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8 **United States District Court**  
9 **Central District of California**  
10 **Western Division**  
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12 DECKERS OUTDOOR CORPORATION,

13 Plaintiff,

14 v.

15 ROMEO & JULIETTE, INC., *et al.*,

16 Defendants.  
17  
18

CV 15-02812 TJH (PLAx)

**Findings of Fact  
and  
Conclusions of Law**

19  
20 From April 3 to April 6, 2018, Plaintiff Deckers Outdoor Corporation's  
21 ["Deckers"] claims that Defendant Romeo & Juliette, Inc. ["Romeo & Juliette"]  
22 infringed Decker's D616,189 design patent ["'189 Patent"] and D599,999 design patent  
23 ["'999 Patent"], and that Defendant Thomas Romeo induced the infringement were  
24 tried before a jury, along with Defendants Thomas Romeo's and Romeo & Juliette's  
25 [collectively, "Romeo"] affirmative defense of patent invalidity with regard to the '189  
26 Patent. The jury found that Romeo & Juliette willfully infringed both patents and that  
27 Thomas Romeo induced the infringement. The jury, also, rejected in an advisory  
28 verdict Romeo's argument that the '189 Patent was invalid as obvious.



1 thereafter, Romeo & Juliette changed the design of the BearPaw Victorian boot so that  
2 it had only one button.

3 11. No party submitted sufficient or credible evidence to establish the date the  
4 BearPaw Victorian boots' design changed; however, Romeo & Juliette argued that it  
5 changed the design in December, 2010.

6 12. In February, 2012, Deckers and Romeo entered into a confidential  
7 settlement agreement to resolve all claims alleged in the 2010 Litigation ["2012  
8 Settlement Agreement"].

9 13. The 2012 Settlement Agreement states, *inter alia*, that Deckers and Romeo  
10 "desire to fully and finally settle, resolve and release all claims, issues and differences  
11 between them in this Agreement. The Parties acknowledge that they are entering into  
12 this Agreement to resolve disputed claims... ."

13 14. Paragraph 1 of the 2012 Settlement Agreement states: "Defendants shall  
14 change the shape of the license plate on the heel of all of their footwear from a  
15 rectangular shape to any other shape that is not rectangular... . Defendants shall use  
16 its best efforts to (i) immediately commence implementation of this change in the design  
17 of its footwear and (ii) cease manufacturing of any footwear without the [changed  
18 license plate] as soon as possible, which, in no event, shall be later than January 1,  
19 2013 (the "Termination Date"). Defendants shall be allowed to sell off all footwear  
20 inventory manufactured prior to the Termination Date without restriction through  
21 December 31, 2013."

22 15. Paragraph 1 of the 2012 Settlement Agreement expressly limited the scope  
23 of what Romeo was allowed to sell, and the time period for those sales; namely,  
24 Paragraph 1 gave Romeo the "unrestricted" right to sell before December 31, 2013,  
25 those boots in inventory that were manufactured prior to January 1, 2013, that had been  
26 affixed with a rectangular or square "license plate" logo.

27 16. Paragraph 2 of the 2012 Settlement Agreement states "nothing in this  
28 agreement is intended to grant any license or rights to Defendants under any trademark,

1 patent, copyright, or other intellectual property right of Deckers, including, without  
2 limitation, the UGG and UGG Australia trademarks... . Deckers expressly reserves  
3 its rights to protect and enforce its intellectual property rights (and any other rights) that  
4 exist worldwide by any appropriate means, including its rights to protect the Deckers  
5 Trade Dress rights as defined in the Complaint. Nothing herein shall be deemed a  
6 waiver of any intellectual property claims not asserted in [the 2010 Litigation].”

7 17. Paragraph 2 of the 2012 Settlement Agreement expressly reserved  
8 Deckers’ right to protect all other intellectual property rights not raised in the 2010  
9 Litigation.

10 18. The 2012 Settlement Agreement is not a general release.

11 19. By the clear terms of the 2012 Settlement Agreement, the parties intended  
12 to resolve only the claims and issues raised in the 2010 Litigation; thus, the 2012  
13 Settlement Agreement bars Deckers from reasserting only those claims and issues  
14 raised in the 2010 Litigation.

15 20. Romeo’s interpretation of the 2012 Settlement Agreement to infer that  
16 Deckers allowed it to sell infringing boots without restriction is not supported by the  
17 clear and unambiguous restrictive language in Paragraph 1 and the express reservation  
18 of rights in Paragraph 2.

