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9	Jazwares, LLC; Kelly Amusement Holdin	gs, LLC;	
	and Jazplus, LLC.		
10			
11		DISTRICT COURT	
12	FOR THE CENTRAL DI	STRICT OF CALIFORNIA	
13	KELLY TOYS HOLDINGS, LLC;	Case No. 2:24-cv-1169	
14	JAZWARES, LLC; KELLY	COMPLAINT FOR:	
15	AMUSEMENT HOLDINGS, LLC; and JAZPLUS, LLC,	1. Trade Dress Infringement Under	
16		the Lanham Act;	
17	Plaintiffs,	2. Common Law Trade Dress	
18	VS.	Infringement;	
19	DUILD A DEAD WORKSHOP INC	3. Copyright Infringement Under the Copyright Act;	
20	BUILD-A-BEAR WORKSHOP, INC.,	4. Common Law Unfair	
21	Defendant.	Competition; and	
22		5. California Statutory Unfair	
23		Competition.	
24		DEMAND FOR JURY TRIAL	
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		1 - PLAINT	

 Plaintiffs KELLY TOYS HOLDINGS, LLC, JAZWARES, LLC, KELLY
 AMUSEMENT HOLDINGS, LLC, and JAZPLUS, LLC (collectively, "Kelly Toys")
 bring this action against Defendant BUILD-A-BEAR WORKSHOP, INC. ("Build-A-Bear") for injunctive relief and damages under the laws of the United States and the
 State of California, as follows:

## **INTRODUCTION**

1. Plaintiffs are among the world's leading manufacturers and distributors of high-quality plush toys and other consumer products. In 2016, their distinctive line of plush toys branded "Squishmallows" was released. Often referred to as just "Squish," these soft, huggable friends immediately appealed to adults and children alike. Consumers throughout the United States began collecting Squishmallows and even started online communities to track the availability of new Squishmallows as they were released. Celebrities like Lady Gaga and Kim Kardashian have posted their collections of Squishmallows on social media. And major American publications, including The New York Times, have profiled the broad popularity of the



Squishmallows products worldwide. As one consumer remarked about her
 Squishmallows plush: "It just brings me happiness and that warm and fuzzy feeling."<sup>1</sup>

3 2. Squishmallows have become a phenomenon, rapidly experiencing
4 breakaway success and quickly turning into a coveted collectors' item with an avid
5 fanbase. Indeed, in 2023 Squishmallows was the top-selling toy in the country.<sup>2</sup>

6 3. Rather than competing fairly in the marketplace by creating its own
7 unique concepts and product lines, Defendant Build-A-Bear, a company worth over
8 300 million dollars, decided that it would be easier to simply copy, imitate, and profit
9 off the popularity and goodwill of Squishmallows, all in the hopes of confusing
10 consumers into buying its products instead of Squishmallows.

11 4. In January 2024, Build-A-Bear announced the release of its "Skoosherz" 12 plush toys. As seen below, the Skoosherz toys have the *same* distinctive trade dress 13 the popular Squishmallows, including: shaped fanciful renditions as of 14 animals/characters; simplified Asian style Kawaii faces; embroidered facial features; 15 distinctive and non-monochrome coloring; and velvety velour-like textured exterior. 16 And, likely noticing that consumers refer to Squishmallows as Squish, Build-A-Bear 17 named its line "Skoosherz" to evoke an association with the word "Squish." If a 18 picture is worth a thousand words, the side by side comparison of Squishmallows 19 against the Skoosherz copycats speaks volumes:

 <sup>1</sup> Taylor Lorenz, *Squishmallows Are Taking Over*, N.Y. Times (March 16, 2021), <u>https://www.nytimes.com/2021/03/16/style/squishmallows.html</u>.

<sup>20</sup>
<sup>2</sup> Circana Announces Its Annual Global Toy Industry Performance Award Winners, <sup>27</sup> Circana (Jan. 31, 2024), https://www.circana.com/intelligence/press-

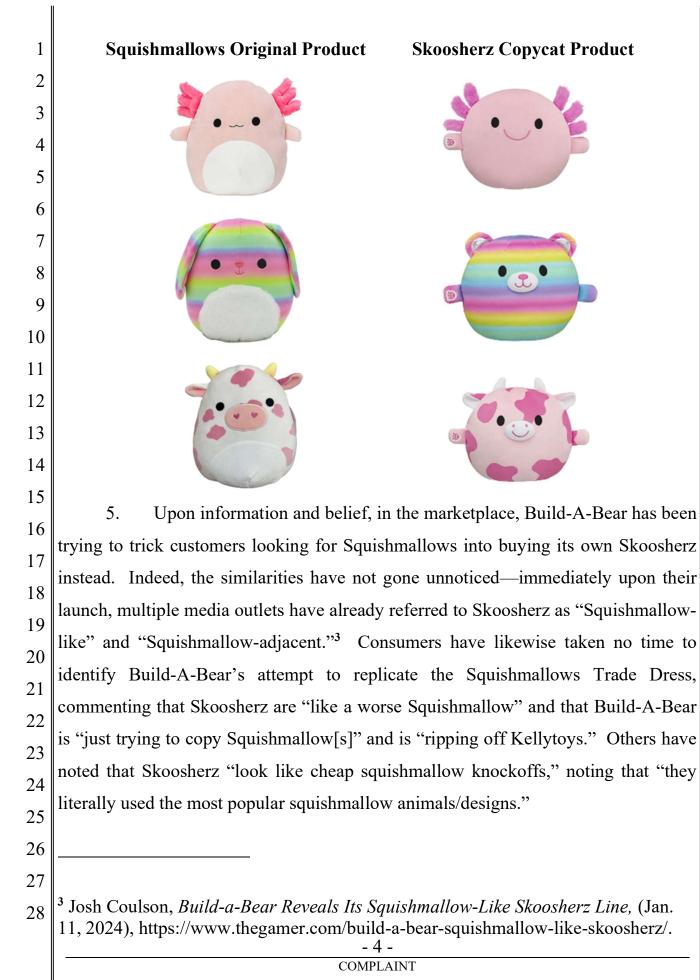
28 releases/2024/circana-announces-its-annual-global-toy-industry-performance-awardwinners/.

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6. 1 Build-A-Bear's efforts have created substantial and actual confusion even in the short time that they've been available. For example, a confused consumer asked 2 on the Build-A-Bear Instagram post announcing its newest line, Skoosherz, "so now 3 ur making squishmallows?" 4

5

7. Build-A-Bear's actions have already caused significant harm. For example, customer confusion has and will continue to lead to lost potential customers, 6 7 sales, and market share.

8 8. This is a straightforward case of trade dress and copyright infringement. Kelly Toys Holdings, LLC owns the popular and distinctive trade dress in 9 Squishmallows and Build-A-Bear is willfully infringing those trade dress rights. 10 11 Courts regularly find trade dress infringement in similar cases. See, e.g., Lanard Toys 12 Ltd. v. Novelty, Inc., 375 F. App'x 705, 714 (9th Cir. 2010) (affirming jury verdict 13 finding trade dress infringement); MGA Entm't, Inc. v. Multitov, Inc., No. CV04-2524, 14 2005 WL 8156296, at \*3-4 (C.D. Cal. Oct. 11, 2005) (finding that defendant infringed plaintiff toy company's trade dress). Kelly Toys Holdings, LLC also owns copyrights 15 16 to certain Squishmallows and Build-A-Bear is likewise willfully infringing on those 17 copyrights by selling its Skoosherz products that copy constituent elements of those copyrights. Through this action, Kelly Toys seeks monetary and injunctive relief to 18 19 stop Build-A-Bear's copycat efforts, put an end to consumer confusion, and vindicate 20 the intellectual property rights in Squishmallows.

