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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92065219
Party	Defendant Converse Inc.
Correspondence Address	HELEN HILL MINSKER BANNER & WITCOFF LTD 10 S WACKER DR, STE 3000 CHICAGO, IL 60606 UNITED STATES hminsker@bannerwitcoff.com, aheinze@bannerwitcoff.com, bwlitdocket@bannerwitcoff.com, bwptotm@bannerwitcoff.com
Submission	Opposition/Response to Motion
Filer's Name	Helen Hill Minsker
Filer's e-mail	hminsker@bannerwitcoff.com, aheinze@bannerwitcoff.com, bwlitdocket@bannerwitcoff.com, bwptotm@bannerwitcoff.com
Signature	/helen hill minsker/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Trademark Registrant Converse Inc. Mark:  Registration No.: 4,065,482 Registered: December 6, 2011	
HIGHLINE UNITED, LLC, Petitioner, vs. CONVERSE INC. Registrant.	Cancellation No. 92065219

REGISTRANT CONVERSE INC.'S RESPONSE IN OPPOSITION TO PETITIONER HIGHLINE UNITED, LLC'S MOTION TO SUSPEND

Registrant Converse Inc. ("Converse") respectfully submits this Response in Opposition to Petitioner Highline United, LLC's ("Highline's") Motion to Suspend the Proceeding.

I. INTRODUCTION

This proceeding relates to U.S. Trademark Registration No. 4,065,482 ("the '482 Registration"). Highline requests suspension of this proceeding in view of a different proceeding that Converse filed against Highline in the International Trade Commission ("ITC"), now on

appeal to the U.S. Court of Appeals for the Federal Circuit, involving a different trademark, U.S. Trademark Registration No. 4,398,753 ("the '753 Registration"). Converse did not and has not asserted the '482 Registration against Highline.

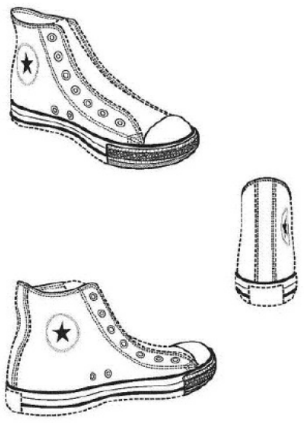
Converse requests that the Board deny Highline's Motion to Suspend because (1) the '482 Registration is not at issue in the ITC proceeding and Highline itself argued to the ITC that evidence relating to the '482 Registration does not bear on the validity of the '753 Registration; (2) the Board is best situated to decide the relevant issues given its expertise in trademark law; and (3) a suspension will substantially prejudice Converse and potentially harm consumers because Converse has relied on the '482 Registration to protect consumers and prevent infringements, and continuing with this proceeding will not prejudice Highline.

Accordingly, because Highline has failed to show good cause for suspending the proceeding that it initiated, Converse respectfully requests that the Board exercise its discretion and deny the Motion to Suspend.

II. BACKGROUND

The Trademark Office issued the '482 Registration to Converse on December 6, 2011, for the mark shown and described below:

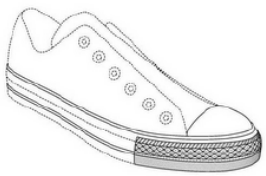
Figure 1: The '482 Registration

	The mark consists of the three dimensional trade dress design of the iconic and classic Chuck Taylor All Star basketball shoe for which the following primary features are claimed: (a) Multi-Patterned Rubber Toe Strip. The rubber toe strip has four layers of bands featuring intricate and distinct patterns of three-dimensional diamonds and lines. (b) Ankle Patch on the Inside Ankle. The round patch design with double dashed line just inside the boundary of the circular patch, with a star in the center. (c) Double Rand Stripes. Two parallel horizontal lines run along the rubber outsole of the shoe. The uppermost contrasting stripe runs along the edge of

	the rubber outsole around the entire circumference of the shoe, including on the toe cap. The second contrasting stripe appears midway along the rubber outsole and runs from the front edge of the license plate heel tab to the back edge of the rubber toe bumper. (d) Brushed Metal Grommets in Medial Side Arch. Two round brushed steel grommets are placed in a horizontal line above the inside medial arch of the shoe. (e) Brushed Metal Eyestay Grommets. A series of equally-spaced wide, round brushed metal eyestay grommets are part of the lacing system instead of hooks, loops, D-rings, or other holding and lacing mechanisms. (f) Convex Rubber Toe Cap. A raised, protruding rubber toe cap. (g) Double Stitching and Box-Like Stitch Along the Upper. (h) Top Line Collar Throat Shape. The matter shown in broken lines, namely, the license plate heel tab as well as the outline of the shoe along the upper, the tongue, the back edge, the rear panel, and the sole are not part of the mark. The broken lines serve only to show the position or placement of the primary features of the trade dress. The dashed lines indicating the Double Stitching and Box-Like Stitch Along the Upper are part of the mark.

The Trademark Office issued the '753 Registration to Converse on September 10, 2013, for the mark shown and described below:

Figure 2: The '753 Registration

	The mark consists of the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, and the relative position of these elements to each other. The broken lines show the position of the mark and are not claimed as part of the mark.

Thus, although the '482 and '753 Registrations relate to the product configuration of Converse's Chuck Taylor All Star shoes ("All Star" shoes), they are for different trademarks. Converse did not and has not asserted the '482 Registration against Highline. Nevertheless, Highline filed a Petition to Cancel the '482 Registration, alleging it is or will be damaged by the '482 Registration because Converse asserted the '753 Registration against Highline in the ITC,

In re Certain Footwear Products, Inv. No. 337-TA-936, now on appeal to the Federal Circuit, No. 2016-2497. (Pet. ¶ 5.)

III. ARGUMENT

Suspension of a cancellation proceeding pending termination of a civil action is not mandatory; rather, it "is solely within the discretion of the Board." TBMP § 510.02(a); *see also Jodi Kristopher Inc. v. Int'l Seaway Trading Corp.*, 91 U.S.P.Q.2d 1957, 2009 WL 3154232, at *2 (T.T.A.B. Jan. 30, 2009) (denying the petitioner's motion to suspend). To that end, "[a]ll motions to suspend, regardless of circumstances . . . are subject to the 'good cause' standard. '[B]oth the permissive language of Trademark Rule 2.117(a) . . . and the explicit provisions of Trademark Rule 2.117(b) make clear that suspension is not the necessary result in all cases.'" *Jodi*, 2009 WL 3154232, at *2 (citations omitted). Among the issues the Board considers in deciding whether to suspend a proceeding is whether a pending civil action involves issues in common with the proceeding before the Board because the decision of a federal district court may be binding on the Board. TBMP § 510.02(a).

Highline has not established "good cause" for suspending this proceeding. First, while it now argues that the Federal Circuit's decision as to the '753 Registration has a bearing on this proceeding, Highline repeatedly argued in the ITC proceeding that evidence relating to marks other than the '753 Registration, *e.g.*, the '482 Registration, was "irrelevant, inadmissible and/or entitled to zero weight" in assessing validity of the '753 Registration (*see* Figure 3 below). (Ex. A at 2, 2 n.2, motion *in limine*.) For example, Highline and the other Respondents in the ITC proceeding filed a motion *in limine* seeking to exclude survey evidence on the grounds that the evidence did not relate to the specific elements at issue in the '753 Registration, but instead related to additional elements of All Star shoes, such as the metal grommets and box stitching,

which are covered by different marks, including the '482 Registration and U.S. Trademark Registration No. 4,062,112 ("the '112 Registration").[1] (*See, e.g.*, *id.* at 1, 2, 2 n.2, 4, 7, 8.)

Figure 3: Annotated Excerpt of Respondents' Motion in Limine in the ITC Proceeding

15) which is problematic in itself.[1] The survey evidence in this case, at best, relates to secondary meaning of trade dress that is not claimed in this case, and thus the surveys and related expert opinions are irrelevant, inadmissible and/or entitled to zero weight.

Likewise, the Initial Determination issued by the Chief Administrative Law Judge ("CALJ") in the ITC proceeding acknowledged Highline's and the other Respondents' argument that evidence that did not specifically relate to the elements at issue in the '753 Registration should not be considered in assessing validity of the '753 Registration. (Ex. B at 30, 32.) Based on those arguments, the CALJ declined to consider evidence and testimony relating to other elements of All Star shoes, such as the elements depicted and described in the '482 Registration, in assessing validity of the '753 Registration. (*Id.* at 32 ("As with Dr. McDonald's survey, there is nothing in the record to establish that it was the [elements at issue in the '753 Registration] and not the other design elements [of All Star shoes], such as the box stitching, grommets, heel tag, or tongue patch which led the survey respondents [in the late Dr. Ford's surveys] to associate the shoe with Converse. Accordingly, the undersigned will not consider the results of these surveys.").)

Here, the Board should reject Highline's sudden reversal of position and hold Highline to its prior representations in the ITC proceeding. *Cf, e.g.*, *Nat'l Med. Enters., Inc. v. United States*, 28 Fed. Cl. 540, n.2 (1993) ("[j]udicial estoppel . . . protects the integrity of the judicial process

[1] Highline, along with two other entities named in the ITC proceeding, Wal-Mart Stores, Inc. and Skechers U.S.A., Inc., recently filed Petitions to Cancel the '112 Registration, Cancellation Nos. 92064885, 92064898, and 92064906.

by preventing a party from taking a position inconsistent with one successfully and unequivocally asserted by the same party in a prior proceeding."). Notably, in reply to its motion to suspend filed in a different cancellation proceeding involving a different mark relating to All Star shoes, Cancellation No. 92064906 ("the -906 proceeding"), Highline argued that its position is not inconsistent because the mark at issue in the ITC proceeding is a "subset" of the mark at issue. Converse expects Highline to make the same argument here. However, that argument ignores that the commercial impression of a mark is derived not from configuration components considered apart from each other, but from the mark as a whole. *See, e.g.*, *In re Am. Physical Fitness Research Inst. Inc.*, 181 U.S.P.Q. (BNA) 127 (T.T.A.B. Jan. 31, 1974).

For that reason, even if the Federal Circuit affirmed the ITC's invalidity determination of the '753 Registration, that decision would not resolve the issues presented in Highline's Petition, *e.g.*, whether the '482 Registration—a different trade dress comprised of a different, more multifarious combination of design elements—is valid. Indeed, as shown in Section II above, the description and depiction of the '482 Registration identifies several features that are not at issue in the '753 Registration, including, *inter alia*, a round ankle patch on the inside ankle with a star in the center.[2]

Second, while Converse recognizes that the law provides for cancellation proceedings, such proceedings ought to take place in a speedy and efficient manner. Suspension of this proceeding, which Highline initiated, will significantly delay the Board's decision on the merits. Indeed, given the Board's particularized expertise on the issues raised in Highline's Petition, it would be far more efficient to move forward with this proceeding rather than wait for the Federal

[2] Converse recognizes that the Interlocutory Attorney granted Highline's motion to suspend the '906 proceeding. Converse respectfully disagrees with that decision, and, for the reasons sets forth herein, argues that this proceeding presents even stronger reasons for suspension given the differences between the '482 and '753 Registrations.

Circuit to issue a ruling applicable to a different trademark and on appeal from a different administrative agency that does not have particularized expertise in trademark law. *See, e.g.*, *Institut Nat. Des Appellations D'Origine v. Vintners Int'l Co*., 958 F.2d 1574, 1582 (Fed. Cir. 1992) (noting that the Board "consists of trademark experts").

Third, suspension would substantially prejudice Converse and potentially harm consumers, while continuing with this proceeding will not prejudice Highline. In the over five years since the Trademark Office issued the '482 Registration, Converse has relied on the '482 Registration to enforce its trademark rights in the product configuration of its iconic All Star shoes. Those enforcement activities include sending over one hundred cease and desist letters to entities seeking to trade on Converse's goodwill. Many of those letters are specific to the '482 Registration, as well as the '112 Registration. Relatedly, Converse has frequently asserted the '482 Registration at one of the world's largest footwear trade shows held in Las Vegas twice a year to stop counterfeits and/or close-copies of its All Star shoes. Converse has also entered into agreements whereby infringers acknowledge Converse's rights in the '482 Registration and agreed to stop violating those rights. And, for several years, Converse's rights in its '482 Registration have been upheld by the courts. *See, e.g.*, Consent Judgment and Permanent Injunction Order, *NIKE, Inc. and Converse Inc. v. Superstar Int'l, Inc. et al.*, No. 2:12-cv-5240 (C.D. Cal. May 17, 2013) (Ex. C); Consent Judgment and Permanent Injunction Order, *Converse Inc. v. Autonomie Project, Inc.*, 1:13-cv-12220 (D. Mass. Jan. 15, 2014) (Ex. D).

Highline, for its part, delayed filing its Petition until almost five years after the Trademark Office issued the '482 Registration, over three years after the Trademark Office issued the '753 Registration, and over two years after Converse enforced the '753 Registration against Highline (Highline's Mot. to Suspend, Ex. 2). Now, rather than move forward with the

proceeding that ***it initiated***, Highline seeks to further delay resolution of the issues raised in its Petition by seeking a suspension, during which time Converse's rights in the '482 Registration would be left to languish. *Cf. RR Donnelley & Sons Co. v. Xerox Corp.*, No. 12-6198, 2013 WL 6645472, at *3 (N.D. Ill. Dec. 16, 2013) (denying motion to stay patent infringement case pending resolution of PTO proceedings in-part because patent infringement case involved four patents not challenged at the PTO that would "languish" if stay was granted).

IV. CONCLUSION

Because Highline has not established good cause for a suspension of the proceeding that it initiated, Converse respectfully requests that the Board exercise its discretion and deny Highline's Motion to Suspend.

Respectfully submitted,

Date: April 4, 2017

By: /helen hill minsker/
Helen Hill Minsker
Christopher J. Renk
Erik S. Maurer
Michael J. Harris
Audra C. Eidem Heinze
Aaron P. Bowling

Banner & Witcoff, Ltd.
10 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 463-5000
Facsimile: (312) 463-5001

Attorneys for Registrant, Converse Inc.

CERTIFICATE OF SERVICE

I hereby certify that on April 4, 2017, a copy of the foregoing OPPOSITION TO HIGHLINE'S MOTION TO SUSPEND was served on PETITIONER'S Counsel via e-mail, addressed as follows:

Leonard N. Budow
Michael J. Leonard
Fox Rothschild LLP
997 Lenox Drive, Building 3
Lawrenceville, NJ 08648
ipdocket@foxrothschild.com
lbudow@foxrothschild.com
mleonard@foxrothschild.com

/mark houston/
Mark Houston

Exhibit A

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436
Before The Honorable Charles E. Bullock
Chief Administrative Law Judge

In the Matter of CERTAIN FOOTWEAR PRODUCTS	Investigation No. 337-TA-936

RESPONDENTS' MOTION *IN LIMINE* NO. 1 TO EXCLUDE TESTIMONY OF DR. GERALD FORD, DR. SUSAN MCDONALD AND MR. HAL PORET

Respondents Highline United LLC, Kmart Corporation, New Balance Athletic Shoe, Inc., Skechers USA, Inc. and Wal-Mart Stores, Inc. respectfully move *in limine* to exclude the witness statements and testimony of Dr. Gerald Ford, Dr. Susan McDonald, and Hal Poret on the grounds that the survey methodology they used did not isolate the elements of the asserted trade dress and their resulting opinions are therefore irrelevant to the issues presented in this Investigation. Pursuant to Ground Rule 3.2., on July 15, 2015 Respondents contacted counsel for Converse and the Commission Investigative Staff ("Staff") regarding this Motion. Respondents have made reasonable, good-faith efforts to resolve the matter with the other parties. Converse opposes the Motion. The Staff has indicated that it will take a position on the Motion after reviewing the motion papers.

I. INTRODUCTION

Dr. Gerald Ford and Dr. Susan McDonald conducted secondary meaning surveys on behalf of Converse starting in 2009 and 2010, before Converse applied to register the Midsole Trademark and long before Converse filed the Complaint in this Investigation. The testimony and reports of Dr. Ford and Dr. McDonald make it clear that Converse commissioned them both to test the secondary meaning of the overall design of the Converse All Star Chuck Taylor shoe, not the alleged "Midsole Trademark" Converse asserted in this Investigation. As a result, neither of those early surveys even attempted to test or isolate the alleged "Midsole Trademark" at issue in this Investigation. Dr. Ford conducted additional surveys in 2012, but those also did not effectively test or isolate the alleged "Midsole Trademark." Further, neither Dr. Ford nor Dr.

McDonald was aware that their surveys would be used in litigation and/or what trade dress would be claimed, (Ex. 1, (Depo. of Susan McDonald), at 167; Ex. 2, (Depo. of Gerald Ford), at 15) which is problematic in itself.[1] The survey evidence in this case, at best, relates to secondary meaning of trade dress that is not claimed in this case, and thus the surveys and related expert opinions are irrelevant, inadmissible and/or entitled to zero weight.

Hal Poret conducted a survey on fame, which uses a different universe of survey respondents and different questions than a secondary meaning survey. Nevertheless, Converse witnesses rely on Mr. Poret's opinion for the proposition that the "Midsole Trademark" has secondary meaning. This proposed testimony is improper and should not be admitted into evidence. In addition, like Ford and McDonald, Poret failed to isolate the alleged "Midsole Trademark" and instead, tested the fame of the entirety of the shoe's design. As a result, Poret's opinions are irrelevant to the issues in this Investigation and his testimony should be excluded.

II. THE ASSERTED TRADE DRESS

Trademark Registration No. 4,398,753, which issued on September 10, 2013, consists of (a) a toe cap; (b) a toe bumper with a multi-layered diamond and bar pattern; and (c) two midsole stripes. Ex. 3 (Trademark Registration), RX-2945.001-002. Converse's complaint alleges a claim of infringement of a common law trademark that Converse describes in its pre-hearing brief as being co-extensive with the above registration. Ex. 4 (Complaint), at ¶ 10; Ex. 5 (Converse's Pre-Hearing Brief), at 28 ("Converse's registered and common law rights are coextensive.") Critically, the asserted midsole trademark does not encompass the entirety of any shoe design, and does not include the star patch on the ankle, the metal grommets, or the stitching patterns.[2]

[1] A survey conducted by a researcher who was not aware of and did not take into account the features of the product that were claimed as the asserted trade dress was determined to be "fatally flawed." *Certain Air Impact Wrenches*, Inv. No. 337-TA-311, Initial Determinations, 1991 ITC LEXIS 525, at *130-32 (May 6, 1991) (no violation of 337).

[2] Converse owns two registrations covering those and other elements (i.e., U.S. Trademark Registration Nos. 4,065,482 (the "'482 Registration") and 4,062,112 (the "'112 Registration"),

III. THE FORD AND MCDONALD SURVEYS ARE FATALLY FLAWED

A. Legal Standard

Rule of Evidence 702 requires that: "(a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue; (b) the testimony is based on sufficient facts or data; (c) the testimony is the product of reliable principles and methods; and (d) the expert has reliably applied the principles and methods to the facts of the case." Fed. R. Evid. 702; *see Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 597 (1993) ("[T]he task of ensuring that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand.").

B. Secondary Meaning Surveys Must Test and Isolate The Claimed Trade Dress and Use a Proper Control

1. It Is Essential to Test The Claimed Trade Dress Apart From The Entire Product Design

When evaluating the reliability and credibility of consumer survey evidence, the Commission considers, among other things, whether the "sample design, questionnaire, and interviewing [is] in accordance with generally accepted standards of objective procedure and statistics in the field of surveys." *Certain Ink Markers and Packaging Thereof*, Inv. No. 337-TA-522, Order No. 30 at 26-27 (July 25, 2005).

A proper secondary meaning survey "requires, first, a technique to isolate the mark or dress at issue and, second, an appropriate question or series of questions." Vincent N. Palladino, *Techniques for Ascertaining If There is Secondary Meaning*, 73 TMR 391, 395 (Jul./Aug. 1983).

A secondary meaning survey in a trade dress case like this one, in which only a subset of the product's design constitutes the claimed trade dress, should test that trade dress separate and

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which it did not assert and thus do not form the basis of any claim at issue in this Investigation. *See* Ex. 5, at 115 (explaining that the '112 and '482 registrations "are not asserted in this Investigation").

apart from the entire design of the product. *See, e.g., Textron, Inc. v. USITC*, 753 F.2d 1019, 1027 (Fed. Cir. 1985) (affirming no § 337 violation, noting, "Textron has not shown that a substantial number of survey respondents identified the look-alike machine as a Bridgeport ***because of*** the [asserted] design of the column or ram."). Surveys that fail to assess whether respondents associate a product with the complainant ***because of*** only the ***asserted trade dress*** are not relevant evidence of secondary meaning. *Spraying Systems Co. v. Delavan, Inc.*, 762 F. Supp. 772, 779 (N.D. Ill 1991) (granting summary judgment in favor of alleged infringer, holding that the proffered survey was "improper to prove secondary meaning" because it failed to "isolate the mark at issue.").

It is "fatal to [a Complainant's case]" at the ITC if the complainant fails to show that consumers' identification of the product was due to the specific trade dress asserted rather than other factors. *Certain Steel Toy Vehicles*, Inv. No. 337-TA-31, Recommended Determination, 1978 ITC LEXIS 62, at *85-86 (Jan. 3, 1978). Surveys that measure the secondary meaning of the entire design of the product, rather than the trade dress actually asserted in the Investigation, do not assist in establishing secondary meaning of the asserted trade dress. *Certain Bar Clamps*, Inv. No. 337-TA-429, 2001 ITC LEXIS 276, at *40-42 (March 13, 2001) (surveys did not test secondary meaning in the color of complainants' bar clamps, thus, "[t]here would thus be a risk that respondents' products could be barred from importation into the United States because of the yellow and black color combination, when the interviewees distinguished [the] products [made by complainant] from those of other manufacturers because of other non-functional or functional features that they observed" in the survey test stimulus.).

2. The Importance of An Appropriate Control

A control stimulus is used in trademark surveys to "estimate the degree of background 'noise' or 'error' in the survey." *THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218, 240 (S.D.N.Y.

2010).[3] Survey results are determined by subtracting "control" results from "test" results to obtain a "net" number that assesses secondary meaning. Ex. 6, (McDonald Witness Statement, CX-00235C.6), Q/A 38. The control is thus, very important. Without a proper control, it is impossible to determine whether the responses to the questions for the test stimulus are related to the characteristics the survey attempts to study or reflect flaws in the survey methodology. *Id.*

The control stimulus should be identical to the test stimulus in every respect other than the allegedly infringing element. Ex. 7 (Sarah Butler Witness Statement), RX-1667.015; *THOIP v. Walt Disney*, 690 F. Supp. 2d at 240 (finding survey inadmissible due in part to lack of adequate control); *Am. Nat'l Ins. Co. v. Am. Nat'l Inv. Advisors, LLC*, 2014 U.S. Dist. LEXIS 163294, at *50-51 (N.D. Ill. Nov. 21, 2014) (affording little weight to a survey with flawed control); *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 2009 U.S. Dist. LEXIS 33923, at *15 (N.D. Cal. Apr. 29, 2009) (disregarding survey with flawed control).

C. Dr. Ford Did Not Isolate The Trade Dress At Issue

1. The Test and Control Stimuli Do Not Isolate the Trade Dress at Issue

Dr. Ford conducted four separate surveys, numbered I – IV, starting in 2009. He used test and control stimuli that were provided to him by counsel for Converse.

Survey I was performed in 2009 and, as shown in Appendix A, tested "the trade dress of the Converse Chuck Taylor All Star low" top sneaker, i.e., "the overall appearance" of the Converse Chuck Taylor low top sneaker. Ex. 8 (CX-00230C.001), at Q/A3 – 4. Surveys II, III and IV were performed in 2012 and used test shoes with different combinations of the toe cap, the toe bumper and the stripes. Survey II tested a fictional shoe that has only one upper stripe and no lower stripe and no box stitching on the upper. Survey III tested a fictional shoe that has only one lower stripe and no upper stripe and no box stitching on the upper. Survey IV tested a

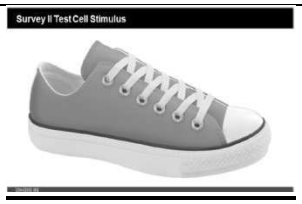
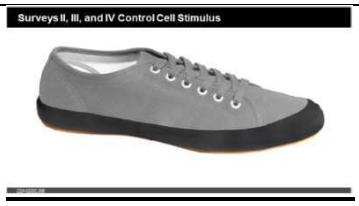
[3] Background noise includes factors such as preexisting impressions, misunderstanding the questions, or guessing. Shari Seidman Diamond, Reference Guide on Survey Research, in REFERENCE MANUAL ON SCIENTIFIC EVIDENCE at 397-399 (Federal Judicial Center 2011).

fictional shoe that has no box stitching on the upper. *Id.* Converse does not sell the designs tested in Surveys II, III and / or IV; the test stimuli in Surveys II, III and IV were digitally altered from images of Converse Chuck Taylor All Star shoes.

None of Dr. Ford's surveys isolate the alleged "Midsole Trademark". Ford used two control stimuli, as shown in Appendix A: one was used in Survey I and another was used in Surveys II – IV. Dr. Ford testified that the control images he used were suggested by Converse's counsel and that he did not consider any other controls. Ex. 2, at 130:12-19. The control stimuli were derived from images of a Fred Perry brand Plimsoll, which is a style of rubber-soled canvas sneaker. Dr. Ford modified the images for use as the control, including by digitally altering the image to flatten the shape of the toe and remove most of the toe cap, to smooth out the toe bumper and remove the pattern, and to remove stripes from the side of the shoe. Ex. 8 (CX-00230C.018); Ex. 2, at 125:2-14; Appendix ("Appx.") A.

As discussed above, courts, survey experts, and even Dr. Ford himself agree that a control stimulus should share as many characteristics as possible with the test stimulus with the exception of the characteristics being measured. Ex. 2, at 118:19-19:10; Appx. D. Ford did not follow that approach. The Ford control shoe images look considerably different than the Ford test shoe images, including in ways that are unrelated to the trade dress at issue in this Investigation. Specifically, the controls used by Dr. Ford have a different color sole, a different overall shape, a different shoe tongue, a greater number of laces, a different opening for the foot, different colored laces and many other differences. *See* Ex. 8, at CX-00230C.013-018.

	Test Stimulus	**Control Stimulus**
Survey I:		

Survey II:		
Survey III:		
Survey IV		
Supp. Control	Ford used this supplemental control, which has white laces instead of black laces. However, even though Ford himself recognized the possibility that color could affect the survey results, he did not change the color of the sole to white to be consistent with the test shoes.	

2. The Test Stimuli Did Not Measure Secondary Meaning of The Claimed Trade Dress Apart From The Entire Product Design

The failure to test only the claimed elements at issue in this Investigation is a fatal flaw. Indeed, in a similar case, Dr. Ford has previously characterized another expert's survey as so flawed as to render the results "meaningless" because that expert used controls that differed in many ways from the test stimulus other than with respect to the asserted design features. *Levi Strauss,* 2009 U.S. Dist. LEXIS 33923 at *15-16. The same rule should apply here, rendering Ford's surveys useless in view of the claimed trade dress.

Dr. Ford's surveys provide no evidence that consumers identify the product as being made or put out by Converse because of the toe cap, toe bumper and or striping, as opposed to the canvas material, silhouette of the shoe, the white sole, or any other feature that did not remain constant in Dr. Ford's control stimuli but that is not claimed as part of the asserted trade dress.

Therefore, the survey results are not evidence of secondary meaning of the claimed trade dress.

D. Dr. McDonald Did Not Test and Isolate The Trade Dress At Issue

By her own admission, Dr. McDonald's survey was not designed to measure the secondary meaning of the asserted trade dress. Ex. 1, at 167:3-168:4; 194:7-21. Dr. McDonald was hired by Converse to assess the secondary meaning in the overall appearance of the high-top Converse All-Star shoe, which is what her survey attempts to do. Ex. 6, at CX-00235C.2 ("A2. I was retained on behalf of Converse in 2010 to conduct a study to determine whether or not the Converse Chuck Taylor All Star shoe design has secondary meaning."); *Id.* at CX-00235C.6 ("Q35. At the time you conducted your survey, what did you understand the Converse trademark to be? A35. The overall design of the Converse Chuck Taylor All Star high top shoe design."); Ex. 1, at 167:3-21, Appx. B.

Dr. McDonald's test image was that of a Converse All Star brand shoe from which she digitally removed the Converse branding but retained the circular patch on the upper portion of the canvas upper of the sneaker, near the inside of the ankle. Ex. 1, at 182:13-15, 183:9-14; Ex. 9, (Rebuttal Witness Statement of David Stewart), RDX-10266C.005: Q/A 11; Appx. B.

Dr. McDonald's choice of a control stimulus illustrates her intent to test the secondary meaning of the entire design of the Chuck Taylor All Star shoe, not the trade dress Converse asserted in this Investigation. Her criteria for a control image was not whether it would isolate the key elements, but that it be a black, canvas high top sneaker. Ex. 1, at 171:6-12; Ex. 6, at CX-00235C.10. Dr. McDonald chose a Vans high top sneaker, which differs from the Converse All-Star brand sneaker in many respects other than in the asserted marks.[4] As shown in Appendix B and below, the control is not identical to Dr. McDonald's test image other than with

[4] The control Dr. McDonald used is also problematic because it is well-known and recognizable with a particular brand (Vans). Using this control depressed the mentions of Converse in the control because many respondents recognized the control sneaker. Converse's own expert, Dr. Ford, testified at his deposition that, generally, a control should be a shoe with elements that one would not expect to be widely recognized. Ex. 2, at 120:13-18.

respect to the asserted trade dress.

