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BY ERIC SCHWEIBENZ AND SASHA RAO

On July 6, 2016, the International Trade Commission (“the Commission”) issued the **public version of its opinion ([/images/commopin936.pdf](#))** in *Certain Footwear Products* (Inv. No. 337-TA-936).

By way of background, this investigation is based on an August 18, 2014 complaint filed by Converse Inc. (“Converse”) alleging that the respondents unlawfully import into the U.S., sell for importation, and/or sell within the U.S. after importation certain footwear products that violate registered and common law trademarks used in connection with certain Converse shoes. The complaint further alleged violations of section 337 based upon unfair competition/false designation of origin, common law trademark infringement and unfair competition, and trademark dilution. See our **October 15, 2014 ([/converse-files-new-337-complaint-regarding-certain-footwear-products](#))** and **November 14, 2014 ([/itc-institutes-investigation-337-ta-936-regarding-certain-footwear-products](#))** posts for more details on the complaint and notice of investigation, respectively. Most of the named respondents were subsequently either found in default or terminated from the investigation based on good cause or settlement and/or consent order stipulation.

On November 17, 2015, Chief ALJ Bullock issued his final initial determination (“ID”) finding a violation of section 337 as to U.S. Trademark Registration Nos. 4,398,753 (“the ‘753 trademark”); 3,258,103 (“the ‘103 trademark”); and 1,588,960 (“the ‘960 trademark”) of the asserted trademarks but not as to the asserted common law trademarks. The ALJ recommended a general exclusion order directed to footwear products that infringe the asserted registered trademarks and cease and desist orders directed against each active, remaining respondent found to infringe the ‘753 trademark. See our **November 18, 2015 ([/alj-bullock-issues-notice-of-initial-determination-finding-violation-of-section-337-in-certain-footwear-products-337-ta-936](#))** and **June 24, 2015 ([/itc-issues-general-exclusion-order-in-certain-footwear-products-337-ta-936](#))** posts for more details

on this ID.

The Commission reviewed the ID's findings: (1) that the '753 trademark is not invalid; (2) regarding infringement of the '753 trademark; (3) that the common law trademark asserted in the design depicted in the '753 trademark is invalid; and (4) that there is no violation of section 337 with respect to the common law trademarks asserted in the designs depicted in the '103 and '960 trademarks.

The Commission affirmed the ID in part and reversed in part. It reversed the ID's conclusion that the '753 trademark is not invalid, finding instead that the trademark had not acquired secondary meaning. The Commission also found the common law trademark depicted in the design of the '753 trademark to be invalid, affirming the ID's finding and accordingly finding no violation of section 337 with respect to these asserted trademarks.

The Commission further determined to vacate the ID's finding of no violation of section 337 with respect to the common law trademarks asserted in the designs depicted in the '103 and '960 trademarks. The ID's finding of no violation with respect to these common law rights was moot in view of the ID's finding (unreviewed) of a violation with respect to the federally-registered rights in the '103 and '960 trademarks and the fact that the scope of the common law and federally-registered rights in these trademarks were co-extensive.

The Commission's Analysis of the '753 Trademark

The Commission determined that the ID incorrectly concluded that evidence of third-party use and its effect on secondary meaning was neutral to Converse. Specifically, the Commission determined that "the evidence shows multiple third parties simultaneously used the CMT design nationally on the same types of footwear products promoted to the same consumer class" and thus the "exclusivity of use" factor was negative to Converse.

Together with survey evidence adverse to Converse, the Commission found these to "weigh[] heavily against a finding of secondary meaning for" the '753 trademark. The Commission also found that "the ID erroneously discounted the record evidence concerning all subfactors of factor 2 (exclusivity of use) including subfactors 'private label' and 'sales of shoes alongside competitors.'"

Furthermore, the Commission found "that substantial record evidence of use of the ['753 trademark] by multiple third parties from the 1920s to the present provide[d] strong circumstantial proof that at least a significant percentage of the average consumers" associated the protected design with multiple sources other than Converse. The record evidence the Commission focused on included expert testimony from a plurality of related fields, advertisements, department store catalogs, purportedly similarly designed shoes from a brand formerly owned by Converse, internal benchmarking and industry analysis documents, amongst others.

The Commission held that this record evidence showed third-party use of the same mark to promote the same goods to the same consumer class. "[T]he average consumer prior to the first alleged infringement in 2003 was likely aware of this third-party use, which would lead them to associate the [design] with multiple sources, and therefore substantially diminishes any secondary meaning in Converse's mark." Thus, the Commission reversed the ID's conclusion and determined that the '753 trademark was invalid, "[b]ased on the totality of record evidence, particularly with respect to secondary meaning factors 2 [(exclusivity of use)] and 7 [(survey evidence)]" Accordingly, it followed that there was no violation of section 337 with respect to both of these registered and common law trademarked designs.

ALJ's Findings of Infringement and Remedy

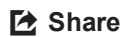
The Commission determined there was no section 337 violation with respect to the '753 trademark but found violations with respect to both the federally-registered '103 and '960 trademarks and the common law marks associated with the same. The Commission determined that the record warranted the issuance of a general exclusion order under both subparagraphs A and B of subsection 337(d)(2) for those footwear products that infringe the '103 or '960 trademarks. Specifically, the record showed a high likelihood that the defaulting respondent would circumvent a limited exclusion order, for example, "by shipping products to their customers from various third-party manufacturers and intermediaries using fictitious contact information." Furthermore, the Commission noted the widespread pattern of importation and sale of infringing footwear products throughout the U.S., as evidenced by the numerous respondents named in the complaint and which would be difficult to control. The Commission pointed to the "numerous potentially infringing footwear products," the difficulty of identifying imported products' sources, and the limits of Converse's own enforcement efforts. Finally, the Commission found no public interest considerations forestalling the remedial order sought by Converse. Bond was set at 100 percent of the entered value (per pair) of the infringing footwear products during the Presidential review period "as no reliable price differential can be determined for the defaulting respondent," who did not participate in discovery.

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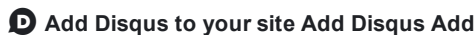
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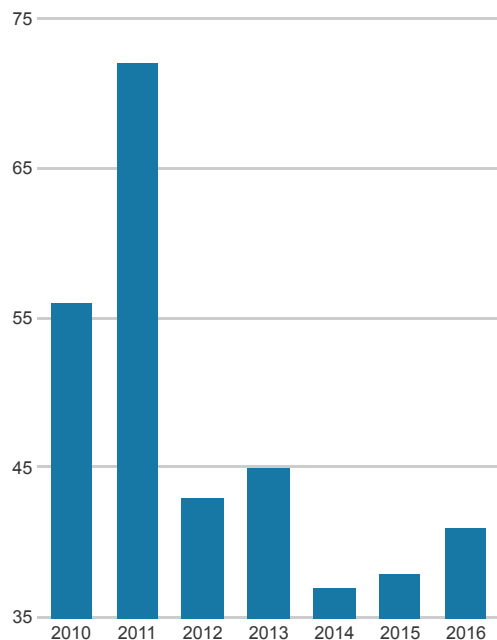
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