21

## **THE PARTIES**

22 Plaintiff Kelly Toys Holdings, LLC is a Delaware limited liability 9. 23 company with its principal place of business in Los Angeles, California.

24 10. Plaintiff Jazwares, LLC is a Delaware limited liability company with its 25 principal place of business in Broward County, Florida.

26 11. Plaintiff Kelly Amusement Holdings, LLC is a Delaware limited liability 27 company with its principal place of business in Syosset, New York.

12. 1 Plaintiff Jazplus, LLC is a Delaware limited liability company with its principal place of business in Broward County, Florida. 2

3 13. Plaintiffs are all affiliated entities, governed by common ownership and intercompany agreements. 4

5 14. On March 31, 2020, non-party Kellytoy Worldwide, Inc., the previous holder of the copyrights and trade dress rights at issue, assigned all legal title to the 6 7 distinctive trade dress associated with the Squishmallows products, as well as all 8 registered copyrights in and related to the Squishmallows products, to Plaintiff Kelly 9 Toys Holdings, LLC. Accordingly, Plaintiff Kelly Toys Holdings, LLC is the legal owner of registered copyrights in and related to its Squishmallows products and the 10 11 Squishmallows trade dress.

12 15. Kelly Toys Holdings, LLC provides the rights to the remaining plaintiffs, 13 Jazwares, LLC, Kelly Amusement Holdings, LLC, and Jazplus, LLC, to sell and 14 distribute the Squishmallows products that incorporate the protected intellectual 15 property rights. Plaintiffs are all related companies that each independently have the 16 ability to inspect and monitor the Squishmallows products and to maintain the 17 products' quality. Each plaintiff thus has a cognizable interest in the infringement at 18 issue.

19 16. Defendant Build-A-Bear is a consumer toy limited liability company 20 organized under the laws of Delaware with its principal place of business at 415 18th 21 Street, Suite 200, St. Louis, Missouri 63103. Build-A-Bear is registered to do business 22 in California, and has over thirty locations in California, including at least eleven of 23 which are in the Central District of California. Build-A-Bear is in the business of 24 manufacturing and selling children's toys, including plush toys.

25

# JURISDICTION AND VENUE

26 17. This action involves the trademark laws of the United States, 15 U.S.C. § 27 1125(a), and, specifically, the statutory and common law of trade dress infringement. 28

1 This action also involves the copyright laws of the United States, 17 U.S.C. § 101, *et*2 *seq*.

18. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331, 1338,
and 1367, and 15 U.S.C. §§ 1114, 1116, 1117, 1121, and 1125. Specifically, the Court
has federal question jurisdiction in this case over the claims brought under federal law
and supplemental jurisdiction over the claims brought under state law.

7 19. Venue lies in this judicial district pursuant to 28 U.S.C. § 1391 and
8 1400(a).

9 20. This Court has personal jurisdiction over Defendant Build-A-Bear based 10 on its contacts with the forum. Build-A-Bear has purposefully directed its tortious 11 activity at California. Build-A-Bear has over thirty physical locations in California, 12 including at least eleven within the Central District of California, where Build-A-Bear sells its products, including, upon information and belief, the infringing Skoosherz. 13 14 The infringing Skoosherz are also available for order online via Build-A-Bear's 15 website and pick up at physical locations in California. In order to sell Skoosherz in 16 Build-A-Bear's California branches, the infringing articles were either manufactured 17 in or shipped to California.

18 21. Build-A-Bear knew its actions would cause harm in California. Build-A19 Bear is aware of the locations of its physical storefronts and launched its Skoosherz
20 product with the knowledge that it would be sold in its brick-and-mortar locations,
21 including, upon information and belief, in California.

- 22
- 23

# **BACKGROUND FACTS**

## Kelly Toys Launches Its Squishmallows Products

24 22. Kelly Toys is an innovative and highly successful creator, manufacturer,
 25 distributor, and seller of unique plush toys, including its Squishmallows line of plush
 26 toys under the SQUISHMALLOWS brand.

27 23. In 2016, Kelly Toys conceived of and began creating its Squishmallows
28 line of plush toy designs that share common, unique features distinguishing them from

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the goods of others. Most of these designs are the subject of United States Copyright
 Registrations or pending applications therefor, and each is sold in commerce under the
 Squishmallows brand. In essence, these creative development efforts produced an
 entirely new class of plush toys that has carved a previously non-existent niche in the
 marketplace.



24. Kelly Toys Holdings, LLC is the sole owner of all right, title, and interest in and to the Squishmallows products that possess unique, recognizable and distinguishing features that are common across much of the Squishmallows line. From 2016 to the present, Kelly Toys has expended large sums of money in developing, advertising and promoting the Squishmallows Trade Dress (defined below), and the product designs embodying it, throughout the United States. In fact, Kelly Toys spends approximately \$1,000,000 annually in direct to consumer and business-to-business advertising in connection with its Squishmallows products. 

## Squishmallows Has a Distinctive Trade Dress

27 25. Due to the distinctive Squishmallows trade dress, coupled with its unique
 28 designs, extensive marketing efforts, media coverage, and market penetration, the

Squishmallows Trade Dress has acquired distinctiveness in the marketplace when 1 2 applied to plush toys. In fact, because of Kelly Toys' extensive promotional activities and widespread display of plush toys embodying the Squishmallows Trade Dress 3 directed to the public, and as a consequence of Kelly Toys' well-earned reputation for 4 5 fairness and integrity in dealings with its customers, the relevant consuming public has come to recognize and associate plush toys embodying the trade dress as high quality 6 goods connected with or offered by Kelly Toys. As a result, that trade dress has 7 8 valuable goodwill and consumer recognition associated with it and has come to symbolize the exemplary reputation of Kelly Toys. 9

10 Consistent with that advertising and marketing scope, Kelly Toys sells a 26. 11 broad range of Squishmallows products featuring the iconic trade dress, and whose 12 overall look, feel and image-and in particular but without limitation its shapes, 13 colors, textures and graphics-serve as a distinctive source identifier to the consuming public. Though not easily reduced to writing, these features include: (1) substantially 14 egg/bell/oval shaped plush toys depicting various similarly shaped fanciful renditions 15 16 of animals/characters; (2) simplified Asian style Kawaii faces with repeating and 17 complementary rounded/oval shaped graphics depicting features on the characters themselves (such as eyes, snouts and bellies) and which conform to and support the 18 19 overall egg/bell/oval shape of the toys; (3) embroidered facial features, such as eyes, 20 nostrils, and/or mouths; (4) distinctive contrasting and non-monochrome coloring; and 21 (5) short-pile velvety velour-like textured exterior with a light and silky memory foam-22 like stuffing providing an extremely soft and squeezable marshmallow feel (the 23 "Squishmallows Trade Dress").

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27. The Squishmallows Trade Dress, when viewed as a whole, presents a 14 non-functional look and feel that is uniquely associated with Squishmallows. The 15 aesthetic features of the Squishmallows Trade Dress do not have utilitarian 16 functionality, as evidenced and underscored by the following facts: (1) the unique 17 combination of the egg/bell/oval-shaped characters, simplified Kawaii face and 18 repeated egg/bell/oval shapes, embroidered facial features, distinct coloring, and 19 velvety texture yields no utilitarian advantage over other plush toys; (2) there are 20innumerable alternative stylistic plush toy features available to and used by 21 competitors, including, (i) countless alternative plush toy shapes (e.g. traditional 22 animal designs as opposed to Squishmallows' whimsical, abstract renditions of 23 animals and characters), (ii) numerous alternative means to depict facial features (e.g. 24 25 plastic or bead eyes, features emulating realistic animals, countless different facial expressions); (iii) myriad alternative shell materials (e.g. terrycloth, long pile plush, 26 velboa, satin), (iv) countless alternative stuffing materials available (e.g. beans, cotton, 27 hard foam, wool, etc.), and (v) innumerable alternative plush designs and combinations 28

of features actually used and available in the marketplace; (3) even if there were some
 utilitarian advantages of the Squishmallows Trade Dress, Kelly Toys' advertising does
 not tout or market those advantages; and (4) the Squishmallows Trade Dress is not the
 result from comparatively simple or inexpensive methods of manufactures vis-à-vis
 other plush toys.