Test Stimulus	Control Stimulus
	

Differences between the test and the control stimuli other than the elements of the asserted trade dress include: the [type/color of the] canvas material, the metal grommets at the bottom of the upper, the stitching, the shape of the upper, and most importantly, the circular ankle patch. Appx. B.

As a result of failing to isolate the trade dress elements, it is impossible to attribute Dr. McDonald's survey results to the combination of the three relevant design elements. Dr. McDonald admitted that there is no way to determine how many of the survey respondents who identified the test cell as a Converse shoe made that identification ***because of*** the specific elements of the trade dress at issue. Ex. 1, at 195:6-11. The data from Dr. McDonald's survey suggests that many more of the survey respondents who associated the stimulus with Converse did so based on the circular patch (43%) than because of the toe (9%) or the stripe (5%). Ex. 6, at CX-00235C.15.

Due to its failure to measure whether the specific trade dress at issue has secondary meaning, Dr. McDonald's survey is not probative of any issue in this Investigation and should be excluded.

E. Poret's Testimony Is Irrelevant and Should Be Excluded

Mr. Poret conducted a fame survey, not a secondary meaning survey. CX-00238.6. Mr. Poret recognizes that fame surveys include different questions and a different universe of survey respondents than secondary meaning surveys. Ex. 10 (Depo. of Hal Poret), at 212:2-13:2. It is impermissible to draw conclusions about whether a trademark has secondary meaning based on a fame survey. Therefore, Converse and its witnesses should be excluded from relying on Mr. Poret's survey as evidence that the asserted trade dress has secondary meaning. *See* Ex. 11

(Pham Witness Statement), CX-00237C.53: Q/A 298.

Poret's testimony regarding his fame survey should also be excluded because, like Ford and McDonald, he failed to differentiate between recognition of a Converse Chuck Taylor All Star brand shoe because of the alleged midsole trademark and recognition of the shoe for reasons unrelated to the alleged midsole trademark. In fact, Poret used the same stimuli that Dr. Ford used in Survey IV, which he received from Converse's counsel. Ex. 12, CX-00238.17; Appx. C. Converse's counsel "informed" Mr. Poret that "the control was used in a survey that Gerry Ford was doing," and Poret testified that "I can't say that I wasn't influence by that . . . ." Ex. 10, at 119:13-15, 121:17-122:4. Poret testified, however, that he was not informed whether "any or many alterations were made to the image before it was provided to [him.]" Ex. 2, at 120:15-19.

Like Ford, Poret admitted that he is unable to quantify how elements that he did not keep constant in his control may have contributed to survey respondents' recognition of the Converse All Star test image. Ex. 10, at 187. At his deposition, Poret admitted that his survey did not isolate the specific elements of the design of the Converse All Star sneakers or test any subset of elements of the entirety of the design. Ex. 10, at 179:9-80:12. However, in Poret's witness statement, he claims for the first time that he was asked to test, and actually tested, the fame of the asserted trade dress. Ex. 12, at CX-00238.5: Q/A 24; CX-00238.6: Q/A 37. The design of Mr. Poret's survey belies his late attempt to salvage the relevance of his survey to this Investigation; the control he used depicts a shoe that is entirely different from the test shoe in many ways unrelated to the elements he claims to have been testing. *See* Appx C. Poret's survey does not measure anything about the specific combination of elements of the asserted trademark. As such, Poret's testimony regarding the alleged fame of the asserted trade dress should be excluded.

IV. CONCLUSION

For the reasons set forth above, Respondents respectfully request that the Chief Administrative Law Judge grant Respondents' Motion *In Limine* No. 1 to exclude the testimony of Dr. Gerald Ford, Dr. Susan McDonald, and Hal Poret in this Investigation.

Table of Appendices and Exhibits

Appendices	Description
Appendix A	Dr. Ford's Survey Test and Control Images
Appendix B	Dr. McDonald's Survey Test and Control Images
Appendix C	Mr. Poret's Survey Test and Control Images
Appendix D	Test and Control Stimuli in Other Ford Surveys
Exhibits	**Description**
Exhibit 1	Deposition of Susan McDonald
Exhibit 2	Deposition of Gerald Ford
Exhibit 3	RX-2945 – Trademark Registration
Exhibit 4	Complaint
Exhibit 5	Complainant's Pre-Hearing Brief
Exhibit 6	CX-00235C – Susan McDonald Witness Statement
Exhibit 7	RX-1667 – Witness Statement of Sarah Butler
Exhibit 8	CX-00230C – Gerald Ford Witness Statement
Exhibit 9	RDX-10266C – Rebuttal Witness Statement of David Steward
Exhibit 10	Deposition of Hal Poret
Exhibit 11	CX-00237C – Pham Witness Statement
Exhibit 12	CX-00238 – Hal Poret Witness Statement

APPENDIX A

Dr. Ford's Survey Test and Control Images

	Test Stimulus	Control Stimulus
Survey I: (2009) **CX-00230C.013** **CX-00230C.017**	Survey I Test Cell Stimulus 	Survey I Control Cell Stimulus 
Survey II: (2012) (single stripe, upper) **CX-00230C.014** **CX-00230C.18**	Survey II Test Cell Stimulus 	Surveys II, III, and IV Control Cell Stimulus 
Survey III: (2012) (single stripe, lower) **CX-00230C.015**	Survey III Test Cell Stimulus 	Surveys II, III, and IV Control Cell Stimulus 
Survey IV: (2012) **CX-00230C.016**	Survey IV Test Cell Stimulus 	Surveys II, III, and IV Control Cell Stimulus 

Supplemental Control Stimulus	**Supplemental Control Stimulus**  CDX-0230C.018

APPENDIX B

Dr. McDonald's Survey Test and Control Images

Test Stimulus	Control Stimulus
	
CX-05187C	

APPENDIX C
Mr. Poret's Survey Test and Control Images

Test Stimulus	Control Stimulus
	
CX-00238.12; CX-00238.14	**CX-00238.18**

APPENDIX D

Test and Control Stimuli in Other Ford Surveys

Louboutin v. Yves Saint Laurent America, Inc.

Test Stimulus	Control Stimulus
	
Ex. 2 (Ford Deposition), Exh. 7, p.6	Ex. 2 (Ford Deposition), Exh. 7, p. 32

Bath & Body Works Brand Management v. Summit Entertainment, LLC

Test Stimulus

Ex. 2, (Ford Deposition), Ex. 6, p. 6

Ex. 2, (Ford Deposition), Ex. 6, p. 6

Control Stimulus

Ex. 2, (Ford Deposition), Ex. 6, p. 7

Ex. 2 (Ford Deposition), Ex. 6, p. 8

Dated: July 17, 2015

Respectfully submitted,

/s/ Laura Chapman_____
Laura Chapman
Deepali Brahrnbhatt
SHEPPARD MULLIN RICHTER & HAMPTON LLP
Four Embarcadero Center, 17th Floor
San Francisco, CA 94111
Phone: (415) 434-9100
Fax: (415)434-3947

Mareesa A. Frederick
Doug Rettew
FINNEGAN, HENDERSON, FARABOW, GARRET & DUNNER LLP
901 New York Avenue, NW
Washington, DC 20001
Telephone: (202) 408-4000
Facsimile: (202) 408-4400

Counsel for Respondent Wal-Mart Stores, Inc.

/s/ Thomas S. Fusco
Thomas S. Fusco
FISH & RICHARDSON P.C.
1425 K Street, N.W., 11th Floor
Washington, D.C. 20005
Telephone: (202) 783-5070

Mark S. Puzella
R. David Hosp
Sheryl K. Garko
FISH & RICHARDSON P.C.
One Marina Park Drive
Boston, MA 02210-1878
Telephone (617) 368-2133

Counsel for Respondent New Balance Athletic Shoe, Inc.

/s/ Barbara A. Murphy
Morgan Chu
Samuel K. Lu

Jane Shay Wald
Jad Mills
IRELL & MANELLA LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, CA 90067
Tel: (310)277-1010
Fax: (310) 203-7199

Barbara A. Murphy
Susan Koegel
FOSTER, MURPHY, ALTMAN & NICKEL, PC
1899 L Street, NW, Suite 1150
Washington, DC 20036
Tel: (202) 822-4100
Fax: (202) 822-4199
Counsel for Respondent Skechers U.S.A., Inc.

/s/ Jeff E. Schwartz
Jeff E. Schwartz
FOX ROTHSCHILD LLP
1030 15th Street, N.W.
Suite 380 East
Washington, DC 20005
Telephone (202) 696-1470
Facsimile (202) 461-3102
jeschwartz@,foxrothschild.com
Counsel for Respondent Highline United LLC

/s/ Eric S. Namrow
Eric S. Namrow
Anita B. Polott
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave, N.W.
Washington, D.C. 20004
Telephone: (202) 739-3000
Facsimile: (202) 739-3001
Email: LInv337TA936@morganlewis.com

Counsel for Respondent Kmart Corporation

CERTIFICATE OF SERVICE

I hereby certify that on July 17, 2015, I caused the RESPONDENTS' MOTION *IN LIMINE* NO. 1 TO EXCLUDE TESTIMONY OF DR. GERALD FORD, DR. SUSAN MCDONALD AND MR. HAL PORET to be served as indicated below:

The Honorable Lisa R. Barton Secretary U.S. International Trade Commission 500 E Street, S.W. Washington, DC 20436	☒ Via Electronic Filing
The Honorable Charles E. Bullock Chief Administrative Law Judge U.S. International Trade Commission 500 E Street, S.W. Washington, DC 20436 Email: irina.kushner@usitc.gov	☒ Via Hand Delivery – 2 Copies ☒ Via Electronic Mail
Sarah J. Sladic Investigative Attorney Office of Unfair Import Investigations U.S. International Trade Commission 500 E Street, S.W., Suite 401 Washington, D.C. 20436 Email: sarah.sladic@usitc.gov	☐ Via Hand Delivery ☐ Via First Class Mail ☒ Via Electronic Mail ☐ Via Overnight Courier

VIA ELECTRONIC MAIL

COUNSEL FOR COMPLAINANT CONVERSE, INC.:
V. James Adduci, Esq.
ADDUCI, MASTRIANI & SCHAUMBERG, LLP
1133 Connecticut Ave, NW
12th Floor
Washington, DC, 20036

Converse@adduci.com

Dale Cendali, P.C.
Claudia Ray
Johanna Schmitt
Joshua L. Simmons
Gregory Springsted
Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Diana Torres
Allison Worthy Buchner
Kirkland & Ellis LLP
333 South Hope Street
Los Angeles, CA 90071
Telephone: (213) 680-8400
Facsimile: (213) 680-8500

Ian J. Block
Susan L. Tanaka
Kirkland & Ellis LLP
300 North LaSalle
Chicago, IL 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Converse_ITC@kirkland.com

COUNSEL FOR RESPONDENT CMERIT USA, INC. d/b/a GOTTA FLURT:
Hubert H. Kuo
Steven S. Hanagami
ARDENT LAW GROUP, P.C.
2600 Michelson Dr., Ste. 1700
Irvine, CA 92612

hkuo@ardentlawgroup.com

COUNSEL FOR RESPONDENT FORTUNE DYNAMIC, INC.:
Gary J. Rinkerman, Esq.
DRINKER BIDDLE & REATH LLP
1500 K Street, NW, Suite 1100
Washington, DC 20005

FortuneDynamic-ITC@dbr.com

COUNSEL FOR RESPONDENT HIGHLINE UNITED LLC:
Gerard P. Norton, Esq.
FOX ROTHSCHILD LLP
Princeton Pike Corporate center
997 Lennox Drive, Building 3
Lawrenceville, NJ 08648-2311

ASH-ITC@foxrothschild.com

COUNSEL FOR RESPONDENT KMART CORPORATION:
Eric S. Namrow, Esq.
MORGAN, LEWIS & BOCKIUS LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004

MLInv337TA936@morganlewis.com

COUNSEL FOR RESPONDENT NEW BALANCE ATHLETIC SHOE, INC.:

Thomas S. Fusco
FISH & RICHARDSON P.C.
1425 K Street, N.W., 11th Floor
Washington, D.C. 20005
Telephone: (202) 783-5070

COUNSEL FOR RESPONDENT SKECHERS U.S.A., INC.:
Barbara A. Murphy
FOSTER, MURPHY, ALTMAN & NICKEL, PC
1899 L Street, NW, Suite 1150
Washington, DC 20036

Mark S. Puzella
R. David Hosp
Sheryl K. Garko
FISH & RICHARDSON P.C.
One Marina Park Drive
Boston, MA 02210-1878
Telephone (617) 368-2133

Newbalanceitcservice@fr.com

Morgan Chu, Esq.
IRELL & MANELLA LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, CA 90067-4276

FM-Skechers-936@fostermurphy.com
skechers-ITC@irell.com

/s/ Laura Chapman
Laura Chapman

Exhibit B

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of	
CERTAIN FOOTWEAR PRODUCTS	**Inv. No. 337-TA-936**

INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND

Chief Administrative Law Judge Charles E. Bullock

(November 17, 2015)

Appearances:

For the Complainant Converse Inc.

Jonathan Engler, Esq.; Evan Langdon, Esq.; and Asha Allam, Esq. of Adduci, Mastriani & Schaumberg, L.L.P. from Washington, DC

Erik Maurer, Esq. of Banner & Witcoff, Ltd. from Chicago, IL

John Quinn, Esq. of Kirkland & Ellis LLP from Washington, DC

For Respondent Wal-Mart Stores, Inc.

Mareesa Frederick, Esq. of Finnegan, Henderson, Farabow, Garrett & Dunner from Washington, DC

For Respondent Skechers U.S.A. Inc.

Barbara Murphy, Esq. of Foster, Murphy, Altman & Nickel, PC from Washington, DC

Lindsay Kelly, Esq.; Samuel Lu, Esq.; and Melissa Rabbani, Esq. of Irell & Manella LLP from Los Angeles, CA

For Respondent Highline United LLC d/b/a ASH Footwear USA

Jeff Schwartz, Esq. and Austen Endersby, Esq. of Fox Rothschild LLP from Washington, DC

For Respondent New Balance Athletic Shoe, Inc.

Thomas "Monty" Fusco, Esq. of Fish & Richardson, P.C. from Washington, DC

For the Commission Investigative Staff

Margaret Macdonald, Esq., Director; David Lloyd, Esq., Supervisory Attorney; and Sarah Sladic, Esq., Investigative Attorney of the Office of Unfair Import Investigations, U.S. International Trade Commission from Washington, DC

LIST OF ABBREVIATIONS

The following abbreviations may be used in this Initial Determination:

CDX	Complainant's demonstrative exhibit
CPX	Complainant's physical exhibit
CX	Complainant's exhibit
CIB	Complainant's initial post-hearing brief
CRB	Complainant's reply post-hearing brief
CPHB	Complainant's pre-hearing brief
Dep	Deposition
JX	Joint Exhibit
RDX	Respondents' demonstrative exhibit
RPX	Respondents' physical exhibit
RX	Respondents' exhibit
RIB	Respondents' initial post-hearing brief
RRB	Respondents' reply post-hearing brief
RPHB	Respondents' pre-hearing brief
RX	Respondents' exhibit
SIB	Staff's initial post-hearing brief
SRB	Staff's reply post-hearing brief
SPHB	Staff's pre-hearing brief
Tr.	Transcript

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of	
CERTAIN FOOTWEAR PRODUCTS	**Inv. No. 337-TA-936**

INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND

Chief Administrative Law Judge Charles E. Bullock

(November 17, 2015)

Pursuant to the Notice of Investigation, this is the Initial Determination in the matter of Certain Footwear Products, Investigation No. 337-TA-936.

For the reasons stated herein, the undersigned has determined that a violation of section 337 of the Tariff Act of 1930, as amended, has been found in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain footwear products with respect to U.S. Trademark Registration Nos. 3,258,103; 1,588,960; and 4,398,753, but not as to the asserted common law trademarks.

I. INTRODUCTION

A. Procedural History

On October 14, 2014, Complainant Converse Inc. ("Converse") filed a complaint alleging violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain footwear products. *See* 79 Fed. Reg. 68,482-483 (Nov. 17, 2014). Converse filed the complaint on October 14, 2014. *Id.*

On November 17, 2014, the Commission instituted this Investigation. *Id.* Specifically, the Commission instituted this Investigation to determine:

> [W]hether there is a violation of subsection (a)(1)(C) ofsection 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain footwear products by reason of infringement of one or more of the '753[1], '103[2], and the '960[3] trademarks, and whether an industry in the United States exists as required by subsection (a)(2) of section 337; and
>
> whether there is a violation of subsection (a)(1)(A) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain footwear products by reason of unfair competition/false designation of origin, common law trademark infringement and unfair competition, or trademark dilution, the threat or effect of which is to destroy or substantially injure an industry in the United States.

Id.

The Notice of Investigation named A-List, Inc. d/b/a Kitson ("A-List"); Aldo Group ("Aldo"); Brian Lichtenberg, LLC ("Brian Lichtenberg"); Cmerit USA, Inc., d/b/a Gotta Flurt ("CMerit"); Dioniso SRL ("Dioniso"); Edamame Kids, Inc. ("Edamame"); Esquire Footwear, LLC ("Esquire"); FILA U.S.A., Inc. ("Fila"); Fortune Dynamic, Inc. ("Fortune Dynamic"); Fujian Xinya I&E Trading Co. Ltd. ("Xinya"); Gina Group, LLC ("Gina Group"); H&M Hennes

[1] U.S. Trademark Registration No. 4,398,753 ("the '753 Registration").
[2] U.S. Trademark Registration No. 3,258,103 ("the '103 Registration").
[3] U.S. Trademark Registration No. 1,588,960 ("the '960 Registration").

& Mauritz LP ("H&M"); Highline United LLC d/b/a Ash Footwear USA ("Highline"); Hitch Enterprises Pty Ltd d/b/a Skeanie ("Skeanie"); Iconix Brand Group, Inc. d/b/a Ed Hardy ("Iconix"); Kmart Corporation ("Kmart"); Mamiye Imports LLC d/b/a Lilly of New York ("Mamiye"); Nowhere Co., Ltd. d/b/a Bape ("Nowhere"); OPPO Original Corp. ("OPPO"); Orange Clubwear, Inc. ("Orange Clubwear"); Ositos Shoes, Inc. d/b/a Collection'O ("Ositos"); PW Shoes Inc. ("PW Shoes"); Ralph Lauren Corporation ("Ralph Lauren"); Shenzhen Foreversun Industrial Co., Ltd. a/k/a Shenzhen Foreversun Shoes Co., Ltd. ("Foreversun"); Shoe Shox, Skechers U.S.A. Inc. ("Skechers"); Tory Burch LLC ("Tory Burch"); Wal-Mart Stores, Inc. ("Walmart"); Wenzhou Cereals Oils & Foodstuffs Foreign Trade Co. Ltd. ("Wenzhou"); Zhejiang Ouhai International Trade Co. Ltd. ("Ouhai"); and Zulily, Inc. ("Zulily") as Respondents. *Id.*

On January 12, 2015, 2015, New Balance Athletic Shoe, Inc. ("New Balance") moved to intervene as a Respondent. On January 27, 2015, the undersigned issued an initial determination granting New Balance's motion. (*See* Order No. 36.) The Commission determined not to review this initial determination. *See* 80 Fed. Reg. 9748 (Feb. 24, 2015).

During the course of this Investigation, a number of the respondents settled,[4] were found in default[5], or were terminated from the Investigation.[6, 7] On February 23, 2015, the undersigned

[4] Converse reached settlement agreements with twenty-one Respondents. (*See* Order No. 32, Initial Determination Granting Joint Mot. to Terminate Investigation as to Skeanie Shoes, Inc. Based on Settlement Agreement and Consent Order (Jan. 20, 2015); Order No. 33, Initial Determination Granting Joint Mot. to Terminate Investigation as to PW Shoes, Inc. Based on Settlement Agreement and Consent Order (Jan. 22, 2015); Order No. 34, Initial Determination Granting Joint Mot. to Terminate Investigation as to Ositos Shoes, Inc. Based on Settlement Agreement and Consent Order (Jan. 22, 2015); Order No. 52, Initial Determination Granting Joint Mot. to Terminate Investigation as to Ralph Lauren Corporation Based on Settlement Agreement and Consent Order (Feb. 3, 2015); Order No. 55, Initial Determination Granting Joint Mot. to Terminate Investigation as to OPPO Original Corp. Based on Settlement Agreement and Consent Order (Feb. 13, 2015); Order No. 57, Initial Determination Granting Joint Mot. to Terminate Investigation as to H & M Hennes & Mauritz LP Based on Settlement Agreement (Feb. 23, 2015); Order No. 59, Initial Determination Granting Joint Mot. to Terminate Investigation as to Zulily, Inc. Based on Settlement Agreement and Consent Order (Mar. 3, 2015); Order No. 65, Initial Determination Granting Joint Mot. to Terminate Investigation as to Nowhere Co. Ltd. d/b/a/ Bape Based on Settlement Agreement and Consent Order (Mar. 10, 2015); Order No. 67, Initial Determination Granting Joint Mot. to Terminate Investigation as to The

Aldo Group Based on Settlement Agreement and Consent Order (Mar. 10, 2015); Order No. 69, Initial Determination Granting Joint Mot. to Terminate Investigation as to Gina Group, LLC Based on Settlement Agreement and Consent Order (Mar. 12, 2015); Order No. 70, Initial Determination Granting Joint Mot. to Terminate Investigation as to Tory Burch LLC Based on Settlement Agreement and Consent Order (Mar. 13, 2015); Order No. 73, Initial Determination Granting Joint Mot. to Terminate Investigation as to Brian Lichtenberg, LLC Based on Settlement Agreement and Consent Order (Mar. 30, 2015); Order No. 80, Initial Determination Granting Joint Mot. to Terminate Investigation as to Fila U.S.A., Inc. Based on Settlement Agreement and Consent Order (Apr. 7, 2015); Order No. 86, Initial Determination Granting Joint Mot. to Terminate Investigation as to Mamiye Imports LLC d/b/a Lilly of New York and Shoe Shox Based on Settlement Agreement and Consent Order (Apr. 10, 2015); Order No. 93, Initial Determination Granting Joint Mot. to Terminate Investigation as to Iconix Brand Group, Inc. Based on Settlement Agreement and Consent Order (Apr. 20, 2015); Order No. 108, Initial Determination Granting Joint Mot. to Terminate Investigation as to A-List, Inc. d/b/a Kitson Based on Settlement Agreement and Consent Order (May 12, 2015); Order No. 114, Initial Determination Granting Joint Mot. to Terminate Investigation as to Esquire Footwear Based on Settlement Agreement and Consent Order (June 2, 2015); Order No. 128, Initial Determination Granting Joint Mot. to Terminate Investigation as to Fortune Dynamic, Inc. Based on Settlement Agreement and Consent Order (June 29, 2015); Order No. 154, Initial Determination Granting Joint Mot. to Terminate Investigation as to CMerit USA, Inc. Based on Settlement Agreement and Consent Order (July 23, 2015); Order No. 155, Initial Determination Granting Joint Mot. to Terminate Investigation as to Kmart Corporation Based on Settlement Agreement and Consent Order (July 29, 2015).) The Commission did not review any of these initial determinations. (*See* Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Skeanie Shoes, Inc. Based on a Consent Order Stip. and Consent Order (Feb. 10, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Ositos Shoes, Inc. Based on a Consent Order Stip. and Consent Order (Feb. 10, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent PW Shoes, Inc. Based on a Consent Order Stip. and Consent Order (Feb. 10, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Ralph Lauren Corporation Based on a Consent Order Stip. and Consent Order (Mar. 4, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent OPPO Original Corp. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Mar. 12, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent H & M Hennes & Mauritz LP Based on a Settlement Agreement (Mar. 12, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Zulily, Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Mar. 24, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Aldo Group Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Mar. 30, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Nowhere Co. Ltd. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Mar. 30, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Tory Burch LLC Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Apr. 1, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Gina Group, LLC Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Apr. 1, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Brian Lichtenberg, LLC Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Apr. 24, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent FILA U.S.A., Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Apr. 24, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondents Mamiye Imports LLC, d/b/a Lilly of New York and Shoe Shox Based on a Consent Order Stip., Consent Order, and Settlement Agreement (May 4, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Iconix Brand Group, Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (May 13, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent A-List, Inc., d/b/a Kitson Based on a Consent Order Stip., Consent Order, and Settlement Agreement (June 4, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Esquire Footwear LLC Based on a Consent Order Stip., Consent Order, and Settlement Agreement (June 12, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent

found Respondents Dioniso, Foreversun, and Xinya in default.[8] (*See* Order No. 58.) On May 8, 2015, the undersigned found Ouhai and Wenzhou in default.[9] (*See* Order No. 106.) None of the Defaulting Respondents have contested Converse's allegations that they have violated and continue to violate section 337. Skechers, Walmart, Highline, and New Balance are the only respondents who remain active in this Investigation.

The evidentiary hearing was held August 4–10, 2015.

B. The Parties

1. Converse

Converse is a Delaware corporation with its headquarters and principal place of business located in North Andover, Massachusetts. (CX-00001 at ¶ 45.) Converse designs, develops, markets, and sells footwear, namely performance and lifestyle footwear. (*Id.* at ¶¶ 47-48.)

Fortune Dynamic, Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (July 15, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent CMerit USA, Inc. Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Aug. 12, 2015); Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Kmart Corporation Based on a Consent Order Stip., Consent Order, and Settlement Agreement (Aug. 14, 2015).)

[5] Those respondents found in default are referred to herein as the "Defaulting Respondents."

[6] Orange Clubwear moved to terminate the Investigation as to itself based on a consent order stipulation and proposed consent order. The undersigned granted the motion on March 10, 2015. (*See* Order No. 68.) The Commission did not review this initial determination. (*See* Notice of Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Respondent Orange Clubwear, Inc. Based on a Consent Order Stipulation and Consent Order (Mar. 25, 2015).)

[7] Respondent Edamame Kids, Inc. was terminated for good cause pursuant to Commission Rule 210.21(a)(1). (*See* Order No. 91, Initial Determination Granting Mot. to Terminate the Investigation for Good Cause as to Respondent Edamame Kids, Inc. Without Prejudice (Apr. 17, 2015).) The Commission did not review this initial determination. (*See* Notice of a Comm'n Decision Not to Review an Initial Determination Terminating the Investigation as to Respondent Edamame Kids, Inc. for Good Cause and Without Prejudice (May 12, 2015).)

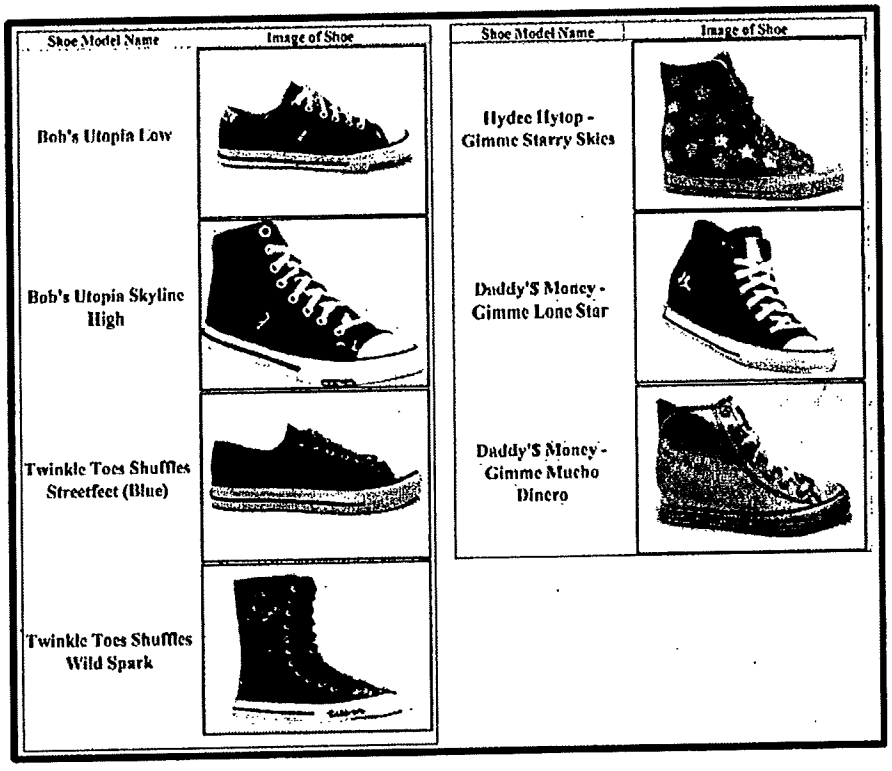
[8] The Commission determined not to review this initial determination. (*See* Notice of Comm'n Determination Not to Review an Initial Determination Finding Certain Respondents in Default (Mar. 12, 2015).)

[9] The Commission determined not to review this initial determination. (*See* Notice of a Comm'n Determination Not to Review an Initial Determination Finding Respondents Zhejiang Ouhai Int. Trade Co. Ltd. and Wenzhou Cereals Oils & Foodstuffs Foreign Trade Co. Ltd. in Default (June 2, 2015).)

