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**UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

In the Matter of

CERTAIN FOAM FOOTWEAR

**Investigation No. 337-TA-567
(Advisory Opinion Proceeding 2)**

ADVISORY OPINION

On December 8, 2020, Double Diamond Distribution, Ltd. (“Double Diamond”) of Saskatoon, Canada filed a request for an expedited advisory opinion proceeding pursuant to Commission Rule 210.79, 19 C.F.R. § 210.79. Double Diamond seeks an opinion concerning whether its new Original Beach DAWGS™ shoes¹ with plastic washers fall within the scope of the general exclusion order (“GEO”) or cease and desist order (“CDO”) against Double Diamond issued at the conclusion of the above-captioned investigation.² For the reasons discussed below, the Commission has determined that Double Diamond’s new Original Beach DAWGS™ shoes with permanent plastic washers prevent any direct contact between the strap and the base of the shoe, and thus do not fall within the scope of the GEO or CDO.

¹ The Original Beach DAWGS™ shoes that Double Diamond seeks to import have the same name as those at issue in the underlying investigation. Accordingly, the Commission refers to the shoes subject to this proceeding as the **new** Original Beach DAWGS™ shoes.

² Request of Respondent Double Diamond Distribution, Ltd. for an Advisory Opinion that Original Beach DAWGS™ Footwear with Plastic Washers are Outside the Scope of the Remedial Orders (Dec. 8, 2020) (“Double Diamond’s Req.”).

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I. BACKGROUND

The Commission instituted the underlying investigation on May 11, 2006, based on an amended complaint filed by Crocs, Inc. (“Crocs”) of Niwot, Colorado. 71 Fed. Reg. 27514-15 (May 11, 2006). The complaint alleged, *inter alia*, violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain foam footwear, by reason of infringement of claims 1 and 2 of U.S. Patent No. 6,993,858 (“the ’858 patent”) and U.S. Design Patent No. D517,789 (“the ’789 design patent”). The complaint named several respondents, including Double Diamond.

On July 25, 2008, the Commission issued its final determination finding no violation of section 337. 73 Fed. Reg. 45073-74 (Aug. 1, 2008). On July 15, 2011, after an appeal to the U.S. Court of Appeals for the Federal Circuit and subsequent remand vacating the Commission’s previous finding, the Commission found a violation of section 337 based on infringement of the asserted claims of the patents and issued, *inter alia*, a GEO and a CDO against Double Diamond. 76 Fed. Reg. 43723-24 (July 21, 2011). The GEO covered foam footwear that infringes one or more of claims 1 and 2 of the ’858 patent and the ’789 design patent. The CDO against Double Diamond only covered foam footwear that infringes claim 2 of the ’858 patent and the ’789 design patent, because Double Diamond was only found to infringe claim 2 of the ’858 patent and the ’789 design patent. The ’789 design patent has since expired. As such, the GEO now only covers foam footwear that infringes one or more of claims 1 and 2 of the ’858 patent and the CDO against Double Diamond only covers foam footwear that infringes claim 2 of the ’858 patent.

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On December 8, 2020, Double Diamond filed the present request for an expedited advisory opinion proceeding to determine whether its new Original Beach DAWGS™ shoes fall within the scope of the GEO or CDO. On December 18, 2020, Crocs filed a response in opposition to Double Diamond's request.³ On December 22, 2020, Double Diamond moved for leave to file a reply to Crocs' opposition,⁴ and on December 23, 2020, Crocs filed a response to Double Diamond's motion for leave to reply.⁵

On January 13, 2021, the Commission instituted an advisory proceeding under Commission Rule 210.79, 19 C.F.R. § 210.79. 86 Fed. Reg. 2696 (Jan. 13, 2021) ("Notice of Investigation"). Crocs and Double Diamond were named as parties to the proceeding. In the Notice of Investigation, the Commission granted Double Diamond's motion for leave to reply.

The Commission also requested additional briefing and information from Double Diamond in an Order issued concurrently with the Notice of Investigation. Comm'n Order (Jan. 7, 2021). On January 14, 2021, Double Diamond submitted its response to the Commission

³ Complainant Crocs, Inc.'s Response to Request of Respondent Double Diamond Distribution, Ltd. for an Advisory Opinion that Original Beach DAWGS™ Footwear with Plastic Washers are Outside the Scope of the Remedial Orders (Dec. 18, 2020) ("Crocs' Resp.").