6 28. Further, Squishmallows Trade Dress, when viewed as a whole, does not have aesthetic functionality, as protection of the specific combination of these aesthetic 7 8 features would not impose a non-reputation-related competitive disadvantage against 9 competitors. Competitors have successfully used innumerable alternative design elements and combinations of those elements, and the specific combination of the 10 11 Squishmallows Trade Dress features does not serve an aesthetic function wholly 12 independent of any source identifying function. To the contrary, the Squishmallows Trade Dress was specifically designed to distinguish - and has succeeded in 13 distinguishing - the source of products embodying the Squishmallows Trade Dress 14 from the source of other toys. Thus, any advantage gained from the specific 15 16 combination of aesthetic features comprising the Squishmallows Trade Dress is based 17 on Kelly Toys and Squishmallows' reputation, as the specific combination of aesthetic features comprising the Squishmallows Trade Dress is highly distinctive and has 18 19 become associated in the minds of the consuming public with plush toy products of 20the highest quality, originating from a single source – Squishmallows.

21

# Kelly Toys Holdings, LLC Owns Copyrights in Squishmallows

22 29. Additionally, Kelly Toys Holdings, LLC is also the owner of registered
23 copyrights in and related to its Squishmallows products (the "Squishmallows Works"),
24 including listed those in the below chart:

- 11 -

1	Copyrighted Works	Copyright Number	
2		VA0002346938	
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4	• •		
5			
6			
7		VA0002096026	
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12			
13	Squishmallows Are Distinctive and Popular		
14	30. Kelly Toys and its predecessor have, beginning in 2016 and continuing		
15	without interruption, expended a great deal of time, effort, and money in the promotion		
16	of its Squishmallows line. And due to Kelly Toys' distinctive designs, robust		
17	marketing efforts, media coverage, and market penetration, the Squishmallows Trade		
18			
19	Dress has acquired distinctiveness in the marketplace when applied to plush toys. As a further result of Kelly Toys' extensive promotional activities and widespread display		
20	of its Squishmallows directed to the public and as a result of its fairness and integrity		
21	mentioned above, the relevant consuming public has come to recognize and associate		
22	plush toys embodying the Squishmallows Trade Dress as high quality goods connected		
23			
24	with or offered by a single source. The Squishmallows Trade Dress thus embodies valuable goodwill and consumer recognition associated with it and has come to		
25	symbolize valuable goodwill and reputation		
26		ginal and inherently distinctive, the	
27	Squishmallows Trade Dress is also widel	•	
28		j recognized of consumers. It simple	
	- 12		

Internet search using the Google search engine yields, for example, about 56,200,000
 "hits" for the search term "Squishmallows."

3 32. Beyond marketing and selling Squishmallows through thousands of retail
4 stores nationwide, Kelly Toys additionally markets and sells its Squishmallows via its
5 website <u>www.squishmallows.com</u> and on <u>www.jazwares.com/brands/squishmallows</u>,
6 featuring dozens of copyright-protected photographs of its plush toys and models
7 holding its Squishmallows.

8 Kelly Toys also actively engages in promoting its line of Squishmallows 33. products through its numerous social media accounts, including on Instagram, TikTok, 9 Facebook, and Twitter. Indeed, Kelly Toys' legion of loyal fans of its line of 10 11 Squishmallows have been extremely engaged on social media, including TikTok, 12 Instagram, and Facebook, demonstrating their awareness and affection for Kelly Toys' 13 Squishmallows. Squishmallows videos have been viewed more than 11 billion times 14 on TikTok and fans have posted Squishmallows content more than 1 million times on 15 Instagram.

16 34. Kelly Toys' Squishmallows have become a phenomenon—they have
17 turned into a collectors' item, with their avid fanbase searching high and low to collect
18 as many of the over 3,000 different Squishmallows characters as possible.

19 35. Indeed, sales of Squishmallows have increased over 300% in 2022 alone,
20 with sales soaring to over \$200 million worldwide.

36. Further adding to their recognition and secondary meaning in the
marketplace, Squishmallows have been featured in over 300 publications, including
magazines, press articles, reviews, and videos, including many mainstream media
publications such as the Washington Post, the New York Times, TIME Magazine,
Forbes, The Guardian, the New York Post, the Costco Connections Magazine, People
Magazine, Seventeen Magazine, and many others. By way of example, the
Washington Post characterized Squishmallows as "the hottest toy on the market" and

described its avid fanbase as follows: "The fandom is often likened to the Beanie Baby 1 craze — and on its way to be an enduring brand like Hello Kitty and Pokémon."<sup>4</sup> 2 3 Adults are driving sales of the hottest toy 4 on the market: Squishmallows 5 6 7 8 9 10 11 The New York Times has proclaimed that "Squishmallows are Taking 37. 12 Over,"<sup>5</sup> Forbes named them "2022's Must-Have Christmas Toy,"<sup>6</sup> and The Guardian 13 has recognized the toy's rise in popularity on social media, writing that 14 "Squishmallows go from TikTok sensation to top Christmas toy."<sup>7</sup> 15 16 17 18 19 <sup>4</sup> Jaclyn Peiser, Adults Are Driving Sales of the Hottest Toy on the Market: 20Squishmallows, Wash. Post. (June 25, 2023), https://www.washingtonpost.com/business/2023/06/24/squishmallows-toy/. 21 <sup>5</sup> Taylor Lorenz, Squishmallows Are Taking Over, N.Y. Times (March 18, 2021), 22 https://www.nytimes.com/2021/03/16/style/squishmallows.html. 23 <sup>6</sup> Mark Faithfull, Squishmallows Going Viral, Warren Buffet and 2022's Must-Have Christmas Tov, Forbes (Dec. 13, 2022), 24 https://www.forbes.com/sites/markfaithfull/2022/12/13/squishmallows-going-viral-25 warren-buffett-and-2022s-must-have-christmas-tov/?sh=692f77db22ad. 26 <sup>7</sup> Zoe Wood, Squishmallows Go From TikTok Sensation to Top Christmas Toy, Guardian (Dec. 9, 2022), 27 https://www.theguardian.com/business/2022/dec/09/squishmallows-go-from-tiktok-28 sensation-to-top-christmas-tov.

38. Squishmallows' widespread popularity is further demonstrated by its
 recent October 2023 feature on the cover of Costco Connections, the magazine
 circulated monthly to nearly 15 million Costco members nationwide with
 advertisements for products sold at Costco, raving that "Squishmallows have taken
 over the toy world," and that "as toy stores go, the marshmallow-like plush toy's
 meteoric rise to the top of the \$100 billion global toy market is one for the ages."<sup>8</sup>

7 39. Squishmallows' fandom ranges across all ages, from children to teens to
8 adults. Celebrities like Kim Kardashian and Lady Gaga have identified themselves as
9 avid devotees of the brand, and have published messages and photos of their
10 Squishmallows collections on their social media accounts:



27	<sup>8</sup> Mark	Caldwell,	Soft Sell,	Costco	Connection,	Oct. 2023,	at 22,
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28 <u>https://mobilecontent.costco.com/live/resource/img/static-us-connection-october-</u> 23/US\_October\_Connection\_2023.pdf.

- 15 -	
COMPLAINT	



9 40. In September of 2022, Squishmallows was awarded the "People's
10 Choice" awards by The Toy Foundation, and in both 2022 and 2023 won the coveted
11 "Toy of the Year" and "Plush Toy of the Year" awards. Squishmallows are so popular
12 that they have been identified as the most popular toy brand across 41% of the U.S.
13 states—far ahead of other well-known mega brands like Hot Wheels, Lego, Nintendo
14 Switch, Nerf, and Play-Doh.