2. Active Respondents

a) Skechers

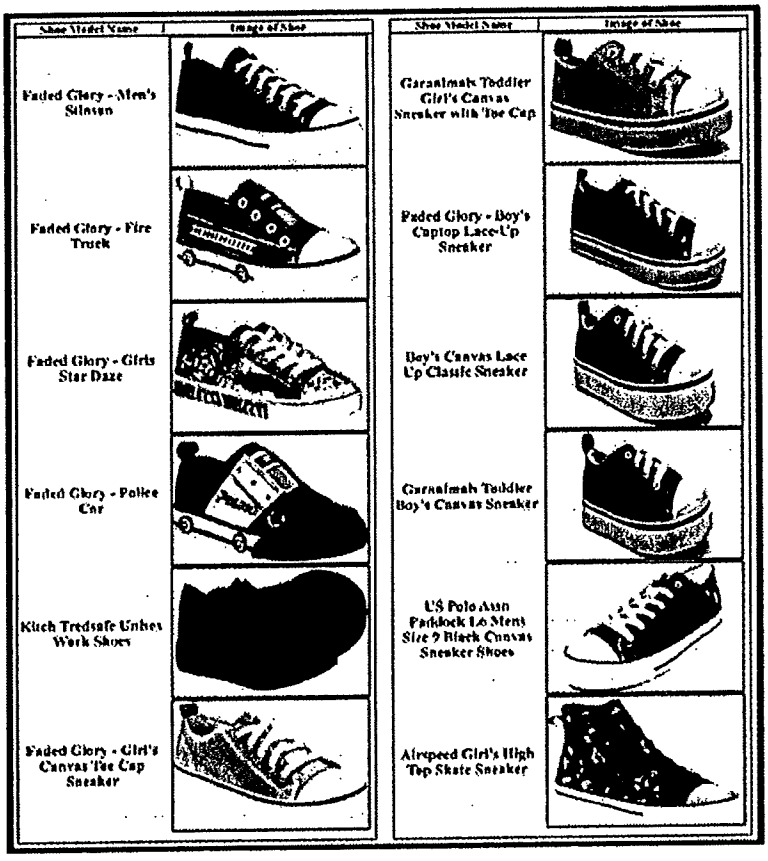
Skechers is a Delaware corporation with its principal place of business located in Manhattan Beach, California. (CIB at 10; RIB at 7; *see also* CX-00001 at ¶ 67.) Skechers' Accused Products include shoes sold under the product lines identified as "Bobs," Twinkle Toes," "Daddy'$ Money," and "HyDee HyTop." (CIB at 10.) Examples of the Accused Products are set forth below:



(CDX-00240.040.)

b) Walmart

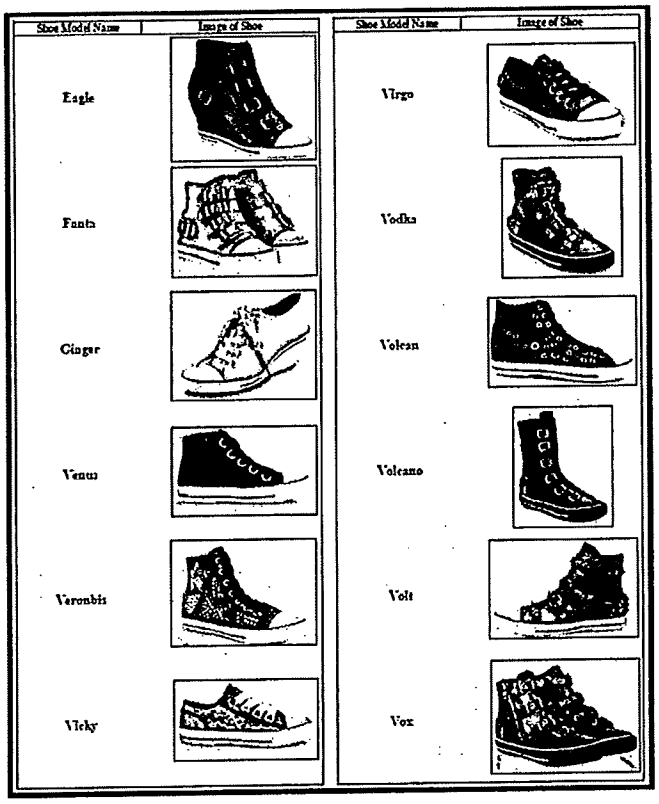
Walmart is a Delaware corporation headquartered in Bentonville, Arkansas. (RIB at 7; *see also* CX-00001 at ¶ 93.) Walmart's Accused Products include shoes sold under the "Faded Glory" and "Kitch" product lines. (CIB at 11.) Examples of the Accused Products are set forth below:



(CDX-00240.060.)

c) Highline

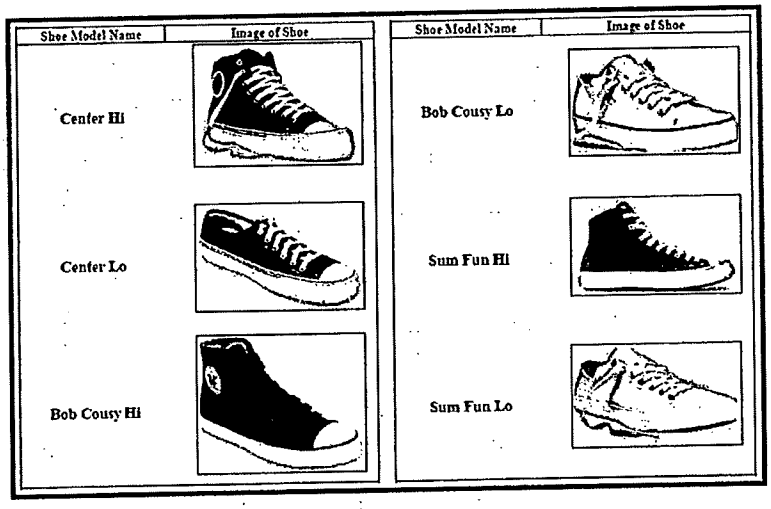
Highline is a Delaware limited liability company headquartered in Hyde Park, Massachusetts. (RIB at 7.) Highline's Accused Products include shoes sold under the "Ash" product line. (CIB at 11.) Examples of the Accused Products are set forth below:



(CDX-00240.087.)

d) New Balance

New Balance is a Massachusetts corporation with its principal place of business located in Boston, Massachusetts. (RIB at 7; CIB at 12.) New Balance's Accused Products[10] include shoes sold under the "PF Flyers Center," "PF Flyers Bob Cousy," and "PF Flyers Sumfun" product line. (CIB at 12.) Examples of the Accused Products are set forth below:



(CDX-00240.114.)

3. Defaulting Respondents

a) Dioniso

Dioniso is an Italian corporation with its principal place of business located at Via Pievaiola 166-f2, 06132 Perugia, Italy. (CX-00001 at ¶ 182.) Dioniso's Accused Products include "Black Vintage Swarovski Converse" footwear products. (*Id.* at ¶ 184.)

[10] The Accused Products originally included the CPT Hi and CPT Lo model sneakers ("CPT footwear"). New Balance moved to terminate the Investigation as to the CPT footwear based on a consent order stipulation. The undersigned granted the motion on April 9, 2015. (*See* Order No. 83.) The Commission determined not to review the initial determination and issued the consent order. (*See* Notice of a Comm'n Determination Not to Review an Initial Determination Terminating the Investigation as to Certain Accused Prods. of Respondent New Balance Athletic Shoe, Inc. Based on a Consent Order Stipulation and Consent Order; Issuance of Consent Order (May 6, 2015).)

b) Foreversun

Foreversun is a Chinese company with its principal place of business located at Room 1109-1112, F11, Yousong Science & Technology Building, lst Road of Donghuan, Longhua Bao'an, Shenzhen City, 518109 Guangdong, China. (CX-00001 at ¶ 482.) Foreversun's Accused Products include its "Blue" footwear products. (*Id.* at ¶ 484.)

c) Ouhai

Ouhai is a diversified enterprise group engaged in the import and export of products, including footwear products, through its partner factories with an address at Building B, Jinzhou Building, Wenzhou Avenue, Wenzhou, Zhejiang, China. (CX-00001 at ¶ 560.) Ouhai is a subsidiary of Wenzhou Jinzhou Group Co Ltd, located at Jinzhou Industrial Park, Caodai Village, Guoxi Town, Ouhai, Wenzhou, Zhejiang Province, China. (*Id*). Ouhai has imported and/or sold for importation the accused footwear products of at least Respondents Aldo and OPPO, including Aldo's "Sprenkle" and OPPO's "Neo" footwear products. (CX-00001 at ¶¶ 66, 561-562.)

d) Wenzhou

Wenzhou is a foreign trade company involved in the export of footwear and apparel. (CX-00001 at ¶ 573.) Wenzhou is located at 24/F, Wenzhou International Trade Centre, 8 Liming West Road, Wenzhou 325003, Zhejiang, China. (*Id.*) Wenzhou is a subsidiary of Wenzhou International Trade Group Co., Ltd., located at I3/F, Wenzhou International Trade Center, 236 West Liming Road, Wenzhou City, Zhejiang Province, and does business as Whenzhou King-Footwear Co., Ltd. (*Id*). Wenzhou has imported and/or sold for importation the accused footwear products of at least Respondent Ositos, including Ositios's "Men's Low-Top" footwear products. (*Id.* at ¶¶ 66, 575-576.)

e) Xinya

Xinya specializes in design, development, ecommerce, import and export trade, warehousing logistics and manufacturing, with an address at Floor 4, Building A, China Shoes Capital, ChendaiTown, Jinjiang, Fujian 62211, China. (CX-00001 at ¶ 545.) Xinya has imported and/or sold for importation the accused footwear products of at least Respondent Fila, including Fila's "Original Canvas" footwear products. (*Id.* at ¶¶ 66, 548-549.)

C. The Asserted Trademarks

Generally, the "anatomy" of a shoe is divided into three parts: (1) the "upper," which is the material portion that more or less surrounds and covers the top of the foot; (2) the "midsole" portion between the upper and the outsole that can provide cushioning and/or support structure to the shoe; and (3) the "outsole," which refers to the tread or bottom portion of the shoe ordinarily in contact with the ground. (CX-00001 at ¶ 8, n. 1.) In this Investigation, Converse asserts common law and federally registered trademark rights in the midsole and outsole designs of Converse's Chuck Taylor All-Star shoes. (*Id.* at ¶¶ 2, 4, 8.)

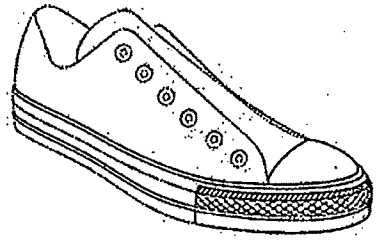
1. Converse Midsole Trademark ("CMT")

Converse asserts that its registered trademark and common law trademark rights cover "the combination of the toe cap, multi-textured toe bumper, and two midsole stripes that Converse commonly uses in connection with All Star shoes (*i.e.*, the 'CMT')." (CIB at 6.)

On August 6, 2012, Converse filed an application to register the midsole design. At that time, Converse described its midsole trademark as consisting of "the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, and the relative position of these elements to each other." (CX-00226.0015.) The U.S. Patent and Trademark Office ("USPTO") issued the '753

Registration on the Principal Register on September 10, 2013. (CX-00002.0002.)

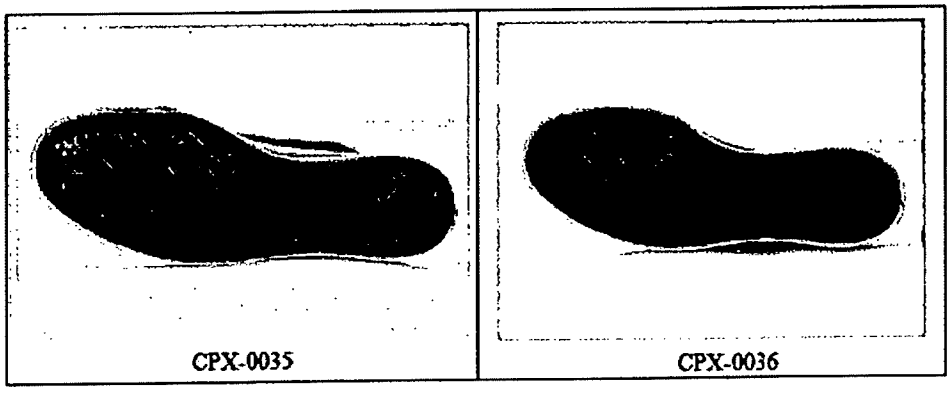
The undersigned believes the asserted trademark rights in the CMT should be defined in accordance with the depiction (*see* below) and description of the mark found in the '753 Registration, which states that the mark consists of "the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, and the relative position of these elements to each other." (*Id.*; *see also* CX-00226.0015.)



(CX-00226.0023; CX-00002.0002.)

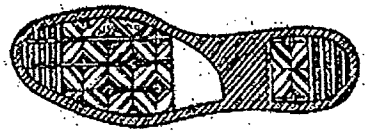
2. Converse Outsole Trademark ("COT")

Converse also asserts protectable rights in the outsole design, which is at issue only with respect to the Defaulting Respondents. (CIB at 8.) Converse claims that these rights cover "a distinct diamond pattern outsole" used in connection with the Chuck Taylor All Star shoes, as shown below. (*Id.*)



(CPX-0035; CPX-0036.)

Converse holds two federally registered trademarks related to the COT – the '960 and '103 Registrations. (CX-00003; CX-00004.) The USPTO issued the '960 Registration on March 27, 1990 and the '103 Registration on July 3, 2007. (CX-0004; CX-00228; CX-10371; CX-00003; CX-00227; CX-10372.) The designs depicted in the '960 and '103 Registrations are shown below:



'960 Registration (CX-4)

'103 Registration (CX-3)

(CX-00004; CX-00003.) Both registrations are incontestable. (CX-00001 at ¶¶ 39, 41.)

II. IMPORTATION OR SALE

Section 337(a)(1) prohibits, *inter alia*, "[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act," if an industry in the United States relating to the articles protected by the trademark exists or is in the process of being established. 19 U.S.C. §§ 1337(a)(1)(C), (a)(2). Section 337 of the Tariff Act also prohibits unfair methods of competition and unfair acts in the importation of articles into the United States, or in the sale of such articles by the owner, importer, or consignee, the threat or effect of which is to destroy or substantially injure an industry in the United States. 19 U.S.C. § 1337(a)(1)(A).

Skechers, Walmart, New Balance, and Highline have all entered into stipulations regarding importation, wherein they concede that the importation requirement of section 337 is satisfied. (CX-04157C (Walmart); CX-04159C (New Balance); CX-09309C (Skechers); CX-11259C (Highline).) As to the Defaulting Respondents, the evidence demonstrates that the importation requirement is also satisfied. (*See, e.g.,* CX-00001 at ¶¶ 625, 643, 647-650; CX-00041 (Dioniso); CX-00190 (Foreversun); CX-00181C (Xinya); CX-00184C (Ouhai); CX-00188C (Wenzhou).)

Accordingly, the undersigned hereby finds that the importation requirement of section 337 is satisfied with respect to Skechers, Walmart, Highline, New Balance and the Defaulting Respondents.

III. JURISDICTION

A. Subject Matter Jurisdiction

Section 337 confers subject matter jurisdiction on the Commission to investigate, and if appropriate, to provide a remedy for, unfair acts and unfair methods of competition in the importation, the sale for importation, or the sale after importation of articles into the United States. *See* 19 U.S.C. §§ 1337(a)(1)(A), (a)(1)(C) and (a)(2). Converse filed a complaint alleging a violation of this subsection. Accordingly, the Commission has subject matter jurisdiction over this Investigation under section 337 of the Tariff Act of 1930. *Amgen, Inc. v. U.S. Int'l Trade Comm'n*, 902 F.2d 1532, 1536 (Fed. Cir. 1990).

B. Personal Jurisdiction

Skechers, Walmart, Highline and New Balance all have participated in this Investigation. The Commission therefore has personal jurisdiction over them. *See, e.g., Certain Optical Disk Controller Chips & Chipsets & Prods. Containing Same, Including DVD Players & PC Optical*

Storage Devices, Inv. No. 337-TA-506, Initial Determination at 4-5 (May 16, 2005) (unreviewed in relevant part). By defaulting, the Defaulting Respondents have waived their right to contest that *in personam* jurisdiction exists. *See Certain Protective Cases and Components Thereof,* Inv. No. 337-TA-780, Initial Determination at 46 (June 29, 2012) ("*Protective Cases*").

C. *In Rem* Jurisdiction

As discussed above, Skechers, Walmart, Highline and New Balance do not dispute that the importation requirement of section 337 is satisfied. *See* Section II, *supra*. The Commission therefore has *in rem* jurisdiction over the Accused Products by virtue of the fact that accused footwear products have been imported into the United States. *See Sealed Air Corp. v. U. S. Int'l Trade Comm'n*, 645 F.2d 976, 985 (C.C.P.A. 1981).

IV. VALIDITY OF THE CMT

In order for a trademark to be valid, it must be nonfunctional and distinctive (*i.e.*, has acquired "secondary meaning"). *Certain Ink Markers & Packaging Thereof*, Inv. No. 337-TA-522, Order No. 30 at 26 (July 25, 2005) ("*Ink Markers*"). Under the Lanham Act, federal registration is prima facie evidence of validity. 15 U.S.C. § 1057(b); *Certain Handbags, Luggage, Accessories, & Packaging Thereof*, Inv. No. 337-TA-754, Order No. 16 at 6 (Mar. 5, 2012) ("*Handbags*"). This presumption "shift[s] the burden of production to the defendant." *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 995 (Fed. Cir. 2015). Accordingly, in order to establish that the trademark is not valid, it is Respondents' burden to establish, by a preponderance of evidence, that the trademark is not distinctive and/or that it is functional.

This presumption does not apply to the asserted common law trademarks, however. Converse therefore bears the burden of establishing that the common law trademarks have secondary meaning and are not functional. *Wal-Mart Stores Inc. v. Samara Brothers Inc.*, 529

U.S. 205, 216 (2000). The evidence shows that the common law and federally registered rights are co-extensive in scope. (CX-00247C at Q/A 22-24.) Thus, the burden is the only difference in the validity analysis.[11]

A. Secondary Meaning

To establish that trade dress[12] is distinctive, the evidence must show that the trade dress has acquired secondary meaning. *Ink Markers*, Order No. 30 at 27. Secondary meaning 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.* (quoting *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 216 (2000)).

The ITC considers direct and circumstantial evidence to assess secondary meaning, including: (1) the degree and manner of use; (2) the exclusivity of use; (3) the length of use; (4) the degree and manner of sales, advertising and promotional activities; (5) the effectiveness of the effort to create secondary meaning; (6) the evidence of deliberate copying; and (7) the evidence that actual purchasers associate the trade dress with a particular source. *Certain Digital Multimeters, and Products with Multimeter Functionality*, Inv. No. 337-TA-588, Order No. 22 at 8 (Feb. 4, 2008) (unreviewed) ("*Digital Multimeters*"). These factors are not weighed equally. Rather, "the strongest and most relevant evidence regarding whether a mark has acquired secondary meaning . . . is evidence by a public opinion survey or poll." *Ink Markers*, Order No. 30 at 27. Thus, the undersigned will analyze the last factor first.

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[11] Respondents filed a motion *in limine* with respect to the burden. In that motion, Respondents argued that "[b]ecause all Respondents began selling their Accused Products prior to the date of Converse's trademark registration, Converse does not benefit from any evidentiary presumptions." (Respondents' Motion *in Limine* No. 8 to Confirm the Burden of Proof at 2.). The undersigned denied this motion.

[12] For this section, "trade dress" refers to the asserted federally registered and common law trademarks.

1. Evidence that Actual Purchasers Associate the Trade Dress with a Particular Source

The Commission relies upon eight factors in determining the credibility and reliability of surveys:

(1) Examination of the proper universe;
(2) A representative sample drawn from the proper universe;
(3) A correct mode of questioning interviewees;
(4) Recognized experts conducting the survey;
(5) Accurate reporting of data gathered;
(6) Sample design, questionnaire, and interviewing in accordance with generally accepted standards of objective procedures and statistics in the field of surveys
(7) Sample design and interviews conducted independently of the attorneys; and
(8) The interviewers, trained in this field, have no knowledge of the litigation or the purpose for which the survey is to be used.

Ink Markers at 27-28.

In support of their claim that the CMT has acquired secondary meaning, Converse introduced the testimony of two experts, Dr. Ford and Dr. McDonald, each of whom performed surveys which they claim support a finding of secondary meaning. Respondents, in turn, introduced the testimony of two different experts, Ms. Butler and Dr. Stewart, whose results Respondents claim weigh against such a finding. Staff argues that Ms. Butler's surveys "are the most credible and reliable evidence [of secondary meaning] and should be given the greatest weight." (SIB at 25.) The specifics of each of these surveys are discussed in further detail below.

a) Design of Test and Control Shoes

One of the key disputes between the parties with respect to the reliability of the surveys involves the design of the control and test shoes used in each of the surveys. Respondents contend that the test and control shoe should be as similar as possible, with the only difference being that the design elements – here, the CMT – are removed in the control shoe, but present in the test shoe. (*See, e.g.*, RIB at 21.) Converse, on the other hand, insists that the design of the

control shoe must be selected in order to reduce "noise,"[13] while not being so far removed as to drive association away from Converse. (*See, e.g.*, CIB at 35-36). Resolution of this dispute will determine the weight that the undersigned should give to the survey results of Dr. Stewart and certain surveys of Dr. Ford and Ms. Butler.

i. Dr. Stewart's Survey

Dr. Stewart conducted two surveys: an Adult Shoe Survey, consisting of female customers who reported that they either had purchased sneakers within the past six months or planned to purchase sneakers in the next six months (RX-2090 at Q/A 36); and (2) a Children's Shoe Study, which consisted of parents of female children who reported that they had purchased sneakers for their daughters (ages 3-10 years) in the past six months or that they planned to do so within the next six months. (*Id.*) "Dr. Stewart's survey used a test image of a [Chuck Taylor All Star] sneaker with the three design elements and a control image of the same [Chuck Taylor All Star] sneaker without those three design features." (RIB at 28 (citing RX-2090.002-.014).) According to Respondents, "[t]he only differences between the test and control images were the product design elements of the asserted trade dress." (*Id.*) Below are depictions of the control and test shoes used by Dr. Stewart:

[13] Noise "typically encompasses results that are unintentionally created either by the design of the survey or the participation in the survey or the result of extraneous results, or factors other than what we're trying to test." (Butler, Tr. at 623:5-9.)

Control	Test
 Adult Control	 Adult Test
 Kids Control	 Kids Test

(*Id.*)

Respondents explain that "Dr. Stewart's survey reported only 12% and 15% net mentions of Converse in the adult survey and child survey, respectively." (*Id.* (citing RX-2090.002-016).) Respondents contend that, when the survey respondents did mention Converse, it was for reasons other than the CMT, and the survey respondents "rarely mentioned any of the three claimed design elements" in their responses. (*Id.* (citing RX-2090.002-0.19).)

Converse asserts that Dr. Stewart's results are actually consistent with a finding that the CMT has secondary meaning. (CIB at 40). Converse notes that Dr. Stewart's survey "found that

52% and 67% of test respondents associated [the Converse high-top sneaker bearing the CMT] with Converse." (*Id.* (citing RX-2090 at Q/A 52.).) Converse also contends, however, that Dr. Stewart's surveys suffer from two flaws. First, Converse asserts that Dr. Stewart's control shoes were improper. (CIB at 40; CRB at 19). Converse explains that the "control was designed to cue survey respondents to think of Converse, thereby artificially elevating the 'noise' and lowering the net results." (CRB at 19 (citing CX-10843C at Q/A 94, 97; CX-11044 at .003, .012-.013).) Converse also asserts that the "control looks almost identical to an All Star shoe with an all-white CMT." (*Id.* (citing RDX-32C at .003-.004; CDX-4.0011).) Finally, Converse argues that the survey universe was under-inclusive, as Dr. Stewart excluded men altogether in one sample and, in the other, excluded parents who purchased sneakers for their sons. (*Id.* at 20 (citing CX-10843C at Q/A 112-124; Stewart, Tr. at 699:14-701:11-14).)

Staff agrees that Dr. Stewart's survey fails to satisfy the first of the Commission's Survey Factors. (SIB at 34). Specifically, Staff asserts that the universes selected for the surveys are "under-inclusive" and "do not represent all the actual and prospective purchasers of Converse's Chuck Taylor All Star shoes." (*Id.* (citing CX-10843 at Q/A 112-124).)

Respondents argue that the survey universe was proper. Respondents assert that "Dr. Stewart offered unrebutted testimony that 'there is a negligible difference' between the survey responses of men compared to women in his surveys, and no appreciable difference in results by gender in Dr. Ford's and Dr. McDonald's surveys." (RIB at 29 (citing Stewart, Tr. at 732:25-733:19).) They assert that there is "no evidence that Dr. Stewart's survey results would have been any different had Dr. Stewart included more men in his study." (RRB at 20-21 (citing JX-0416C at 287:1-11, 306:3-307:2).)

Respondents also contend that the control shoes were appropriate. They assert that the controls "were carefully designed to measure secondary meaning of the alleged midsole trademark." (RIB at 29). Respondents insist that "the failure of Converse's experts to adopt this approach renders their surveys unreliable." (*Id.* (citing RX-10266C at Q/A 7).)

The undersigned agrees with Converse that the most appropriate control is one that aims to reduce noise and thus Dr. Stewart's selections were improper. The evidence shows that "visual cues" in the control shoes used in Dr. Stewart's surveys "primed survey respondents to associate the control stimulus with a Converse brand sneaker." (CX-10843 at Q/A 127.) Specifically, the evidence shows that the control stimulus "contained other design elements of the Chuck Taylor All Star high-top sneaker that were highly recognizable and reminded consumers of Converse" including the shape and silhouette of the high-top neck, the brushed metal eyestay grommets, and the stitching on the upper part of the shoe. (*Id.* at Q/A 128.) This conclusion is bolstered by the fact that some of the design elements in the control shoe are part of other trade dress rights registered by Converse – and which are not involved in this Investigation. (CX-10843 at Q/A 129-130; CX-00861.) Because a trademark registration is presumed to be valid, it is therefore also presumed that these design elements have acquired secondary meaning. As such, it is presumed that the presence of these design elements in the control shoe would make it likely that a survey respondent would associate the shoes with one brand – Converse.

The evidence confirms this is the case. Comments from the survey respondents supported the idea that these respondents did, in fact, associate the high-top design with Converse. (CX-10843 at Q/A 132.) Additional evidence that the control stimulus created high rates of "noise" is found in the fact that 43% of survey respondents in the Adult Shoe Survey and 60% in the Children's Shoe Survey sample associated the control stimulus with either Converse or a single

source. (*Id.* at Q/A 134-135.) The evidence shows that these results are "unusually high." (*Id.* at Q/A 134.) Indeed, the Respondents' other surveys contained significantly less noise in their controls. (RX-01667C at Q/A 28, 34 (indicating the "noise" in Ms. Butler's surveys was 18.5% and 24.5%).)

The undersigned also agrees with Converse and Staff that Dr. Stewart's universe was under-inclusive. The evidence shows that the proper universe in this Investigation would include men and parents of male children. (CX-10843 at Q/A 113-124; Butler, Tr. at 612:2-24).)

Accordingly, the undersigned finds that the results of Dr. Stewart's surveys should be disregarded.

ii. Dr. Ford's Survey

Dr. Ford conducted four separate surveys. The parties dispute whether the control and test shoes were proper in Survey IV.

Converse explains that Survey IV "specifically measured secondary meaning of the CMT." (CIB at 35.) Converse asserts that "Dr. Ford isolated the CMT by showing an image of it on a plain, non-distinctive canvas sneaker upper, which depicted no other potentially distinctive features that ordinarily appear on the upper of All Star shoes," while the control shoe "came as close as possible to the test stimulus without itself being infringing or misleading." (*Id.* (citing CX-00230C at Q/A 71. 131; CX-05017C).) According to Converse, Survey IV "shows that 60.65% of consumers (net using 2012 supplemental control; 54.17% using 2012 original control) associated the CMT with Converse, or with a sole yet anonymous source." (*Id.* (citing CX-00230C at Q/A 177, 179, 181, 186; CX-5017C at .0014, .0020, .0078, .0084).) Below are depictions of the control and test shoes used by Dr. Ford:

Control	Test
	

(CDX-0230C.004, .018.)

Respondents dispute only the sixth factor – that Dr. Ford did not choose a proper sample design for his surveys. Specifically, Respondents assert that Dr. Ford selected an improper control which "did not isolate whether the asserted trade dress is the driver of secondary meaning." (RIB at 23 (citing Johnson, Tr. at 545:2-8; RX-10274 at Q/A 58-62; RX-10266C at Q/A 41-46).) This complaint is grounded in the notion that "the general rule in selecting a control is that it should share as many characteristics as possible with the test stimulus with the exception of the characteristics being measured." (*Id.* (citing Ford, Tr. at 264:7-16).) Respondents allege that Dr. Ford's control shoe differed considerably by using "a different color sole, a different overall shape, a different shoe tongue, a greater number of laces, a different opening for the foot, and many other differences." (*Id.* at 24 (citing Johnson, Tr. at 536:12-545:1).) Respondents also note that, on the other hand, the test image included "numerous design elements beyond the claimed elements (including the overall shape, the extended tongue, the foot opening, and the laces) . . . each of which is in fact a 'potentially distinctive feature' of [the Chuck Taylor All Star] brand shoes." (RRB at 18 (citing Ford, Tr. at 296:6-304:6).)

Staff agrees that the control used by Dr. Ford was improper. (SIB at 33.) Staff notes that "more than 50% of the respondents who saw the control stimuli associated it with a brand other than Converse, such as Airwalk, Vans, Keds, etc." (*Id.* (citing CX-230C at Q/A 179).)

In response, Converse contends that "[a]ny differences between the uppers are negligible and there is no evidence that they drove association toward or away from Converse." (CIB at 36 (citing Butler, Tr. at 628:1-630:23; 632:6-633:8; 633:20-23; Stewart, Tr. at 722:11-18: 724:10-13; 724:18-725:18; 726:14-728:22).) Converse also asserts that "a commonsense comparison shows that there is nothing materially different between them other than the CMT." (CRB at 21 (citing CX-230C at Q/A 110, 183).)

