

DON'T

Design law expert Christopher V. Carani discusses why a recent Crocs ruling in its favor is a major warning shot to all knockoff artists.
By Greg Dutter



In the wake of Crocs winning its recent design patent infringement case, should all knockoff artists be afraid? I'm not sure they should be "afraid," but they certainly should take note. In short, the opinion confirms that minor design differences will not be enough to avoid infringement.

Given the differences in design between the Crocs version and some of the accused designs, the Crocs court apparently assigned a considerable fuzz factor to what constitutes "too similar."

Meaning? The lawyers proved the overall appearance of the accused water clogs were substantially similar to Crocs' patented design in the eyes of an "ordinary observer" (i.e. not a shoe expert) familiar with the prior shoe designs. [See sketches on opposite page.] Because the test is visual, there is subjectivity. In this particular case, one can see some aspects that were nearly identical and some that were quite different. Yet the court held that infringement was effectively a slam dunk decision, and that's where the rubber hits the road in terms of the importance of this case. If a company gets too close in the eye of an ordinary observer, they will be liable for infringement, which in district court litigation could subject them to money damages and an injunction.

Might we see a barrage of design patent infringement suits in the coming year? While I don't expect a barrage, I do expect to see an upward trend. Companies without design patents will obviously first have to acquire them before they can be enforced. It currently takes approximately 12 to 14 months to secure a U.S. design patent from filing to issuance. With expedited processing, the patents can be obtained in as little as three to four



months. It generally costs a couple thousand dollars to prepare an application. It should also be noted that, by law, the original designer has one year to secure that patent once that particular design is on the market or otherwise it's made public. Oftentimes, they fail to secure protection within this time frame. For example, they will do a test market and forget, or sit back a few seasons and wait until they see returns at the register. Unfortunately, by then it's too late. The safest play is to apply at the outset.

Numerous other cases have been fought over the years, yet they never seem to stop the flow of knockoffs. Why might the outcome of this case be different? Frankly, I don't think that we've seen too many cases won over the years. I attribute this to three things: First, all too often the asserted design patent is drafted poorly and thus easy to avoid. Garbage in, equals garbage out. If you have a poorly drafted claim, it should come as no surprise that it did not ensnare the infringer. For example, say you have a new shoe and it features novel tongue, toe and tread designs, but the attorney files only one application for the entire shoe. In that case, a competitor might copy the tread design and be able to avoid infringement since the majority of the design is not similar. The key is to apply for protection not just on the overall design but also its subcomponents. Sometimes I will file a dozen patents on one product. This claiming technique is frequently lost on general intellectual property practitioners who don't focus on this niche area of the law. It also seems that the footwear industry has been so label driven that manufacturers simply overlook the protection of design. I can't tell you how many times I have walked the floor of the WSA show and people don't even realize you can protect a shoe design, let alone its subcomponents. It seems there's much understanding regarding protecting a trademark but very little understanding about protecting a design.

And the potential financial retribution is worth the due diligence and upfront costs? Design patents can be particularly effective in that, unlike utility patents, an infringer's profits are an available remedy. In other words, you can disgorge and obtain all of the ill-gotten gains from the infringement. In the retail context, this can be huge. For example, a big-box store's profits can amount to a large dollar volume. In addition to money damages, a design patent holder can seek a court-ordered immediate injunction to get those shoes off the shelves. Furthermore, with a court order, a design patent holder can enlist the assistance of U.S. Customs to stop the importations of infringing goods into the country.

Sounds enticing enough, but after 17 years covering the footwear industry I remain skeptical that knockoffs will be markedly curtailed. Like weeds in a garden, knockoffs will continue in perpetuity. The goal is not elimination but rather mitigation. To bear the fruits of one's labor, you need to tend the garden, which includes "de-weeding." Effectively, this is a cost of doing business.

There are very big companies backed by teams of lawyers that surely scoff at such potential threats. What might you say to them now? Bring it on. I am convinced that if one is armed with a properly drafted design patent and thorough knowledge of design law, enforcement can be obtained. To be sure, the Crocs case is not going to provide a tectonic shift for all. Its true value is going to be felt on a case-by-case basis where the design patent is procured and enforced strategically by learned counsel.

Some say the copiers will always be one step ahead. For example, designs are being knocked off in the factories—long before they ever hit a trade show floor or retailers' shelves. Can this ever be nipped in the bud? Here again, it's a matter of mitigation, not elimination. As for nipping it in the bud, effective tools include securing and enforcing design patents in the jurisdictions where the goods are sourced. The enforcement can be obtained through the courts, customs or both. I know one thing for sure: If you don't have a design patent, you will never ever win a design patent infringement case.

Are knockoffs more rampant in footwear than in other industries? This industry is certainly on par with—if not ahead of—other major trade sectors where appearance is everything. The infringement in footwear is similar to the watch industry in that the primary sales driver is the look. Thus, it behooves the knockoff artist to mimic the successful appearance and not the functional attributes.

Beyond the patent holder losing sales, what other negative impacts could be linked to knockoffs? A knockoff not only impacts lost sales but can also cause a significant reduction in goodwill for the original design. First, the original design patentee may want to limit the distribution of the product. Exclusivity can create value. Second, a poor-quality knockoff might reflect poorly on the perceived quality of the original design. The consuming public, having been deceived, does not know the difference between the two and assumes they are both of poor quality.

How might retailers benefit from stricter design patents? Those retailers who deal in original and authentic goods will benefit because their market will be more effectively protected and preserved. Those dealing in non-original design will be hurt in that they will not be able to so easily ride the coattails of the original designs.

Might that be unfair to consumers who can't afford the real deal? Yes, but I believe that if you want the real thing, you have to pay for it. The fundamental reason as to why we have design patent rights is for creating the incentive for people to come up with new designs to advance the useful arts and sciences. If you allow people to encroach on that incentive, it inhibits future design advancements.

Do you feel like you're fighting the good fight? While I represent design patent holders, I also counsel law-abiding companies to legitimately avoid infringement upon others. There are many companies who are "good citizens" and genuinely do not want to infringe. They come to me seeking advice on "how close is too close?" That said, I believe valid design rights should be protected.

What is the best free advice you could give to a designer? If you care about your product design, secure protection—and do it early. Otherwise, you risk being your competitor's personal designer.

How about some free advice for a knockoff artist? Watch your step, I'm coming for you! (laughs)

Lastly, whose shoes are you wearing? Bontoni. And, yes, they're authentic. •

