

2017 WL 1396221

Only the Westlaw citation is currently available.

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Natalia BRUTON, individually and on behalf of all others similarly situated, Plaintiff-Appellant,

v.

GERBER PRODUCTS COMPANY, Defendant-Appellee.

No. 15-15174

Argued December 13, 2016

Filed April 19, 2017

Appeal from the United States District Court for the Northern District of California, Lucy H. Koh, District Judge, Presiding, D.C. No. 5:12-cv-02412-LHK

Attorneys and Law Firms

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Before: O'SCANNLAIN, [GOULD](#), and [M. SMITH](#), Circuit Judges.

MEMORANDUM *

*1 Plaintiff-Appellant Natalia Bruton filed a putative class action against baby food manufacturer Gerber Products Company (Gerber). Bruton alleged that labels on certain Gerber baby food products included claims about nutrient and sugar content that were impermissible

under Food and Drug Administration (FDA) regulations incorporated into California law. The district court dismissed several of Bruton's claims, denied class certification, denied partial summary judgment for Bruton, and granted summary judgment to Gerber. Bruton appeals, challenging the district court's orders. We have jurisdiction under [28 U.S.C. §§ 1291 and 1332\(d\)](#). We reverse and remand.

1. The district court erred in dismissing Bruton's claim for unjust enrichment/quasi-contract. At the time when the district court dismissed this claim, California's case law on whether unjust enrichment could be sustained as a standalone cause of action was uncertain and inconsistent. But since then, the California Supreme Court has clarified California law, allowing an independent claim for unjust enrichment to proceed in an insurance dispute. See [Hartford Cas. Ins. Co. v. J.R. Mktg., L.L.C.](#), 61 Cal.4th 988, 1000, 190 Cal.Rptr.3d 599, 353 P.3d 319 (2015); see also [Ghirardo v. Antonioli](#), 14 Cal.4th 39, 54, 57 Cal.Rptr.2d 687, 924 P.2d 996 (1996) (recognizing independent cause of action for unjust enrichment relating to real estate transaction). In light of this clarification, we reverse the district court's dismissal and remand for consideration of whether there are other grounds on which Bruton has failed to state a claim for unjust enrichment, or if that claim must proceed to resolution.

2. The district court erred when it held that the class could not be certified because it was not "ascertainable." Again, the district court's reasoning runs headlong into an inconsistent case that was decided after the district court's ruling. In [Briseno v. ConAgra Foods, Inc.](#), 844 F.3d 1121 (9th Cir. 2017), our court—using different terminology for what the district court called "ascertainability"—held that there was no separate "administrative feasibility" requirement for class certification. *Id.* at 1123. We reverse the district court's denial of class certification and remand for further consideration of whether class certification is appropriate.

3. The district court erred in holding that there was no genuine dispute of material fact on Bruton's claims that the labels were deceptive in violation of California's Unfair Competition Law (UCL), see [Cal. Bus. and Prof. Code § 17200](#), False Advertising Law (FAL), see *id.* § 17500, and Consumer Legal Remedies Act (CLRA), see [Cal. Civ. Code § 1770](#).

Bruton's theory of deception does not rely on proving that any of Gerber's labels were false. Rather, Bruton contends that the combination of (a) the presence of the claims on Gerber's products (in violation of FDA regulations), and (b) the lack of claims on competitors' products (in compliance with FDA regulations), made Gerber's labeling likely to mislead the public into believing that Gerber's products were of a higher quality than its competitors' products.

*2 Doubtless, Bruton's theory of deception is unusual. But even technically correct labels can be misleading. See *Lavie v. Procter & Gamble Co.*, 105 Cal.App.4th 496, 510, 129 Cal.Rptr.2d 486 (2003) (“The advertisement, although literally true, was nevertheless deceptive and misleading in its implications.” (quoting *People v. Wahl*, 39 Cal.App.2d Supp. 771, 773, 100 P.2d 550 (1940) (literally true advertisement was misleading because price of offered product was 50% off regular price of more expensive product, not regular price of the offered product)); see also *Leoni v. State Bar*, 39 Cal.3d 609, 627, 217 Cal.Rptr. 423, 704 P.2d 183 (1985) (holding that attorney advertising, though not false, was misleading because “[a] necessary fact ha[d] been omitted.”). Here, it may be literally true that Gerber's products are “As Healthy As Fresh,” but due to external facts—that Gerber does not comply with the FDA regulations that otherwise prevent its competitors from making the same claim—Gerber's labels mislead in their implications.

Bruton's theory of deception comports with common sense. Shoppers in a supermarket aisle look for cues about quality in the products they buy. If a shopper sees two products on a shelf and one says “Supports Healthy Growth & Development,” while the other makes no similar claim and is cheaper, a likely inference is that the first product will be viewed as healthier, explaining why it costs more. If the products had been of the same quality, then competitive pressures would have driven the maker of the second product to use the same attractive label. In the baby food market in particular—where measuring the effect of a particular food on one's own baby's growth and development is not practical—consumers have to make quality judgments before the baby is fed, based on what they see in front of them at the store. When everyone plays by the rules, this process works reasonably well. But when the maker of one product complies with a ban on attractive label claims, and its competitor does not do so, the normal assumptions no longer hold, and consumers

will possibly be left deceived. We hold that Bruton has alleged a viable claim for consumer deception.¹

*3 The next questions is whether Bruton submitted enough evidence of likely consumer deception to create a genuine dispute of material fact for trial. Bruton submitted the following evidence to support consumer deception: (1) Gerber's and its competitors' labels; (2) Bruton's own testimony about being misled by Gerber's labels; and (3) two warnings letters from the FDA.

The key evidence is the labels. A reasonable jury observing Gerber's labels and comparing them to those of its competitors could rationally conclude that Gerber's labels were likely to deceive members of the public. See *Colgan v. Leatherman Tool Grp., Inc.*, 135 Cal.App.4th 663, 679, 38 Cal.Rptr.3d 36 (2006) (“In determining whether a statement is misleading under the [FAL], the primary evidence ... is the advertising itself.” (internal quotation marks omitted)); see also *id.* (“The misleading character of a given representation appears on applying its words to the facts.” (internal quotation marks omitted)).² We hold that Bruton has submitted sufficient evidence to create a genuine dispute of material fact over the reasonable consumer test. We reverse the district court's grant of summary judgment to Gerber on Bruton's claims that the labels were deceptive in violation of the UCL, FAL, and CLRA.

4. The district court erred in granting summary judgment to Gerber on Bruton's claims that the labels were unlawful under the UCL. The UCL's unlawful prong “borrows” predicate legal violations and treats them as independently actionable under the UCL. *Wang v. Massey Chevrolet*, 97 Cal.App.4th 856, 871, 118 Cal.Rptr.2d 770 (2002). The best reading of California precedent is that the reasonable consumer test is a requirement under the UCL's unlawful prong only when it is an element of the predicate violation. Compare, e.g., *Consumer Advocates v. Echostar Satellite Corp.*, 113 Cal.App.4th 1351, 1354, 1360, 8 Cal.Rptr.3d 22 (2003) (holding that UCL claims were subject to the reasonable consumer test where the predicate violations were of the FAL and CLRA, both of which require meeting the reasonable consumer test); with *Los Angeles Mem'l Coliseum Comm'n v. Insomniac, Inc.*, 233 Cal.App.4th 803, 835, 182 Cal.Rptr.3d 888 (2015) (holding that a UCL claim was properly stated—without mention of the reasonable consumer test—where the predicate violation was of federal tax law). The

predicate violation here is of California's Sherman Law, see [Cal. Health & Safety Code §§ 110760, 110765](#), which itself incorporates standards set by FDA regulations, see *id.* §§ 110100, 110670. These FDA regulations include no requirement that the public be likely to experience deception. See 21 C.F.R. §§ 101.13(b)(3), 101.60(c)(2)(v). We reverse the district court's grant of summary judgment to Gerber on Bruton's claims that the labels were unlawful in violation of the UCL.

REVERSED and REMANDED

O'SCANNLAIN, Circuit Judge, concurring in part and dissenting in part:

While I join in Parts 1, 2, and 4 of the court's disposition in this case, I must respectfully dissent from Part 3, and from the majority's conclusion that there is a genuine issue of material fact regarding consumer deception in this case. I agree with the district court that the record does not contain sufficient evidence upon which a rational juror could conclude that a reasonable consumer would be deceived as to the quality of Gerber's products based on the challenged statements. I thus would affirm the court's grant of summary judgment on Bruton's Unfair Competition Law, False Advertising Law, and Consumer Legal Remedies Act claims.

I

*4 To prevail on any of these claims, Bruton must be able to prove (among other things) that “a significant portion of the general consuming public” is likely to be deceived by the contested label claims. [Ebner v. Fresh, Inc.](#), 838 F.3d 958, 965 (9th Cir. 2016) (internal quotation marks omitted). Bruton specifically argues that the challenged nutritional statements on Gerber's labels would cause reasonable consumers to be misled about the *quality* of Gerber's products (as compared to nutritionally similar products that do not include such label claims). In support, she submitted as evidence: (1) the products' labels themselves, (2) her own testimony that *she* was misled about the quality of Gerber's products, and (3) two FDA warning letters regarding the products' labeling.

First, the FDA warning letters do not help Bruton, as they do not address the potential for consumers to be misled about the quality of Gerbers' products. Second,

as the district court recognized, Bruton's testimony about her own confusion cannot satisfy the reasonable consumer standard, because “a few isolated examples of actual deception are insufficient” to create a material dispute over the likelihood of general consumer deception. [Clemens v. DaimlerChrysler Corp.](#), 534 F.3d 1017, 1026 (9th Cir. 2008) (internal quotation marks omitted). The majority challenges neither of these conclusions.