The undersigned finds that the Dr. Ford's study was flawed due to the use of an improper control shoe. The evidence shows that there are design elements in the control shoe that may have primed survey respondents to name other brands. (RX-10266C at Q/A 45 (testimony from Dr. Stewart indicting that the differences in the control show minimize association with Converse).) For example, the control shoe contained a black midsole. While Dr. Ford testified that he did not believe that a black midsole would lead survey respondents away from Converse, he did not offer any survey data to support this belief. (Ford, Tr. at 324:24-325:5.) Additionally, although he designed a supplemental control to test whether the color of the laces affect the response, he did not do the same to test sole color. (*Id.* at 321:11-16.) The results of the survey confirm that design elements present only in the control shoe cued survey respondents away from Converse. The evidence shows that 50.46% of survey respondents associated the control shoe with another brand such as Airwalk, Vans, or Keds, while only 9.26% associated the test shoe with these brands. (CX-00230C at Q/A 177-179.) Viewing the evidence in this manner, it is

clear that the noise from Survey IV is also "unusually high." (*See* CX-10843C at Q/A 134 (indicating that noise levels of 43% and 60% were unusually high).)[14]

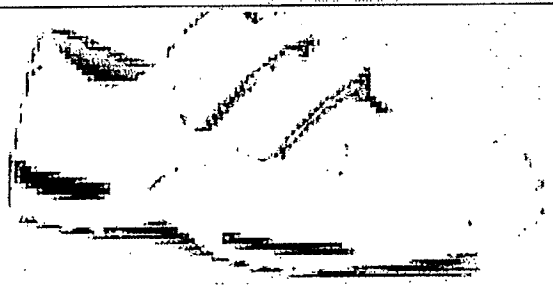
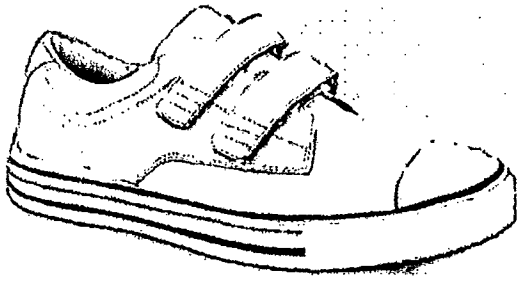
The evidence is, however, inconclusive as to whether the differences in the test shoe may have "artificially elevated" noise and "cued survey respondents to think of Converse." The evidence shows that Dr. Ford's test shoe had a different color sole, tongue, and foot opening than the control shoe. (Ford, Tr. at 302:4-304:6.) There is no evidence in the record, however, that shows that survey respondents necessarily associate these design elements with Converse. With respect to sole color, Dr. Ford explained that Converse makes shoes with both a white and black sole, many other companies make shoes with a white sole, and the responses in Dr. Stewart and Ms. Butler's survey showed that few respondents associated a shoe with Converse because of the color of the sole. (*Id.* at 324:24-326:1.) Dr. Ford also testified that, viewing the results of Surveys I through IV as a whole, one can conclude that the upper of the test shoe did not influence the association of the survey respondents. (*Id.* at 335:1-12.) Dr. Ford further explained that the results of Surveys I through III allowed him to conclude "that what was driving the secondary meaning [was] not other aspects of the Converse trade dress but the Converse midsole trademark." (*Id.* at 331:17-332:21.) Further, Respondents failed to introduce their own evidence demonstrating that these design elements did, in fact, prime survey respondents to select Converse. (*Id.* at 326:6-328:3.)

Accordingly, the undersigned does not find the results of Dr. Ford's surveys persuasive.

[14] Dr. Lutz opined that the noise in Dr. Ford's surveys averaged just over 19%. (CX-10843C at Q/A 139-140.) This number actually represents the amount of survey respondents who associated the control sneaker with Converse, Chuck Taylor, or All Star – not the number who associated the control shoe with one brand. (CX-00230C at Q/A 179.)

iii. Ms. Butler's "CBSC and Upper" Survey

Ms. Butler conducted two surveys to determine whether the CMT had acquired secondary meaning. In the first survey – designated as the "CBSC and Upper" Survey – Ms. Butler "used a test image of a sneaker with Velcro straps that was made of leather material onto which she placed" the CMT. (RIB at 26 (citing RX-1667 at Q/A 49-57).) Below are depictions of the control and test shoes used by Ms. Butler in this survey:

Control	Test
	

According to Respondents, Ms. Butler "used a control image that was identical to the test image but for the toe cap, toe bumper, and midsole stripes." (*Id.* (citing RX-1667 at Q/A 63).) Respondents contend that "more survey respondents indicated that they recognized the control shoe, ***without*** the design elements of Converse's asserted trade dress, as the design of a single brand." (*Id.* at 27 (citing RX-1667 at Q/A 125-126).) As such, Respondents contend that the specific design elements that make up Converse's asserted trade dress do not have secondary meaning. (*Id.* (citing RX-1667 at Q/A 139).)

Staff explains that "the CBSC and Upper Survey" "tested Converse's assertion that the CMT acts as a source identifier when combined with any style or upper of a shoe." (SIB at 26 (citing RX-1667 at Q/A 47).) Staff notes that in "response to the CBSC and Upper Survey, 17%

of respondents from the test group and 18.5% of respondents from the control group indicated that they recognized the design as one brand, for a net of -1.5%, and in an open ended response, 7.0% of respondents from the test group and 0% of respondents from the control group named Converse, for a net of only 7%." (*Id.* at 27 (citing RX-1667 at Q/A 30, 33, 125-126, 135-136).) Based on the results of this survey, Staff "believes the evidence with respect to the CBSC and Upper Survey shows that when the alleged trademark is attached to a sneaker upper design that does not have any other indicia of a typical Converse All Star shoe (held constant over test and control), consumers do not recognize the design elements at issue as a design of a single brand of sneaker." (*Id.* (citing RX-1667 at Q/A 129, 139).)

Converse asserts that the results of the "CBSC and Upper" survey should be disregarded. Converse notes that Ms. Butler chose "an orthopedic, Medicare-approved Oasis shoe" as the base for her control and test shoes. (CRB at 19 (citing Butler, Tr. at 584:1-9; CDX-3.0001-.0002).) Converse explains that this shoe was not a "blank canvas" but rather a "mash-up of Oasis and CMT" that "looked odd and signaled that the shoe was not Converse." (*Id.* (citing Butler, Tr. at 607:7-608:1; CDX-3.0004; RX-1667 at Q/A 57).)

Converse further contends that Ms. Butler's use of the word "recognize" in her survey questions was improper. (CIB at 39 n. 15.) Converse explains that when Ms. Butler asked survey respondents if they "'recognized' (*i.e.*, remember based on having seen it before) the image as the design of one brand, . . . [t]he objectively correct answer to this question is 'no' because [the survey] respondents could not have possibly seen it previously." (*Id.* (citing RX-1667 at Q/A 50-51, 57; Butler, Tr. at 588:23–590:5, 606:1–5, 607:7–25; CX-10843C at Q/A 56).) Converse explains: "In fact, 60% of respondents said they did not recognize the stimulus as the design of any particular brand of sneakers." (*Id.* (citing Butler, Tr. at 606:1–5).)

Respondents claim that Converse's critiques of Ms. Butler's surveys are "meritless." (RIB at 27.) Respondents assert that Ms. Butler's control and test shoes "were carefully designed to measure whether the asserted trade dress in and of itself has secondary meaning." (*Id.*) They also contend that Ms. Butler's questions were proper. (*Id.* (citing RX-1667.024-.027; RX-1808; JX-0410C at 121:4-16).)

Staff agrees that "[s]econdary meaning surveys do not require the use of the word associate, and Ms. Butler's use of 'recognize' was not improper." (SIB at 30 (citing McCarthy at § 15:1).)

The undersigned finds that Ms. Butler's use of the Oasis shoe as the basis for designing her control and test shoes was improper. In a webinar given prior to the hearing, Ms. Butler explained that, when designing a control, it is possible to "create a product that is so unusual or so different from what's existing in the marketplace that it can cause problems for your control condition." (Butler, Tr. at 624: 2-7 (quoting from CX-872).) The evidence shows that this is what occurred here.

Specifically, the evidence shows that the features on the Oasis shoe made it more likely that survey respondents would not associate the brand with Converse. This is most evident when one compares the results of Ms. Butler's "CBSC Only" survey with the results of her "CBSC and Upper" survey. In the "CBSC Only" survey, a net of 21.5% survey respondents recognized the CMT as the design of Converse. (RX-1667 at Q/A 34-36.) Yet, when this same design was placed on an Oasis shoe, a net of negative 1.5% of survey respondents recognized this design as Converse. (*Id.* at Q/A 28-30.) A comparison of these results shows that there is something about the application of the CMT to the Oasis shoe that deterred survey respondents from associating the shoe with Converse. (CX-10843C at Q/A 84.) This conclusion is bolstered by the fact that the

results of Ms. Butler's "CBSC and Upper" survey were far lower from every other secondary meaning survey submitted in the case. (RX-2090C at Q/A 52 (Dr. Stewart's results finding a net of 12% in the "Adult" survey and 15% in the "Parents" survey); CX-00230C at Q/A 180-181 (Dr. Ford's results in Survey IV finding a net association of 54.17%); CX-00235C at Q/A 88 (Dr. McDonald's results finding a net association of 49%).)

The problems with Ms. Butler's choice of control are compounded by the fact that Ms. Butler asked whether the survey respondents "recognized" the shoe. The parties dispute whether it is appropriate to use the word "recognize" rather than "associate" when conducting a secondary meaning survey. Both Converse and Respondents point to excerpts from the well-respected treatise, McCarthy on Trademarks and Unfair Competition, in support of their arguments. This treatise explains:

> The prime element of secondary meaning is a mental association in buyers' minds between the alleged mark and the single source of the product. It is the word 'association' which appears most often in judicial definitions of secondary meaning by both federal and state courts. The Ninth Circuit Court of Appeals observed that: "Secondary meaning has been defined as association, nothing more."

MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (4th Ed.) § 15:5 (hereinafter, "McCarthy"). Thus, one can conclude from McCarthy that most surveys will use the word "associate." McCarthy does not specifically state that it is improper to use the word "recognize," however, and the Ninth Circuit case cited may even provide support that this word is appropriate. *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980) ("The basic element of secondary meaning is a mental recognition in buyers' and potential buyers' minds that products connected with the symbol or device emanate from or are associated with the same source.").

The use of the word "recognize" is not therefore improper *per se*, but must be evaluated in the context of the survey. McCarthy demonstrates, however, that the norm is to use the word

"associate." The other experts in this case confirm this, as well as Ms. Butler's own writings. (RX-2090C at Q/A 48 (Dr. Stewart's use of the word "associate"); CX-00230C at Q/A 140 (Dr. Ford's use of the word "associate"); Butler, Tr. at 596:6-597:10 (citing CX-858) (testimony from Ms. Butler regarding the use of the word "recognize"); *see also* Stewart, Tr. at 691:8-16 (testimony from Dr. Stewart indicating he would not use the word "recognize" in the context of his survey); *id.* at 692:24-693:10 (testimony from Dr. Stewart that he "would not use the term recognize to get at the question of secondary meaning, because people can recognize things for many reasons").) In order to determine whether it is appropriate in this case to deviate from the norm, one must understand the reason another word was chosen. Yet, Ms. Butler does not offer any explanation for using the word "recognize" in lieu of "associate."[15] (RX-1667 at Q/A 100-110.) It can be assumed that every choice that an expert makes in formulating a survey is deliberate and the lack of explanation may be telling. Indeed, Ms. Butler admits that word choice is important as she testified that asking survey respondents if they "recall" a stimuli would be improper. (Butler, Tr. at 600:12-15.) It is also noteworthy that Ms. Butler is silent as to her selection, even in the face of criticism levied against her by Dr. Lutz.[16] (CX-10843C at Q/A 55.)

The evidence further shows that survey respondents were, in fact, confused by the use of the word "recognize." Specifically, three survey respondents indicated that they recognize the test shoe as "the design of more than one brand of sneaker," yet noted it looked like a Converse shoe. (*Id.* at Q/A 78.) For example, one survey responded stated: "The bottom of the sneaker looks in line with a converse [sic] brand sneaker but the Velcro makes it look very odd in relation to the converse [sic] brand of sneakers." (*Id.; see also* CDX-10843C.005). The other two

[15] Even Respondents admit that when an expert "diverge[s] from [a] well-established practice [she] has used in the past," the expert is expected to "offer a credible reason" for doing so. (RIB at 22.)

[16] During redirect, Ms. Butler was asked why she chose the word "recognize," but her answer did not provide any explanation. (Butler, Tr. at 644:13-23.) She only testified that she believe it was appropriate to use the word. (*Id.* at 644:24-645:2.)

survey respondents provided similar comments. (*Id.*) While only a small number of survey respondents articulated this problem, these comments provide support for the proposition that the use of the word "recognize" was problematic in this context.[17]

For these reasons, the undersigned finds that the results of Ms. Butlers "CBSC and Upper Survey" should be disregarded.

b) Other Surveys

i. Dr. McDonald's survey

Converse asserts that the survey results of Dr. McDonald "confirms the CMT has strong secondary meaning as used in connection with high-top All Star shoes." (CIB at 37 (citing CX-235C at Q/A 25; CX-5185-92C).) Converse explains that a net result of 49% of the survey respondents identified the test sneaker as Converse. (*Id.* at 38 (citing CX-235C at Q/A 88; CX-5189C-92C).)

Respondents contend that Dr. McDonald's survey results should be disregarded as her survey was designed to measure secondary meaning in the overall appearance of the Chuck Taylor All Star shoe – and not in the asserted design elements. (RIB at 22 (citing CX-00235C.2; 5; JX-0410C at 167:3-168:4).)

Staff agrees with Respondents that Dr. McDonald's survey did not specifically test the CMT. (SIB at 31 (citing CX-00235 at Q/A 35).) Staff also contends that Dr. McDonald's control was improper and that her test shoe biased the results in favor of Converse. (*Id.* at 31-32.)

The undersigned agrees with Staff and Respondents that Dr. McDonald's survey results should not be considered. The survey was designed to test the "overall product configuration of

[17] It is worth noting that the evidence shows that survey respondents often have a difficult time explaining why they do or do not associate a stimulus with a certain brand. (Poret, Tr. at 225:3-17; CX-00235C at Q/A 70, 91.) Thus, it may be that the problem was far more widespread but that the survey respondents were unable to articulate why they did not associate the shoe with Converse.

All Star high top shoes." (CX-00235C at Q/A 25; JX-0410C at 167:3-168:4.) Accordingly, in order for the results to be relevant, there would need to be evidence that the survey respondents specifically identified the CMT as the reason why they associated the shoe with Converse.[18] In this case, the only such evidence is comments provided by survey respondents. A review of this evidence shows that even these comments do not support Converse's view of the survey. While Converse notes that "43% [of respondents] identified style/design/general appearance" as the reason they associated the shoe with Converse, the evidence shows that design elements not associated with the CMT – such as the shape of the shoe – fall into this category. (CX-00235C at Q/A 91; CX-05189C-92C; RX-10266C at Q/A 25).) Additionally, 43% of survey respondents referenced the circle patch as the reason for identifying the test shoe with Converse – suggesting that something other than the CMT caused the association. (CX-00235C at Q/A 91.) As Staff explained: "In the past, the Commission has given 'no weight' to surveys where only a small number of respondents who associated the product with complainant identified elements of the asserted trade dress." (SIB at 32 (citing *Certain Luggage Prods.*, Inv. No. 337-TA-243, USITC Pub. 1969, 1987 WL 450863, at 9-10 (Mar. 27, 1987)).)

Accordingly, the undersigned finds that the results of Dr. McDonald's survey should be disregarded.

ii. Dr. Ford's Surveys I through III

Converse asserts that Surveys I through III "evidence the strength of the CMT because they show consumers strongly associate it with Converse even when features are added . . . or omitted." (CIB at 36 (citing CX-00230C at Q/A 162, 169, 175).) Converse explains that Survey I

[18] The evidence shows that when features are present that are not part of the trade dress, the features may prime survey respondents to identify the brand for reasons that are not related to the trade dress at issue. (*See* RX-10266C at Q/A 12.) Even Dr. McDonald acknowledged that there is no way to determine from her survey how many survey respondents identified her stimulus with Converse because of the CMT. (RX-10274 at Q/A 34.)

"tested the overall design of the Converse All Star oxford shoe" and "resulted in net results of 42% association with Converse or a sole yet anonymous source." (*Id.* at 36-37 (citing CX-00230C at Q/A 68, 99-101, 161; CX-05014C; CDX-00230C.0010).) In Surveys II and III, one of the two stripes was removed, resulting in "50.46% and 58.80% association . . . with Converse or a sole yet anonymous source, respectively." (*Id.* at 37 (citing CX-00230C at Q/A 167-169, 171-173, 175, 177, 186; CX-05015C; CX-05016C; CDX-00230C.0014, .0016).)

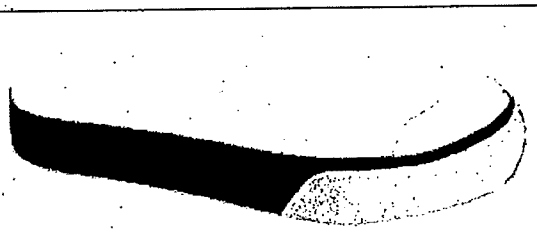
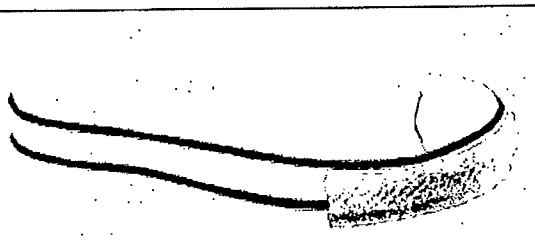
Respondents argue that Surveys I through III do not, in fact, test the CMT and the results should therefore be disregarded. (RIB at 25.) Staff agrees. (SIB at 32-33.)

The undersigned finds that Surveys I, II, and III do not establish that the CMT has acquired secondary meaning. First, Dr. Ford used the same control in Surveys II and III, as he did for Survey IV. (CX-00230C at Q/A 119-121.) These surveys therefore suffer from the same problem as Survey IV, and must be disregarded. (*See, supra*, § I.A.1.a.ii.)

Second, Converse admits that Survey I was designed to test the overall appearance of the shoe – and not the CMT. (CIB at 36 (citing CX-00230C at Q/A 68, 99-101); *see also* RX-10266C at Q/A 50.) As with Dr. McDonald's survey, there is nothing in the record to establish that it was the CMT and not the other design elements, such as the box stitching, grommets, heel tag, or tongue patch which led the survey respondents to associate the shoe with Converse. Accordingly, the undersigned will not consider the results of these surveys. *See Luggage Prods.*, 1987 WL 450863, at 9-10 (explaining that record does not "establish how mere recognition, without knowing if the alleged recognition is because of the trademark, is indicative of secondary meaning").

iii. Ms. Butler's "CBSC Only" Survey

In Ms. Butler's second survey, she used an image depicting only the toe cap, toe bumper, and two stripes with no sole or upper as her test image. (RIB at 27 (citing RX-01667 at Q/A 65-67).) Her control image was the same as the test, except without the stripes or patterned toe bumper and with an "altered" toe cap. (*Id.* (citing RX-01667 at Q/A 73).) Below are depictions of the control and test images used by Ms. Butler:

Control	Test
	

(*Id.*) Respondents report that "only a net 21.5% of respondents believed the design came from one brand." (*Id.* (citing RX-01667 at Q/A 153, 162-164).)

Staff agrees with Respondents that the "CBSC Only" survey demonstrated that the CMT does not have secondary meaning. "Staff believes the evidence with respect to the CBSC Only Survey shows that when the alleged trademark in seen in isolation, only a net 21.5 percent believe the design comes from one brand, and when examined closely, the data reveals that far fewer name Converse as the brand . . . Indeed, only a net 15% of respondents in this survey identified the design as coming from one brand and named Converse as that brand." (SIB at 29-30 (citing RX-01667 at Q/A 161).)

Converse argues that Ms. Butler's survey results actually support a finding of secondary meaning. Converse explains that "46% of survey respondents recognized the CMT as the design of one brand of sneaker." (CIB at 39 (citing Butler, Tr. at 594:2-5; RDX-5.011).) Converse

asserts that it is improper to rely on the "net" results of the CBSC survey, as a control is unnecessary. (*Id.* at 39 n. 16; CRB at 17.) Converse further asserts that the control image "looked too similar to the CMT and thus artificially elevated the control results, thereby depressing the net." (*Id.* (citing CX-10843 at Q/A 93-97).)

Converse also argues, however, that there are several problems with Ms. Butler's survey. Converse asserts that, as with the "CBSC and Upper" survey, the use of the word "recognize" was problematic. (*Id.* at 39-40.)

The undersigned finds that, unlike with the first survey, the use of the word "recognize" was proper here. Although, once again, Ms. Butler does not provide an explanation for her word choice with respect to this study, there is no evidence that this survey suffers from the same problems as the "CBSC and Upper" survey. (RX-01667 at Q/A 80-83, 100-110; CX-10843C at Q/A 63.) Here, the survey was not asking respondents whether they "recognized" a fictitious shoe; rather, the survey asked if respondents recognized the design elements at issue in this case. (RX-01667 at Q/A 148.) Unlike the "CBSC and Upper" survey, there is no evidence of noise to cue survey respondents away from Converse. (*Id.* at Q/A 70-71; RDX-00005.006.) Additionally, there is no evidence of actual confusion based on the use of this word, as there was with the "CBSC and Upper" survey.

The undersigned will not consider Converse's other arguments with respect to Ms. Butler's survey. These arguments were not properly raised in the pre-hearing brief. (*See* Converse Pre-Hearing Br. 84 n. 9). Ground Rule 8.2 provides that "[a]ny contentions not set forth in detail" in the pre-hearing brief "shall be deemed abandoned or withdrawn." (Ground Rule 8.2). Consequently, Converse has abandoned these arguments. For these reasons, the undersigned will consider the results of Ms. Butler's "CBSC only" survey.

iv. Totality of Surveys

Converse argues that, "[w]hile Respondents attempt to explain away each individual survey, they cannot explain away the totality and consistency of survey evidence establishing secondary meaning in the CMT." (CIB at 32.) Converse argues that, when viewed together, these surveys shows that the CMT has acquired secondary meaning. (*Id.*)

Respondents argue that Converse's claim "is an outright falsehood." (RRB at 17.) They state: "Converse's summaries of the surveys are an attempt to filibuster past reality." (*Id.* at 18.) Respondents contend that Converse's surveys used "consistently flawed methodology" and obtained "consistently flawed results." (*Id.*)

Staff explains that Converse's assertion that the surveys of Ms. Butler and Dr. Stewart actually support a finding of secondary meaning "is an entirely new position." (SRB at 20.) Staff notes that, even if not waived, Converse's argument "is factually incorrect." (*Id.*)

The undersigned agrees with Staff that Converse's arguments were waived. The undersigned further agrees that Converse's argument is based on misleading data. In support of its argument, Converse improperly relies on the *test* figures – and not the net. For example, Dr. Converse explains that, in Dr. Stewart's survey, "52% and 67% of *test* respondents associated it with Converse." (CIB at 40 (citing RX-02090 at Q/A 52; RX-10006C.002; RX-10007C.002).) Even Converse's experts, however, acknowledge that "[t]he percentage of participants who associate the elements with a sole source is determined by subtracting the percentage of participants who associate the control stimulus with a sole source from the percentage who associate the test stimulus with a sole source." (CX-00230C at Q/A 60.) Accordingly, the undersigned does not agree that the surveys, when viewed as whole, support a finding of secondary meaning.

v. Overall Conclusion

Given the various flaws of the studies, the undersigned finds that the only survey to be considered is Ms. Butler's "CBSC Only" survey. In this survey, Ms. Butler found that a net of 21.5% of respondents believed the design came from one brand. (RX-01667 at Q/A 153, 162-164).) The question becomes: How does one view these results?

In explaining how many survey respondents need to associate a product with one brand for a finding of secondary meaning, McCarthy notes: "Courts have been vague and uncertain in defining what is the minimum acceptable percentage of persons who have a secondary meaning in their minds." McCarthy at § 15:45; *see id.* at § 32.190. McCarthy also explains, however: "Clearly, small percentage results at or less than 10% are not sufficient." *Id.* at § 15:45. Some courts have even held that survey evidence of 25% was insufficient. *Id.* at § 32.190 (citing *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670 (S.D.N.Y. 1963)); *see also* CIB at 33 n. 10 (setting forth cases in which the lowest number cited as probative of secondary meaning is 30%.)

Given this, the undersigned finds that 21% is insufficient to establish secondary meaning. Thus, this factor weighs against Converse.

2. The Degree and Manner of Use

Converse asserts that it "has consistently and extensively used the CMT" since 1932. (CIB at 18 (citing CX-00242C at Q/A 49, 54-55, 97; CX-00237C at Q/A 109, 123, 128-129, 134, 158, 177; CX-00243C at Q/A 55-57, 60, 187).) Converse notes that the CMT is a prominent mark that is "visible at virtually any angle." (*Id.* (citing CX-00242C at Q/A 64; CX-00243C at Q/A 56-57).) Converse explains that, while there are different variations of the All Star shoe, the CMT is a constant fixture that remains unchanged. (*Id.* (citing CX-00242C at Q/A 62-63, 65-66, 68, 70, 74-75, 77; CX-00237C at Q/A 123, 125, 136; CX-00243C at Q/A 55, 177-87).)

Converse also states that Converse has sold All Star shoes to a wide range of people, across multiple channels. (*Id.* (citing CX-00242C at Q/A 86; CX-00243C at Q/A 62, 80-81; CX-00244C at Q/A 22-38, 82).)

Respondents and Staff do not contest Converse's evidence of its degree and manner of use of the mark. The undersigned therefore finds that this factor weighs in favor of a finding secondary meaning.

3. The Exclusivity of Use

There are three disputes between the parties related to the "exclusivity of use" factor. Specifically, the parties disagree as to whether the following serve as barriers for achieving secondary meaning: (1) use of the CMT by third parties; (2) private label sales of shoes bearing the CMT; and (3) the appearance of Converse shoes alongside third party shoes bearing the CMT.

a) Third Party Use

Respondents argue that there is no secondary meaning because "Converse is not and never has been the substantially exclusive user of the claimed design elements." (RIB at 14.) Respondents contend that U.S. footwear companies have sold sneakers with toe caps, toe bumpers, and midsole stripes since the 1920s. (*Id.* at 15.) Respondents state that they "have identified hundreds of instances of third party uses of the classic cap-toe sneaker shoes style from the 1920s to the present day." (*Id.*) In fact, Respondents assert that "by the 1940s, the market for shoes bearing the claimed design elements was dominated by parties other than Converse – Keds, PF Flyers, and Spalding." (*Id.* at 16 (citing RX-07698C at Q/A 45-46; Golder, Tr. at 833:14-834:7).) According to Respondents, shoes bearing the CMT continued to be sold throughout the following decades. (*Id.* at 16-17).

Respondents also argue that there is evidence of more current third party use. Respondents state that third party sales of shoes with the CMT continued throughout the 1990s and 2000s. (*Id.* at 17-18.) Respondents further argue that "[t]he Accused Products at issue in this Investigation also constitute significant third party use of the claimed design elements." (*Id.* at 18.) Respondents note that, for example, "Skechers has sold more than 700 unique styles of shoes bearing the claimed design elements since 1998." (*Id.* (citing RX-02092C at Q/A 50-56; RDX-0036).)

Staff "believes the evidence demonstrates that for more than half a century there has been extensive third party use of the" CMT. (SIB at 46.) Staff notes that Respondent's expert, Mr. Maeder "found over 900 examples [of] shoes with the elements of toe caps, toe bumpers, and midsole stripes." (SIB at 35 (citing Maeder, Tr. at 883:18-885:18).) Staff also noted that Mr. Walford "analyzed thousands of footwear in" various publications "and concluded that, since the late 1920s, there has never been a significant period of time when shoes with a toe cap, toe bumper, and an upper and/or lower stripe were not widely available for sale by numerous companies in the United States." (*Id.* at 35-36 (citing RX-02087C at Q/A 16, 18, 23, 35-38, 80-81, 83, 90-94, 96, 99-113).) Staff explained that such use continues through the present and that Converse has acknowledged this competition. (*Id.* at 42 (citing CX-04032; RX-07698 at Q/A 71).)

Converse, in turn, asserts that it has "enjoyed substantially exclusive use of the CMT in connection with its All Star shoes for decades." (CIB at 20.) Converse argues that "although others may have used some elements of the CMT at various points in time, 'Converse alone has been consistently and continuously using this same design for the better part of a century.'" (*Id.* (citing CX-00242C at Q/A 55).) Converse further argues that evidence of historical third party

use has little relevance. Converse asserts that Respondents failed to introduce "credible or material evidence of the sales of the third-party shoes on which they rely, or the commercial impact – if any – those shoes might have made on consumers." (*Id.* at 22 (citing *Longshore v. Retail Royalty Co.*, 589 Fed. App'x 963, 967 (Fed. Cir. 2014) (third-party use had "limited probative value when there was no evidence showing the extent of its usage or the public's awareness of its existence").) Converse contends that such evidence is "critical . . . because consumer perception is the touchstone of secondary meaning. Without that critical showing, third-party use evidence does nothing to undermine Converse's strong evidence of secondary meaning." (CRB at 12.)

With respect to more current third-party use, Converse contends that "among leading brands available in the U.S. market, Converse is the only brand using the combination of elements that comprise the CMT, with the exception of Ralph Lauren and Skechers, both of whom were respondents in this Investigation." (CIB at 21 (citing CX-00237C at Q/A 175-76).)