19 21. On April 16, 2015, Deckers filed this action, alleging, *inter alia*, that: (1)  
20 Romeo & Juliette’s one-button BearPaw Victorian boot, one-button BearPaw Abigail  
21 boot, one-button BearPaw Elena boot, and one-button BearPaw Diva boot infringed on  
22 Decker’s ‘999 Patent; and (2) Romeo & Juliette’s three-button BearPaw Lauren boot  
23 infringed on Decker’s ‘189 Patent.

24 22. The ‘999 and ‘189 patent infringement claims were not asserted in the  
25 2010 Litigation.

26 23. Assuming that Romeo & Juliette changed the BearPaw Victorian boots’  
27 design in December, 2010, which would be the most favorable assumption based on the  
28 evidence, the one-button Victorian boot could not have been an issue raised in the 2010

1 Litigation because that case was filed on November 8, 2010; accordingly, Deckers  
2 retained the right to enforce its intellectual property rights, including patent rights,  
3 against the one-button BearPaw Victorian boot, and its progeny.

4 24. Deckers did not act in a misleading way when it contractually gave Romeo  
5 & Juliette the right to sell potentially infringing boots in the 2012 Settlement  
6 Agreement.

7 25. Neither party submitted sufficient or credible evidence to establish when  
8 Deckers first knew about the one-button Bearpaw boot designs.

9 26. However, Romeo & Juliette argued that Deckers was aware of the one-  
10 button designs as early as 2011; even if that were true, Deckers did not act in a  
11 misleading manner because Deckers had no obligation to settle claims that exceeded the  
12 scope of the 2010 Litigation.

13 27. The jury found, in an advisory verdict, that the '189 Patent was not invalid  
14 as obvious.

15 28. Any Finding of Fact erroneously categorized below as a Conclusion of  
16 Law is hereby incorporated into these Findings of Fact.

## 17 18 **CONCLUSIONS OF LAW**

### 19 **Equitable Estoppel**

20 1. Equitable estoppel can be a ban to all relief for patent infringement. *A.C.*  
21 *Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1041 (Fed. Cir. 1992).

22 2. To establish its equitable estoppel defense, Romeo & Juliette must prove,  
23 *inter alia*, that Deckers knew that Romeo & Juliette's infringed the '999 Patent, and  
24 that Deckers' conduct misled Romeo & Juliette to reasonably infer that Deckers did not  
25 intend to enforce its patent rights against Romeo & Juliette. *See Aukerman*, 960 F.2d  
26 at 1021, 1042.

27 3. A patentee's inaction, when coupled with other facts regarding the  
28 relationship or contacts between the patentee and an alleged infringer, may constitute

1 misleading conduct if, under the totality of the circumstances, the inaction gave rise to  
2 the necessary inference that the claim against the alleged infringer was abandoned.  
3 *Aukerman*, 960 F.2d at 1021.

4 4. In interpreting the 2012 Settlement Agreement, the Court must give effect  
5 to the mutual intention of the parties as it existed at the time it was executed. *See Wind*  
6 *Dancer Prod. Grp. v. Walt Disney Pictures*, 10 Cal. App. 5th 56, 68-69 (2017).

7 5. Generally, the objective intent of the contracting parties is determined by  
8 only the contract's terms. *Walt Disney*, 10 Cal. App. 5th at 69.

9 6. The Court must consider the contract as a whole and interpret its language  
10 in context so as to give effect to each provision, rather than interpret particular  
11 contractual language in isolation. *Walt Disney*, 10 Cal. App. 5th at 69.

### 12 13 **Patent Invalidity**

14 7. Patents are presumptively valid upon issuance. 35 U.S.C. § 282.

15 8. Inherent in the presumption of validity is a presumption of non-  
16 obviousness. *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359-1360 (Fed. Cir. 2007).

17 9. To overcome the presumption of validity, *Romeo & Juliette*, as the party  
18 challenging the '189 Patent's validity, must prove that the patent is invalid by clear and  
19 convincing evidence. *Pfizer*, 480 F.3d at 1359.

20 10. When the Court submitted the issue of obviousness to the jury for its  
21 advisory verdict, the factual determinations underlying the question of obviousness  
22 were, implicitly, submitted to the jury for its resolution. *Kinetic Concepts, Inc. v.*  
23 *Smith & Nephew, Inc.*, 688 F.3d 1342, 1359-1360 (Fed. Cir. 2012).

24 11. To reach its verdict as to obviousness, the jury considered: (1) The scope  
25 and content of prior art; (2) The level of ordinary skill in the art; (3) The differences  
26 between the claims invention and the prior art; and (4) Any objective indicia such as  
27 commercial success or long-felt need. *See Upjohn Co. v. Mova Pharm. Corp.*, 225  
28 F.3d 1306, 1310 (Fed. Cir. 2000).

