



Design patents get boost from Federal Circuit

Crocs case is warning to knockoff artists that minor differences won't avert infringement finding.

BY CHRISTOPHER CARANI

Much to the dismay of American designers, U.S. district courts have found all too often that slight tweaks to a patented design are enough to avoid infringement by a similarly designed product. That may change in the very near future because of a recent appellate decision regarding the ubiquitous Crocs and "Crocs-style" foam water-clog footwear. In short, the appeals court delivered a major warning shot to knockoff artists, making it known that minor differences in designs will not be enough to avoid infringement when the "overall effect" of the patented and accused designs remain substantially the same. This case will have significant ramifications with respect to not only the water-clog footwear industry, but U.S. design patents in general.

On Feb. 24, in *Crocs Inc. v. ITC*, 598 F.3d 1294 (2010), the U.S. Court of Appeals for the Federal Circuit reversed the International Trade Commission's (ITC) finding that shoes sold by respondents Double Diamond Distribution, Effervescent Inc. and Holey Soles Holdings did not infringe Crocs' U.S. design patent. Instead, the court affirmatively held that the "knock-off" shoe designs did infringe. In reversing, the Federal Circuit sought to



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apply the 2008 *Egyptian Goddess Inc. v. Swisa* "ordinary observer" test for determining design patent infringement. 543 F.3d 665 (Fed. Cir. 2008). Despite noticeable differences between the patented and accused designs, the court overturned the ITC's decision, noting that the differences would not be enough to convince an ordinary observer that the "overall effect" of the accused design was distinct from the patented design.

The case dates back to March 31, 2006, when Crocs filed a complaint with the ITC against 11 companies alleging infringement, including infringement of one of its design patents. The complaint sought an exclusion order banning the importation of certain water-clog shoes. The asserted Croc's design patent was U.S. Patent No. D517,789 (the '789 patent).

In its initial determination, dated April 2008, the ITC set forth a 150-word detailed verbal description of the '789 patent, rather than simply relying on the patent drawings themselves. Using this verbalized claim construction, the ITC concluded that the two shoes were too different from one another in appearance and thus concluded that there was no infringement. Specifically, the ITC noted differences between the accused design and the patented design, including the specific width of the back holding strap and the specific shape and spacing of the openings on the top and side of the shoes. In *The Matter of Certain Foam Footwear*, Inv. No. 337-TA-567, Order, April 11, 2008, at 80. Crocs appealed the decision.

The Federal Circuit began its opinion by sharply criticizing the ITC for its overly detailed description of the claimed design: "This court has cautioned, and continues to caution, trial courts about excessive reliance on a detailed verbal description in a design infringement case....This case shows the dangers of reliance on a detailed verbal claim construction." 598 F.3d at 1302. In contrast to the ITC's hyper-technical analysis, the Federal Circuit reiterated its general rule that the design patent's drawings speak for themselves and that courts should not endeavor to convert the drawings into words. As an aside, and in defense of the

ITC, its verbalized claim-construction approach was determined pre-*Egyptian Goddess*, when it was customary for courts to attempt to translate a design patent's drawings into words. It was not until *Egyptian Goddess* that the Federal Circuit invoked its general rule that verbalizations should not be attempted.

With claim-construction issues addressed, the Federal Circuit moved to the infringement analysis. The Federal Circuit concluded that the ITC's finding of noninfringement was erroneous; specifically, it commented that the ITC's analysis focused too much on the granular details of the patented and accused designs and not on the "overall effect" of the two designs. The Federal Circuit identified the ITC's detailed claim construction as the culprit to the flawed analysis, noting that it "became a mistaken checklist for infringement." 598 F.3d at 1303. In finding infringement, the Federal Circuit included a clear reminder that "[M]inor differences between a patented design and an accused article's design cannot, and shall not, prevent a finding of infringement." *Id.*

IMPACTS OF THE DECISION

The design patent-friendly *Crocs* decision likely will be well-received by the design community. First, it provides affirmation for the general rule that detailed claim constructions should not be attempted. This is important because "checklist" verbalizations such as the one employed by the ITC too often yield a finding of noninfringement. Verbalized claim constructions "can easily detract from the proper infringement analysis of the ornamental patterns and drawings." *Id.* at 1302. Simply put, drawings, not words, are the best means to communicate design.

Second, the opinion provides insight into the Federal Circuit's psyche on the difficult question in design-patent cases of "how close is too close?" In other words, how broad is the scope of a design patent? The Federal Circuit took the somewhat extraordinary step of engaging in fact-finding on the issue of infringement. (The court could have simply vacated the ITC's claim construction and finding of noninfringement and then remanded for fact-finding at the ITC.) By affirmatively finding infringement on a shoe that had several noticeable differences, the court appears to have afforded the '789 patent significant scope. Swapping out circles for squares and slightly shuffling the features around was not enough to change the overall effect of the accused designs.

As a result of this design patent-friendly decision, an uptick in the procurement and enforcement of design patents is likely. Design patents are poised to gain pace with the tradi-

tionally high-profile world of design. During the past decade, designs for products have taken a prominent position on the global stage for a variety of reasons, the most unmistakable of which is that they transcend language and cultural barriers. After all, a product's outward appearance is the first thing consumers see. Consumers judge a product based on its appearance. A product's design can be the simplest, most direct manner in which to reach consumers. Indeed, sometimes appearance is the only way to differentiate a product from its competitors.

The need for design patents is also fueled by a more pragmatic reason, namely, the deluge of knockoffs coming into the United States, forcing companies to actively seek protection. (*Crocs* had been trying for years to curb the rampant proliferation of *Crocs*-style footwear.)

in *Egyptian Goddess* that the design-patent infringement analysis needs to be conducted "in view of the prior art" in order to provide a frame of reference for the comparison between the accused and patented designs.

In the *Crocs* opinion, while it referenced this holding, the court did not provide any discussion of the Aqua Clog or any of the prior art. In fact, the court stated that "the proper comparison requires a side-by-side view of the drawings of the '789 patent design and the accused products." 598 F.3d at 1304. There is no mention of the prior art. From the face of the opinion, it is uncertain whether the prior art was part of the court's analysis. If it was not, Effervescent may have a point. Whether the argument has enough traction to grab the attention of the en banc Federal Circuit, how-

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Companies, both large and small, are already investing significant resources to create new, appealing designs, and the *Crocs v. ITC* opinion will provide reassurance that minor changes will not be sufficient to avoid infringement if the overall effect of the design remains the same.

On April 12, Effervescent, one of the respondents in the *Crocs v. ITC* action, filed a petition for rehearing en banc. Effervescent argues that the Federal Circuit failed to apply its own test as set forth by the en banc court in *Egyptian Goddess*. Specifically, Effervescent argues that the Federal Circuit did not consider the prior art, and specifically the prior art of *Croc's* Aqua Clog shoe, when it conducted its infringement analysis. Effervescent argues that the Federal Circuit failed to abide by its fundamental holding

ever, remains to be seen.

Despite the petition for rehearing, the central message from the *Crocs* court is clear: Despite noticeable differences, there will be infringement when the "overall effect" of the patented and accused designs is substantially the same. Knockoff artists: Proceed at your own peril.

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