

Federal Circuit Kicks Chuck Taylor Case Back to ITC

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by Bruce R. Ewing

In the latest chapter of a long-running trademark dispute involving the outsole used by Converse, Inc. with its well-known CHUCK TAYLOR shoes, the U.S. Court of Appeals for the Federal Circuit has issued a ruling vacating an International Trade Commission decision that went against Converse and booting the dispute back to the ITC on remand.

In 2014, Converse initiated a proceeding against thirty two respondents in the ITC, seeking a general exclusion order that would prevent the importation and sale of shoes using an outsole confusingly similar to the outsole design Converse succeeded in registering with the Patent and Trademark Office in 2013 shown below, consisting of: (i) two stripes on the midsole of the shoe; (ii) the design of the toe cap; and (iii) the toe bumper, featuring diamonds and line patterns, as well as the relative position of these elements to each other.



Most of the respondents either settled or defaulted, but three defended against

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Converse's claims and obtained a decision from the ITC in 2016 ruling in their favor. In its decision, the ITC held that Converse's outsole design lacked secondary meaning and was therefore not an enforceable trademark, but that, if Converse **did** own trademark rights in its design, they had been infringed by the respondents.

But on appeal to the Federal Circuit, all parties have found the shoe on the other foot, because the Court vacated both aspects of the ITC ruling. The starting point for the Court's decision was an issue that neither Converse nor the ITC addressed, namely the relevant point at which the secondary meaning of Converse's design, and therefore its validity, should be assessed. The Federal Circuit held that the date at which the secondary meaning of Converse's design must be determined is the date when each respondent began its allegedly infringing activity, and that the ITC should consider this issue on remand. And, since all of the remaining respondents began selling shoes about which Converse complained before Converse's 2013 registration issued, Converse could not benefit from the presumption of validity afforded to the owner of a federal trademark registration.

Next, the Federal Circuit found that the ITC stepped over the line by giving undue weight to respondents' survey and their evidence of third-party use in assessing secondary meaning. The court clarified for the first time the factors that should be considered to determine whether secondary meaning has been established: (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.

On the first factor, the court cast significant doubt on the relevance of the respondents' survey, since it was conducted in 2015, long after the alleged infringement began. With respect to the second factor, the court determined that the ITC had committed a foot fault by considering evidence of third-party shoes that did not fit the facts of the case, largely because they were too distant in time from the alleged infringement. Indeed, the court ruled that, on remand, the ITC should consider primarily evidence of third-party uses that began or were ongoing within the five years preceding the alleged infringement. In addition, relying in part on the well-known Second Circuit case, *Scarves by Vera, Inc. v. Todo Imports, Inc.*, 544 F.2d 1167, 1174 (2d Cir. 1976), the ITC was instructed to focus on old shoes available within the relevant five-year period that used designs "substantially similar" to that of Converse in assessing this secondary meaning factor.

Finally, the Federal Circuit cautioned the ITC that, in assessing likely confusion, only shoe designs that were "substantially similar" to that of Converse could qualify as infringing, a newly articulated, heightened standard that the court has now directed must be applied in trade dress cases.

This latter holding and certain other aspects of the Federal Circuit's decision prompted a vocal dissent from Judge Kathleen O'Malley, who found that the majority was walking down a troublesome path with respect to certain aspects of its ruling. Specifically, Judge O'Malley found it unnecessary for the court to weigh in on the validity of Converse's

registration, as opposed to its enforceability against the remaining respondents; the quality of respondents' survey evidence; and on the issue of likely confusion. At the same time, Judge O'Malley did agree with the majority's articulation of the legal standard governing the inquiry into secondary meaning.

It is not clear when the other shoe will drop in the next phase of this dispute, but it would seem likely that the losing party will run back to the Federal Circuit, after the additional proceedings on remand are completed.