II

The majority holds, however, that the very label statements that Bruton challenges themselves supply sufficient evidence to satisfy California's “reasonable consumer” test. To do so, the majority mistakenly relies on [Colgan v. Leatherman Tool Grp., Inc.](#), 135 Cal.App.4th 663, 38 Cal.Rptr.3d 36 (2006), a case that has little to say about the circumstances before us.

In [Colgan](#), the plaintiff alleged that Leatherman deceptively labeled its tools as “Made in U.S.A.,” even though “significant parts of the tools”—including parts that were the main reason people bought the tools—were made *outside* the U.S.A. *Id.* at 680, 38 Cal.Rptr.3d 36 (internal quotation marks omitted). Thus, the court quite understandably reasoned that the label “Made in U.S.A.” itself may evidence deception when, in fact, the product was *not* made in the U.S.A. in a meaningful sense. See *id.* at 682–83, 38 Cal.Rptr.3d 36. This seems straightforward. There is virtually no other way a consumer could read “Made in the U.S.A.” but to mean that meant the product was indeed manufactured in the U.S.A, and thus there seems little reason to require additional evidence to confirm that reasonable consumers might have been deceived by such a false assertion.

But this case involves no similar allegation of a false (or even mostly false) factual assertion. To repeat, the question in this case is whether the challenged nutritional statements on Gerber's labels would cause a reasonable consumer to be misled about the *quality* of Gerber's products. Yet the challenged statements themselves say nothing at all about the quality of Gerber's products; they simply report—accurately—certain nutritional features of the products. Bruton does not claim that these statements are false or even misleading about the actual nutritional content of the products (for example that a product labeled “no sugar added” in fact included added sugar).

Thus, to carry her burden at this stage, Bruton must provide some evidence that reasonable consumers would see these truthful nutritional statements about Gerber's products and be deceived into thinking such products are somehow better than other products that are the same nutritionally but which did not have the label statements.

There is nothing inherent in Gerber's labels that would support an inferential leap from factually correct nutritional statements to deceptive claims about product quality. This is especially so because both Gerber's and its competitors' labels included detailed information about their ingredients and nutritional contents. Indeed, Bruton admitted that she actually reviewed the nutritional facts of both Gerber's products and its competitors, and thus she would presumably have seen that they were nutritionally similar despite whatever additional nutritional labeling Gerber's products had. How those additional, accurate label statements are inherently deceptive is far from self-evident, as it was in *Colgan*. And I do not believe that there is any evidence to support the majority's notion, Maj. at 4–5, that the challenged statements make Gerber's labels

objectively more “attractive” to a “a significant portion of the general consuming public,” *Ebner*, 838 F.3d at 965, or that such a portion of consumers would conclude that any price or quality difference between Gerber and its competitors is due specifically to the challenged label statements (as opposed to any number of other reasons that may have led Gerber's nationally recognized brand to carry more market power).

*5 Accordingly, I agree with the district court that this body of evidence—Bruton's testimony, the FDA's warning letters, and the product labels themselves—is not enough to create a genuine dispute of material fact as to the likelihood of general consumer deception about the quality of Gerber's products. I would affirm the grant of summary judgment on these claims, and I respectfully dissent from the majority's judgment to the contrary.

All Citations

--- Fed.Appx. ----, 2017 WL 1396221

Footnotes

- * This disposition is not appropriate for publication and is not precedent except as provided by [Ninth Circuit Rule 36-3](#).
- 1 That Bruton reviewed the nutritional information of both Gerber's and its competitors' products does not undermine the deceptive nature of Gerber's labels. Consumers cannot easily check claims like “Supports Healthy Growth & Development,” or “As Healthy As Fresh,” against nutritional charts to determine their veracity. Consumers might believe, for instance, that the claims refer to the quality of the produce used or the particular canning process. The same holds for the absence of such claims. Does the lack of the claim “Supports Healthy Growth & Development” on a competitor's product mean that the product does not support healthy growth and development? A nutritional chart does not answer that question. This problem applies even for seemingly black and white claims like “No Added Sugar.” If Gerber's product says “No Added Sugar,” and a competitor's product does not, the competitor's nutritional chart will not under current FDA requirements tell the consumer whether any of the sugar in its product was added—it will simply list the amount of “Sugars.” See [Food Labeling: Revision of the Nutrition and Supplement Facts Labels](#), 81 Fed. Reg. 33742-01, 33742 (May 27, 2016) (codified at 21 C.F.R. pt. 101) (compliance date for new “Added Sugar” rule delayed until 2018 or 2019). Nevertheless, the reasonable assumption would be that some of the sugar in that competitor's product must have been added, or else the competitor would have used the attractive label “No Added Sugar.” The upshot is that nutritional charts on Gerber's and its competitors' products do not cure what makes Gerber's packaging misleading—that the reason for Gerber's claims is not superior products, but a disregard for industry regulation.
- 2 The advertisement in *Colgan*, unlike Gerber's labels, was actually false. *Id.* at 682–83, 38 Cal.Rptr.3d 36. However, we cite *Colgan* not as support for Bruton's theory of deception, but as support for the high evidentiary value of the labels in this case.