

DEATH KNELL SOUNDED BY ITC FOR CROCS IMITATORS

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The International Trade Commission (ITC) has issued a rare general exclusion order based on design patent rights against three businesses found to have infringed Crocs Inc's signature foam footwear

A general, rather than limited, exclusion order is not often granted, as it bans imports of any product deemed to infringe a particular IP right, even if that product was not part of the relevant ITC investigation.

In **February this year**, the ITC issued an initial determination in favour of Crocs, after the Federal Circuit remanded the case back to the Commission in February 2010.

Under the ***Egyptian Goddess*** standard of assessing design patent infringement, the Federal Circuit **last year overturned** the ITC's original ruling in favour of the respondents in the Crocs investigation.

Federal Circuit chief judge Randall Rader said that Double Diamond Shoes, Holey Soles Holdings and Effervescent Inc's shoes infringed Crocs' patents based on the so-called ordinary observer test.

The two infringing patents are US numbers **D517,789** and **6,993,858**.

Crocs originally asserted infringement of trade dress rights as well, but later withdrew that claim.

The ITC order (which is not yet public) is another "boon to design patents", said Christopher Carani of McAndrews Held & Malloy, who was recently appointed chair of the American Bar Association's Industrial Designs Committee.

Since *Egyptian Goddess*, cases such as Crocs and ***International Seaway Trading Corporation v Walgreens*** have underscored the value of design patent rights.

District courts have also heeded *Egyptian Goddess's* proclamation that written descriptions of design patent illustrations are not generally appropriate in claim construction hearings.

However, Carani said that the *Crocs* decision may have gone too far. "I wish the [Federal Circuit] would have more closely followed the test it set forth in *Egyptian Goddess*," said Carani.

He said that the analysis should have been performed in view of the prior art, rather than by conducting a strictly side-by-side comparison of the Crocs shoe with each of the infringing ones. "It should have been a side-by-side-by-side analysis," said Carani (see photo). "**Rader's opinion** contained almost no discussion of the prior art."

The prior art included the Aqua Clog RPX-30 which employed holes in the top of the shoe (see photos) and two other patents.



Carani added that the general exclusion order, coupled with Rader's subjective analysis of the infringing elements of the respondents' shoes, likely spells the end for any business considering importing in foam footwear.

"I don't anticipate too many people delving into this, unless they simply practise one of the prior art designs," said Carani.

Carani noted that on a recent trip to the American discount store Target, "all of the Crocs knock-offs were gone".

Tracy-Gene Durkin of Sterne Kessler Goldstein & Fox said she was surprised to see a general exclusion order granted, particularly since the number of respondents in the case had been whittled down to three from 11. "My understanding was that it was getting harder to get general exclusion orders at the ITC," said Durkin.

Durkin and Carani both had doubts that US Customs and Border Protection (CBP) would be able to stop all infringing products, and Durkin said that Crocs will likely have to continue policing knock-offs. "In order for this to really be effective for Crocs they're going to have to do their own intelligence," said Durkin.

Durkin also wondered how useful the order would be to Crocs in light of the fact that the company seems increasingly to be branching out from its original shoe design.

Under the general exclusion order, each of the respondents may continue to import shoes into the US upon payment of a bond to CBP while the US president reviews the order.

Double Diamond's bond has been set at \$0.00, Holey's at \$0.01 and Effervescent's at \$0.05 per shoe.

In the unlikely event that the president does not sign the order, the bonds will be returned.

It is not clear why Double Diamond's bond was set at \$0.00.

Although the ITC did not get back to *Managing IP* to confirm statistics before going to press, a general exclusion order was granted based on design patent rights in at least **one other investigation** in 1991.

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