⁴ Requestor Double Diamond Distribution, Ltd.'s Motion for Leave to File a Reply to Complainant Crocs, Inc.'s Response to Request for an Advisory Opinion (Dec. 22, 2020) ("Double Diamond's Mot. for Leave").

⁵ Complainant Crocs, Inc.'s Response to Requestor Double Diamond Distribution, Ltd.'s Motion for Leave to File a Reply to Complainant Crocs, Inc.'s Response to Request for an Advisory Opinion (Dec. 23, 2020)).

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Order along with a single sample of its new Original Beach DAWGS™ shoes.⁶ On January 28, 2021, Crocs submitted its reply to Double Diamond's submission.⁷

II. DISCUSSION

A. Applicable Law

Commission Rule 210.79 states, in relevant part:

(a) Advisory opinions. Upon request of any person, the Commission may, upon such investigation as it deems necessary, issue an advisory opinion as to whether any person's proposed course of action or conduct would violate a Commission exclusion order, cease and desist order, or consent order.

19 C.F.R. § 210.79(a). It further states that:

The Commission will consider whether the issuance of such an advisory opinion would facilitate the enforcement of section 337 of the Tariff Act of 1930, would be in the public interest, and would benefit consumers and competitive conditions in the United States, and whether the person has a compelling business need for the advice and has framed his request as fully and accurately as possible.

Id. A respondent seeking an advisory opinion for a new or redesigned product that it alleges falls outside the scope of an exclusion order or a cease and desist order against it bears the burden of demonstrating that such product does not infringe the patent at issue. *See Certain Sleep-Disordered Breathing Treatment Sys. And Components Thereof*, Inv. No. 337-TA-879, Advisory Opinion at 5 (Aug. 11, 2014) ("The Commission places the burden of proof in AOPs on the party requesting an advisory opinion.").

⁶ Submission in Response to January 7, 2021 Order (Jan. 14, 2021) ("Double Diamond's Sub.").

⁷ Complainant Crocs, Inc.'s Response to Submission by Requestor Double Diamond Distribution, Ltd. in Response to January 7, 2021 Order (Jan. 28, 2021) ("Crocs' Reply").

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B. Claim Construction

Double Diamond asks the Commission to determine whether Double Diamond's new Original Beach DAWGS™ shoes infringe claims 1⁸ or 2 of the '858 patent and thus whether they would be subject to the GEO and CDO.^{9, 10} Claim 1 of the '858 patent recites, in relevant part, that “the strap section is in *direct contact* with the moldable material of the base section and pivots relative to the base section at the connectors; . . .” *See* Ex. 2 of Double Diamond's Req. (the '858 patent) at claim 1 (emphasis added). Claim 2 likewise recites “the strap section is in

⁸ In the underlying investigation, the Commission found that Double Diamond's Original Beach DAWGS™ shoes did not infringe claim 1 of the '858 patent for unrelated reasons. The Commission does not make any findings regarding whether the current shoes are the same as the original shoes, and Double Diamond's assertion that its shoes are not subject to the GEO is interpreted as a request to find that it does not infringe claims 1 or 2 of the '858 patent.

⁹ Double Diamond argues that its request presents a pure question of law, *i.e.*, whether issue preclusion “mandates a determination that Double Diamond's [new Original] Beach DAWGS™ footwear with plastic washers are not within the scope of the Commission's GEO or CDO.” Double Diamond's Req. at 1. The Commission, however, declines to reach issue preclusion as unnecessary in light of the Commission's determination of no infringement by the new Original Beach DAWGS™ shoes.