15 41. Due to Squishmallows' massive success and popularity, consumers
16 associate the high-quality Squishmallows toys with the Squishmallows Trade Dress.

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## **Build-A-Bear's Infringing Skoosherz Products**

42. True to its name, Build-A-Bear is best known for providing a place for
people to create their own customizable toys. Build-A-Bear offers a number of
premade, unstuffed plush animals and characters that consumers can stuff themselves
to build their own toy. Consumers can also customize their plush toy, for example by
buying it clothes and accessories, or purchasing audio recordings to incorporate inside
the toy.

43. On January 11, 2024, Build-A-Bear launched "Skoosherz," a line of plush
toys that copies and imitates Squishmallows. The Skoosherz products are a radical
departure from the company's typical products. Indeed, they lack all the customizable
aspects that Build-A-Bear is known for. Consumers cannot go into a Build-A-Bear

Workshop and build their own Skoosherz. Instead, Skoosherz are pre-made and available for purchase in the same way any traditional manufacturer would sell a toy. 

44. Instead of maintaining its original idea of allowing consumers to create their own toys, Build-A-Bear now seeks to trade off the goodwill of Squishmallows by marketing obvious copycat products-plush toys that look almost identical to popular Squishmallows. To be clear, Build-A-Bear is not licensed or otherwise authorized by Kelly Toys to market or distribute products embodying the copyrighted designs or the Squishmallows Trade Dress. 

Skoosherz toys have the same distinctive trade dress as the popular Squishmallows, including: shaped fanciful renditions of animals/characters; simplified Asian style Kawaii faces; embroidered facial features; distinctive and nonmonochrome coloring; and velvety velour-like textured exterior. Side by side comparisons of Squishmallows and copycat Skoosherz products plainly show how striking the similarities are:





1

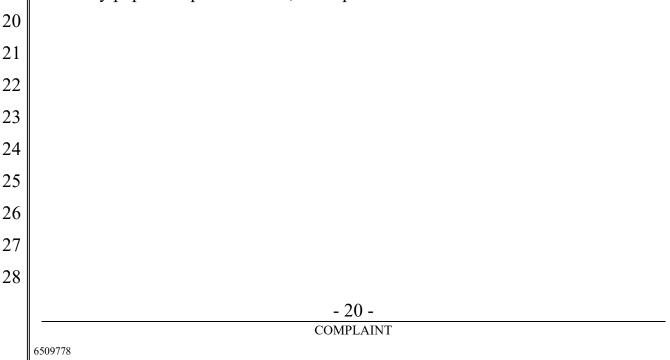
45. Not only has Build-A-Bear purposely copied the Squishmallows Trade
Dress, it uses one of the *same* suppliers to manufacture Skoosherz that Plaintiffs use
to create Squishmallows. Upon information and belief, Build-A-Bear commissioned
a Chinese manufacturer that has rights to manufacture Squishmallows to produce the
copycat Skoosherz. Upon information and belief, Build-A-Bear received notice and
knows that Skoosherz are improper Squishmallows copycats. Yet Build-A-Bear
brazenly ignored the warning and produces the toys anyway.

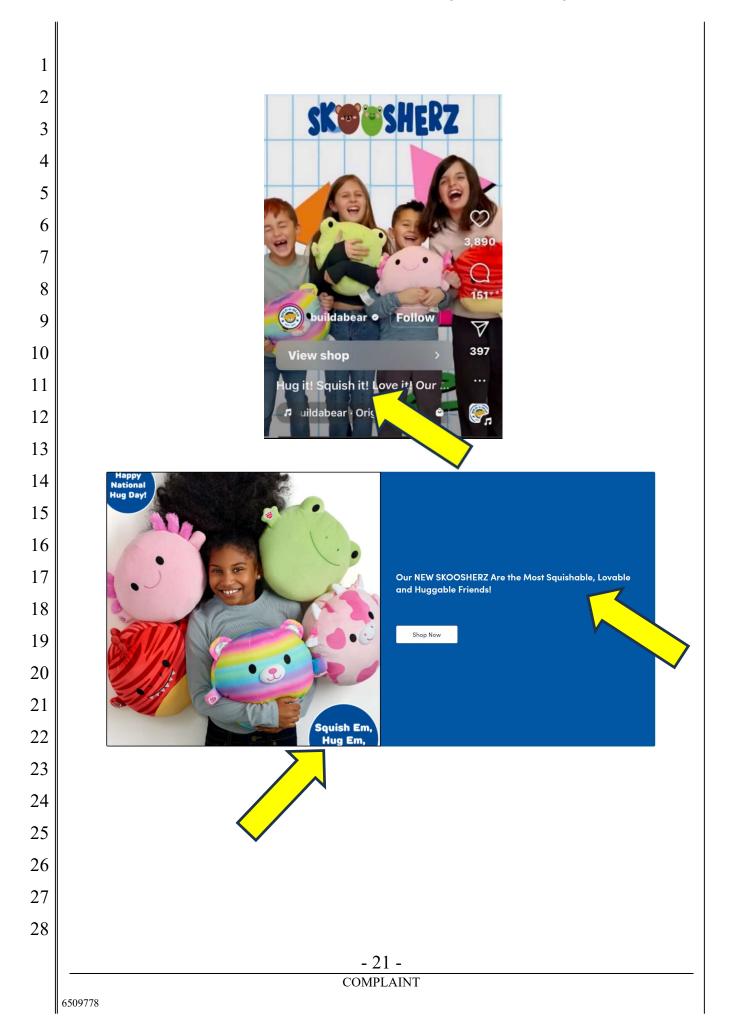
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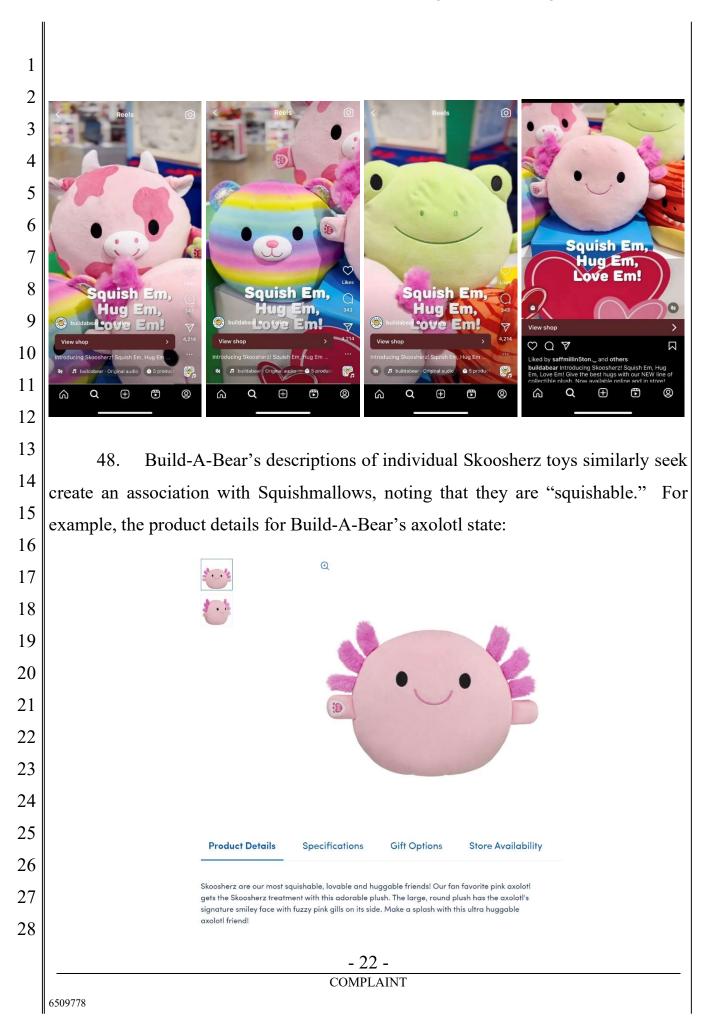
## **Consumer Confusion**

46. Not only do Skoosherz visually and tactilely simulate Squishmallows, but
Build-A-Bear has also tried to trick customers looking for Squishmallows into buying
Skoosherz instead. By naming its products that so closely resemble Squishmallows
"Skoosherz," Build-A-Bear has taken steps to ensure that customers seeking out
Squishmallows (often referred to as "Squish") become mistaken by the confusingly
similarly named Skoosherz instead.

