



COMMENTARY
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Sole Survivor: Federal Court Rejects ITC Determination that Converse Trade Dress is Invalid

IN SHORT

The Situation: In 2014, Converse filed a complaint with the International Trade Commission ("ITC"), alleging that numerous shoe manufacturers and retailers infringed the trade dress of its signature Chuck Taylor® All Star® shoe. In 2016, the ITC held that Converse's trade dress was invalid, and Converse appealed.

The Decision: On appeal, the Federal Circuit vacated and remanded the ITC decision, holding the ITC applied the wrong standard for both its invalidity and infringement determinations. The Federal Circuit held that secondary meaning is only presumed upon registration, and six factors should be assessed in determining whether a mark has achieved secondary meaning. For the infringement analysis, the court held that the accused products must be substantially similar to the protected trade dress.

Looking Ahead: On remand, Converse must prove that the trade dress in the Chuck Taylor shoe acquired distinctiveness before the respondents began selling their allegedly infringing shoes, and the ITC must consider whether the accused products are substantially similar to Converse's trade dress.

Clarifying the tests for determining secondary meaning and trade dress infringement, the U.S. Court of Appeals for the Federal Circuit vacated a 2016 ITC decision in *Converse v. ITC*, Case No. 2016-2497 (Fed. Cir. Oct. 30, 2018), holding that the ITC applied "the wrong standard" to both its invalidity and infringement determinations.

Converse previously filed an ITC action against various shoe manufacturers and retailers, asserting trade dress rights in the design of its Chuck Taylor All Star shoes based on common law use since 1932 and a 2013 federal trademark registration. In its final determination, the ITC held that Converse's trade dress had not acquired secondary meaning, and because Converse did not have valid federal or common law trade dress protection, there was no violation of Section 337. However, the ITC noted that, if the trade dress had been valid and protectable, it was infringed. Converse appealed, and the remaining respondents intervened.



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Federal Circuit Decision

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Timing of Infringement. The Federal Circuit held that the ITC erred by not distinguishing between alleged infringers based on whether their infringement began before or after Converse's September 10, 2013, registration date. The court reiterated that Converse must show secondary meaning for its product design trade dress, and this determination of secondary meaning must be before the first infringing use of the trade dress.

The issuance of a registration entitled Converse to a presumption of validity (i.e., secondary meaning) that shifts both the burden of production and persuasion to the infringer—but only *prospectively* from the date of registration. This was important because all of the respondents remaining at the time the ITC issued its decision began infringement *before* Converse's registration date. The Federal Circuit remanded to allow Converse the opportunity to establish—without the benefit of the presumption of validity—that its mark had acquired secondary meaning before the first infringing use by each respondent.

Determination of Secondary Meaning. The Federal Circuit held that the ITC applied the wrong legal standard to its determination of secondary meaning. Referencing similar tests adopted by other circuits, the Federal Circuit laid out the following multifactor test for determining

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.... All six factors are to be weighed together in determining the existence of secondary meaning.

The court focused on the ITC's analysis of a few of those factors, namely its reliance on prior third-party uses and survey evidence. Consistent with the holding that secondary meaning must be shown as of the date of first infringement, the Federal Circuit found that the ITC relied too heavily on evidence of prior uses that long predated the date of first infringement or registration, and were not "substantially similar" to Converse's trade dress. The court applied the five-year period in Section 2(f) of the Lanham Act, holding that "uses older than five years should only be considered relevant if there is evidence that such uses were likely to have impacted consumers' perceptions of the mark as of the relevant date."

The ITC's reliance on a survey conducted years after the relevant date to defeat secondary meaning also came under fire. According to the Federal Circuit, that survey had little probative value to the extent it was conducted outside the five-year window.

Likelihood of Confusion Test. The Federal Circuit addressed the likelihood of confusion test for infringement of product design trade dress. Borrowing from the "ordinary observer" test for design patent infringement, the Federal Circuit clarified that, in order to be infringing, the accused designs must be "substantially similar" to the protected trade dress, and it remanded for a reassessment using that standard.

The Federal Circuit also rejected the remaining arguments presented by the intervenors in favor of affirmance, holding that brand-name labeling was not dispositive of the likelihood of confusion and harm to reputation was not a prerequisite to infringement, and affirming the ITC's finding of nonfunctionality.

In a strongly worded dissent, Judge O'Malley agreed with much of the substance of the majority opinion but reasoned, among other issues, that the validity of Converse's registration should not have been analyzed since the remaining claims related to defendants that sold shoes prior to the issuance of Converse's trademark registration.

THREE KEY TAKEAWAYS

1. Registered trade dress carries a presumption of secondary meaning only as of the date of registration. Prior to registration, the party asserting trade-dress protection must establish that its mark had acquired distinctiveness before the first allegedly infringing use.
2. The Federal Circuit clarified the six factors that should be considered in determining whether a mark has acquired distinctiveness, which should be taken into account when presenting evidence before administrative bodies over which the Federal Circuit has jurisdiction.
3. Product design trade dress can infringe only if it is "substantially similar" to the protected trade dress.



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