¹⁰ Pursuant to Rule 210.79(a), the Commission found that Double Diamond has a compelling business need for the advice requested, because Double Diamond has represented that it plans on importing into the United States its new Original Beach DAWGS™ shoes with plastic washers. Notice of Investigation; 19 C.F.R. § 210.79(a); Double Diamond's Req. at 4. Providing clarity to Double Diamond about the scope of the remedial orders benefits Double Diamond, consumers, competitive conditions in the United States, and the public interest. Indeed, an interruption to Double Diamond's ability to import its new shoes would harm Double Diamond's business operations and potentially have negative implications for its consumers. Further, an advisory opinion would provide certainty to avoid future litigation with the patent owner and would reduce the impacts on legitimate, non-infringing trade. Double Diamond's Req. at 9-10. The Commission found that Double Diamond has framed its request as fully and accurately as possible. For these reasons, the Commission found at institution that the request meets the requirements of Commission Rule 210.79(a). In the course of this advisory opinion proceeding, Double Diamond supplemented its materials to address an issue raised by Crocs.

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direct contact with the base section and pivots relative to the base section . . .” *Id.* at claim 2 (emphasis added). During the initial investigation, the administrative law judge (“ALJ”) construed “direct contact” to mean: “there must be *some* contact directly between the strap section and base section that occurs somewhere in the area where the base and strap sections are connected,” but there is no requirement that there be contact at “any and all points around the connectors.” *Certain Foam Footwear*, Inv. No. 337-TA-567, Initial Determination at 39-41 (Apr. 11, 2008) (emphasis added). Neither party disputes this construction at this stage, therefore the Commission adopts the ALJ’s construction for purposes of this advisory proceeding. Accordingly, both claims subject to the GEO and claim 1 subject to the CDO require *some* contact between the strap of the shoe and the base of the shoe at the point of connection in order to meet the “direct contact” limitation.

C. Sufficiency of the Record

Crocs objected to Double Diamond’s petition as originally filed on the grounds that Double Diamond did not provide the Commission with any samples of the shoes at issue and did not present sufficient details or product information to identify the shoe depicted in the photographs. Crocs’ Resp. at 3. Crocs further asserted that, for any model of the new Original Beach DAWGS™ shoes with plastic washers that Double Diamond seeks to import, Double Diamond must provide specific model names and numbers, SKUs, and model samples that distinguish these shoes from prior versions of the Original Beach DAWGS™ shoes at issue in the underlying investigation. *Id.* at 1-2.

In light of Crocs’ objections, the Commission ordered Double Diamond to provide one sample of each type of the new Original Beach DAWGS™ that Double Diamond seeks to

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import, but indicated that Double Diamond did not need to provide different colors or sizes for each type. Comm'n Order at 2-3. The Commission also directed Double Diamond to provide any model names, SKUs, and/or model numbers that distinguish the new models Double Diamond seeks to import from prior versions of the Original Beach DAWGS™ shoes at issue in the underlying investigation. *Id.*

In response, Double Diamond provided a single sample pair of its new Original Beach DAWGS™ shoes: Original Beach DAWGS™ – Color Black, Size 9. Double Diamond's Sub. at Exhs. B, C. In its submission, Double Diamond certifies that the sample it provided is representative of all new Original Beach DAWGS™ shoes that it seeks to import. *Id.* at 1.

Pictures of the submitted sample are shown below:



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Id. at Exh. B.

Double Diamond avers that it “does not seek to import, and will not import, the Original Beach DAWGS models found to infringe the utility patent in the underlying investigation.” *Id.* at 2. Double Diamond provided the Commission with a list (Exhibit C to Double Diamond’s

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submission) of the descriptions and SKUs for each of the models of the new Original Beach DAWGS™ shoes it seeks to import, and the list identifies the model number, name, shoe color or pattern, and size for each shoe included in this request. Double Diamond certifies that “the products described, and for which SKUs are provided (with parent SKUs highlighted) in the attached Exhibit C, all have plastic washers in the same proportion as the sample sent to the Commission; they vary only in color, size, and style.” *Id.*; *see also* Exh. C. Double Diamond further certifies that “[n]o products that do not have the plastic washers in question have the same SKU as those products.” *Id.*

In addition, Mr. Steven C. Mann, Chief Executive Officer of Double Diamond, submitted declarations pertaining to all of the new Original Beach DAWGS™ shoes with plastic washers that Double Diamond seeks to import as reflected in Exhibit C. *See* Double Diamond’s Req. at Exh. 1, ¶ 6. He states that “[t]he washers are made of plastic and prevent direct contact between the shoe strap and shoe base.” *Id.* He also states that “[t]he plastic washers have not decreased in size. In fact, we slightly increased the size relative to the shoe strap to avoid any infringement argument.” Double Diamond’s Reply at Exh. 1, ¶ 2. Mr. Mann’s testimony supports Double Diamond’s position that the sample it provided to the Commission is representative of all new Original Beach DAWGS™ shoes that it seeks to import.