In response, Respondents explain that sales data is "no longer available because Converse waited decades to claim that it has rights in the claimed design elements." (RIB at 18 (citing RX-02087C at Q/A 59, 61).) Respondents contend that the majority of their evidence – advertisements in periodicals and catalogs - shows the actual use of third-party shoes in commerce. (*Id.* at 19.) Specifically, the evidence consists of "advertisements published by one of the four major catalog retailers in the U.S. during the twentieth century: Sears, Montgomery Ward, J.C. Penney, and Spiegel." (*Id.* (citing RX-02087C at Q/A 35).) Respondents introduced testimony that these catalogs "enjoyed wide distribution and generated significant sales" and that catalog shopping was "ubiquitous in American culture during this time period." (RIB at 18; RRB at 12.)

Staff asserts that "it is not surprising that sales records no longer exist," given the age of the third-party uses. (SIB at 43.) Staff contends: "Nevertheless, there is ample evidence in the record that the sales of the advertised shoes were not insubstantial." (*Id.* (citing RX-02087 at Q/A 35-76, 114; RX-02091C at Q/A 33-82; RX-07698 at Q/A 51-52, 55-56, 73-79; Maeder, Tr. at 831:6-834:7, 890:7-891:7).)

The undersigned finds that this factor does not weigh against a finding of secondary meaning. First, the undersigned notes that the mere fact that there is historic third party use of the mark by others does not defeat a claim of secondary meaning. *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1373 (Fed. Cir. 2005) ("Absent evidence of the consuming public's awareness, [the third-party use] standing alone does not suffice."). There may be historical uses of a mark by third-parties that become irrelevant as one specific party begins to substantially and continuously use that mark. Indeed, under the Lanham Act, one need only five years of substantial and exclusive use of the mark for trademark registration. 15 U.S.C. § 1052(f). History should not unnecessarily restrain a mark such that any use by third parties bars subsequent registration of that mark in perpetuity.

Historical third-party use of a mark is, however, relevant to the question of whether a mark has gained secondary meaning. It may well be that a mark could be substantially – or even exclusively – used by a company in the five years prior to the claim of distinctiveness, but yet still lack secondary meaning due to consumers' continued association of the mark with other third-party historical uses. Just as historical use of a mark alone does not prevent subsequent secondary meaning of the mark, nor does more recent substantial use of the mark by one company erase history in the minds of consumers. Rather, the rationale behind examining third

party use should not be lost. The proper inquiry should be: Does this historic third-party use of the mark diminish the consumer's association of the mark with only one company?

In order to evaluate what constitutes historical third-party use, the undersigned takes into account two considerations. First, the undersigned considers when infringement first began, as Converse must establish secondary meaning before this time. *Braun, Inc. v. Dynamic Corp. of Am.*, 975 F.2d 815, 826 (Fed. Cir. 1992). Although Respondents introduced evidence that the PF Flyers and certain Skechers shoes were sold in the 1990s, they did not establish that these shoes are Accused Products or that they use the CMT. (RX-02092C at Q/A 50; RX-03296.0019 (indicating that a platform version of shoe with a toe cap and bumper was introduced in 1998).) Instead, the evidence shows that the first Accused Product was sold in 2003. (RX-00001C at Q/A 173-205; *see* RIB at 34.) Second, the undersigned considers the average consumer of the All Star. The "core consumer" of the All Star shoe skews young, with the upper age range being a recent college graduate. (CX-00243C at Q/A 61-62; *see also* CX-00230C at Q/A 86-91 (indicating that data from NPD group indicated that [ ] of past purchasers and potential purchasers of Converse shoes would be between 15 and 30 years old.) Thus, even in 2003, it is doubtful that the average consumer would have a detailed understanding of the history prior to the 1980s, and possibly the 1990s. For these reasons, use from the 1920s through the 1980s will be referred to as "historic third-party use."

Respondents produced a wealth of evidence regarding historical third-party use. (RX-07698C at Q/A 34-62; RX-02087C at Q/A 18, 98-111.) The undersigned agrees that sales data is not a prerequisite to consideration of this evidence, as Respondents have demonstrated that shoes bearing the CMT were continuously sold in catalogs with vast consumer bases. As Mr. Maeder testified, shoes bearing the CMT "obviously must have sold" or they would not have been

"included year after year after year, decade after decade after decade" in these catalogs. (Maeder, Tr. at 887:21-888:8.) The undersigned further finds that there is sufficient evidence that these catalogs enjoyed wide circulation and were used by the general public. (RX-02091C at Q/A 38-46, 51-60, 64-71; RX-09996C - RX-10001C; RX-02087C at Q/A 41-42, 45-46, 51-56, 57.)

The undersigned finds, however, that there is insufficient evidence that this historic third-party use diminishes the relevant consumer's association of the mark with Converse. Third-party use – even when extensive – cannot serve as indicia of a consumer's likelihood to associate the trade dress with more than one brand when there is no evidence that the third-party use had an impact on the relevant consumer's consciousness. The sales data introduced by Respondents only shows that consumers in the past were aware of these third-party uses.

While there is evidence that experts in fashion history are aware of the historic third-party use, Respondents did not introduce evidence that a consumer of shoes bearing the CMT in 2003 would be familiar with these past uses of the CMT. It is irrelevant, for example, if the CMT was associated with Keds in the past if the relevant consumer is unaware of that fact.[19] *See, e.g.*, *Lexington Mgmt. Corp. v. Lexington Capital Partners*, 10 F. Supp. 2d 271, 281 (S.D.N.Y. 1998) (explaining that extensive third-party use does not contradict a finding of secondary meaning where there is no evidence of recognition by consumers). In fact, the evidence in the record shows that present-day consumers are likely unaware of shoes such as Randy Athletes, Beta Bullets, or PF Flyers. (RX-10009; RX-10010 (indicating that no respondent who viewed the test shoe in Ms. Butler or Dr. Stewart's surveys named these shoes as the source of the CMT, while only 10 of approximately 700 named Keds).)

[19] Likewise, the inclusion of a Keds sneaker using the CMT in the Dictionary is not evidence that consumers associate the CMT with Keds or other third parties. (RX-02478.005.) There is no evidence that the average consumer would be familiar with this dictionary.

Next, the undersigned considers the evidence regarding more recent third party use. After reviewing the evidence submitted by Respondents, the undersigned finds that there is insufficient evidence that Converse was not the substantial user of the mark in recent decades.

Respondents introduced the testimony of Mr. Walford who testified that the use of a toe cap, a toe bumper, and/or stripes was found on shoes throughout the 1990s.[20] (RX-02087 at Q/A 112.) In support, Mr. Walford cited to 36 exhibits. (*Id.*) The majority of these exhibits were either pictures from J.C. Penney catalogs (RX-02323- RX-02325; RX-02327; RX-02509; RX-02813- RX-02818; RX-02819) or pictures from a publication called Footwear News. (RX-02256; RX-02544; RX-02828; RX-02830-RX-02833; RX-02835-RX-02836).

To be relevant, Respondents needed to demonstrate that consumers were familiar with both J.C. Penney and Footwear News. Respondents failed to do so. Although Mr. Hanssens explained that circulation of the J.C. Penney catalog exceeded 10 million in the 1990s, (RX-02091C at Q/A 64-69; RX-10000C; RX-10001C), he also testified that only "10% of households in the United States received the J.C. Penney fall catalog." (*Id.* at Q/A 70.) Thus, there is insufficient evidence that the average consumer would be familiar with these J.C. Penney advertisements. Furthermore, Respondents did not introduce specific evidence as to the number of shoes bearing the CMT that appeared in the J.C. Penney catalog during this timeframe, other than to say that such shoes appeared "consistently." (*Id.* at Q/A 63.) There is also no data in the record with respect to the circulation of Footwear News. Given this, the record does not support a finding that there was extensive third party use of the mark during the 1990s.

Respondents also introduced the testimony of fashion history expert Mr. Maeder. Mr. Maeder testified that, in the 1990s, shoes bearing the CMT were sold by J.C. Penney, P.F. Flyers,

[20] Mr. Wolford's testimony with respect to the 1980s through the present is viewed with the caveat that Mr. Wolford testified that he is not as comfortable with the history of footwear occurring after the 1970s. (RX-02087C at Q/A 10.) Thus, the weight given to this testimony is diminished.

Nike, Guess Athletics, Keds, Anaconda, and Fortune Dynamic. (RX-07698 at Q/A 64.) While Mr. Maeder included pictures of representative shoes by these brands, he did not set forth any evidence by which one could infer the relative sales of these shoes. (*Id.*) Mr. Maeder similarly testified that various brands sold shoes in the 2000s, but, again, failed to provide any evidence with respect to sales of these shoes. (*Id.* at Q/A 65 (testifying that Disney, Limited Too, Keds, and Vans sold shoes bearing the CMT).) Without more, this evidence does not establish that this third party use had an impact on the mind of the consumer.

Mr. Walford further testified "[a] toe cap, a toe bumper, and an upper and/or lower stripe configuration was present in many other shoes throughout the 2000s and 2010s." (RX-02087C at Q/A 113.) In support, Mr. Walford cited to dozens of exhibits. (*Id.*) These exhibits do not support a finding that shoes bearing the CMT were prevalent during this timeframe, however. Several of the exhibits cited by Mr. Walford were from catalogs and advertisements from stores such as Disney and Limited Too, for which no information on sales or catalog circulation was provided. (*See, e.g.*, RX-02841 (Footsmart); RX-02238, RX-02844-RX-02848 (Limited Too); RX-02842 – RX-02843 (Disney); RX-02850 (Eastbay); RX-02851 (Esprit); RX-02258, RX-02852, RX-02854 – RX-02855 (Footwear News); RX-02259, RX-02856 – RX-02857 (Journeys).) Without more information, these documents cannot support a finding that there was extensive third party use. Other exhibits to which Mr. Walford cited were pictures of shoes sold on eBay. (RX-02861 – RX-02870, RX-02548 – RX-02551, RX-02872 – RX-02873, RX-02552.) Even if the eBay user identified the shoe as being from this timeframe – which was rarely the case – such a statement does not qualify as proof that the shoe was actually sold during this time. Still other exhibits in the list were pictures of shoes, with no context such as date offered for sale or brand. (RX-02874 – RX-02880, RX-02569 – RX-02573, RX-02881 – RX-02883, RX-02576 –

RX-02580; RX-02888.) Without additional information, these pictures cannot serve as proof that these shoes were actually sold in that timeframe or even that these shoes were sold by third parties. Some other exhibits were images of shoes currently offered for sale from websites such as Yoox.com, without accompanying sales data or circulation, or even proof that these shoes were sold in the United States. (*See, e.g.*, RX-02885, RX-02887 (depiction of a UK-based website).) One series of exhibits actually supports the idea that other shoes bearing the mark were not very popular and thus may not have diminished the association of the mark with Converse. (*See* RX-02890 – RX-02895 (images of PF Flyers Shoes Archive Collection from 2009 – 2014 indicated that the popularity of this line of shoes is low).)

Mr. Hanssens also testified that Keds sold shoes bearing the CMT from the 1970s to the present. (RX-02091C at Q/A 81.) Yet, Respondents did not introduce evidence of sales of Keds shoes. (RX-02087C at Q/A 59, 76) (testimony from Mr. Walford indicating that he could not find sales data for Keds).) Nor did they introduce circulation numbers of advertisements or catalogs featuring Keds. Indeed, although Mr. Hanssens testified that "[it] appears that Keds has continued to sell retro basketball shoes for many decades," the exhibits he cited are presented without additional explanation. (RX-02091C at Q/A 81 (citing RX-02479C.008-016; RX-09240.011-042; RX-02481C.008-022; RX-02482C.015-017; RX-02483C.019; RX-02480C.016-019; RX-02484C.001-003; RX-02485C.001-011; RX-02486C.017; RX-02487C.003; RX-02488C.006-008).) A mere reference to advertisements and excerpts from the Keds' website does not provide sufficient evidence to demonstrate that the presence of Keds' shoes in the marketplace impacts Converse's ability to establish secondary meaning.

The undersigned is likewise not persuaded by an alleged admission that Keds sold a large number of shoes. While, in an agreement between Converse and Kids, Converse noted that Keds

"continuously and exclusively advertised, promoted, distributed and sold" shoes bearing the CMT, this does not provide any information about the volume of sales. (JX-00072C.)

There is also evidence in the record that, despite the alleged pervasiveness of third parties using the CMT, survey respondents who associated the shoe with one brand were far more likely to name this brand as Converse than any other brand. For example, in Dr. Stewart's survey of adults, "91% of those who associated the test shoe with only one company or brand named Converse, Chuck Taylor, or All Star, while no other brand received more than 4% of the mentions." (CX-10843C at Q/A 136). In the survey of the parents, "95% of those associating the test stimulus with a single brand or company named one of those three; no other brand received more than 2% of the mentions." (*Id.*) As Dr. Lutz opined, "[t]hese results certainly do not suggest that consumers are associating elements of the Converse Midsole Trademark with other brands, regardless of how long those brands may have been on the market." (*Id.*)

Finally, the undersigned is not persuaded that Respondents' sales of the Accused Products weigh against a finding of secondary meaning. As noted above, the first sale of an Accused Product occurred in 2003. (RX-00001C at Q/A 173-205; RIB at 34.) Respondents did not introduce sufficient evidence that the sale of these shoes was sufficient to overcome the presumption that the mark has acquired secondary meaning.

For these reasons, the undersigned finds that Respondents have not introduced sufficient evidence of third party use. This factor does not weigh against a finding of secondary meaning.

b) Private Label

Respondents argue that Converse's use of private labelling weighs against a finding of secondary meaning. Respondents explain: "When a product shape or design is sold by the authority of plaintiff under several different word marks (e.g., by 'private labeling' for others), it is more difficult for plaintiff to prove acquisition of secondary meaning." (RIB at 20 (quoting McCarthy at § 8:14).) Respondents introduced evidence that Converse supplied shoes with the CMT to prisons in the 1990s under the brand name Anaconda. (*Id.* at 20 (citing RX-01571C at Q/A 62-63; RX-01655; RPX-0007).) Staff agrees and also notes that Converse sold shoes under the WINNER brand name. (SIB at 46.)

In response, Converse explains that "[t]here is no reason to believe – and Respondents cite none – that shoes sold exclusively to prisons or other institutions would have any commercial impact on the relevant consuming public." (CRB at 10 n. 5.)

The undersigned finds that Converse's private labeling does not weigh against a finding of secondary meaning. Although the evidence shows that Converse sold prison shoes in the 1990s under the brand name Anaconda, (RX-01571C at Q/A 62-63; RX-01655; RPX-0007), there is no evidence that a consumer would be familiar with this third-party use. (CX-10845C at Q/A 50.) Indeed, presumably, one would only know of the Anaconda line of shoes if one was in prison, worked at a prison, or regularly visited a prison which supplied their inmates with these shoes. It is likely that this affects a relatively small percentage of Converse's consumers. Similarly, the evidence shows that Converse made "The Winner" shoes exclusively for Sears in the 1970s, but the evidence does not show that today's consumer would be familiar with that private label brand. (RX-02087C at Q/A 109.) Without any such evidence, Respondents have

failed to meet their burden. Accordingly, this factor does not weigh against a finding of secondary meaning.

c) Sale of Shoes Alongside Competitors

Respondents explain that Converse permitted its shoes "to be sold alongside identical or very similar shoes being sold under competitors' brands names, including house brands." (RIB at 20.) Staff agrees. (SIB at 47-48.)

The undersigned finds that this factor does not weigh against a finding of secondary meaning. The advertisements cited by Respondents and Staff are from the 1970s and 80s, as are the advertisements cited by Mr. Walford in his testimony. (RIB at 20-21 (citing RX-02208.05; RX-02305.005; RX-08815; RX-02307.003); SIB at 47-48 (citing RX-02208; RX-02305; RX-02307); RX-02087 at Q/A 109-110).) The evidence does not show that today's consumer would view Converse's shoes alongside third-party shoes bearing the CMT. In fact, the evidence shows that Converse takes actions to prevent this from occurring. (RX-02106C.004) (2013 cease and desist letter to The Gap, Inc. indicating that "Gap's intentional juxtaposition of authentic and infringing design is highly likely to lead to consumer confusion and to create dilutive associations with Converse's trademarks").)

4. The Length of Use

Converse asserts that it has "continuously used the CMT on its All Star shoes – [ ] of its total business – for over eighty years." (CIB at 23 (citing CX-00242C at Q/A 49; CX-00243C at Q/A 55, 189; CX-00237C at Q/A 112).) Converse believes that "[t]his is powerful evidence of secondary meaning" as "the ITC and courts have found secondary meaning based, in part, on use of a mark for far shorter periods of time." (*Id.*)

Respondents and Staff do not contest these facts. Although there is no set length of time for which a trademark must be used, it is clear that the continuous use of a trademark for over 80 years is evidence of secondary meaning. The undersigned therefore finds that this factor weighs in favor of a finding of secondary meaning.

5. The Degree and Manner of Sales, Advertising and Promotional Activities

Converse argues that its sales, advertising efforts, and promotional activities weigh in favor of a finding that the CMT has acquired secondary meaning. First, Converse notes that shoes bearing the CMT "are reported to be the best-selling shoe of all time, with more than [ ] [ ] pairs sold worldwide." (CIB at 24 (citing CX-00242C at Q/A 6; CX-00243C at Q/A 21; CX-00237C at Q/A 182, 188-189, CX-10552; CX-05245C; CX-05280C-81C; CX-10768)).) Converse also asserts that it "has extensively advertised its All Star shoes with images featuring the CMT – the most prominent and consistent aspect of the shoe." (*Id.* (citing CX-00237C at Q/A 124, 126, 201-22)).) Converse further explains that it has featured the CMT in promotional activities, including a "Basketball Yearbook" published from 1922 to 1983. (*Id.* at 26.) Converse "extensively markets All Star shoes on the Internet and through social media," including through its Facebook page, which has received forty million likes. (*Id.* at 27.) According to Converse, it "has spent [ ] of dollars advertising and marketing All Star shoes featuring the CMT." (*Id.*) For these reasons, Converse contends its sales, advertising, and promotion of All Star shoes bearing the CMT "dwarf those the ITC and courts routinely find sufficient to establish secondary meaning." (*Id.*)

Respondents argue that information regarding Converse's sales and marketing of the All Star shoes is irrelevant, as Converse "did not direct marketing or advertising toward the claimed combination of design elements." (RIB at 29-30.) Respondents state that a party is required to

show a specific link between the sales and marketing and the claimed design elements. (*Id.* at 29 n. 11.) In support of their argument, Respondents introduced the testimony of Dr. Golder who "concluded that the asserted trade dress did not obtain secondary meaning because: (1) Converse faced significant marketplace barriers to establishing secondary meaning in the claimed design elements; (2) Converse did nothing to overcome those barriers; and (3) an analysis of third-party media shows no association of the design with Converse." (*Id.* at 30.)

Staff notes that "Converse has been selling the Chuck Taylor All Stars since at least the 1930s and in that time has sold over [ ] pairs, which admittedly weighs in Converse's favor." (SIB at 46.) On the other hand, Staff argues that "Converse's evidence of overall sales, publicity, and advertisements relating to the Chucks as a whole is not particularly informative about whether the CMT on its own has secondary meaning." (SRB at 16.) Staff also argues that the advertisement of Converse shoes along shoes bearing very similar midsole designs weighs against secondary meaning. (SIB at 47 (citing RX-02087C at Q/A 109; RX-02208; RX-02305; RX-02307; Fogarty, Tr. at 978:10-979:17).) Staff also agrees with Respondents that Converse's failure to engage in "look for" advertising weighs against secondary meaning. (*Id.* at 49.) Staff asserts that, especially due to the high barriers Converse faced, "some form of 'look for' advertising is critical.'" (*Id.* (quoting RX-00003C at Q/A 193, 197).)

Converse contends that "look for" advertising is not required to establish secondary meaning and that courts have favorably considered the types of ads used by Converse in secondary meaning analyses. (CIB at 26; CRB at 13.) Converse notes that even Dr. Golder concedes "that secondary meaning can develop absent [look-for] advertising." (CRB at 13 (citing Tr. at 815:23-25).)

The undersigned finds that this factor weighs in favor of a finding of secondary meaning. The parties do not dispute that [ ] of pairs of Converse All Star shoes are sold worldwide. (CX-00242C at Q/A 6; CX-00243C at Q/A 21; CX-00237C at Q/A 182, 188-189, CX-10552; CX-05245C; CX-05280C-81C; CX-10768). Thus, the sales of shoes featuring the CMT weigh in favor of secondary meaning.

The undersigned disagrees that there are marketplace barriers which diminish Converse's ability to achieve secondary meaning. Respondents first contend that the "primary meaning" of at least two of the design elements is functional. (RIB at 30.) This argument is premised on consumer understanding, yet Respondents did not introduce evidence as to how the consumer views these design elements. While Dr. Golder testified that customers *may* associate the design features of the CMT with functionality or aesthetics, he does not cite to anything, other than a single comment from the trademark's prosecution history in support. (RX-00003C at Q/A 63.) Additionally, Dr. Golder testified that that he did not conduct consumer surveys, interview consumers, or consider any secondary meaning surveys. (Golder, Tr. at 748:21-749:11.) Without such evidence, Dr. Golder's testimony is merely speculative.

Respondents next contend that Converse and third parties advertised the design elements as functional and that "[t]he toe cap, toe bumper, and midsole stripes were commonly used by Converse's competitors." (RIB at 30-31.) Dr. Golder cited to numerous advertisements in his testimony, but these advertisements were from the 1950s – 1980s. (RX-00003C at Q/A 67-95.) For the same reasons that the undersigned does not find historic third-party use relevant when there is no evidence that today's consumer is aware of such use, the undersigned is not persuaded by evidence of historic advertisements when there is no evidence that such advertisements are

part of the present-day "consumer consciousness." The same is true with respect to alleged use of the CMT by Converse's competitors.

For the final two barriers, Dr. Golder opined that third-party representations of the CMT on products other than footwear and depictions of the CMT in numerous trademark registrations pose barriers to establishing that the CMT is associated with a single source. (*Id.* at Q/A 117, 132.) While the evidence shows that there are various depictions of shoes bearing the CMT throughout pop culture, such as on books and in photos, there is insufficient evidence that these third-party representations harm Converse's ability to establish secondary meaning. It is possible, for example, that a consumer viewing these depictions would simply assume that these are depictions of a Converse shoe. (*See, e.g.*, CX-10845C at Q/A 82, 89 (testifying that consumers may perceive these third party images as iconic, rather than generic); *see also* Golder, Tr. at 814:5-11 (testimony from Dr. Golder admitting that it is possible individuals chose the images because they specifically wanted to depict the All Star shoe).) Without any evidence as to the effect of these third-party depictions in the marketplace, the undersigned cannot conclude that they diminish Converse's ability to achieve secondary meaning.

The undersigned finds that because Respondents did not establish that Converse faced significant barriers, Respondents' arguments with respect to Converse's actions in light of these barriers need not be addressed.

The parties also dispute whether Converse's advertising and promotional efforts can support a finding of secondary meaning. Respondents and Staff contend that "look for" advertising – "advertising that calls out specific product design features and draws a clear link between those design features and a single source" – is necessary. (*See* RIB at 31 n.12.)

The undersigned finds that "look for" advertising is not required to achieve secondary meaning. *See, e.g.*, *Yamaha Intern. Corp. v. Hoshino Gakki Co., Ltd.*, 840 F.2d 1572, 1583 (Fed. Cir. 1988) (finding that, "[a]lthough the peg head designs were not the sole or primary focus of the advertising . . . the constant promotional display of the product pictures did contribute to the recognition of the peg head design as source indicators"). Specifically requiring that an advertisement include language that draws attention to the trade dress elevates form over substance, particularly given the changing nature of advertising in the modern world. A constant and consistent depiction of the asserted trade dress is sufficient. This is evident when considering the rationale behind the consideration of advertisement in determining whether secondary meaning has been achieved: Is it more likely that a consumer will associate the asserted mark with one company? Consistent advertising of a design element in association with a brand's name would make a consumer likely to draw such a connection, particularly when the design element is a highly visible one that is often featured prominently. McCarthy at § 15.52 ("If the seller has featured the designation as a prominent symbol in advertising that has reached many potential customers, it could be a logical inference that buyers and viewers of the advertising came to associate the symbol with that seller.")

Here, the evidence is undisputed that "[i]n eighty years of Converse advertisements, the CMT is in just about all of them." (CX-00243C at Q/A 55; *see also* CX-00237C at Q/A 124, 126.) The evidence also shows that Converse spent [ ] on ads featuring the CMT in the five years leading up to the trademark application. (CX-00248C at Q/A 45.) The evidence likewise shows that the CMT was prominently featured in many of these ads. (CDX-00243C.0001.) While the CMT does not cover the entire shoe, it covers a large portion of the

shoe. It is not an insignificant detail which is likely to be missed by the consumer. Thus, Converse's advertisement and promotional efforts support a finding of secondary meaning.

6. The Effectiveness of the Effort to Create Secondary Meaning

Converse contends that its efforts to create secondary meaning "have resulted in widespread association of the CMT with Converse." (CIB at 28.) Specifically, Converse asserts that "[s]hoes bearing the CMT have enjoyed unprecedented unsolicited publicity." (*Id.*) Converse states that All Star shoes bearing the CMT have been worn by athletes, celebrities, and musicians. (*Id.*) Converse further explains that shoes featuring the CMT have been pictured in numerous movies and telephone shoes, as well as print media. (*Id.*) Converse notes: "[

]" (*Id.* (citing CX-00243C at Q/A 169-76).)

Respondents argue that the media has not, in fact, recognized the CMT as associated with Converse. (RIB at 33.) Respondents assert that the unrefuted testimony shows that "[t]here were no media mentions whatsoever of the alleged midsole trademark between 2012 and 2013." (*Id.* (citing RX-00003C.0079-0085). Respondents state that "none of the many images Converse cites to in any way call out the claimed design elements." (*Id.* (citing RX-00003C.081-89; RDX-00003C.42-43; RX-09908C); *see also* RRB at 16-17).)

The undersigned finds that this factor is neutral. While there is no doubt that the Converse All Star shoe is popular, "[s]econdary meaning is not necessarily the same as popularity." McCarthy at § 15:47. "To make popularity relevant as evidence, causation between the trademark and the popularity must be proved." *Id.* The evidence does not demonstrate the popularity of the All Star shoe is due to the CMT. Additionally, the evidence does not establish that buyers associate the shoe depicted in the media, such as TV shows and movies, with only

one brand. Consumers of this media may believe that the shoes are from different brands, thus actually disproving secondary meaning. Without additional evidence, this factor is not useful in determining secondary meaning.

7. The Evidence of Deliberate Copying

Converse asserts that Respondents and non-parties have copied the CMT. [

] Converse also states that "[s]earching for terms such as 'Converse', 'Chucks,' and 'Chuck Taylor' on Respondents' websites results in listings for the Accused Products." (*Id.* (citing CX-00023, CX-00751-52, JX-00005, CX-10509).) Finally, Converse explains that "the CMT has been the subject of counterfeiting, close copying, and other violations," forcing Converse to spend [ ] to add various "tells" to its shoes and engage in an enforcement strategy of sending cease and desist letters and filing multiple lawsuits. (*Id.* at 30-31 (citing CX-00245 at Q/A 17, 22, 24, 28, 32-53; CX-08667C).)

Respondents disagree that there is any evidence that Respondents' copied the CMT. (RRB at 17.) [

] Respondents also assert that "Converse's discussion of 'counterfeits' and incorporation of 'tells' to distinguish genuine shoes, are inapposite." (*Id.* at 17 n. 21.)

Staff does not address this factor as it pertains to secondary meaning.

The undersigned finds that this factor weighs in favor of a finding of secondary meaning. [

]

The undersigned likewise find that the widespread copying by non-parties weighs in favor of a finding of secondary meaning. The evidence shows that the CMT has been the subject of counterfeiting and close copying, particularly since 2001. (CX-00245C at Q/A 17, 22, 24, 28, 32-53.) The fact that numerous non-parties have deliberately copied the Converse shoe – including the CMT – is evidence that it has acquired secondary meaning. *See Certain Cube Puzzles*, Inv. No. 337-TA-112, 1982 WL 212672, at *18 (Sept. 27, 1982) ("If [companies] thought an advantage could be gained by copying [complainant's] trademark and packaging throughout the United States, it is likely that the public was aware of the trademark."). Respondents' arguments that such evidence is irrelevant are unpersuasive.

8. Conclusion

As explained above, the undersigned finds that four factors weigh in favor of secondary meaning, one factor weighs against, and two are neutral. Because the factor that weighs against secondary meaning provides the "strongest and most relevant" evidence, the outcome here is a close call. With respect to the '753 registration, however, it is presumed that the trademark is valid. The undersigned finds that Respondents have not met their burden in proving that it is not.

The common law trade dress is not afforded such a presumption, however. Rather, the burden rests on Converse to establish secondary meaning. McCarthy at § 15:32; *see also Flynn v.*

Peters, 377 F.3d 13, 19 (1st Cir. 2004). The undersigned finds that Converse has not done so here. Specifically, Converse cannot overcome the "strongest and most relevant" evidence from Ms. Butler that the common law trade dress had not acquired secondary meaning.

B. Functionality

For a mark to be valid, it must also be nonfunctional. *Ink Markers*, Order No, 30 at 26. Due to the presumption afforded to the registered trademark, it is Respondents burden to show that the mark is, in fact, functional. 15 U.S.C. § 1115(a); *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 312 (4th Cir. 2014). The same analysis applies to the common law trademark, but Converse carries the burden.