47. Build-A-Bear has sought to market off of this association, portraying its
Skoosherz as the "most squishable," and advertising that consumers can "Squish"
them, plainly seeking to create an association between the infringing Skoosherz and
the wildly popular Squishmallows, or "Squish:"







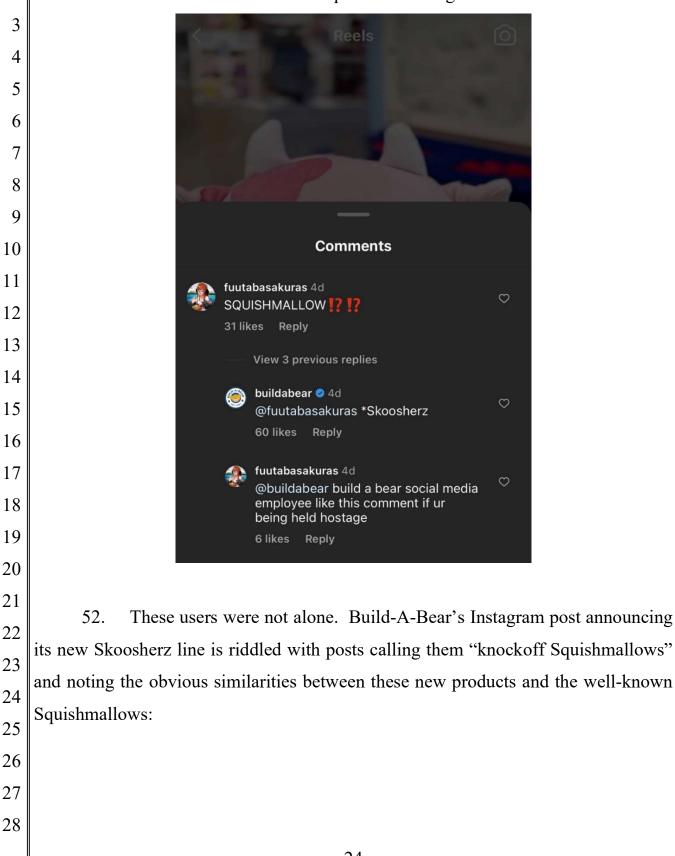
49. Build-A-Bear also markets its Skoosherz line in a strikingly similar fashion to Squishmallows, as depicted below:

# **Original Squishmallows Copycat Skoosherz** 50. Skoosherz products create a likelihood of confusion with original Squishmallows products. In fact, there is evidence of actual consumer confusion. For example, on a recent promotional Skoosherz Instagram post, a user asked whether Build-A-Bear was now making Squishmallows:



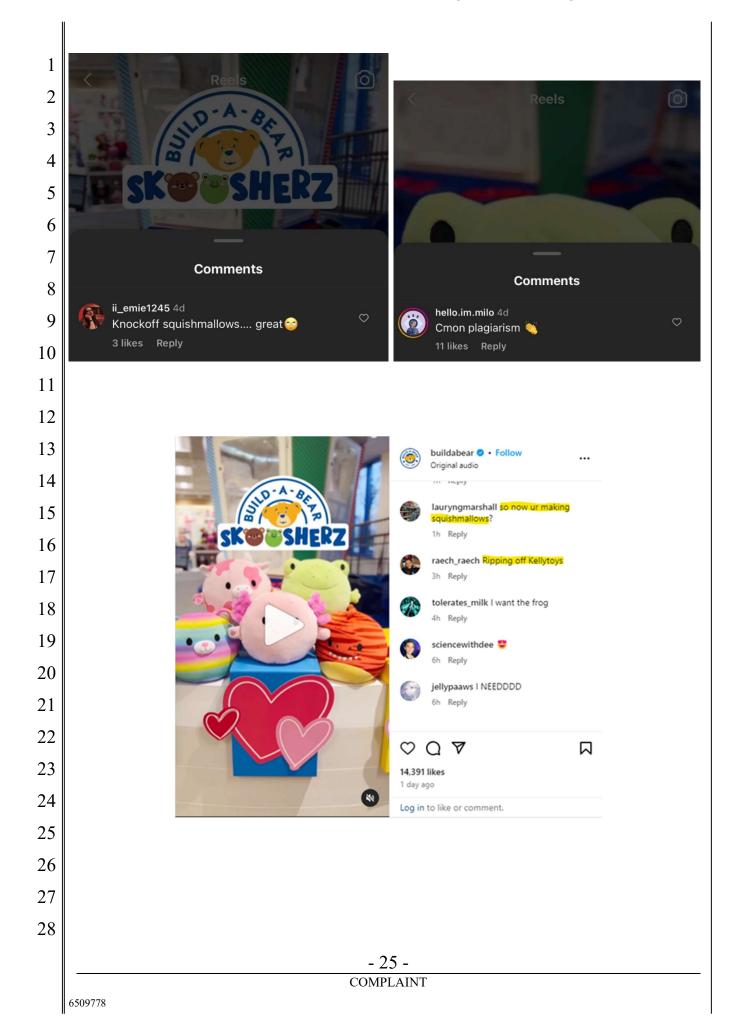
51. Other consumers have also noted how similar Skoosherz are to Squishmallows. Indeed, as shown below, the official Build-A-Bear Instagram account was forced to clarify that these were indeed Skoosherz, not Squishmallows, when a commentor posted "SQUISHMALLOW !? !?" to Build-A-Bear's promotional video of Skoosherz. This led another poster to jokingly direct that the "build a bear social media employee [should] like this comment if ur being held hostage," jestingly 

suggesting that the Build-A-Bear Instagram administrator was being forced to clarify
 that these were "\*Skoosherz" and not Squishmallows against their will:

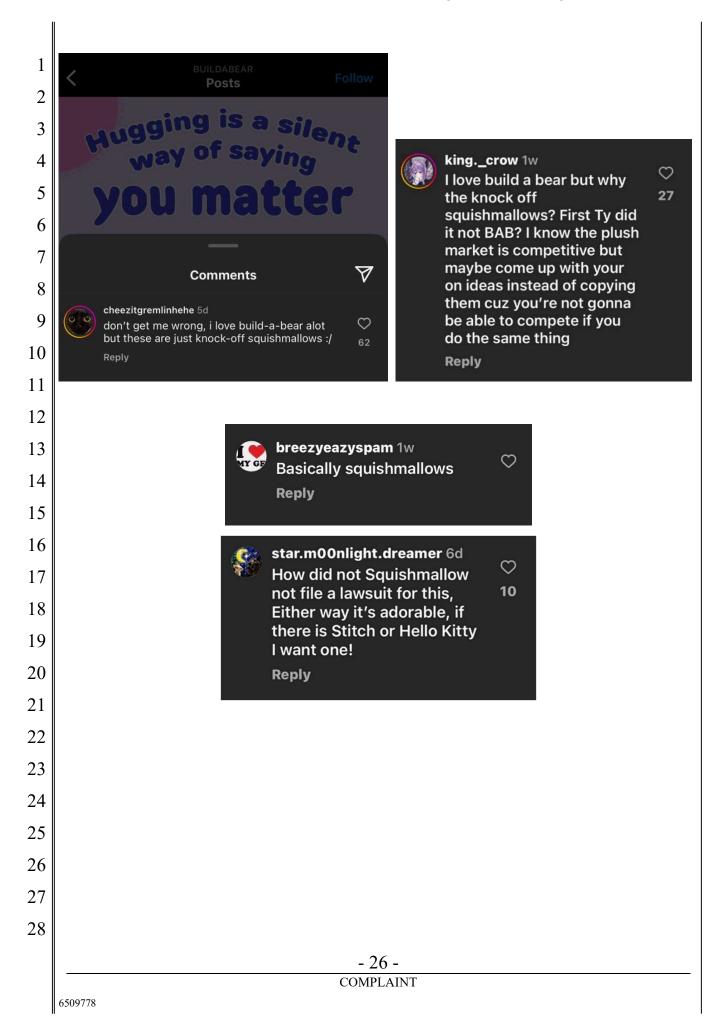


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53. Other consumers noted that Skoosherz are "like a worse Squishmallow,"
 even noting that Skoosherz chose to copy several of the most popular Squishmallows
 characters. Still others highlight the fact that Skoosherz represent a radical departure
 from Build-A-Bear's traditional model of building a custom toy, referring to them as
 "soulless ripoff[s]":

#### lairviniaa • 10 hr. ago

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I'm sorry but I really can't see the appeal ike I collect both squishmallows and bab but these designs are just Iazy and look like cheap squishmallow knockoffs (they literally used the most popular squishmallow animals/designs) and like I don't understand why they'd make these (besides wanting an easy cash grab) they have none of the features that make babs special and unique, they didn't even make clothes for them and they're overpriced too (and imo they're not even cute in ) I mean if you enjoy them I'm happy for you i don't wanna ruin the fun but its just a no from me

#### stabby\_coffin\_salt • 2 days ago

It's like a worse Squishmallow. I'd rather just get one of those Squishem's or whatever they're called (they have one that's a plague doctor).

These knockoffs remind me of those TY squish things. Can't stand the lack of quality or thought.

The cow is kinda cute I guess?

🗘 🏠 177 🖓 💭 Reply 🖒 Share

#### saredarebear • 4 hr. ago

I feel like if they were going to make something resembling squishmallows they could at least make it so you "build" it and make a line of clothing for it so it does not feel like such a a soulless ripoff. It's cute, but Build a Bear has something that is pretty unique and I do not understand why these were released the way they were.

54. Build-A-Bear's actions have caused and will continue to cause significant
harm. As a result of consumer confusion, Kelly Toys has lost and will continue to lose
potential customers, sales, and market share.

55. In sum, Build-A-Bear's willful conduct has damaged and will continue to
irreparably damage the reputation, business, and goodwill of Kelly Toys. And, unless
enjoined, Build-A-Bear will continue to further escalate its infringing activities.

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#### 1 FIRST CAUSE OF ACTION 2 (Trade Dress Infringement – 15 U.S.C. § 1125) 3 56. Kelly Toys repeats, realleges, and incorporates each and every allegation made above as if fully set forth herein. 4 5 57. Kelly Toys Holdings, LLC owns and has a protectable interest in the Squishmallows Trade Dress. 6 7 58. As owner of all rights, title and interest in and to the Squishmallows Trade 8 Dress, Kelly Toys Holdings, LLC has standing to maintain an action for trade dress 9 infringement under the Lanham Act including, 15 U.S.C. § 1125. 10 59. The Squishmallows Trade Dress is nonfunctional and highly distinctive and has become associated in the public mind with plush toy products of the highest 11 12 quality and reputation finding their origin in a single source, the Squishmallows brand. 13 60. The Squishmallows Trade Dress has acquired secondary meaning based upon, at least in part, the amount and manner of advertising of products embodying 14 15 the Squishmallows Trade Dress, the volume of sales, as well as the length and manner 16 of use of the products. 17 The Squishmallows Trade Dress is nonfunctional because its distinctive 61. 18 aesthetic features yield no utilitarian advantage, there are innumerable alternative 19 stylistic plush toy features available to competitors, even if there were some utilitarian 20 advantages of the design, Kelly Toys' advertising does not tout or market those 21 advantages, and the Squishmallows Trade Dress is not the result from comparatively 22 simple or inexpensive methods of manufacture. Furthermore, protection of the 23 specific combination of the aesthetic features consistent across Squishmallows brand 24 plush toys would not impose a non-reputation-related competitive disadvantage 25 against competitors, as there are innumerable alternative design elements and 26 combinations of those elements for competitors to utilize. The combination of the 27 Squishmallows Trade Dress features does not serve an aesthetic function wholly

- <sup>28</sup> independent of any source identifying function; rather, the highly distinctive
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Squishmallows Trade Dress is intended to distinguish Kelly Toys products from those
 of competitors.

62. Without Kelly Toys' authorization or consent, and having knowledge of
Kelly Toys Holdings, LLC's prior rights in the Squishmallows Trade Dress, Defendant
has designed, manufactured, distributed, advertised, offered for sale and/or will
continue to design, distribute, advertise, offer for sale, and sell replicas of the
Squishmallows Trade Dress to the consuming public in direct competition with Kelly
Toys, in or affecting interstate commerce.

9 63. Build-A-Bear's infringing designs are, each alone and together,
10 confusingly similar to the Squishmallows Trade Dress. Defendant's use of the
11 Squishmallows Trade Dress has caused, and unless enjoined by this Court, will
12 continue to cause a likelihood of confusion and deception of members of the public
13 and, additionally, irreparable injury to goodwill and reputation associated with the
14 Squishmallows Trade Dress.

15 64. Defendant's use of the Squishmallows Trade Dress thus constitutes trade
16 dress infringement in violation of 15 U.S.C. § 1125(a).

17 65. As a direct and proximate result of Build-A-Bear's unlawful conduct, it 18 has misappropriated Kelly Toys Holdings, LLC's rights in the Squishmallows Trade 19 Dress, as well as the goodwill associated therewith, and has diverted sales and profits 20 from Kelly Toys to Build-A-Bear. Thus, as a direct and proximate result of 21 Defendant's acts of willful infringement, Kelly Toys has suffered and/or will suffer 22 irreparable damage to its valuable brand and reputation, and other damages in an 23 amount to be proven at trial, including Defendant's profits and Kelly Toys' lost profits.

66. Defendant's actions described above will cause, have caused, and will
continue to cause irreparable damage to Kelly Toys, unless Defendant is enjoined by
this Court. Kelly Toys has no adequate remedy at law with regard to Defendant's
infringing conduct. Accordingly, Kelly Toys is entitled to a permanent injunction,
pursuant to 15 U.S.C. § 1116, restraining and enjoining Defendant and its agents,

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servants, and employees, and all persons acting thereunder, in concert with, or on its 1 2 behalf, from using Kelly Toys' Squishmallows Trade Dress, or any colorable imitation 3 or variation thereof, in connection with the sale and/or marketing of any products.

4 67. Defendant's aforesaid acts are exceptional within the meaning of 15 U.S.C. § 1117. 5

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## **SECOND CAUSE OF ACTION**

## (California Common Law Trade Dress Infringement)

68. 8 Kelly Toys repeats, realleges, and incorporates each and every allegation made above as if fully set forth herein. 9

10 Kelly Toys Holdings, LLC is the owner of all right, title, and interest in 69. 11 and to the Squishmallows Trade Dress used by Kelly Toys by virtue of its extensive 12 manufacture and sale of products embodying such trade dress as set forth in the 13 preceding paragraphs of the Complaint.