In reply, Crocs raises two primary objections to the record evidence submitted by Double Diamond. First, Crocs contends that because Double Diamond seeks to import eight other models of shoes, it should have provided the Commission with samples of these shoes. Crocs Reply at 3-4. Crocs points to an earlier advisory opinion in this investigation where the Commission declined to extend its opinion beyond the sample that Double Diamond provided

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and argues that the Commission should likewise limit this advisory opinion. *Id.* at 6-7.

Second, Crocs asserts that Double Diamond's statements in its request are inconsistent with publicly available information regarding its shoes that are available in Canada. *Id.* at 4-5.

Neither argument is persuasive.

In the earlier advisory opinion proceeding referenced by Crocs, Double Diamond sought clearance for its strapless Fleece Dawgs shoes. However, the Fleece Dawgs product line contained both strapless shoes and shoes with straps, so holding that *all* Fleece Dawgs shoes do not infringe would have been overly broad based on the factual context. *Id.* at Exh. 6 ("Report of the Office of Unfair Import Investigations as to Whether Certain Foam Footwear Infringes U.S. Design Patent No. D517,789 or Claims 1 and 2 of U.S. Patent No. 6,993,858") at 8-11; *see also* Comm'n Notice (Dec. 20, 2016) (adopting the Office of Unfair Import Investigations' Report). Here, there is no evidence that the new Original Beach DAWGS™ shoes will be available in the United States without permanent plastic washers.

Next, Crocs refers to publicly-available information about Double Diamond's importations into Canada of Original Beach DAWGS™ shoes that do not include washers, Crocs' Reply at 4-5, but there is no record evidence to contradict Double Diamond's repeated certifications to the Commission that *all* of the shoes Double Diamond seeks to import into the United States, listed in Exhibit C, have a permanent plastic washer between the strap and the shoe base.¹¹ Double Diamond's Sub. at 2; 19 U.S.C. § 1337(h); 19 C.F.R. § 210.4. In fact, the record supports the opposite conclusion. Specifically, Mr. Mann's testimony in his declarations

¹¹ If Double Diamond seeks to import or sell shoes in violation of the GEO and/or CDO, Crocs has multiple avenues to enforce those orders.

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about the placement of permanent plastic washers between the strap and the shoe base pertains to all of the new Original Beach DAWGS™ shoes with plastic washers that Double Diamond seeks to import. *See* Double Diamond's Req. at Exh. 1, ¶ 6; *see also* Double Diamond's Reply at Exh. 1, ¶ 2. Therefore, for purposes of this proceeding and pursuant to Double Diamond's certification that the sample pair of submitted shoes are representative of all models of the new Original Beach DAWGS™ shoes, the Commission makes its factual findings based on those shoes and this Advisory Opinion applies only to new Original Beach DAWGS™ shoes that conform to the strap-washer-base configuration of the sample pair provided to the Commission.

D. "Direct Contact" Between the Strap and Base

The fundamental question on which infringement of the relevant claims of the '858 patent hinges is undisputed: if the strap has any contact with the base of the shoe at the point of connection, it infringes; if the strap has no contact with the base of the shoe, it does not. Double Diamond argues that the plastic washers on the new shoes are designed and sized in such a way that they prevent direct contact between the strap and the base. Double Diamond's Sub. at 1-2. Crocs concedes that if the size of the washer is sufficient to prevent all contact between the strap and the base, the redesigned shoe would not infringe claims 1 or 2 of the '858 patent. Crocs' Resp. at 4.

