

Golf Ball Technology and a Declaration of Non-Infringement

The Facts

In a recent dispute the alleged infringer has responded by bringing an action for a declaration that its actions do not infringe the intellectual property in issue.

Acushnet – TITLEIST

Acushnet Holdings Corporation (“Acushnet”) is a global leader in the design, development, manufacture and distribution of golf products. Acushnet owns the TITLEIST brand name used in association with golf equipment including golf balls and the FOOTJOY brand used in association with performance wear.

Acushnet has diligently protected the technology used relating its products and holds more than 1,200 U.S. patents. Acushnet has also been diligent in using its portfolio of patents, trademarks and trade secrets to prevent alleged unauthorized use of its intellectual property and has devoted substantial resources to doing so. It has effectively stopped allegedly infringing activities in the marketplace through the use of this strategy.

Costco - Kirkland

Costco Wholesale Corporation (“Costco”) is a large and successful company. Part of its business model includes finding savings on quality goods for its members. Its mission statement provides that it will “continually provide our members with quality goods and services at the lowest possible prices”.

In October 2016 Costco introduced the KIRKLAND brand golf ball in the U.S. which was then priced at \$15 for a dozen. The ball was of a high tech construction and consisted of a four-piece ball with a urethane cover which puts it in the high end category for golf balls.

The ball's popularity was immediate as its performance was very strong. The ball was so popular that it disappeared within months. Similar golf balls from other competitors in the U.S. typically sell for \$50 a dozen.

As a result of these events, Acushnet caused a letter to be sent to Costco asserting that Costco was infringing eleven Acushnet patents through the sale of the KIRKLAND brand golf ball as well as engaging in false advertising based on a product guarantee that all KIRKLAND products "meet or exceed the quality standards of leading national brands".

The Action

In response to the demands, Costco instituted an action seeking a declaratory judgment that it is not infringing any patent rights owned by Acushnet and that it is not engaged in any false advertising. The statement of claim makes reference to the eleven patents relied upon by Acushnet and alleges that Costco does not infringe any valid claims or that the patents are invalid.

With respect to the assertion of false advertising, Costco says that it has never publically compared its golf ball with any Acushnet ball including TITLEIST PRO VI golf ball. In addition, to the extent that the guarantee can be interpreted as comparative, Costco says that is true. They state that many individual golfers and golf ball testers and experts have used or tested their product and concluded that it was, at least comparable, to golf balls sold by leading national brands, including Acushnet.

Comment

Bringing an action for a declaration of non-infringement is relatively common in the U.S. By proceeding in this fashion it accelerates the process of determining whether infringement has occurred and gives the plaintiff the advantages associated with choosing a court of its liking. In this case, the proceedings are in the United States District Court in

the Western District of Washington at Seattle. Costco's head office is also located at Seattle area.

Commentators have questioned whether the strategy is a good one. Costco has certainly called Acushnet's bluff but Acushnet is committed to bringing actions for patent infringement relating to its technology. The litigation will be expensive since there will be significant complexities caused by litigating with respect to eleven patents.

Bringing an action for a declaration of non-infringement is less common in Canada although it is possible to do so. It remains to be seen how effective such a strategy is.

See our previous comment located [here](#).

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These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.