14 Kelly Toys' common law trade dress is distinctive, and furthermore, has 70. 15 acquired secondary meaning. Kelly Toys has continuously used its Squishmallows 16 Trade Dress to identify its goods in California and elsewhere, and to distinguish them 17 from goods of a different origin. As such, there are common law rights to the 18 Squishmallows Trade Dress.

19 71. The Squishmallows Trade Dress is nonfunctional and highly distinctive 20 and has become associated in the public mind with plush toy products of the highest 21 quality and reputation finding their origin in a single source, Kelly Toys.

22 The Squishmallows Trade Dress has acquired secondary meaning based 72. 23 upon, at least in part, the amount and manner of advertising of products embodying 24 the Squishmallows Trade Dress, the volume of sales, as well as the length and manner 25 of use of the products.

26 73. The Squishmallows Trade Dress is nonfunctional because its distinctive 27 aesthetic features yield no utilitarian advantage, there are innumerable alternative 28 stylistic plush toy features available to competitors, even if there were some utilitarian

1 advantages of the design, Kelly Toys' advertising does not tout or market those 2 advantages, and the Squishmallows Trade Dress is not the result from comparatively simple or inexpensive methods of manufacture. Furthermore, protection of the 3 specific combination of the aesthetic features consistent across Squishmallows 4 5 products would not impose a non-reputation-related competitive disadvantage against competitors, as there are innumerable alternative design elements and combinations of 6 those elements for competitors to utilize. The combination of the Squishmallows 7 8 Trade Dress features does not serve an aesthetic function wholly independent of any source identifying function. Rather, the highly distinctive Squishmallows Trade Dress 9 is intended to distinguish Kelly Toys' plush toys from those of competitors. 10

11 74. The infringing products advertised, distributed, offered for sale, and sold 12 by Defendant incorporate matter constituting replicas and imitations of Kelly Toys' 13 common law trade dress. Such unauthorized use by Defendant of Kelly Toys' 14 common law trade dress constitutes common law trade dress infringement and has 15 already caused, and will likely continue to cause, confusion and mistake in the minds of the trade and the purchasing public as to the source of the products and is causing 16 17 purchasers to believe such products are authentic products of Kelly Toys when, in fact, 18 they are not.

19 75. Upon information and belief, Defendant has willfully and intentionally
20 misappropriated aspects of Kelly Toys' common law trade dress with the intent of
21 causing confusion, mistake, and deception as to the source of its goods and with the
22 intent to palm off its goods as those of Kelly Toys, and as such, Defendant has
23 committed trade dress infringement under the common law.

76. By such actions in infringing Kelly Toys' common law trade dress,
Defendant is improperly trading upon the reputation and goodwill, and is impairing
valuable rights in, such trade dress.

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77. Upon information and belief, Defendant has committed the above alleged
 acts in conscious disregard of Kelly Toys' rights, and Kelly Toys is therefore entitled
 to punitive damages pursuant to the common law of the State of California.

78. Kelly Toys has no adequate remedy at law. The conduct of Defendant
has caused and, if not enjoined, will continue to cause, irreparable damage to the rights
in and business, reputation, and goodwill of the Squishmallows Trade Dress.

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## THIRD CAUSE OF ACTION

# (Federal Copyright Infringement – 17 U.S.C. § 501(a))

10 79. Kelly Toys Holdings, LLC repeats, realleges, and incorporates each and
11 every allegation made above as if fully set forth herein.

12 80. Kelly Toys Holdings, LLC is the exclusive owner of the Squishmallows13 Works.

14 81. On information and belief, Defendant had actual notice of Kelly Toys
15 Holdings, LLC's exclusive rights in and to the Squishmallows Works.

16 82. Defendant did not attempt and therefore inherently failed to obtain
17 Plaintiffs' consent or authorization to use, manufacture, reproduce, copy, display,
18 prepare derivative works of, distribute, sell, transfer, rent, perform and/or market Kelly
19 Toys Holdings, LLC's Squishmallows Works.

83. Without permission, Defendant knowingly and intentionally reproduced,
copied, and displayed the Squishmallows Works by manufacturing, advertising,
marketing, promoting, distributing, displaying, offering for sale and/or selling
infringing products which bear such Squishmallows Works, or artwork that is, at a
minimum, substantially similar to the Squishmallows Works. For example:

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1	Copyrighted Works	<b>Copyright Number</b>	Infringing Build-A-
2		VA0002246028	Bear Product
3		VA0002346938	
4	• •		• • •
5			
6			
7			
8		VA0002096026	
9	○ Ü ⊕		• •
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84. Defendant's unlawful and willful actions as alleged herein constitute
infringement of the Squishmallows Works, including exclusive rights to reproduce,
distribute and/or sell such Squishmallows Works in violation of 17 U.S.C. § 501(a).

85. Defendant's knowing and intentional copyright infringement, as alleged
herein, has caused substantial and irreparable harm to Kelly Toys Holdings, LLC in
an amount as yet unknown but to be proven at trial, for which Kelly Toys Holdings,
LLC has no adequate remedy at law, and unless enjoined, Defendant will continue to
cause substantial and irreparable harm to Kelly Toys Holdings, LLC.

86. Based on Defendant's wrongful conduct, Kelly Toys Holdings, LLC is entitled to injunctive relief, Kelly Toys Holdings, LLC's actual damages and lost profits, and Defendant's profits arising from Defendant's conduct complained of herein, including any profits that are attributable to the infringement and are not taken into account in computing the actual damages, in an amount to be proven at trial and enhanced discretionary damages for willful copyright infringement, and reasonable attorneys' fees and costs.

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# FOURTH CAUSE OF ACTION

## (California Common Law Unfair Competition)

3 87. Kelly Toys repeats, realleges, and incorporates each and every allegation
4 made above as if fully set forth herein.

5 88. This claim arises under the common law of the State of California relating
6 to unfair competition.

89. Defendant's infringing products incorporate matter constituting
reproductions, copies, and/or colorable imitations of Kelly Toys' Squishmallows
Trade Dress. Defendant's unauthorized use of Kelly Toys' Squishmallows Trade
Dress constitutes unfair competition, and is likely to cause confusion and mistake in
the minds of the trade and the purchasing public as to the source of Defendant's
products and to cause purchasers to believe that Defendant's products are authentic
products of Kelly Toys when in fact, they are not.

14 90. Upon information and belief, Defendant has intentionally appropriated
15 Kelly Toys' Squishmallows Trade Dress with the intent of causing confusion, mistake,
16 and deception as to the source of its goods and with the intent of palming off its goods
17 as those of Kelly Toys. Defendant has thus committed unfair competition under the
18 common law of the State of California.

91. By its actions in infringing Kelly Toys' Squishmallows Trade Dress,
Defendant is improperly trading upon the reputation and goodwill, and impairing
valuable rights in, the Squishmallows Trade Dress.

92. Upon information and belief, said activities of Defendant have caused,
and if not enjoined, will continue to cause, irreparable harm and damage to the rights
in the Squishmallows Trade Dress and to business reputation and goodwill.

93. Upon information and belief, Defendant has engaged in the unlawful
 conduct alleged herein intentionally, maliciously, fraudulently, and oppressively
 entitling Kelly Toys to punitive damages in an amount to be determined at trial.

