

PATENT AND TRADEMARK LAW

Federal Circuit Addresses Trademark Battle Over a Classic Sneaker

The classic Converse All-Star Chuck Taylor sneakers may be the most iconic sneakers—nay, footwear—ever designed. That design is now the subject of a trademark dispute in the International Trade Commission (ITC), recently heard on appeal by the Federal Circuit.

Last month, the Federal Circuit vacated and remanded a 2016 decision by the ITC that had found invalid a Converse trademark registration for the classic midsoles. *Converse v. Int'l Trade Comm'n*, No. 16-2497, 2018 WL 5536405 (Fed. Cir. Oct. 30, 2018). The court thereby breathed new life into Converse's effort to halt the respondents' importation into the United States of footwear that allegedly infringes Converse's trademark.

Background

The ITC under §337 of the Tariff Act of 1930 has authority to

ROB MAIER is a patent trial lawyer and intellectual property partner in the New York office of Baker Botts.

By
Rob
Maier



exclude from importation into the United States articles that infringe a valid and enforceable trademark. 19 U.S.C. §1337(a)(1)(C). In 2014, Converse filed such a complaint with the ITC alleging violations of §337 by Skechers, New Balance, and others, for their importation into the United States of certain shoes alleged to infringe Converse's trademark in the midsole design of its Chuck Taylor All Star shoes, U.S. Trademark Registration No. 4,398,753 (the '753 trademark). The ITC instituted an investigation the following month.

The ITC's Decision

An initial determination by the ITC Administrative Law Judge (ALJ) found a violation of §337, concluding that the '753 trademark was

valid and infringed, in part relying on the presumption of secondary meaning that comes with a registered trademark. However, the ITC in its final determination, after reviewing the ALJ's initial determination, found the registered '753 mark invalid, and further found that Converse could not establish common-law trademark rights. Accordingly, the ITC determined there was no violation.

The Federal Circuit breathed new life into Converse's effort to halt the respondents' importation into the United States of footwear that allegedly infringes Converse's trademark.

The ALJ and ITC both focused on a central issue—whether the asserted mark had acquired “secondary meaning.” Secondary meaning in trademark law is essentially a developed association in the public's mind between the mark or trade dress of a product and

a specific source of that product. Converse argued that the mark, which has been used by Converse since 1932, had acquired secondary meaning. But the ITC disagreed, and as a result ultimately found Converse did not hold valid trademark rights. Converse then appealed the ITC's final determination to the Federal Circuit.

The Federal Circuit in 'Converse'

According to the ITC, Converse brought claims for infringement of two separate trademarks. The first was the '753 trademark that was registered with the U.S. Patent and Trademark Office; the second an unregistered version of the mark that arises under common law. But the Federal Circuit found this reference to two separate marks to be the first of the ITC's several errors, finding it "confusing and inaccurate to refer to two separate marks—a registered mark and a common-law mark. Rather, there is a single mark, as to which different rights attach from the common law and from federal registration." *Converse*, 2018 WL 5536405, at *2.

This distinction was important to the Federal Circuit's analysis. As the court explained, all trademarks, in order to be valid, must be distinctive of a product's source. Distinctiveness can be established in two ways: First, a mark is inherently distinctive if its "intrinsic nature serves to identify a particular source." *Wal-Mart Stores v. Samara*

Bros., 529 U.S. 205, 210 (2000). Second, "a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, 'in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.'" *Id.* at 211. Product-design trade dress such as Converse's mark in the midsole, however, can never be inherently distinctive; so, Converse was tasked with showing its mark had acquired secondary meaning.

While federal registration of a mark confers a presumption of secondary meaning, the Federal Circuit confronted a new legal question as to timing: Does the federal registration confer that presumption of secondary meaning retroactively, so that the presumption applies even as to infringements before the registration date? Or, does the federal registration only confer the presumption of secondary meaning beginning on the date the mark is federally registered, such that there would be no presumption in favor of the mark holder as to infringements that began prior to the registration? While Converse argued the former, the Federal Circuit held "Converse's registration confers a presumption of secondary meaning beginning only as of the date of registration and confers no presumption of secondary meaning before the date of registration." *Converse*, 2018

WL 5536405, at *4. Accordingly, the court determined that, as to all of the respondents whose first uses came before the mark was registered—including Sketchers and New Balance—"Converse must establish without the benefit of the presumption that its mark had acquired secondary meaning before the first infringing use by each respondent." *Id.*

The court then turned to the issue of secondary meaning, and determined that the ITC applied the wrong legal standard. The court acknowledged that there has not yet been a uniform approach to the analysis for secondary meaning, though each circuit that has addressed the issue has formulated some version of a multifactor test. *Id.* at *6. The court then enunciated a six-factor test for assessing whether a mark has acquired secondary meaning: "(1) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark." *Id.* at *7. Notably, the Federal Circuit's test evaluates length, degree, and exclusivity of use together as one factor, in contrast with the ITC's test that evaluated these factors separately.

The court then addressed the significance of the trademark owner's and third parties' prior uses of the mark, and concluded that "the ITC relied too heavily on prior uses long predating the first infringing uses and the date of registration." *Id.* According to the Federal Circuit, the primary purpose of the secondary meaning analysis is determining "what is in the minds of consumers as of the relevant date." *Id.* Applying the second factor of the court's test "with this purpose in view ... [t]he most relevant evidence will

is made." 15 U.S.C. §1052(f). The court found that the ITC's analysis relied too heavily on evidence regarding Converse's use and use by competitors far predating that relevant time frame, and that the ITC should reevaluate the evidence on remand. *Id.*

As to infringement, the court noted inconsistency in the ITC's analysis, and explained that "[i]n the context of trade-dress infringement, we also hold that accused products that are not substantially similar cannot infringe." *Id.* at *9-10. The court ordered the ITC to reevaluate infringement under this standard.

The decision, however, was not unanimous; Judge O'Malley penned a 13-page opinion concurring in part and dissenting in part. In that opinion, while Judge O'Malley agreed with the ultimate result of vacating and remanding the decision, she sharply criticized the majority opinion as overreaching on a number of issues that the court was not asked to address. Specifically, she wrote that the majority opinion "(1) misperceives the scope of the ITC's authority to invalidate duly issued intellectual property rights when it addresses the issue of the validity of a registered mark; (2) blurs the line between the concepts of priority of use under common law and the validity of a registered mark; (3) espouses advisory—and unnecessary—opinions on the weight to be given certain survey evidence

and the question of infringement; and (4) ignores the ITC's statutory obligation to enter remedies against defaulting parties." *Id.* at *11 (O'Malley, J., concurring-in-part, dissenting-in-part). According to Judge O'Malley, the only issues properly before the court were those relating to the common law mark, because all of the remaining respondents began using the mark before the date the mark was registered. *Id.* at *12-13.

Ultimately—and assuming it is not disturbed by the Supreme Court—this decision on a classic sneaker design provides clarity on a number of trade dress validity and infringement issues, and will serve as a helpful guide for practitioners and parties going forward.

Ultimately—and assuming it is not disturbed by the Supreme Court—this decision on a classic sneaker design provides clarity on a number of trade dress validity and infringement issues, and will serve as a helpful guide for practitioners and parties going forward.

be the trademark owner's and third parties' use in the recent period before first use or infringement." *Id.*

The court also noted the significance of the five-year period articulated in the Lanham Act, §2(f), which provides that the Patent and Trademark Office may accept as prima facie evidence that a mark has become distinctive "proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness