



Falsely promoting product as “patented” may be actionable under Lanham Act

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Legal updates: case law analysis and intelligence

- After Crocs sued Dawgs for patent infringement, Dawgs counterclaimed for false advertising under Section 43(a)(1)(B) of the Lanham Act
- The Federal Circuit found that *Dastar* and *Baden* did not preclude the false advertising claim against Crocs
- Promoting the Croslite material as “patented” misled consumers into believing that the material of competing footwear was inferior

In [Crocs Inc v USA Dawgs Inc](#) (2022-2160, Fed Cir 2024), the US Court of Appeals for the Federal Circuit has addressed whether falsely promoting a product feature as “patented” can give rise to a claim of false advertising under the Lanham Act.

Background

The case began as a patent infringement action by Crocs against Dawgs and others. Dawgs counterclaimed for false advertising under Section 43(a)(1)(B) of the Lanham Act. The counterclaim asserted that, by promoting the ‘Croslite’ material of Crocs’ footwear as “patented”, “proprietary” and “exclusive”, Crocs deceived consumers into believing that competing footwear was made of inferior material. Crocs successfully moved for summary judgment that the counterclaim failed as a matter of law.

In granting summary judgment to Crocs, the district court relied on the Supreme Court's decision in *Dastar Corp v Twentieth Century Fox* (2003) and the Federal Circuit's decision in *Baden Sports v Molten USA* (Fed Cir 2009). Under those precedents, the district court determined that terms such as "patented", "proprietary" and "exclusive" did not speak to the nature, characteristics or qualities of the advertised products as required to prove false advertising under the Lanham Act. Rather, these terms were "claims of 'inventorship'" as to who was responsible for the technology and thus "legally barred" under the *Dastar* and *Baden* cases.

Federal Circuit decision

On appeal, the Federal Circuit applied 10th Circuit law (based on the location of the original lawsuit) and reviewed the grant of summary judgment *de novo*. Crocs had admitted that the statement that Croslite was "patented" was false, such that falsity was not an issue on appeal. The only issue was whether *Dastar* and *Baden* precluded the false advertising counterclaim as a matter of law.

The Federal Circuit determined that those cases were distinguishable and thus did not preclude the false advertising claim against Crocs. *Dastar* involved a claim of authorship of a video series that was copied from an earlier series in the public domain. Under *Dastar*, such claims of authorship are not actionable under the Lanham Act without "something more", because they are not directed to the nature, characteristic or quality of the advertised goods. The *Baden* decision similarly held that advertising basketballs as having "dual-cushion technology" that was "innovative" was not actionable under the Lanham Act merely because it falsely implied that the advertiser was the innovator. The source of the innovation is not a nature, characteristic or quality within the meaning of Section 43(a)(1)(B).

By contrast, as alleged by Dawgs, promoting Croslite as "patented" misled consumers into believing that the material of competing footwear was inferior. The court found that the false statements were "not solely an expression of innovation and, hence, authorship". Relying on evidence of promotional materials with statements that "Croslite has numerous tangible benefits", the court held that the false statements that Croslite was patented, proprietary and exclusive were directed to the nature of the product itself and thus actionable as false advertising.

Comment

Those asserting infringement claims must prepare themselves not only for the obvious invalidity counterclaims, but also for somewhat less obvious potential false advertising claims.

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