**FIFTH CAUSE OF ACTION** 1 2 (California Statutory Unfair Competition – 3 Cal. Bus. & Prof. Code § 17200, et seq.) 4 Kelly Toys repeats, realleges, and incorporates each and every allegation 94. 5 made above as if fully set forth herein. By reason of the foregoing, Defendant has been and is engaged in 6 95. "unlawful, unfair or fraudulent business practices" in violation of Cal. Bus. & Prof. 7 8 Code § 17200 et seq. 9 96. The Squishmallows Trade Dress constitutes a protectable property right. 10 Defendant's infringement of the Squishmallows Trade Dress will and has caused an 11 impairment and diminishment of Plaintiffs' rights. Indeed, the activities of Defendant 12 have caused and, if not enjoined, will continue to cause irreparable harm and damage 13 to the rights in the Squishmallows Trade Dress and to business reputation and goodwill. Kelly Toys has no adequate remedy at law for these wrongs and injuries. 14 15 The damage to Kelly Toys includes harm to its goodwill and reputation in the 16 marketplace that money cannot compensate. Accordingly, Kelly Toys is entitled to a 17 permanent injunction restraining and enjoining Defendant and its agents, servants, 18 employees, and all persons acting thereunder, in concert with, or on its behalf, from 19 using the Squishmallows Trade Dress, or any colorable imitation or variation thereof, 20 in connection with the sale and/or marketing of any products. Kelly Toys is further 21 entitled to recover its costs and attorneys' fees incurred in bringing and prosecuting 22 this action. 23 24 25 26 27 28 6509778

1 **PRAYER FOR RELIEF** WHEREFORE, Kelly Toys prays for judgment against Defendant as follows: 2 3 That Defendant, its officers, members, directors, agents, servants, a. employees, successors, licensees, representatives, assigns, and all persons acting in 4 5 concert or participation with them, be permanently enjoined and restrained from: 6 (i) Manufacturing, distributing, advertising, offering to sell or selling its 7 infringing products or any colorable imitations of the Squishmallows 8 Trade Dress or the Squishmallows Works; 9 (ii) Using the Squishmallows Trade Dress or any confusingly similar trade 10 dress in connection with plush or other toys; 11 (iii) Using the Squishmallows Trade Dress, or any confusingly similar trade 12 dress, in connection with the advertisement, offer to sell, or sale of any toy products; 13 14 (iv) Using imitations of the Squishmallows Works in connection with plush 15 toys or other goods; 16 (v) Infringing or contributing to infringement of Kelly Toys Holdings, 17 LLC's copyrights or trade dress, or otherwise engaging in unfair 18 competition with Kelly Toys in any manner or engaging in any conduct 19 tending to falsely represent or likely to confuse, mislead, or deceive 20 suppliers, purchasers, or any member of the public into thinking that 21 Defendant or any of its products are affiliated with Kelly Toys or that 22 Kelly Toys has otherwise sponsored, approved, or licensed any products 23 or services of Defendant; 24 (vi) Engaging in any other activity constituting unfair competition with 25 Kelly Toys, or constituting infringement of the Squishmallows Trade 26 Dress or Squishmallows Works; and 27 (vii) Assisting, aiding, or abetting any other person or business entity in 28 engaging or performing any of the activities referred to in - 36 6509778

subparagraphs (i) through (vi) above, or effecting any assignments or transfers, forming new entities or associations, or utilizing any other device for the purpose of circumventing or otherwise avoiding the prohibitions set forth in subparagraphs (i) through (vi) above.

b. That Defendant be directed to file with the Court and serve on Kelly Toys,
within thirty (30) days after entry of a final injunction, a report in writing under oath
setting forth in detail the manner and form in which Defendant has complied with the
injunction;

9 c. That Kelly Toys Holdings, LLC has superior rights to exclusive use in
10 the Squishmallows Works and the Squishmallows Trade Dress in connection with toys
11 vis-à-vis Defendant;

12 d. That the Court direct any third parties providing services to Defendant in 13 connection with any infringing and/or enjoined conduct, including social media 14 platforms (e.g., Instagram, Facebook, Twitter), online marketplaces (e.g., Amazon, Etsy, eBay, Alibaba), online payment providers, including credit card companies (e.g., 15 16 PayPal, Visa) and other service providers (*e.g.*, Google, GoDaddy, LiveChat, Shopify) 17 to cease providing services to Defendant in connection with the offer for sale and sale of the infringing products or any other products using, infringing, or embodying the 18 19 Squishmallows Trade Dress or the Squishmallows Works;

e. That Defendant be required to pay Kelly Toys such damages as it has
sustained as a consequence of Defendant's infringement of the Squishmallows Trade
Dress and the Squishmallows Works and trebling of those damages under 15 U.S.C. §
1117;

f. Adjudge that the Defendant, by its unauthorized use of Kelly Toys'
Squishmallows Trade Dress and Squishmallows Works for plush toys, and other acts
as it may have undertaken relating to the Squishmallows Trade Dress and/or
Squishmallows Works, has violated Kelly Toys' rights under 15 U.S.C. § 1125(a), 17
U.S.C. § 501(a), under California state law (including, without limitation, Cal. Bus. &

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Prof. Code § 17200 *et seq.*), and under common law, and that they have done so
 willfully;

g. Direct Defendant to provide Kelly Toys with an identification in writing
of any and all entities that are presently using the Squishmallows Trade Dress or
Squishmallows Works on Defendant's behalf and inform them that they must
immediately cease such use;

h. Direct Defendant to immediately recall any and all merchandise
previously provided to any entity embodying or using the Squishmallows Trade Dress
or the Squishmallows Works;

10 Enter an order, pursuant to 15 U.S.C. § 1118, directing Defendant to i. 11 deliver for destruction all products, brochures, marketing materials, decals, stickers, 12 signs, prints, packages, receptacles, wrappers, boxes, and advertisements in their 13 possession or under its control, embodying any unauthorized copy of the 14 Squishmallows Trade Dress or any of the Squishmallows Works, or any simulation, 15 reproduction, counterfeit, copy, confusingly similar likeness, or colorable imitation 16 therefor, and all plates, molds, matrices, programs, and other means of making the 17 same;

j. That Defendant provide Kelly Toys in writing with the following
 information relating to Defendant's goods marketed, advertised, offered for sale, or
 sold under either or both of the Squishmallows Trade Dress and/or Squishmallows
 Works:

- (i) the name, address, and telephone number of each and every United
   States entity to whom Defendant has made available or otherwise
   provided any such products;
  - (ii) the total number of units distributed and sold;
  - (iii) the total number of units remaining in inventory; and
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1	(iv) a full accounting as to the precise dollar amount of such products		
2	made available or provided and the profits recognized by		
3	Defendant in connection with such actions;		
4	k. Direct Defendant to pay the costs of corrective advertising;		
5	1. Direct Defendant to pay Plaintiffs' attorneys' fees and costs incurred in		
6	initiating and prosecuting this action;		
7	m. Direct Defendant to pay punitive damages and exemplary damages		
8	according to proof;		
9	n. That Kelly Toys recover its actual damages, Kelly Toys' lost profits, and		
10	Defendant's profits arising from Defendant's conduct complained of herein, including		
11	any profits that are attributable to the infringement and are not taken into account in		
12	computing the actual damages;		
13	o. That the Court award enhanced and treble damages;		
14	p. That Kelly Toys be awarded interest, including pre-judgment interest, on		
15			
16	q. That the Court direct such other actions as it may deem just and proper to		
17	prevent the public from deriving the mistaken impression that and products or services		
18	offered, advertised, or promoted by or on behalf of Defendant is authorized by Kelly		
19	Toys or related in any way to Kelly Toys' products or services; and		
20	r. For such other and further relief as the Court may deem just and proper.		
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22			
23	Dated: February 12, 2024HUESTON HENNIGAN LLP		
24	By: <u>/s/ Moez M. Kaba</u>		
25	Moez M. Kaba, State Bar No. 257456 mkaba@hueston.com		
26	Sourabh Mishra, State Bar No. 305185		
27	smishra@hueston.com 523 West 6th Street, Suite 400		
28	Los Angeles, CA 90014		
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	COMPLAINT		
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	COMPLAINT 6509778

1	DEMAND FOR JURY TRIAL			
2	Kelly Toys hereby demands a trial by jury.			
3				
4	Dated: February 12, 2024	HUESTON HENNIGAN LLP		
5				
6		By: <u>/s/ Moez M. Kaba</u>		
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