1. Utilitarian Functionality

There are two types of functionality, *de facto* and *du jure*:

> The former being the use of "functional" in the lay sense, indicating that although the design of a product, a container, or a feature of either is directed to performance of a function, it may be legally recognized as an indication of source. De jure functionality, of course, would be used to indicate the opposite – such a design may not be protected as a trademark.

In re Morton-Norwich, 671 F.2d 1332, 1337 (C.C.P.A. 1982).

To assess whether a mark is *de jure* functional, the Commission applies the *Morton-Norwich* factors: whether (1) the design's utilitarian advantages are touted in ads; (2) the design results from a comparatively simple or cheap manufacturing method; (3) utility patents disclose the design's utilitarian advantage; and (4) commercial alternatives are available." *Ink Markers*, Order No. 30 at 26-27 (citing *In re Morton-Norwich*, 671 F.2d 1332, 1337 (C.C.P.A. 1982).)

Respondents argue that each element of the CMT is functional from a utilitarian perspective. (RIB at 42-45.) Specifically, they argue that toe caps and bumpers reduce abrasion and provide structure. (*Id.* at 42 (citing RX-02086C at Q/A 47-59, 61-81).) Respondents also

argue that toe caps and toe bumpers protect toes, and that diamond-and-line texturing on toe bumpers reduces abrasion. (*Id.* at 44 (citing RX-02086C at Q/A 47-59, 61-81).) As to the midsole stripes, Respondents argue that the stripes designate shoes as suitable for athletic use and minimize the apparent size of the midsole. (*Id.* at 44-45 (citing RX-02086C at Q/A 84-88).) Respondents do not specifically address the *Morton-Norwich* factors.

Converse argues that the *Morton-Norwich* factors weigh against such a finding. (CIB at 46-49.) Converse emphasizes, in particular, that Respondents have failed to show "that Converse's iconic mark, ***as a whole***, somehow is . . . *de jure* functional." (*Id.* at 46.) Staff agrees with Converse that the CMT is nonfunctional. (SIB at 56.)

a. Advertisements

Respondents assert that "decades' worth of Converse and Nike advertisements tout the functional benefits" of the design elements of the CMT. (RIB at 43, 44.) Converse argues that these ads focus on individual elements, and not the alleged functionality of the CMT as a whole. (CIB at 48.) Converse also notes that "almost all of the ads are from before 1982, and thus pre-date Converse's repositioning of All Star shoes from performance athletic to casual lifestyle shoes, which rendered irrelevant any supposed performance advantages." (*Id.*) Staff agrees that these advertisements "do not tout utilitarian advantages specific to the design of the CMT, but instead merely describe some *de facto* benefits of toe caps and toe bumpers generally." (SIB at 57.)

The undersigned finds that this factor weighs in favor of finding the CMT nonfunctional. The evidence shows that the advertisements on which Respondents rely are from decades ago. (CX-10842C at Q/A 75-79.) Additionally, since that time, the evidence shows that Converse has repositioned its shoes from performance basketball shoes to casual shoes. (CX-00242C at Q/A

23-33; CX-00243C at Q/A 45-47; CX-00241C at Q/A 18; CX-00234 at Q/A 48-54.) As such, even if Converse did, at one point, advertise the design elements of the CMT as functional, the evidence does not show that it currently does so. *See Adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp.2d 1029, 1084-85 (D. Or. 2008) (noting that "product features once deemed wholly functional can be transformed over time to non-functional, source-indicating features"). Additionally, the evidence shows that these advertisements tout only certain design elements, and not the CMT as a whole. (CX-00241C at Q/A 47-55; CX-00235 at Q/A 141-145; CX-10842C at Q/A 74-105).) Functionality determinations should be based "on the superiority of the design as a whole, rather than on whether each design feature is 'useful' or 'serves a utilitarian purpose.'" *Textron, Inc. v. ITC*, 753 F.2d 1019, 1026 (Fed. Cir. 1985).

b. Manufacturing Method

Respondents assert that it has produced "compelling evidence" that the CMT affects the cost of manufacturing the goods. (RRB at 24.)

Converse asserts that "the inclusion of the CMT on All Star shoes adds both complexity and cost to the shoes' manufacture." (CIB at 48-49 (citing CX-00247C at Q/A 67, 85-87; CX-5318C).) Staff argues that this factor is neutral. (SIB at 58.)

The undersigned agrees with Staff that this factor is neutral. The evidence shows that, although the application of the CMT to shoes may add costs to the process, other methods of increasing durability would likewise add costs. (CX-00234 at Q/A 149-52; RX-02086 at Q/A 60, 76-78, 82-83).)

c. Utility Patents

Respondents argue that "[n]umerous patents owned by both Converse and Nike . . . describe the functional benefits of toe caps and bumpers in preventing wear and increasing durability." (RIB at 43, 44.)

Converse asserts that none of these patents "reflect any utilitarian advantage from the design or appearance of the CMT, as a while or of any of its elements." (CIB at 49 (citing CX-00234 at Q/A 115-140).)

Staff argues that this factor weighs in favor of finding that the CMT is nonfunctional. (SIB at 57.) Staff explains that "the evidence on this factor fails to refer to the specific claimed trade dress and only refers to the *de facto* utility of toe bumpers and toe caps generally." (*Id.* (citing CX-00234 at Q/A 139; CX-10842C at Q/A 48-55, 58, 66).)

The undersigned also finds that the utility patent factor weights in favor of finding the CMT nonfunctional. The evidence shows that the utility patents cited to by Respondents address only two of the design elements, and not the CMT as a whole. (CX-00234 at Q/A 115-140; CX-10842C at Q/A 48-55, 58, 63-66, 106-107).) The evidence shows that, even Respondents' expert, admits that the shoes depicted in these patents do not have the same design elements as the CMT. (Holden, Tr. at 901:23-905:22.)

d. Commercial Alternatives

Respondents argue that this factor is irrelevant "[w]here a design is essential to the use or purpose of the device of affects the cost or quality of the device." (RRB at 24 (citing *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33 (2001).)

Converse notes "the existence of numerous commercial alternatives" to Converse's CMT design. (CIB at 49 (citing CX-00234 at Q/A 62-114; CX-10842C at 43-45, 60, 71-73).) Staff agrees. (SIB at 57-58.)

The undersigned finds that this factor weighs in favor of finding the CMT nonfunctional. The evidence shows that numerous commercial alternatives exist. (CX-00234 at Q/A 62-114; CX-10842C at Q/A 40-41, 43-47, 60-61, 71-73).) Additionally, as Staff notes, "there is no evidence, other than conclusory and unsupported expert testimony . . . that these and the other proposed alternative designs would not offer the same *de facto* advantages of the CMT." (SIB at 58 (citing (RX-10265 at Q/A 24-30).)

e. Conclusion

For the reasons set forth above, the undersigned finds that three of the *Morton-Norwich* factors weigh in favor of finding that the CMT is nonfunctional, while one is neutral. Accordingly, the undersigned finds that the CMT has not been shown to be invalid due to *de jure* functionality.

2. Aesthetic Functionality

"Under the theory of 'aesthetic functionality' many visually attractive and aesthetically pleasing designs are categorized as 'functional' and hence free for all to copy and imitate." McCarthy at § 7.79. The Supreme Court, in dictum, noted that "a functional feature is one the exclusive use of which would put competitors at significant non-reputation-related disadvantage." *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33 (2001). Many courts have rejected the theory of aesthetic functionality. McCarthy at § 7.80.

Respondents contend that the CMT is aesthetically functional "because all features of the asserted trade dress are needed to evoke a classic style that is valued by consumers." (RIB at 45

(citing RX-02086C at Q/A 90-01; RX-02362 at 1:18-25).) They assert that "removing the combination of the toe cap, the toe bumper, and midsole stripes from the public domain would place Respondents at a significant competitive disadvantage." (*Id.* (citing RX-02362 at 1:18-25).)

Converse notes that many courts have rejected the theory of aesthetic functionality. (CIB at 50.) Converse contends that, even if the Commission does not reject it, Respondents failed to meet their burden. (*Id.*) Specifically, Converse argues that "Respondents offer only unsupported, unsubstantiated options from Mr. Holden, who admittedly has not conducted any consumer surveys." (*Id.* at 50 (citing Holden, Tr. at 897:17-23).) Converse further notes that "Respondents' argument hinges on an admittedly unsupported proposition that the CMT is the *only* way to design a classic-style shoe." (CRB at 31.)

Staff agrees that Respondents "fail to provide evidence that the specific design and placement of the elements in the CMT is necessary to compete in the relevant market and that not being able to use the specific design of the CMT would place Respondents at a disadvantage." (SIB at 58.)

The undersigned finds that Respondents have not demonstrated that the CMT is aesthetically functional. It is telling that, although Respondents assert that there is "considerable evidence that the alleged midsole trademark is, in fact, functional from an aesthetic perspective" (RRB at 24), they cite to only two questions from the direct examination of their expert and a statement by Converse in a patent regarding the All Star's popularity due to its "aesthetically pleasing appearance." (*See* RIB at 45 (citing RX-02086C at Q/A 90-91; RX-02362 at 1:18-25).) The cited testimony is conclusory and does not provide any basis for the expert's opinions. (RX-02086C at Q/A 90-91.) Additionally, a statement that the mark is aesthetically pleasing is not evidence that it is aesthetically functional, nor is a statement that a style is "very popular"

evidence that removing the CMT from the public domain would place Respondents at a "significant competitive disadvantage." Such meager evidence is insufficient for Respondents to overcome the presumption that the federally registered CMT is valid. Similarly, this evidence does not demonstrate invalidity of the common law trademark.

C. Genericness

A trademark is invalid if it is generic. A generic term "is the common descriptive name of a class of goods of services." *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 965 (Fed. Cir. 2015). "Because generic terms are by definition incapable of indicating a particular source of the goods or services, they cannot be registered as trademarks." *Id.* In determining whether a mark is generic, courts follow a two-step inquiry; "First, what is the genus of goods or services at issue? Second, is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of goods or services?" *Id.*

With respect to the first step, Respondents assert that the CMT is generic for sneaker. (RIB at 47.) In support, Respondents cite to *The Complete Footwear Dictionary* which depicts a shoe bearing the CMT as a sneaker. (*Id.*)

Converse asserts that Respondents have been unable to define the genus and that even its own experts cannot agree on the definition. (CIB at 45; CRB at 26-27.) Staff agrees. (SIB at 53.)

The undersigned finds that the CMT is not generic. Respondents have not met their burden in establishing that the first step of the two-step inquiry is satisfied. Although Respondents assert in their brief that the genus is "sneaker," their experts disagree. (RX-07698 at Q/A 88 ("canvas cap-toe oxford sneaker"); RX-02087 at Q/A 97, 109 ("vulcanized canvas shoes," "basketball shoes," and "gym shoes"); RX-02091C at Q/A 34 ("retro basketball shoes");

RX-00003C at Q/A 116 ("sneakers").) Additionally, the dictionary cited by Respondents does not support their argument because, as Staff notes, it "is merely an example of a sneaker, and the definition itself makes no mention of the" CMT. (SIB at 53 (citing RX-02478).) Because the evidence does not show that the CMT is generic for any particular genus of goods, the undersigned finds that the CMT is not invalid as generic.

V. INFRINGEMENT

Trademark infringement is analyzed under a two prong test: First, we look to see whether the mark merits protection, and second, whether the respondent's use of a similar mark is likely to cause consumer confusion. *Handbags*, Order No. 16 at 6. The undersigned has previously determined that the '703 registration is valid. *See, supra*, § IV.A.6. Thus, for this trademark, the only remaining analysis for infringement is whether there is a likelihood of consumer confusion.

The undersigned determined that the common law trade dress was invalid. *See, supra,* § IV.A.6. Thus, for this mark, there can be no infringement. If this trade dress were to be found valid, however, the same infringement analysis would apply. *See Digital Multimeters* at 13 ("As the '480 mark is very similar to and is encompassed within the breath of Flucke's trade dress, in considering likelihood of confusion, it was only necessary for the undersigned to conduct a single infringement analysis").

To determine consumer confusion, the Commission applies the following factors: (1) the degree of similarity between the designation and the trademark in appearance, the pronunciation of words used, verbal translation of pictures or designs involved, and suggestion; (2) the intent of the actor in adopting the designation; (3) the relation in use and manner of marketing between the goods and services marked by the actor and those by the other; and (4) the degree of care likely to be exercised by purchasers." *Ink Markers*, Order No. 30 at 36. The Commission may

also consider additional factors, such as the strength of the mark or actual confusion. All factors must be evaluated in the context of the ultimate question of likelihood of confusion as to the source or sponsorship of the product. *Handbags*, Order No. 16 at 9.

Throughout the parties' arguments with respect to infringement, there is a dispute as to whether Converse can rely on evidence of post-sale confusion, or whether it must be limited to evidence of point-of-sale confusion. Respondents insist that evidence of post-sale confusion is irrelevant and cite to the 1983 decision of *Certain Braiding Machines*, 337-TA-130, USITC Pub. 1435 (1983), in support. In that case, the Commission concluded:

> A review of the applicable precedent and commentaries indicates that the relevant question generally in a determination of likelihood of confusion is whether a purchaser was confused or likely to be confused at the time he acquired his interest and considered the purchase . . . Consequently, evidence concerning the post-sale scenario is of limited value for the purposes of this analysis.

Id. at 72-73. Since that time, however, most courts that have analyzed the issue have concluded that post-sale confusion is relevant. *See, e.g.*, *Payless Shoesource, Inc. v. Reebok Int'l, Ltd.*, 998 F.2d 985 (1993) (explaining that the First, Second, Fourth, Fifth, Ninth, and Eleventh Circuits consider evidence of post-sale confusion and that the Tenth Circuit likely would "if it considered the issue head-on").

The undersigned agrees with the majority of the courts and finds that post-sale confusion can be relevant in a likelihood of confusion analysis. This is particularly true in this case: "With sneaker labels, where the impressed words can only be read a few feet away from the eyes," post-consumer confusion is "quite relevant." *Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 222 (1st Cir. 1989). Thus, in evaluating the infringement factors, the undersigned agrees that post-sale confusion is the most appropriate framework for assessing likelihood of confusion in this Investigation.

The parties also disagree as to whether consumer comments should be evidence of confusion. Respondents assert that such comments are "unreliable and should be given no weight." (RIB at 57 (citing *QVC Inc. v. Your Vitamins, Inc.*, 439 Fed. App'x 165, 168-69 (3d Cir. 2011).) They assert that Dr. Winer did not take steps to confirm the legitimacy of these comments. (*Id.* (citing JX-00412C at 164:1-14, 177:18-179:3, 520:4-20).) Respondents further assert that "to be probative, anecdotal evidence of confusion must be more than *de minimis*." (*Id.* at 58 (citing *Medici Classics Prods, LLC v. Medici Grp, LLC*, 683 F.Supp.2d 304, 312 (S.D.N.Y. 2010); *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery,* 150 F.3d 1042, 1052 (9th Cir. 1998).) Respondents explain that the comments introduced into evidence "amount to 0.0000026471%" of shoes sold. (*Id.* (citing CX-00240C.80 at Q/A 533; CDX-00240.018).)

Staff agrees that "Respondents raise valid questions about the reliability of these comments." (SIB at 62.) Staff notes that "Mr. Winer acknowledged that nothing was done to verify the commenters' identities, their presence in the U.S., or whether they are in fact purchasers of the Accused Products." (*Id.* (citing JX-00412C).)

Converse asserts that "[c]onsumer comments suggesting an affiliation or relationship are frequently considered as probative and strong evidence of confusion." (CRB at 37 (citing *Conn. Cmty. Bank v. Bank of Greenwich*, 578 F. Supp.2d 405, 419 (D. Conn. 2008), *Victoria Secret Catalogue, Inc. v. Moseley*, 558 F.Supp.2d 734, 748 (W.D. Ky. 2008).) Converse explains that "[t]he online evidence at issue here is particularly relevant because the digital marketplace is a significant source of confusion and harm to Converse and because the parties promote, market, and sell their footwear online." (*Id.* at 38.)

The undersigned agrees that the evidence regarding consumer comments should carry little weight in this Investigation. The evidence shows that the amount of comments pales in

comparison to the sales of the shoes. (CX-00240C.80 at Q/A 473; CDX-00240.018.) Thus, even if the undersigned were to find that these comments were credible, there is still very little evidence that consumers are actually confused by the sale of Respondents' Accused Products. Thus, the undersigned does not find that the evidence of consumer comments favors a finding of likelihood of confusion.

A. Skechers

Converse accuses several of Skechers product lines of infringement, including BOBS, Twinkle Toes, Daddy'$ Money, and HyDee HyTop. (CIB at 10 (citing CX-00021).)

1. Degree of Similarity

Converse asserts that the midsole of the Skechers Accused Products is nearly identical to the CMT. (CIB at 56 (citing CX-00240C at Q/A 783-94; CDX-00240.0041; CX-00242C at Q/A 110-12; CDX-00242.0001.)

Skechers argues that its products "feature a unique 'look' and are easily distinguishable from Converse products and the asserted trade dress." (RIB at 64.) Skechers specifically points to the differences in the Twinkle Toes line of shoes, including its fabric cap with embellishments and prominent branding. (*Id.* at 64-65 (citing RX-02092C at Q/A 23-25, 38 101; RX-05076; RX-05114; RX-05293; RX-04978; RX-04983; RX-05067; RX-05058; RX-05062); RRB at 30.) Skechers also argues that the "representative shoes" are not actually representative of the products accused of infringement. (RRB at 31.)

Staff asserts that the "evidence shows that Skechers' Daddy'$ Money and HyDee HyTop lines of shoes have midsole designs that are identical, or nearly identical" to the CMT. (SIB at 63-64.) Staff believes that the BOBS Utopia and Twinkle Toes line of shoes include significant differences. (*Id.* at 64-66 (citing RX-03985; RX-05966; RPX-0258; RPX-0259; RPX-0260;

RPX-0261; RX-02092C at Q/A 85, 90).) Staff "disagrees that the examples of the Skechers products . . . are representative of the more than 700 different styles of Skechers Accused Products." (SRB at 5-6.)

The undersigned agrees with Skechers and Staff that the shoes selected by Converse are not, in fact, representative of the Accused Products. For example, Converse relies on the following as a representative Twinkle Toes shoe:

(CPX-199; CX-00021.0003.) As seen in the image, this particular shoe lacks branding on the toe bumper. (*Id.*) In contrast, the evidence shows that Skechers often adds colorful branding to the toe bumper of its shoes. (RX-02091 at Q/A 94; RX-02092C at Q/A 38, 100-101; RX-04978; RX-04983; RX-05058; RX-05062; RX-05067; RX-05078; RX-05082; RX-05114; RX-05173; RX-05293.) While, the presence of a brand name on a product does not alone insulate an infringer, the label can serve as additional indicia that there is no likelihood of confusion. *Certain Steel Toy Vehicles*, No. 337-TA-31, USITC Pub. 880, at *33 (1978); McCarthy at § 23.53 (explaining that "[t]he majority view is that labeling or use of a word mark does not avoid what would otherwise be an infringing trade dress"). In the case of Skechers, the logos often appear in bright colors and are thus noticeable, even from a distance. (RX-02091 at Q/A 94-95; RX-04978; RX-04983; RX-05058; RX-05062; RX-05067; RX-05078; RX-05082; RX-05114; RX-05173; RX-05293.)

Because it appears that at least some of the Accused Products are not similar to the CMT, the undersigned cannot accept Converse's assertion that the products it selects are representative of the Accused Product. The undersigned accordingly limits Converse to the following products: the shoes appearing in CPX-199, CX-21, and CDX-00240.040.[21]

a) Twinkle Toes

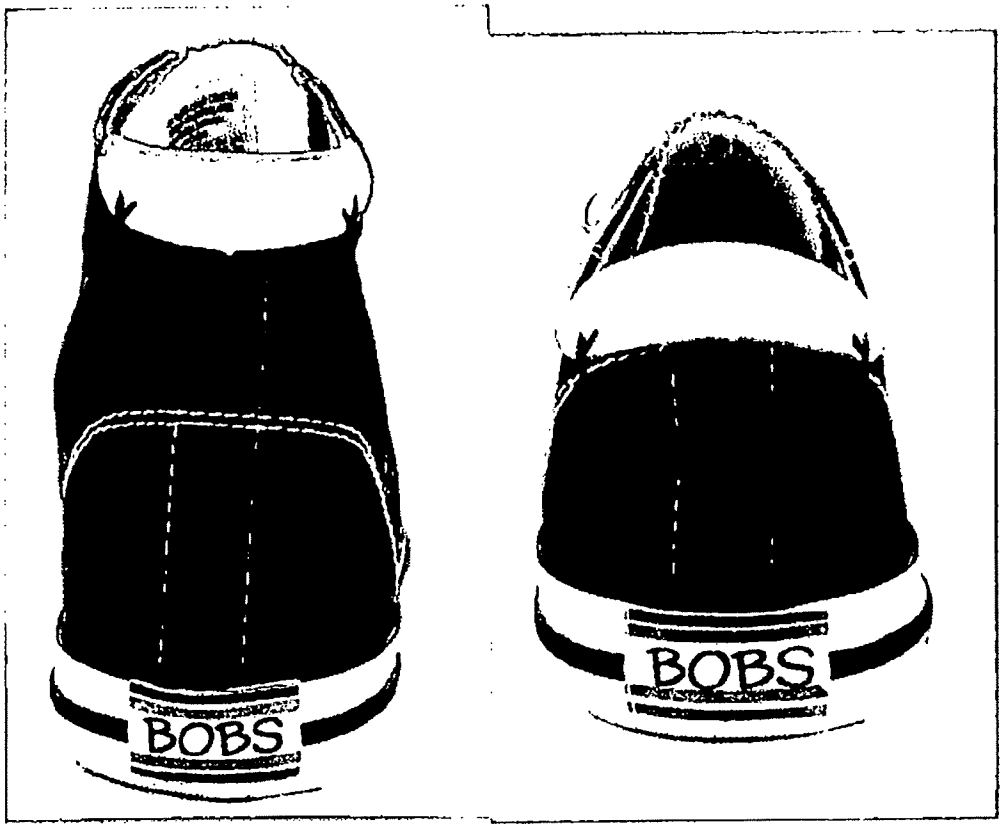
The undersigned finds that this factor weighs against a finding of likelihood of confusion for the Twinkle Toes shoes. These shoes contain embellishments on the toe-cap that light up when a consumer walks in them:

(CX-00021; CDX-00240.040; RX-02091C at Q/A 93; RX-02092C at Q/A 25 (explaining that "[m]ost styles in the Twinkle Toes line right now have lights built into the shoe, which light up with each step"); *id.* at Q/A 30.) These design features create enough differences that the shoes bearing them cannot be said to be similar to the CMT. Even Converse admits that the presence of embellishments on the Twinkle Toes shoes, "skew[s] the appearance of the shoe." (CX-00240C at Q/A 906.)

[21] It appears that Converse cannot actually identify what products are representative. Dr. Winer and Mr. Calhoun cite to different representative products in their testimony. (CX-00240C at Q/A 784; CDX-00240.040; CX-00242C at Q/A 110-12.) These products are different than those Converse identifies in its brief. (CIB at 10 (indicating that "[r]epresentative images of Skechers' Accused Products are shown in CX-21, and the Skechers Toes Shuffles Streetfeet is shown in Figure I.4.").)

b) BOBS Utopia

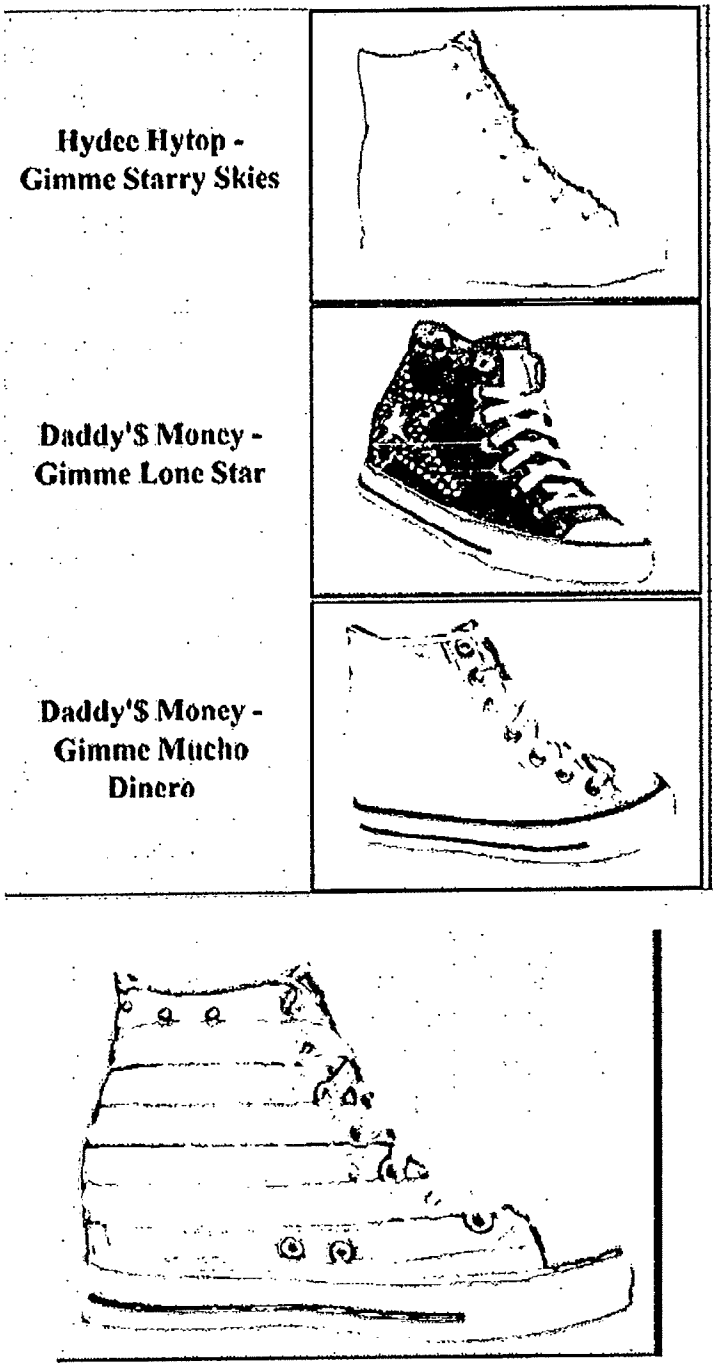
The undersigned finds that this factor weighs against a finding of likelihood of confusion with respect to the BOBS Utopia line of shoes. While the overall look of the shoe is similar, (*see, e.g.*, CX-00240C at Q/A 788-89), the BOBS shoe contains a prominent logo on the heel.



(CX-00021.) As with the Twinkle Toes logo, these logos are highly visible and serve to dispel confusion.

c) Daddy'$ Money and HyDee HyTop

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion for the Daddy'$ money and HyDee HyTop line of shoes. The evidence shows that the Daddy'$ Money and HyDee HyTop shoes have midsole designs that are identical or nearly identical to the CMT:



(CDX-00240.040; CDX-00240.0041; CX-00240C at Q/A 784-785, 788-89.) Although Skechers asserts that these shoes are different because they contain a "hidden wedge" heel (RX-02092C at Q/A 111, 120), this feature – by definition – is not visible to observers. Thus, in a post-sale context it would not decrease the likelihood of confusion. Additionally, Skechers does not set

forth any evidence that the toe cap, bumper, and midsole differ significantly, other than that they have a "distressed" finish. (RX-02092C at Q/A 111.) Given that the purpose of the distressed finish is to create a "worn look," an observer may just assume that the shoes have been frequently worn and thus not likely to be confused.

2. Intent

[

] Converse further notes that Skechers displays the Accused Products when a consumer searches "Chuck Taylor," "Chucks," and/or "Converse" on skechers.com. (*Id.* (citing CX-00242C at Q/A 113-114; CX-00023; CX-00438-CX-00439).)

Skechers asserts that there "is no evidence that Skechers intended to confuse consumers or to trade upon Converse's reputation. (RIB at 66.) Skechers also explains that its "branding practices preclude a finding of any intent to confuse consumers." (*Id.*)

Staff "believes that this factor weighs slightly in favor of finding likelihood of confusion, particularly because of the website return results." (SIB at 68.)

The undersigned finds that this factor weighs in favor of finding a likelihood of confusion. In contrast to Skechers' assertion that it did not intend to confuse consumers, the evidence shows that Skechers intentionally displayed the Accused Products when a consumer searched "Chuck Taylor," "Chucks," and/or "Converse" on skechers.com. (CX-00242C at Q/A 114; CX-00023; CX-00438-CX-00439).)

3. Relation in Use and Manner of Marketing

Converse argues that "[t]here is considerable overlap between the distribution and marketing channels for Skechers' Accused Products and All Star shoes, as Skechers' Accused Products are sold in many of the same retail locations as All Star shoes, both online . . . and in brick-and-mortar stores." (CIB at 57 (citing CX-00240C at Q/A 863-68, 878; CX-00244C at Q/A 23, 35-37, 103, 113; CX-00242C at Q/A 115-117.) Converse further asserts that the shoes "are marketed and/or advertised through similar channels, including in some of the same publications." (*Id.* (citing CX-00240C at Q/A 888-96; CX-00242C at Q/A 115-117; CX-08072; CX-08073; CX-09794C).)

Skechers asserts that it "has its own website, retail stores, and concept stores that sell only Skechers products." (RIB at 68 (citing RX-02092C at Q/A 15-16, 82; RX-02091C at Q/A 95).) They further assert that "[f]or third party retail stores, Skechers invests in significant Point of Purchase branding." (*Id.* (citing RX-02091C at Q/A 95; RX-02092C at Q/A 39-40, 88-89, 98-99; RDX-00029C.011-012, 015; RPX-0263-RPX-0266; RPX-0258-261).)