The submitted sample of Double Diamond's new Original Beach DAWGS™ shoes (Color Black, Size 9) has plastic washers on each shoe in between the straps and the base at the points of connection and they are sized such that the washers prevent all direct contact between the straps and the base of the shoes:

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Double Diamond’s Sub. at Exh. B (arrow added). In fact, Crocs admits that “the one shoe sample provided to the Commission and undersigned counsel for Crocs contains washers of sufficient size and permanence such that it does not implicate the ’858 Patent.” Crocs’ Reply at 1.

Double Diamond certifies that the shoes it seeks to import “all have plastic washers in the same proportion as the sample sent to the Commission; they vary only in color, size, and style.” Double Diamond’s Sub. at 2; *see also* Exh. C. In addition, Mr. Mann stated in his supplemental declaration that Double Diamond has “slightly increased the size [of the plastic washers from those presented in the underlying investigation] relative to the shoe[] strap to avoid any infringement argument.” Double Diamond’s Reply at Exh. 1, ¶¶ 2, 4. He also stated that “[t]he washers are made of plastic and prevent direct contact between the shoe strap and shoe base.” Double Diamond’s Req. at Exh. 1, ¶¶ 5-6.

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Crocs asserts that plastic washers vary in size and design and that, in order to avoid infringement, they must be properly sized to prevent all “direct contact” between the strap and base of the shoe. Crocs Reply at 2-3. The Commission notes that, in the underlying investigation, the Commission found respondent Effervescent Inc.’s Waldies AT shoes met the claim limitation requiring “direct contact,” because although the shoes had washers between the strap and shoe, the washers were small enough to allow contact. ID at 45-47, *unreviewed by* Comm’n Notice (Jun. 18, 2008). In contrast to the Waldies AT shoes, the plastic washers on the new Original Beach DAWGS™ shoe protrude beyond (*i.e.*, are wider than) the strap at the point of connection with the shoe base. This size difference prevents all contact between the strap and the base of the shoes, as depicted above. Accordingly, the Commission finds that the new Original Beach DAWGS™ shoes at issue in this proceeding do not infringe claims 1 or 2 of the ’858 patent.

E. Permanence of the Plastic Washer

Crocs also argues that “[t]o the extent the washers in the footwear models that Double Diamond now intends to import are temporary in nature and intended to be removed upon importation or purchase, such footwear would still fall within the scope of the Remedial Orders.” Crocs’ Resp. at 4. The record, however, supports Double Diamond’s contention that the plastic washers on its new Original Beach DAWGS™ shoes are “permanently affixed, in that they cannot—and are not intended to be [sic]—be removed by a user without extraordinary effort.” Double Diamond’s Sub. at 1. Double Diamond also states that its “washer is *more* permanent than the prior washer, due to a new manufacturing process that obviated the need for a slit.” *Id.* at 2 n.1 (emphasis in original); *see* Double Diamond’s Mot. for Leave at Exh. 1 (Declaration of

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Mr. Mann), ¶ 4 (“Because we are now manufacturing the Original Beach DAWGS™ with Plastic Washers to include washers in the first instance, that slit is no longer necessary or included.”). On this record, the Commission finds that the plastic washer on the new Original Beach DAWGS™ shoes is sufficiently permanent to overcome Cross’ objection.

III. CONCLUSION

Based on the foregoing, the Commission determines that Double Diamond’s new Original Beach DAWGS™ shoes, as depicted in the sample provided to the Commission, include permanent plastic washers designed, affixed, and sized to prevent “direct contact” between the straps and base of the shoe at the point of connection, such that they do not infringe claims 1 or 2 of the ’858 patent. As a result, the Double Diamond new Original Beach DAWGS™ shoes listed in Exhibit C do not fall within the scope of the GEO and the CDO against Double Diamond. Shoes imported by Double Diamond that do not have permanently-attached, plastic washers that prevent all “direct contact” between the strap and the base of the shoe at the point of connection are not subject to this advisory opinion. U.S. Customs and Border Protection may, at its discretion and pursuant to procedures that it establishes, require Double Diamond to furnish such records, samples, and analyses as are necessary to ensure that the footwear it seeks to import comply with the Commission’s findings herein.

By order of the Commission.



Lisa R. Barton
Secretary to the Commission

Issued: April 13, 2021

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **COMMISSION OPINION** has been served by hand upon the following parties as indicated, on **April 13, 2021**.



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