

## How They Won It: Skadden Reps Fresh Del Monte In Fruit Fight

By **Lana Birbrair**

*Law360, New York (May 23, 2012, 2:02 PM ET)* -- Tasked with unraveling the meaning behind a 23-year-old trademark licensing agreement to a jury, attorneys at Skadden Arps Slate Meagher & Flom LLP helped Fresh Del Monte Produce Inc. win \$13.15 million in damages in a New York suit accusing Del Monte Foods Co. of misleading consumers and unfairly competing with its refrigerated products.

Faced with a dearth of witnesses who could speak to the original meaning behind the contract at issue, a complicated history of two companies with essentially the same name and challenging arguments from the opposing side, Skadden attorneys nonetheless managed to convince a jury that preserved fruit company Del Monte had overstepped the bounds of two 1989 trademark licensing agreements and confused consumers by selling preserved fruit in the refrigerated sections of grocery stores.

"It's one of the few cases where both sides have the same name and it's not a divorce," said Skadden partner Raoul Kennedy, who delivered opening and summation arguments to the jury.

The case dates back to 1988, when private equity firm KKR & Co. LP took over Del Monte's parent company, RJR Nabisco Inc., and split the produce company in two.

Under their licensing agreements, the company that became Fresh Del Monte was given the exclusive right to use the Del Monte name and trademarks to sell fresh fruit, fresh vegetables and other fresh produce. The agreement also gave Fresh Del Monte the exclusive right to use the marks on refrigerated pineapple, melon, berry, papaya and banana, the suit said.

Del Monte, however, eventually introduced a series of refrigerated lines, prompting a suit from Fresh Del Monte, which argued that Del Monte had violated the Lanham Act with misleading labels, had breached the trademark licensing agreement and had engaged in unfair competition by selling preserved fruit products in the refrigerated section with the Del Monte trademark and by selling refrigerated products containing several of the fruit reserved for Fresh Del Monte.

"Trying to convince the jury that a company called 'Fresh' Del Monte actually had the right to sell preserved fruit shows one of the significant challenges that we had and we were able to overcome," said Anthony J. Dreyer, a Skadden partner who participated in the trial.

Fresh Del Monte said several of Del Monte's products violated the licensing agreement because they contain refrigerated pineapple, berry and papaya, and because under the deal, only Fresh Del Monte has the right to sell refrigerated products with those fruit.

Fresh Del Monte also alleged that the advertising campaign for Del Monte's cut-fruit products misleads customers into thinking that the products have no additives or preservatives.

The breach of contract claim was especially complicated by the fact that neither side could find an available witness to testify about the 1989 negotiations, drafting of the contract or the meaning of its terms, and the jury did not even see the contract provision at issue until summations.

Knowing that breach of contract claims — especially one involving an agreement from the 1980s between two companies with essentially the same name — would likely confuse the jury, attorneys for Fresh Del Monte repeatedly reached out to the jury members as consumers, trying to show them how the products would look to a busy customer trying to eat healthy.

"We wanted to figure out how to captivate the jury in a case where we had a breach of contract claim — which frankly was not a particularly sexy part of the case — that would require them to slog through the words of the agreement and negotiations from years and years ago," said Lauren Aguiar, a Skadden partner who worked on the case from the beginning.

To do so, Skadden attorneys chose to focus on the false advertising claim, which was more tangible and understandable, but to constantly underlie it with the breach of contract claim.

Proving false advertisement required convincing a jury full of shoppers that even if they were not confused by Del Monte's advertising, a substantial number of other shoppers could be.

Skadden attorneys brought refrigerated Fresh Del Monte products into the courtroom and talked about what would happen if the fruit were stored without refrigeration, as opposed to Del Monte's products, which a witness from Del Monte admitted used labels saying their pasteurized products required refrigeration even though they did not.

"We were able to really uncover and present to the jury evidence of willful false advertising, that they knew what they were doing," Dreyer said. "This wasn't some accidental message that consumers were getting about their products. This was the goal."

They also showed the jury photographs of stores across the country, where Del Monte products were placed on the shelf right next to Fresh Del Monte products.

It helped that Del Monte's own consumer research, obtained during discovery, showed that the company wanted to know how consumers distinguished fresh products from preserved ones.

"They spent more than a decade doing various consumer research to find out what product attributes, labeling and placement conveyed to consumers that the products were fresh," Dreyer said. "That was odd for a company that in the U.S. only has the right to sell preserved products."

Del Monte fought back, arguing that Fresh Del Monte was trying to claim a contractual right to market refrigerated forms of certain fruit even though it had never done so. They also emphasized that actions spoke louder than words and that Del Monte had marketed refrigerated, heat-treated, chemically preserved cut fruit for more than a decade without objection.

But Fresh Del Monte responded that what their competitor did originally did not seem as damaging, with their products becoming more and more deceptive over time, such as selling fruit in plastic clamshell containers similar to the ones Fresh Del Monte used. The company also defended its right to uphold its contractual right to sell certain products even if it had not previously done so.

"If your aunt leaves you a valuable piece of jewelry and you never wear it, that doesn't mean you don't own it," Kennedy said.

Although Fresh Del Monte is happy with the jury award it received — \$7.2 million for Lanham Act violations and \$5.95 million for breach of contract violations — the biggest battle of the case has yet to come, according to Dreyer.

The heart of the case was about rights, not money, and a New York district judge will likely decide in the next few months whether to grant Fresh Del Monte a permanent injunction to prevent Del Monte from further engaging in false advertising.

Fresh Del Monte is represented by Lauren Aguiar, Anthony Dreyer, Raoul Kennedy and Kenneth Plevan of Skadden Arps Slate Meagher & Flom LLP.

Del Monte is represented by Arturo Gonzalez, Dennis P. Orr and LaShann M. DeArcy of Morrison & Foerster LLP.

The case is Fresh Del Monte Produce Inc. v. Del Monte Foods Co. et al., case number 1:08-cv-08718, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Carolina Bolado. Editing by Katherine Rautenberg.

All Content © 2003-2012, Portfolio Media, Inc.