Staff believes that this factor weighs against a finding of confusion "given the evidence of Skechers' significant efforts to build its own brand identity through branding and marketing its products, particularly the Twinkle Toes products." (SIB at 68.) Staff explains that "Skechers spends more than $100 million per year on advertising," created an animated movie based on Twinkle Toes, and has partnered to make a line of Twinkle Toes Cabbage Patch Kids Dolls. (*Id.* (citing RX-02092C at Q/A 29, 41, 90, 100, 11, 120; RX-02091C at Q/A 45, 94-96; RX-02519.064).)

The undersigned finds that this factor weighs against a finding of likelihood of confusion. While the evidence shows that distribution and marketing channels for the Skechers Accused

Products and the All Star shoes overlap, the evidence also shows that Skechers makes considerable efforts to distinguish this line of products. (RX-02092C at Q/A 29, 41, 88, 100, 111, 120; RX-02091C at Q/A 94; RPX-0263-RPX-0266; RPX-0258-261).) These efforts decrease the likelihood that a consumer will be confused by the marketing and distribution of the Skechers Accused Products.

4. Degree of Care

Converse contends that "[a]t prices between $35 and $50, consumers of shoes like Skechers' Accused Products are unlikely to exercise great care in resolving confusion." (CIB at 58 (citing CX-00243C at Q/A 209).)

Skechers asserts that "most Converse customers have already decided to purchase a Converse shoe before they head to the store." (RIB at 69 (citing RX-00194C.056).) Accordingly, Skechers argues "these purchasers are likely to exercise a high degree of care." (*Id.*) Skechers further asserts that, due to "Skechers' extensive brand identity and marketing practices," Skechers consumers also are likely to exercise a high degree of care. (*Id.*)

Staff believes that the "degree of care exercised by purchasers is neutral with respect to Skechers, especially due to the relatively similar price point of" the products "and the significant branding present on both products." (SIB at 69 (citing CX-00244C at Q/A 57, 103).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion. Purchasers of 'relatively inexpensive athletic and sportswear' are 'not likely to exercise a great deal of care in distinguishing between trademarks when purchasing the goods." *Adidas*, 546 F. Supp.2d at 1060. While it may be true, as Skechers suggests, that certain purchasers decide that they would like to either purchase Converse or Skechers shoes prior to shopping, there is no evidence that undecided consumers would exercise such care. Given the

relatively low price point of these shoes, consumers may be confused at the point of sale. This is especially true, given that Skechers displays the Accused Products when consumers search "Chuck Taylor," "Chucks," and/or "Converse" on skechers.com. (CX-00242C at Q/A 113; CX-00023; CX-00438-CX-00439).)

5. Survey Evidence

In support of its claim of consumer confusion, Converse introduced survey results from two experts. The first, Dr. Isaacson, tested for confusion related to Skechers' Daddy'$ Money shoes and "reported 36% net confusion for the Gimme Mucho Dinero shoe, and 21.7% net confusion for the Gimme Lone Star shoe." (CIB at 60 (citing CX-00231 at Q/A 1, 4, 10, 28-30, 40, 65, 80, 133-34, 142.) Dr. Parikh tested for confusion with respect to BOBS, Twinkle Toes, and HyDee HyTop and "reported adjusted likelihood of confusion rates, ranging from 30.8%-47.4%" for models of these shoes. (*Id.* at 60-61 (citing CX-00236C at Q/A 2-3, 8-10, 50, 52, 60-61).)

Skechers asserts that Dr. Parikh's results are flawed and unreliable, as, among other things, she "measured association caused by other aspects of the test shoes" due to a failure "to isolate the claimed elements." (RIB at 70.) Skechers also introduced its own survey evidence from Dr. Stewart, who it claims "demonstrated that the accused design elements on the shoes accounted for a net rate of association of zero or approximately zero." (*Id.* at 70-71 (citing RX-02090C at Q/A 76-82, 85-91).)

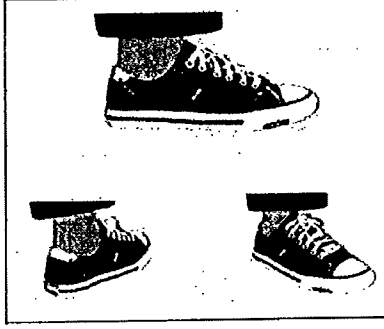
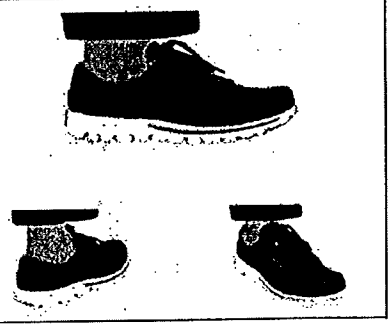
Staff agrees that Dr. Parikh's survey design and methodology is flawed and the results should be disregarded. (SIB at 61.) Specifically, "[t]he most notable flaw is that the [Parikh] surveys tested the overall look and appearance of the shoes, and not whether there was any confusion as a result of the" CMT. (*Id.*) Additionally, Dr. Parikh's "selection of controls that

have numerous differences from the test shoe and do not isolate the elements of the asserted midsole trademark renders [her] results of little value for purposes of determining the level of confusion associated with the asserted trademark." (*Id.* (citing *Skechers U.S.A. v. Vans, Inc.*, No. 07-0173, 2007 WL 418677, at *9 (C.D. Cal. Nov. 20, 2007).)

In response, Converse explains that Dr. Stewart's survey results are flawed. Specifically, Skechers contends that Dr. Stewart used improper controls, included a brand name on the test shoe – but not the control shoe – and asked the wrong questions. (CRB at 39-40 (citing Stewart, Tr. at 662:13-664:2, 665:6-668:12; CX-00236C at Q/A 200; RX-10140 at .0044-.0045).)

The undersigned finds that the survey results of Dr. Parikh are unreliable. The evidence shows Dr. Parikh's surveys tested the overall look and appearance of the shoe and not the CMT. (CX-00236 at Q/A 115, 193; RX-02089 at Q/A 62, 65; JX-00425 at 47:22-48:14.) Without evidence that it was the design elements at issue – and not something else – that caused confusion, the survey results are unhelpful. (RX-10136 at Q/A 40, 51; RX-10278C at Q/A 40.)

The evidence also shows that Dr. Parikh's control shoes were substantially different than the test shoes. (CX-05196 – CX-05198; RX-02089 at Q/A 62, 65, 67-73.) One example of Dr. Parikh's control and test shoes is depicted below:

BOBS Utopia Low Top TEST SHOE	GOwalk Dynamic CONTROL SHOE
	

(CX-05196.) The general rule in selecting a control is that it should share as many characteristics as possible with the test stimulus with the exception of the characteristics being measured. (RX-

02089C at Q/A 64; Ford, Tr. at 262:16-263:6, 264:7-16; RX-10136 at Q/A 46; RX-10278C at Q/A 42-43.) Dr. Parikh's selection of a control with significant differences likely affected her results. (RX-02089C at Q/A 63-73; RX-10136 at Q/A 48.)

The undersigned finds that the results of Dr. Stewart's surveys are reliable. Dr. Stewart's surveys related to the Twinkle Toes and BOBS Utopia shoes. (RDX-0032C.0015 -.0029.) First, Converse complains that "Dr. Stewart's controls themselves were sources of confusion . . . because certain controls included toe caps and others included elements that otherwise are source identifies of Converse." (CRB at 39-40.) Dr. Stewart explained, however, that he "chose to run two controls: one to measure noise when all three claimed elements of the asserted design [were removed], and the second to measure the noise when the shoes retained their toe caps." (RX-02090C at Q/A 79.) Converse does not effectively demonstrate why this approach was incorrect. (*See* CX-00236C at Q/A 200.) The undersigned additionally finds that Converse did not demonstrate why Dr. Stewart's decision to display a brand name on the test shoe – but not the control shoe – was incorrect. (RX-02090C at Q/A 81.) Finally, the undersigned finds that Converse did not introduce sufficient evidence as to why Dr. Stewart's questions were flawed.

The undersigned finds Dr. Isaacson's results reliable. Sketchers' criticisms are unpersuasive. Dr. Isaacson testified that the images in his survey were shown on a computer screen in a high resolution and that he selected views of the shoes used by Skechers and which prominently displayed branding. (CX-00231 at Q/A 57, 63-65, 100-103, 138-41.) Dr. Isaacson also explained that his survey was designed to measure shoes in a post-sale context. (*Id.*) For example, he testified that he used one shoe in his survey as a means to "replicate[] the situation where someone encounters the sneakers outside the store, perhaps on someone's feet..." (*Id.* at Q/A 65.)

For the reasons explained above, the undersigned finds: (1) the survey evidence weighs in favor of a finding of likelihood of confusion with respect to Daddy'$ Money shoes; (2) the survey evidence weighs against a finding of likelihood of confusion with respect to BOB's Utopia and Twinkle Toes; and (3) the survey evidence is neutral with respect to HyDee HyTop.

6. Conclusion

For the reasons stated above, four of the five factors are in favor of or are neutral to likelihood of confusion with respect to Skechers' Daddy'$ Money and HyDee HyTop. Accordingly, the undersigned finds that these shoes infringe the CMT.

With respect to the Twinkle Toes and BOBS Utopia, two factors weigh in favor of a finding of likelihood of confusion, but three do not. Of particular importance, the undersigned found that the shoes were not similar to the CMT and that the survey evidence concluded that there was not a likelihood of confusion. Accordingly, the undersigned finds that these shoes do not infringe the CMT.

B. Walmart

Converse accuses Walmart's Faded Glory and Kitch lines of shoes of infringement. (CIB at 11.)

1. Degree of Similarity

Converse asserts that Walmart's Accused Products are highly similar to the CMT. (CIB at 61-62 (citing CDX-00240.0061; CX-00240C at Q/A 949-60; CX-00242C at Q/A 123-127; CPX-217; CPX-219; CX-01492).) Converse asserts that the Faded Glory Stinson Oxford is "nearly indistinguishable from [All Star] shoes, even when viewed closely." (*Id.* at 61 (citing CX-00242C at Q/A 126).)

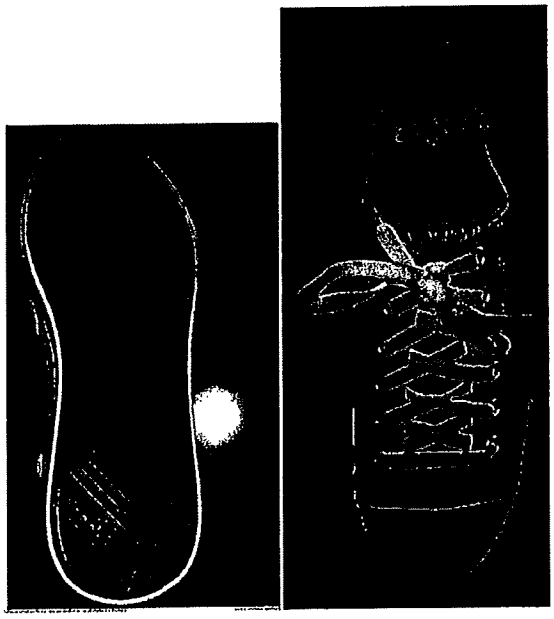
Walmart asserts that there are differences in the designs between its shoes and the CMT. (RIB at 72-73.) Specifically, Walmart explains that the Faded Glory Men's Stinson shoe has a different bumper and outsole, contrast stitching in the back, a tab on the back of the heel, and lacks the triangle stitching design on the toe cap that the All Star has. (*Id.* (citing RX-07691C at Q/A 61-63).) Walmart also contends that the Kitch shoe "looks nothing like" the All Star. (RRB at 33 (citing RX-07759; RDX-0040-3).)

Staff believes that this factor weighs in favor of likelihood of confusion for all Accused Products, other than the Kitch model. (SIB at 69.) Staff explains that "the midsoles of several of the Faded Glory line are nearly identical to the" CMT. (*Id.* (citing CX-00240 at Q/A 952-953).) Although Staff notes that there are some differences, Staff also notes that these are "not necessarily apparent from a distance and may require close inspection of the shoes." (*Id.* at 70 (citing RX-07691 at Q/A 110).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion with respect to the Faded Glory line of shoes. The evidence shows that the overall commercial impression of these shoes is very similar to the CMT:

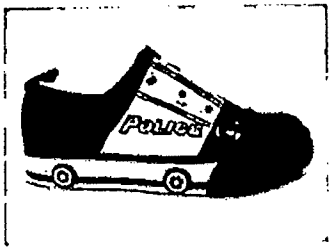
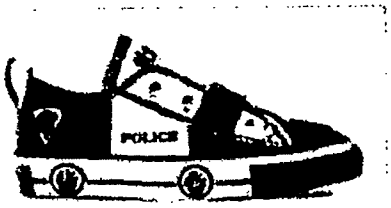
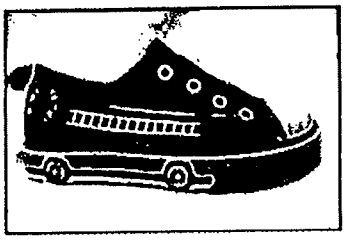
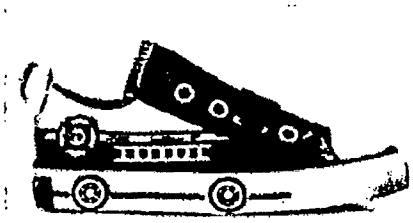
(CX-00030; *see also* CX-00240C at Q/A 951-52). The midsoles feature a toe cap, a toe bumper, and two stripes. (*Id.*) The evidence further shows that, although there are differences in some of

the bumpers of the Faded Glory models, it is difficult to see these differences from a distance. (RX-07691C at Q/A 110.) Additionally, the evidence shows that the presence of branding on the Accused Products is unlikely to dispel confusion. The branding is placed on the outsole and the insole of the shoe:



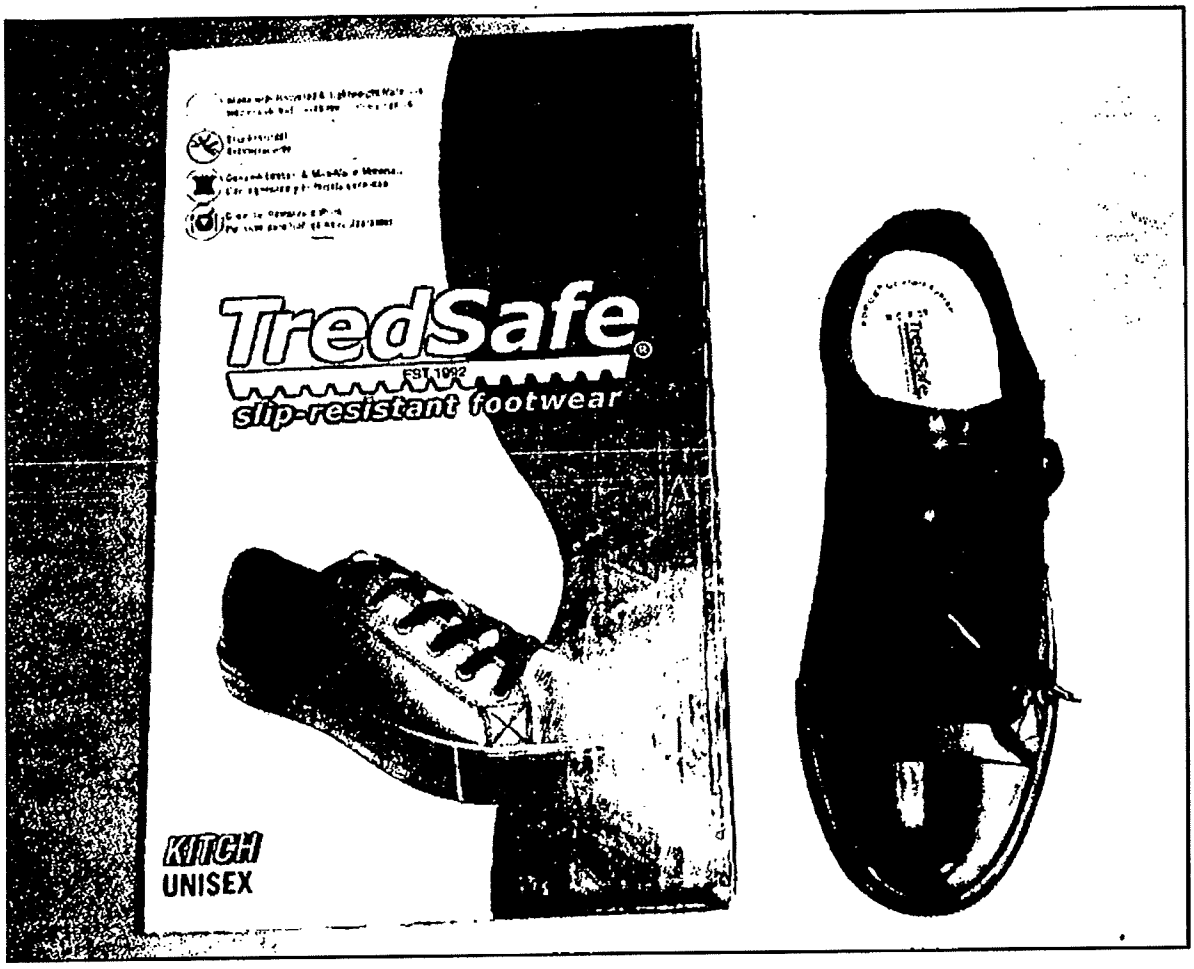
(RX-07724; RDX-0040.) Accordingly, it would be difficult in a post-sale context to notice the branding.

The undersigned is not persuaded that the presence of embellishments in some of the Faded Glory shoes renders the shoes dissimilar. While the evidence shows that some of the Accused Products contain embellishments on the toe cap and/or toe bumper, (*see* RX-07706C), the evidence also shows that these embellishments are unlikely to dispel confusion. Unlike the Twinkle Toe products – whose light-up embellishments serve to identify the product as a Skechers shoe – the embellishments on the Faded Glory shoes do not lead a consumer to associate the brand with Walmart. This is because Converse sells nearly identical shoes:

Exemplary Walmart Accused Products (CPX-217; CPX-219)	Exemplary Converse All Star Shoes (CX-1492 at . 0045)
	
	

(CPX-217; CPX-219; CX-1492 at .0045.) Accordingly, the undersigned finds that the overall commercial impression of these shoes remains similar to the CMT.

The undersigned finds that this factor weighs against a finding of likelihood of confusion with respect to the Kitch shoe. The evidence shows that this shoe does not contain stripes and the toe cap is not easily visible, as it is the same color as the upper of the shoe:



(RX-07759.) The overall commercial impression of the Kitch shoe is different than the CMT.

2. Intent

Converse contends that Walmart's intent to copy the CMT is evident from its internal documents, as well as the fact that Walmart displays the Accused Products when a shopper searches "Converse" on Walmart.com. (CIB at 63 (citing CX-00606C – CX-00609C; CX-00614C – CX-00615C; CX-08089; CX-01564; CX-00240C at Q/A 582, 981-84; JX-00004; CX-10627; CX-00244C at Q/A 93-94; CX-00242C at Q/A 124-25; CX-01551C).) Converse also asserts that "the near identical similarity of Walmart's Accused Products to the CMT . . . is evidence of Walmart's intent to copy the CMT." (*Id.* at 63-64 (citing CX-00240C at Q/A 957-58).)

In response, Walmart argues that its search results "merely reflect the fact that 'Converse' is synonymous with 'canvas sneaker.'" (RRB at 35 (citing RX-10135C at Q/A 15; CX-01551C at 131:19-134:13).) Walmart further asserts that the fact that it offers a similar type of product is irrelevant. (*Id.* (citing *Water Pik, Inc. v. Med-Systems, Inc.*, 726 F.3d 1136, 1157 (10th Cir. 2013).)

Staff asserts that [

] (SIB at 71 (citing CX-00606C – CX-00609C; CX-00614C – CX-00615C; CX-08089; CX-00240C at Q/A 582).) Staff also notes that "there is evidence that shoppers searching for 'Converse' or 'All Star' on Walmart.com were directed to Walmart Accused Products." (*Id.* (citing CX-00240C at Q/A 983-88; CX-00242C at Q/A 124-125; CX-00244C at Q/A 93-94; CX-00032; CX-00846; CX-10627).) Staff concludes: "This factor, therefore, weighs strongly in favor of finding confusion." (*Id.*)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion with respect to the Faded Glory line of shoes. The evidence shows that Walmart intentionally displays these products on its website when a user searches for "Converse" or "All Star." (CX-00240C at Q/A 982-984; CX-00242C at Q/A 124-125; CX-00244C at Q/A 93; CX-10509; CX-10627; JX-00004.) [

] (CX-00240C at Q/A 582-583; CX-00606C; CX-00609C; CX-08089.) As such, the evidence demonstrates intent by Walmart to confuse consumers.

The undersigned finds that this factor weighs against a finding of likelihood of confusion with respect to the Kitch shoes. The evidence regarding the website results is limited to the

Faded Glory shoes. (CX-00240C at Q/A 982-984.) There is no evidence that Walmart displays the Kitch shoes in such search results.

3. Relation in Use and Manner of Marketing

Converse asserts that there "is overlap between the distribution and marketing channels for the All Star shoes and Walmart's Accused Products," as Walmart sells "genuine All Star shoes on its website walmart.com." (CIB at 62 (citing CX-00240C at Q/A 979-89; CX-00244C at Q/A 23, 31-34, 107-08; CX-00242C at Q/A 130-31).)

Walmart asserts that it does not advertise the Accused Products and that there is no overlap in distribution, as it does not sell Converse shoes at its brick and mortar stores. (RIB at 73-74 (citing RX-07691C at Q/A 163-64; RX-07691C at Q/A 169).) Walmart also asserts that the Kitch shoe operates in a separate channel of commerce. (*Id.* at 74 (citing RX-07691C at Q/A 149).)

Staff asserts that this factor "weighs slightly against finding confusion." (SIB at 71.) Staff notes that there is no overlap in distribution channels or marketing and asserts that "no Converse shoes are sold" in Walmart's stores or through its website. (*Id.* at 71-72 (citing RX-07691 at Q/A 163-166).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion. The evidence shows that Walmart sells both Converse shoes and the Accused Products on its website. (CX-00240C at Q/A 980; CX-00242C at Q/A 130; CX-10509.) Thus, there is an overlap in this distribution channel. *See Roederer v. J. Garcia Carrion, S.A.*, 732 F.Supp.2d 836, 868 (D. Minn. 2010) (factor favors likelihood of confusion where the products are sold through overlapping distribution channels). Additionally, Walmart displays the Accused

Products as search results for "Converse" and "All Star," thus compounding the problem. (CX-00240C at Q/A 981.)

4. Degree of Care

Converse asserts that consumers of the Walmart Accused Products are unlikely to exercise great care, as the cost of the Accused Products is low. (CIB at 63 (citing CX-00243C at Q/A 217-18).) Converse also contends that individuals observing the Accused Products are likely to experience post-sale confusion. (*Id.* (citing CX-07956 at .0001-3).)

Walmart asserts that its shoes are "purchased with care" and that its shoppers "know whether they are buying the cheaper copies or the expensive originals." (RIB at 77 (citing RX-07691C at Q/A 199).)

Staff contends that this factor weighs in favor of a finding of likelihood of confusion, given that the Walmart Accused Products are low cost items. (SIB at 72 (CX-00240 at Q/A 1008; CX-00244C at Q/A 107).)

The undersigned finds that this factor weighs in favor of a finding of likelihood confusion. The evidence shows that the Accused Products are relatively inexpensive. "Purchasers of 'relatively inexpensive athletic and sportswear' are 'not likely to exercise a great deal of care in distinguishing between trademarks when purchasing the goods." *Adidas-Am.*, 546 F. Supp.2d at 1060.) While Walmart contends that "purchasers in discount stores are sufficiently sophisticated . . . to know whether they are buying the cheaper copies or the expensive originals," it does not introduce any evidence in support of this contention. Instead, Walmart cites only to the testimony of Walmart's Senior Buyer of Men's Shoes who stated that this was his belief. (RX-07691 at Q/A 198-199.) This is not enough to overcome the general rule that "[w]hen products are relatively low-priced and subject to impulse buying, the risk of likelihood

of confusion is increased because purchasers of such products are held to a lesser standard of purchasing care." *Recot, Inc. v. Becton*, 214 F.3d 1322, 1329 (Fed. Cir. 2000).

5. Survey Evidence

In support of its claim of consumer confusion, Converse introduced the testimony of Mr. Johnson, who reported an adjusted net result of 64.8% confusion for Walmart's Faded Glory Men's Stinson Shoes. (CIB at 64 (citing CX-00233C at Q/A 1-3, 9, 88, 93-96, 103-04, 212, 221).)

Walmart argues that Mr. Johnson's study is flawed, but does not produce any survey evidence of its own. (RIB at 76 (citing RX-10136 at Q/A 96-97, 123).)

Staff asserts that Mr. Johnson's surveys are flawed and are unreliable under the Commission's survey factors. (SIB at 61.)

The undersigned finds that the survey results of Mr. Johnson are unreliable. The evidence shows that Mr. Johnson's surveys tested the overall look and appearance of the shoe and not the CMT. (Johnson, Tr. at 521:13-522:8, 523:5-16, 527:15-528:1, 528:21-529:24, 530:16-533:3, 545:2-8, 552:23-553:4; CX-00233C at Q/A 43, 48; RX-10136 at Q/A 37-51; RX-10278 at Q/A 36-61.) The evidence also shows that Mr. Johnson's control shoes were substantially different than the test shoes. (RX-10136 at Q/A 46-48; RX-10278C at Q/A 41.) As discussed *supra*, § V.A.5, these flaws render the survey results unreliable. Accordingly, the undersigned finds that this factor is neutral.

6. Conclusion

For the reasons stated above, all the factors are in favor of or are neutral to a finding of likelihood of confusion with respect to the Faded Glory shoes. Accordingly, the undersigned finds that these shoes infringe the CMT.

With respect to the Kitch, two factors weigh against a finding of likelihood of confusion, while two weigh in favor. Because the similarity of the marks is the most determinative and because this factor weighs against confusion, the undersigned finds that the Kitch shoes do not infringe the CMT.

C. Highline

Converse accuses 80 models of shoes of infringement. (CIB at 11-12 (citing CX-08052C and CX-00102.) It asserts that the Ash Vincent, Glen, Vicky, Gossip, Eagle, Fanta, Ginger, Venus, Veronbis, Virgo, Vodka, Volcan, Volcano, Volt, and Vox are representative models of shoes. (CX-00240C at Q/A 1141; CDX-00240.00086; CDX-00240.00087).

1. Degree of Similarity

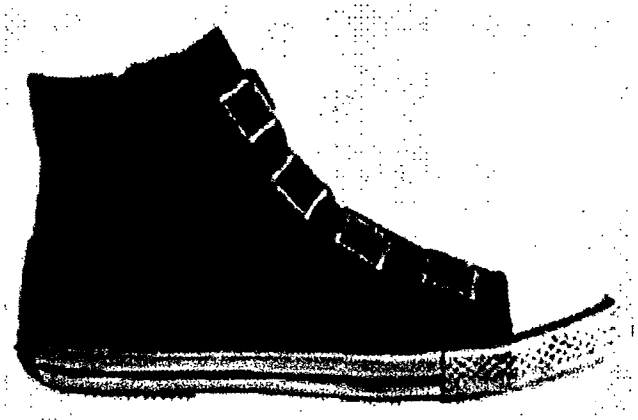
Converse asserts that "Highline's Accused Products make nearly identical use of the CMT compared to Converse's CMT." (CIB at 65 (citing CDX-00240.0088-0089; CX-00240C at Q/A 1140-51; CX-00242C at Q/A 157-59).)

Highline asserts that "[t]he unique, edgy Highline Accused Products give a radically different commercial impression than" the All Star. (RIB at 77 (citing RX-10122C at Q/A 63).) Specifically, Highline asserts that the midsole is sleeker and more tapered, the pyramids on the bumpers are more pronounced, and several versions of the shoe lack stripes or a toe cap. (*Id.* at 78 (citing RX-01571C at Q/A 144-149, 152-154, 169).) Highline also notes that "ASH shoe uppers have distinguishing features, e.g., buckles, zippers, and other stylish details" and many versions are high-heel or wedge-heel shoes. (*Id.* at 78.)

Staff asserts that there are "noticeable differences in the midsole designs" of the Ash shoes, including a different midsole profile, toe bumper, and the lack of a toe cap and/or stripes on some models. (SIB at 72 (citing Johnson, Tr. at 538:13-539:13; RX-01571C at Q/A 169).)

Staff also asserts that the products chosen by Converse are not representative of the Accused Products. (SRB at 7.) The undersigned agrees. The evidence shows that the Vanna and Virginia models of the shoe lack a toe cap. (RX-01571C at Q/A 146-149; RPX-0248; RPX-0249.) The evidence further shows that the Vertige, Vespa, Virgin Ter, and Virus Bis shoes lack stripes. (RX-01571C at Q/A 152-154; RX-1524; RX-1529). Each of these shoes lack one of the three elements of the CMT, and thus are not similar to the CMT. Because it is clear that the selected products are not "representative," the undersigned finds that Converse has not met its burden in establishing that any of the Highline Accused Products not specifically included in Dr. Winer's testimony infringe the trademark. Converse is therefore limited to the Ash Vincent, Glen, Vicky, Gossip, Eagle, Fanta, Ginger, Venus, Veronbis, Virgo, Vodka, Volcan, Volcano, Volt, and Vox models.

