



The Federal Circuit Breathes New Life into False Patent Marking Claims via Section 43(a) of the Lanham Act

Prior to the enactment of the America Invents Act (AIA), any person could file a qui tam claim for false patent marking and collect one-half of the \$500 penalty for each offense under the Patent Act.^[i] The AIA eliminated the right to bring qui tam actions for false marking, limiting such claims to the federal government and competitors.^[ii]

On October 4, 2024, the Federal Circuit issued a precedential opinion in *Crocs, Inc. v. Effervescent, Inc.*, No. 2022-2160, — F.4th —, 2024 WL 4376134 (Fed. Cir. Oct. 3, 2024) wherein it effectively revived a private actor's right to bring a cause of action for false marking under the unfair competition and false advertising provisions of Section 43(a) of the Lanham Act.

Crocs, a maker of distinct comfort sandals and footwear, sued several competitors, Double Diamond Distribution, Ltd., U.S.A. Dawgs, Inc., and Mojave Desert Holdings, LLC (collectively, "Dawgs"), for patent infringement in the District of Colorado. In response, Dawgs asserted a counterclaim for false advertising in violation of Section 43(a) of the Lanham Act^[iii] based on commercial misrepresentations about "Croslite," the primary material Crocs used in its footwear products.^[iv] Dawgs alleged that by promoting Croslite as "patented," "proprietary," and "exclusive," Crocs deceived current and potential customers into believing that its competitors' molded footwear products were "made of inferior material compared to Crocs' molded footwear."^[v]

Crocs moved for summary judgment on grounds that Dawgs' counterclaim failed to state a cause of action under Section 43(a)(1)(B) based on the Supreme Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003) and *Baden Sports, Inc. v. Molten USA, Inc.*, 556 F.3d 1300 (Fed. Cir. 2009).^[vi] The district court granted the motion, concluding that the terms "patented," "proprietary," and "exclusive" amounted to claims of "authorship" and "inventorship," and not directed

towards “the nature, characteristics, or qualities of Crocs’ products.”^[vii]

On appeal, the Federal Circuit noted that neither *Dastar* nor *Baden Sports* considered the use of the word “patented.”^[viii] As a matter of first impression, it found that an advertisement claiming that a product is constructed of “patented” material was not “an expression of innovation and, hence, authorship.”^[ix] Rather, falsely stating that Croslite was patented was sufficient to state a claim under Section 43(a)(1)(B) because it was “directed to the nature, characteristics, or qualities of Crocs’ shoes.”^[x] The Federal Circuit then went a step further in reversing the district court’s ruling by concluding that “a cause of action arises from Section 43(a)(1)(B) where a party falsely claims that it possesses a patent on a product feature and advertises that product feature in a manner that causes consumers to be misled about the nature, characteristics, or qualities of its product.”^[xi]

Takeaways

The Federal Circuit’s decision in *Crocs, Inc. v. Effervescent, Inc.* has seemingly opened the door to assert a claim for false advertising under the Lanham Act where a seller falsely claims that its products are “patented,” or use “patented” materials or methods in a manner that misleads actual and potential customers. Time will tell if other circuits will adopt a similar interpretation of Section 43(a)(1)(B) of the Lanham Act.

In the meantime, this case should not dissuade patent owners from appropriately marking their products that practice existing patents. It remains important to comply with the marking requirements of the Patent Act^[xii] to put potential infringers on constructive notice of those patent rights.

Conversely, marketing and product teams should avoid making representations in advertisements that imply patent rights that do not exist. This means ensuring no products are marked “patent pending” when that is not the case. Likewise, they should periodically review marketing materials, websites, and product packaging to ensure that no products are being marked or advertised as “patented” where that product does not practice any patents owned by the seller or where a patent covering those products has expired.

This blog post was drafted by [Jeff Ratinoff](#), an intellectual property attorney in the San Jose, California, office of Spencer Fane. For more information, visit www.spencerfane.com.

[i] Pre-AIA 35 U.S.C. § 292(b).

[ii] Post-AIA 35 U.S.C. § 292(a).

[iii] 15 U.S.C. 1125(a).

[iv] Crocs, 2024 WL 4376134, at *1 (internal quotations omitted).

[v] Id. (internal quotations omitted).

[vi] In *Dastar*, the Supreme Court narrowed the scope of protection for “reverse passing off” under the “false designation of origin” provision in Section 43(a)(1)(B) of the Lanham Act. The Court limited the ability to bring a claim of “reverse passing off” by holding that “origin” as used in that section refers only to “the producer of the tangible goods that are offered for sale, and not ... the author of any idea, concept, or communication embodied in those goods.” *Dastar*, 539 U.S. at 37–38. In *Baden Sports*, the Federal Circuit held that Molten’s use of the term “innovative” in its advertisements for basketballs utilizing Baden’s patented technology failed as a matter of law because propriety rights to and licensing status did not concern the “origin of goods” or implicate the “nature, characteristics, [or] qualities” of the goods under the Ninth Circuit interpretation of Section 43(a)(1)(B). 556 F.3d at 1307.

[vii] Crocs, 2024 WL 4376134, at *2–3.

[viii] Id. at *5.

[ix] Id. at *5.

[x] Id. at *5.

[xi] Id. at *5.

[xii] Post-AIA 35 U.S.C. § 287(a).

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