & Professions Code § 17500, *et seq.* (Count XIII). Wayfair moves to dismiss Plaintiff's false advertising (Counts X and XIII) and unfair competition claims (Counts XI and XII) (Dkt. 10).

After hearing, the Court **ALLOWS** the motion to dismiss as to the Lanham Act claim (Count X) and the California state law claims for lack of standing (Count XII and XIII) and **DENIES** the motion to dismiss the Mass. G. L. ch. 93A claim (Count XI).

FACTUAL BACKGROUND

The Complaint alleges the following facts.

A. The Parties

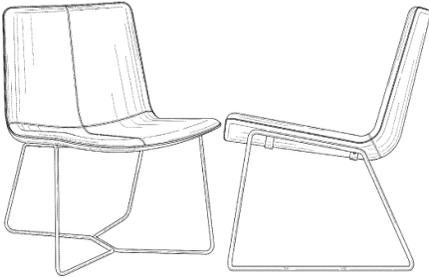
Plaintiff WSI is a Delaware corporation with a principal place of business in San Francisco, California. West Elm is one of several brands owned by WSI and has a principal place of business in Brooklyn, New York. West Elm designs and develops products, furniture, lighting, and collections.

Defendant Wayfair is a company incorporated in Delaware with a principal place of business in Boston, Massachusetts. Defendant promotes and sells goods in Massachusetts, including the goods at issue here.

B. The Designs and Products

WSI retains an “extensive design patent portfolio” within its several brands, including West Elm. Dkt. 73 ¶ 22, at 12. WSI was granted nine design patents for various West Elm designs, including chairs, lamps, tables, and nightstands. WSI alleges that Wayfair offers “products that are identical or virtually identical” to WSI’s products, including some offered under Wayfair’s Foundstone collection (“Foundstone”). Id. ¶ 41, at 20. WSI claims that “Wayfair has made, marketed, offered for sale, and sold numerous products which infringe WSI’s design patent rights and are

so highly similar to West Elm's patented products that an ordinary observer would be confused by the imitation." Id. ¶ 3, at 2. WSI offers numerous side-by-side comparisons of those similar products in its Complaint; one such example is copied below.

West Elm Product	West Elm Patent	Infringing Wayfair Product
		

C. False Advertising Allegations

In a video advertisement for Foundstone, Wayfair included images of a designer sketching products, which WSI claims would lead consumers to believe that Wayfair designed the products copied from Plaintiff's patented designs. Multiple third parties have noted the similar nature of Wayfair's and WSI's products. One website referred to Wayfair's products as "look-alikes" of WSI's designs. Id. ¶ 46, at 27. Other websites described Foundstone as "identical" or "mirroring" West Elm, a "West-Elm-Inspired Collection," and that it "could easily be confused for West Elm. Again, it's not a knock-off, but it's fair to call it a dead

ringer.” Id. ¶ 47, at 27-28.

WSI also describes Wayfair’s alleged misleading promotion of the alleged copied products. On its website, Wayfair states that products from Foundstone are available “only at Wayfair.” Id. ¶¶ 51, 60, at 28, 32. Similarly, on Wayfair’s Instagram page, the company referred to Foundstone as “a Wayfair exclusive collection.” Id. ¶ 52, at 28. Finally, another webpage described Wayfair’s products, including two disputed chairs, as “looks you’ll only find at Wayfair.” Id. ¶ 54, at 29.

LEGAL STANDARD

A. Rule 12(b)(6)

To survive a motion to dismiss, a complaint must allege “a plausible entitlement to relief.” Bell Atl. Corp. v. Twombly, 550 U.S. 544, 559 (2007). “While a complaint attacked by a Rule 12(b)(6) motion does not need detailed factual allegations, a plaintiff’s obligation to provide the grounds of his entitle[ment] to relief requires more than labels and conclusions, and a formulaic recitation of a cause of action’s elements will not do.” Id. at 555; see also Rodriguez Ortiz v. Margo Caribe, Inc., 490 F.3d 92, 95-96 (1st Cir. 2007). The plausibility standard requires the Court to approach the motion in two steps. First, the Court must “separate the complaint’s factual allegations (which must be accepted as true) from its conclusory legal allegations (which need not be credited).” Morales-Cruz v. Univ. of P.R., 676 F.3d 220, 224 (1st Cir. 2012). The Court must then determine whether the factual allegations allow it “to draw the reasonable inference that the defendant is liable for the misconduct alleged.” Id. (quoting Ashcroft v. Iqbal, 556 U.S. 662, 678

(2009)).

B. Rule 9(b)

Wayfair argues WSI must also meet the "heightened pleading standard" of Federal Rule of Civil Procedure 9(b) because its complaint alleges "fraudulent statements" or "willful misrepresentation or deceit." Dkt. 11 at 6 (citing Hadley v. Kellogg Sales Co., 243 F. Supp. 3d 1074, 1090 (N.D. Cal. 2017); Bezdek v. Vibram USA Inc., 2013 WL 639145, at *3 n.3 (D. Mass. Feb. 20, 2013)).

Under Rule 9(b), a plaintiff must state with particularity "the who, what, where, and when of the allegedly [false or misleading] representation." Kaufman v. CVS Caremark Corp., 836 F.3d 88, 91 (1st Cir. 2016) (quoting Alt. Sys. Concepts, Inc. v. Synopsys, Inc., 374 F.3d 23, 29 (1st Cir. 2004)). While the First Circuit has not addressed whether Rule 9(b) applies to a Lanham Act false advertising claim, Pegasystems, Inc. v. Appian Corp., 424 F. Supp. 3d 214, 221 (D. Mass. 2019), it has presumed that Rule 9(b) applies in Chapter 93A claims involving fraud. See Dumont v. Reily Foods Co., 934 F.3d 35, 38-39 (1st Cir. 2019) (involving claimant that presumed her 93A claim must meet 9(b) standard); Mulder v. Kohl's Dep't Stores, Inc., 865 F.3d 17, 21-22 (1st Cir. 2017) (applying 9(b) standard where false advertising claim under 93A involved "core allegations [that] effectively charge fraud") (internal quotation omitted).

Consistent with this caselaw, the Court concludes that WSI must meet the heightened pleading standard of Rule 9(b). It has met this burden for the claims of fraudulent statements and false statements. WSI has pleaded

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