The undersigned finds that this factor weighs slightly against confusion with respect to the Vincent model. The evidence shows that, while the Vincent contains a toe cap, a toe bumper, and stripes, it also contains buckles:



(CDX-00240.088.) Dr. Winer testified that the presence of different embellishments does not reduce customer confusion and association "in many cases." (CX-00240C at Q/A 1154.) Implicit in this statement is that, in some cases, the presence of different embellishments *does*

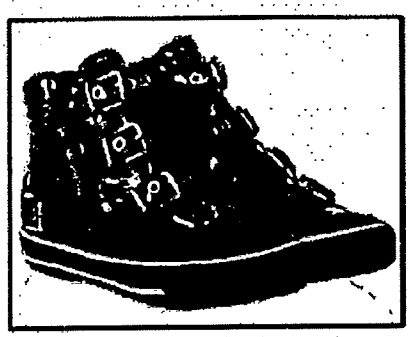
reduce confusion. Dr. Winer went on to explain: "[W]hile some Ash shoes have buckles and zippers, some have laces. Converse also sells CTAS with zippers." (*Id.*) Thus, Dr. Winer does not specifically address how the presence of buckles does not reduce confusion. Finally, Dr. Winer testified that "[s]o long as Ash shoes bear the CMT, there is a high likelihood of consumer confusion and association." (*Id.*) The evidence shows, however, that the presence of a different upper can impact whether a consumer will recognize a shoe as Converse. As Dr. Lutz explained, the presence of an upper which is atypical of a Converse shoe "signal[s] to [consumers] that [the shoe] came from a different brand." (CX-10843C at Q/A 77.)

The evidence further shows that the Vodka, Volcano (Vulcano), and Vox models contain buckles and a tonal toe cap:

Vodka

Volcano

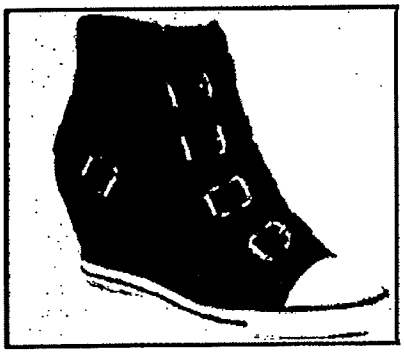
Vox



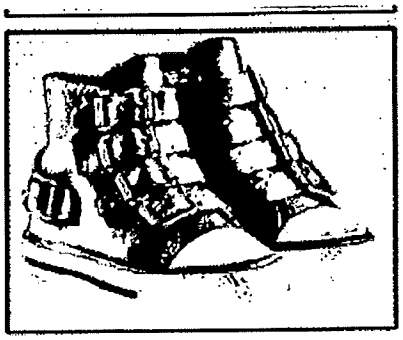
(CDX-00240.087; *see also* RX-01571C at Q/A 30; RX-01532; RPX-00229; RPX-0193; RPX-0213; RPX-0219.) For the reasons explained above, the undersigned finds that this factor weighs against a finding of likelihood of confusion with respect to these models.

Next, the evidence shows that the Glen, Gossip, Fanta, Eagle, Ginger, and Volt models of the Ash shoe contain a wedge heel and/or buckles:

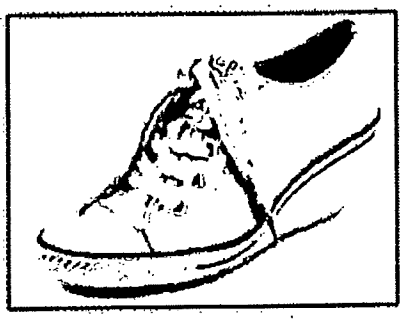
Eagle



Fanta



Ginger

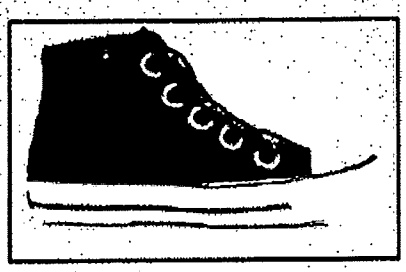


Volt

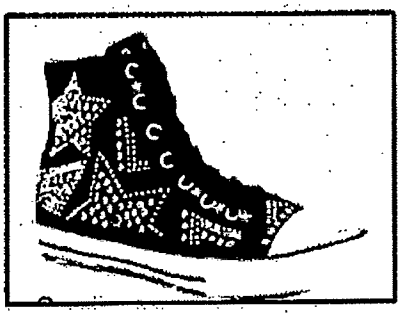
(CDX-00240.086; CDX-00240.087.) The presence of a wedge heel creates a much different midsole profile. (RX-10121C at Q/A 108-109; RDX-0022C; Johnson, Tr. at 538:14-539:14.) This, combined with the presence of buckles in some cases, leads to the conclusion that this factor weighs against a finding of likelihood of confusion.

Finally, the evidence shows that the Venus, Veronbis, Vicky, Virgo, and Volcan models of the Ash shoe feature similar toe bumpers, toe caps, and stripes to the CMT:

Venus



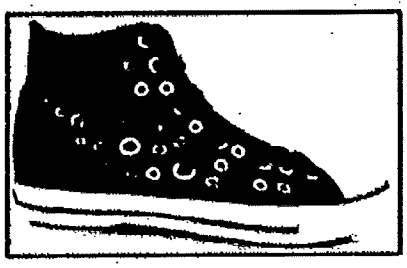
Veronbis



Vicky

Virgo

Volcan



(CDX-00240.087.) The commercial impact of these shoes is similar to the CMT. Thus, the undersigned finds that, for these models, this factor weighs in favor of a finding of likelihood of confusion.

2. Intent

Converse asserts that the "near identical similarity of Highline's Accused Products to the CMT . . . is evidence of Highline's intent to copy the CMT. (CIB at 66.)

Highline contends that Converse lacks any evidence that Highline intended to infringe any trademarks or trade off of Converse's goodwill. (RIB at 82.) Highline specifically notes the lack of emails reflecting an intent to copy. (*Id.*)

Staff contends that this factor weighs against finding confusion, as the evidence from Converse consists of email communications from Converse's customers – not Highline. (SIB at 74 (citing CX-00294C; CX-00295C; CX-00296C).) Staff explains that these emails "do not speak to Highline's intent in adopting its designs." (*Id.*)

The undersigned finds that this factor weighs against a finding of likelihood of confusion. There is no evidence that Highline intended to deceive or confuse consumers.

3. Relation in Use and Manner of Marketing

Converse asserts that Highline's Accused Products "are sold in many of the same retail locations as All Star shoes, including online . . . and brick-and-mortar stores." (CIB at 65 (citing CX-00240C at Q/A 1177-80; CX-00244C at Q/A 23, 37-39, 49-50, 67-69, 102, 114-115; CX-00242 at Q/A 160-65).)

Highline asserts that the Ash and All Star shoes are "marketed to very different consumers." (RIB at 79.) Highline also contends that the All Star and Ash shoes "are sold at vastly different price points and thus are not competitive." (*Id.* (citing CX-00244C at Q/A 57; JX-00412C at 476:4-14; RX-02031C at 251:19-22; RX-01301.003).) Highline notes that the higher-priced All Star shoes in collaboration with John Varvatos are marketed to men and are therefore not in competition with the Ash shoes, which are mainly marketed to women. (*Id.* at 81 (citing RX-10122C at Q/A 57, 138, 139, 212-228, 299, 300; RDX-0023C; RX-01571C at Q/A 208-211; RDX-0019C; RX-10120C at Q/A 3-11; JX-00412C at 504:9).) Highline further contends that any overlap in distribution "is negated by the level of sophistication of the consumers." (*Id.* at 80.)

Staff agrees that there is "generally very little overlap" in the distribution channels, as the Converse shoes are typically displayed separately from Ash shoes and in different departments. (*Id.* at 74 (citing RX-01571C at Q/A 159.) Staff also notes that the price differential "is likely to mitigate against any confusion caused by the overlap in channels." (*Id.*)

In response, Converse notes that it has "sold [ ] of pairs of All Star shoes priced at $100 or more in 2014." (CIB at 65 (citing CX-00242C at Q/A 162).) Converse further

explains that, through its collaborations with various designers, "All Star shoes are sold at the same price points and through the same channels as Highline's Accused Products." (*Id.* at 65-66 (citing CX-00244C at Q/A 37-39, 50-72, 114-115).)

The undersigned finds that this factor weighs against a finding of likelihood of confusion. Ash shoes are marketed to different consumers than All Stars. The evidence shows that Ash shoes are marketed as "exclusive" while Converse markets the All Star as "democratic" and "inclusive." (RX-01571C at Q/A 135; CX-01565C at 150:11-25; RX-10122C at Q/A 209; CX-00242C at Q/A 82, 84.) The evidence further shows that, while there is a degree of overlap in the places that sell Ash shoes and the core All Star shoes, the price point of the Ash shoes is significantly higher and thus the shoes are not directly competing with each other in that space. (CX-00240C at Q/A 1178-1180; CX-00244C at Q/A 57; JX-00412C at 476:4-14; RX-02031C at 251:19-22; RX-01303.003; RX-01571C at Q/A 113-115.) Although Converse argues that it has "sold [ ] of pairs of All Star shoes priced at $100 or more in 2014," (CIB at 65 (citing CX-00242C at Q/A 162), the evidence shows that these higher priced shoes are marketed to men while Ash shoes are marketed to women. (RX-10122C at Q/A 57, 138-139, 214; CX-00240C at Q/A 1187; CX-00244C at Q/A 68.) Thus, there is little overlap in the marketing and distribution of these shoes.

4. Degree of Care

Converse asserts that consumers are unlikely to exercise a great degree of care because consumers would not expect premium retail channels to sell knockoff shoes. (CIB at 66 (citing CX-00242C at Q/A 169).)

Highline explains that its "consumers are sophisticated and very unlikely to confuse ASH products with" All Stars. (RIB at 83 (citing RX-01571C at Q/A 212; RX-10122C at Q/A 156; RX-00833C at 409:5-17).)

Staff finds that this factor weighs against likelihood of confusion. (SIB at 74.) Staff notes that Highline's products "are significantly more expensive" and that its "consumers are more sophisticated shoppers, unlikely to confuse Highline's products with those of Converse." (*Id.* (citing RX-10122C at Q/A 152-156; RX-01571C at Q/A 21, 29-31, 133-134, 137-138, 141-143, 159, 191-192, 194-197, 203-207, 212).)

The undersigned agrees with Highline and Staff that this factor weighs against a finding of likelihood of confusion. The evidence shows that the Ash shoes are luxury items and that Highline's consumers are sophisticated. (RX-10122C at Q/A 152-156; RX-01571C at Q/A 21, 135, 137-138, 141-143).)

5. Survey Evidence

Converse asserts that Mr. Johnson "reported an adjusted net result of 40.8% confusion for Highline's Ash Vincent shoes." (CIB at 67 (citing CX-00233C at Q/A 1-3, 9, 88, 93-96, 103-04, 130, 134, 221).)

Highline introduced evidence from Dr. Ericksen, who conducted a point-of-sale test. (RIB at 85.) This survey "yielded a net confusion rate of 9.6, indicating no likelihood of confusion." (*Id.* (citing RX-10121C at Q/A 134-135, 139, 147, 158).)

Converse argues that Dr. Ericksen's study is flawed. (CRB at 41.) It further argues that "Dr. Ericksen's survey did not measure post-sale confusion and thus has no bearing on Mr. Johnson's results." (*Id.* (citing CX-00233C at Q/A 231-232).)

The undersigned finds that this factor is neutral. First, for the reasons set forth *supra* in Section V.B.5, the undersigned finds that Mr. Johnson's survey results are unreliable. Additionally, Mr. Johnson tested only the Vincent, and therefore there is no survey evidence in the record with respect to any of the other "representative" shoes. (Johnson, Tr. at 538:7-10, 540:4-8.)

The undersigned finds that Dr. Ericksen's study results are reliable, but agrees with Converse that the survey does not measure post-sale confusion. (CX-00233C at Q/A 231.) Thus, the results have little relevance in a scenario in which post-sale confusion is at issue.

6. Conclusion

For the reasons stated above, all the factors are against a finding of likelihood of confusion with respect to the Vincent, Vodka, Volcano (Vulcano), Vox, Glen, Gossip, Eagle, Fanta, Volt, and Ginger line of shoes. Accordingly, the undersigned finds that these shoes do not infringe the CMT.

With respect to the Venus, Veronbis, Vicky, Virgo, and Volcan shoes, the majority of the factors weigh against a finding of likelihood of confusion, but the first factor does not. The similarity of the marks is the "most determinative of the factors." McCarthy at § 23:20.50. Here, the shoes are very similar to the CMT. The toe cap, toe bumper, and stripes offer a near identical commercial impact. Given this, the undersigned finds that Converse has met its burden with respect to infringement. The evidence with respect to the other factors is not sufficient to overcome Converse's evidence as to the first factor. Accordingly, the undersigned finds that these shoes infringe the CMT.

D. New Balance

Converse accuses three models of the PF Flyers of infringement: the Center, Bob Cousy, and Sum Fun. (CIB at 12.)

1. Degree of Similarity

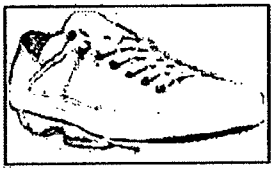
Converse asserts that "New Balance's Accused Products make nearly identical use of the CMT." (CIB at 68 (citing CDX-240.0115; CX-00240C at Q/A 1340-44; CX-00242C at Q/A 192).)

New Balance acknowledges that the Accused Products "bear the combination of a toe cap, toe bumper, and midsole stripes," but assert that "the evidence shows that the uses are readily distinguishable." (RIB at 86.)

Staff agrees with New Balance. (SIB at 75.) Staff explains that "[t]he shoes have very different toe bumper designs, including being shaped differently and omitting the diamond and line design of the CMT." (*Id.*) Staff also contends that "to the extent the New Balance midsoles have striping, they are positioned differently relative to the other elements." (*Id.*)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion with respect to the Center and Bob Cousy shoes. In assessing this factor, it is useful to remember that "[e]xact similitude is not required." McCarthy at § 23.20. Rather, "the most successful form of copying is to employ enough points of similarity to confuse the public with enough points of difference to confuse the court." (*Id.* (citing *Baker v. Master Printers Union*, 34 F. Supp. 808, 811 (D. N.J. 1940).) Additionally, "[w]here the goods and services are directly competitive, the degree of similarity required to prove a likelihood of confusion is less than in the case of dissimilar products." *Id.* at § 23.20.50.

The evidence shows that the overall commercial impression of these models of shoes is similar to the CMT:

Shoe Model Name	Image of Shoe	Shoe Model Name	Image of Shoe
Center Hi		Bob Cousy Lo	
Center Lo		Sum Fun Hi	
Bob Cousy Hi		Sum Fun Lo	

(CDX-00240.114; *see also* CX-00240C at Q/A 1340-1343, CDX-00240.115.) The differences in these shoe models are not drastic enough to overcome the similarities. Additionally, New Balance admits that its shoes compete with Converse. (RIB at 88.) As such, less similarity is required for this factor to favor confusion.

The undersigned finds, however, that this factor weighs against a finding of likelihood of confusion with respect to the Sum Fun model of shoes. Although these shoes have a toe cap and toe bumper, they lack a stripe. (CDX-00240.114; CDX-00240.115.) Thus, they are missing one of the three design elements of the CMT.

2. Intent

Converse asserts that New Balance's intent is evidenced by its introduction of virtually identical copies of the CMT and that its emails and other internal documents support this. (CIB at 69 (citing CX-242C at Q/A 175-79, 186-87; CX-0719-22).) Converse further notes that New Balance displays the Accused Products when a consumer searches "Converse" or "Chuck Taylor" on pfflyers.com. (*Id.* at 70 (citing CX-00240C at Q/A 1362-64; CX-00242C at Q/A 189; CX-00747 at .0008; CX-00748 at .0019; CX-00749 at .0013; CX-00750-00752; CX-10631; CX-01570C).)

New Balance asserts that it has not tried to confuse consumers and that its products "are not designed to look like the [Chuck Taylor All Star] – they are designed to look like PF Flyers." (RIB at 89.)

Staff asserts that this factor "is a closer call," but finds that it weighs against a finding a likelihood of confusion. Staff explains that the internal communications do not specifically refer to the midsole design. (SIB at 76.) Staff further notes that it "is common practice among companies" to return their own products when customers search for "Converse" or "Chuck Taylors." (*Id.* (citing RX-10102C at Q/A 28-29).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion. In contrast to New Balance's assertion that it did not intend to confuse consumers, the evidence shows that New Balance intentionally displayed the Accused Products when a consumer searched "Chuck Taylor," and/or "Converse" on pfflyers.com. (CX-00240C at Q/A 1362-64; CX-00242C at Q/A 189; CX-00747 at .0008; CX-00748 at .0019; CX-00749 at .0013; CX-00751-00752; CX-10631).) The fact that a New Balance employee testified that other companies used competitor's brands to return search results for their products is not evidence to

the contrary. (RX-0001C at Q/A 29.) Something may be common practice in an industry yet still demonstrate an intent to confuse consumers into thinking that they are purchasing a product associated with another brand.

3. Relation in Use and Manner of Marketing

Converse argues that New Balance's distribution and marketing efforts overlap with the All Star. (CIB at 68-69 (citing CX-00240C at Q/A 197-99, 1337, 1376-79; CX-00244C at Q/A 23, 35-36, 104; CX-00242C at Q/A 192; CX-10287; CX-00742).)

New Balance notes that "the evidence shows that the PF Flyers and [Chuck Taylor All Star] products compete, but are competitive alternatives." (RIB at 88.) Staff agrees. (SIB at 76 (citing RX-00001C at Q/A 208-210).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion. New Balance does not dispute that its shoes are sold at the same online and brick and mortar stores as the All Star. (RIB at 89-90.) Nor does it dispute that its marketing efforts overlap. (*Id.*) Instead, New Balance rests on the testimony of its employee who opined that PF Flyers has its own brand identity. (RX-00001C at Q/A 208-210.) This testimony is not supported by any evidence and is therefore not sufficient to overcome the evidence introduced by Converse.

4. Degree of Care

Converse contends that "[a]t prices between $45 and $55, consumers of shoes like New Balance's Accused Products are unlikely to exercise great care in resolving confusion." (CIB at 69 (citing CDX-00240.0124).)

New Balance insists that its customers are specifically "looking for a shoe that is a heritage shoe that is specifically *not*" the Chuck Taylor. (RIB at 92 (citing RX-00001C at Q/A 210.) Staff agrees. (SIB at 76 (citing RX-00001 at Q/A 208-210).)

The undersigned finds that this factor weighs in favor of a finding of likelihood of confusion. The evidence that the "typical PF Flyers consumer" is discerning and specifically looking for PF Flyers shoes comes from the testimony of an employee of New Balance, who acknowledges that this opinion is based only upon his experience. (RX-00001C at Q/A 209.) Such biased testimony does not overcome a general presumption that consumers of low-cost shoes are unlikely to exercise a great deal of care. Additionally, there is no evidence that undecided consumers would exercise such care. Given the relatively low price point of these shoes, consumers are more likely to be confused. This is especially true, given that New Balance displays the Accused Products when consumers search "Chuck Taylor," and/or "Converse" on pfflyers.com. (CX-00240C at Q/A 1362-64; CX-00242C at Q/A 189; CX-00747 at .0008; CX-00748 at .0019; CX-00749 at .0013; CX-00751-00752; CX-10631).)

5. Survey Evidence

Converse introduced survey results by Mr. Johnson in support of likelihood of confusion, who "reported adjusted net results of confusion . . . of 39.3%-63%. (CIB at 70 (citing CX-00233C at Q/A 1-3, 9, 88, 93-96, 103-103, 130, 134, 212, 221).)

New Balance contends that Mr. Johnson's survey results are fatally flawed. (RIB at 91.) New Balance introduced survey results of its own by Robert Klein with respect to the Centers Hi and Bob Cousy. (*Id.*) New Balance reports that "[t]he results of Mr. Klein's surveys demonstrate unequivocally that the incorporation of a toe cap, toe bumper, and midsole stripes on the PF

Flyers shoes has no material impact on consumers' perceptions of the source of the PF Flyers shoes." (*Id.*)

In response, Converse asserts that Mr. Klein's methodology was flawed. (CRB at 41.) Converse also notes that Mr. Klein's survey did not measure post-sale confusion. (*Id.* (citing CX-00233C at Q/A 233).)

The undersigned finds that this factor is neutral. As stated, *supra*, § V.B.6, the undersigned previously found that Mr. Johnson's survey results were unreliable. Additionally, the undersigned agrees with Converse that Mr. Klein's survey does not measure post-sale confusion. (CX-00233C at Q/A 233.) Thus, the results have little relevance in a scenario in which post-sale confusion is at issue.

6. Conclusion

For the reasons stated above, all the factors are in favor of or are neutral to a finding of likelihood of confusion with respect to the Bob Cousy and Center models of shoes. Accordingly, the undersigned finds that these shoes infringe the CMT.

With respect to Sum Fun, all of the factors weigh in favor of or are neutral to a finding of likelihood of confusion, but the first one. Because this factor is the "most determinative," the undersigned finds that, overall, the factors weigh against a finding of likelihood of confusion. Accordingly, the undersigned finds that the Sum Fun shoes do not infringe the CMT.

E. Defaulting Respondents

Converse asserts that the Defaulting Respondents' Accused Products are confusingly similar. (CIB at 71.) Converse further explains that "[t]he facts alleged in the Complaint as to the Defaulting Respondents are presumed true and support a determination by the ALJ that they infringe the CMT." (*Id.* (citing 19 C.F.R. § 210.16(c)(1)).)

Staff agrees that the evidence offered by Converse shows a likelihood of confusion with respect to the Defaulting Respondents and their associated Accused Products. (SIB at 77.)

The undersigned finds that Converse has established that the Defaulting Respondents' Accused Products infringe the CMT. In the Complaint, Converse asserted that each of the parties and their products infringe. (CX-00001 at ¶¶ 187-98; ¶¶ 487-96; ¶¶ 551-59, ¶¶ 564-72, ¶¶ 578-86.) Converse also offered evidence that the Accused Products are likely to confuse consumers. (CX-00245C at Q/A 88, 106, 110-112; CX-00064-CX-00066; CX-00162–CX-00166; CX-00179–CX-00182C; CX-00183C–CX-00185C; CX-00186–CX-00189C.) Thus, Converse satisfied its burden of demonstrating infringement. Additionally, the undersigned is not aware of any evidence to the contrary with respect to infringement by the Defaulting Respondents. Accordingly, the undersigned finds that the Defaulting Respondents' Accused Products infringe the CMT.

VI. DILUTION

Dilution by blurring is an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B). The owner of a famous mark shall be entitled to an injunction due to dilution by blurring "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." 15 U.S.C. § 1125(c)(1).

The threshold question for dilution by blurring is whether the mark is famous. A mark is famous if it is "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). The "widely recognized" requirement of the statute is "a rigorous and demanding test," and

should require "a minimum threshold survey response . . . in the range of 75% of the general consuming public of the United States." McCarthy at § 24:106.

In assessing the fame of a mark the following factors may be considered:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § § 1125(c)(2)(A).

Converse argues that the CMT acquired fame by at least the 1990s. (CIB at 73 (citing CX-00237C at Q/A 3, 109, 128).) Converse explains that "the CMT has been the subject of an enormous amount of advertising and publicity" for decades and that it has advertised shoes bearing the CMT for over 80 years. (*Id.* (citing CX-00243C at Q/A 60, 106).) Converse asserts that "[a]s a result of its widespread advertising and publicity" Converse has "enjoyed unprecedented sales of the All Star Shoes . . . selling [ ] of pairs." (*Id.* (citing CX-00243C at Q/A 189-191).)

Converse also claims that survey evidence confirms that the CMT is famous. (CIB at 74-75.) In support, it introduced the testimony of Hal Poret, who found that almost 70% of survey respondents recognized the CMT as coming from one brand. (*Id.* at 75 (citing CX-00238 at Q/A 128).)

Respondents argue that Converse failed to establish that the CMT is famous. (RIB at 40-41.) They explain that Dr. Poret's survey failed to isolate the CMT. (*Id.* at 40 (citing Poret, Tr. at

234:5-235:7).) They also explain that Dr. Poret's results should be disregarded because he used the same control image as Dr. Ford. (*Id.* (citing Poret, Tr. at 221:7-223:19).)

Staff agrees that Converse has not proven that the mark is famous. (SIB at 51-52.) Staff explains that Dr. Poret's survey suffers from "serious flaws," including the fact that Dr. Poret tested the fame of the overall shoe and used an improper control. (*Id.* at 51 (citing CX-00238 at Q/A 92-98; RX-10274 at Q/A 70, 79, 83; RX-10266C at Q/A 56, 58-60).) Staff also explains that Converse's advertising efforts do not support its claim that the CMT is famous. (*Id.* at 50.)

The undersigned finds that Converse has not established that the CMT is famous. Specifically, while the first two factors weigh in favor of a finding that the mark is famous[22], Converse failed to establish the third factor: The extent of actual recognition of the mark. Dr. Poret's survey is unreliable, as he used the same improper control shoe as Dr. Ford. (CX-00238 at Q/A 92-98; RX-10274 at Q/A 79, 83; RX-10266C at Q/A 59).) The undersigned further finds that Dr. Poret's study is flawed due to the fact that the survey was designed to test the overall shoe – and not the CMT specifically. (RX-10274 at Q/A 70, 83; RX-10266C at Q/A 58; Poret, Tr. at 233:22-235:22.) Without evidence of the extent of the actual recognition of the mark, the undersigned is unable to conclude that the CMT is famous. Accordingly, the undersigned finds that Converse has not proven a claim of dilution of the CMT.

[22] The undersigned concludes that this factor weighs in favor of fame for the same reasons set forth in Sections IV.A.2, IV.A.4, & IV.A.5. The evidence shows that the duration and extent of the advertising and publicity of the mark, as well as the amount and volume of sales offered under the mark weigh in favor of fame.

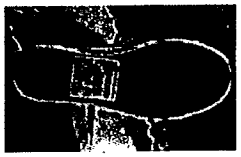
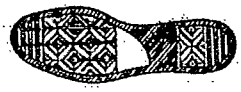
VII. INFRINGEMENT OF THE COT

Converse asserts Foreversun infringes the Converse Outsole Trademark. (CIB at 92). As explained, *supra*, § V, to prove infringement, Converse must establish that the COT merits protection and that the respondent's use of a similar mark is likely to cause consumer confusion. *Handbags*, Order No. 16 at 6. In support of the first prong of the analysis, Converse notes that the undersigned issued an Initial Determination finding the COT valid, which the Commission determined not to review. (Order No. 130 (July 15, 2015); Notice of Comm'n Determination Not to Review Two Initial Determinations Granting Unopposed Mots. for Summary Determination that the Importation Req. is Satisfied as to Respondent CMerit and that the Converse Outsole Trademark is Valid (July 28, 2015).) In support of the second prong, Converse asserts that the factors considered by the Commission weigh in favor of a likelihood of confusion. (CIB at 92-94.)

With respect to the similarity factor, Converse explains that "Foreversun's Accused Products include a near identical copy of the COT." (CIB at 92 (citing CX-00190 at .0014, .0017, .0019, .0020; CX-00003; CX-00004; CPX-00036).) Converse notes that the undersigned previously denied summary determination of infringement by Foreversun "because the image provided in support of the motion included a sticker placed on the heel portion of the outsole by Foreversun." (CIB at 92 n. 34.) At the hearing stage of the Investigation, Converse introduced "additional images [which] confirm the upper and heel portions of the outsole include the diamond pattern covered by the COT." (*Id.*)

Staff agrees that this factor favors confusion. (SIB at 84.) Staff notes: "Given that there is no contrary evidence and given that the shoes are extremely similar to the mark . . . the Staff believes that Converse has satisfied its burden of proof." (*Id.* at 84-85.)

The undersigned finds that Converse has met its burden in establishing that this factor favors a finding of likelihood of confusion. The evidence shows that the outsole of Foreversun's shoe is identical to the '960 and the '103 registrations:

Foreversun Accused Products		Converse Outsole Trademark
 (CX-190 at .0014)	 (CX-190 at .0017)	 '960 Registration (CX-4)
 (CX-190 at .0020)	 (CX-190 at .0019)	 '103 Registration (CX-3)

Together, the pictures show the entire outsole of this line of shoes. Additionally, there is no evidence in the record that contradicts this finding.

The undersigned also finds that the other factors weigh in favor of a finding of likelihood of confusion. The undersigned finds that Foreversun's use of the COT evidences an attempt to deceive consumers into thinking they are buying genuine Converse shoes. *Certain Digital Multimeters*, Comm'n Op. at 12-13. The evidence also shows that Foreversun promotes and sells its Accused Products at retail stores in the U.S. and internet. (CX-00162-00165.) Finally, the undersigned finds that, because the Accused Products bear a near identical copy of the COT, even customers that exercise a high degree of care are likely to be confused or deceived. *In re Cook Med. Techns. LLC*, 105 USPQ2d 1377, 1383 (T.T.A.B. 2012 ("It is settled . . . that even sophisticated purchasers are not immune from source confusion, especially in cases such as the instant one involving similar marks and closely related goods").

Accordingly, for these reasons, the undersigned finds that Foreversun's Blue line of shoes infringe the COT.

VIII. DEFENSES

A. Fraud

Respondents allege that Converse procured the '753 Registration by fraud on the USPTO. (RIB at 100-104; RRB at 43-45.) Specifically, Respondents assert that during prosecution, Converse's former Vice President of Global Footwear, Mr. Wayne Patrick Seehafer, submitted a declaration to the USPTO wherein he knowingly made a false statement attesting to Converse's substantially exclusive use of the CMT. (RIB at 100-102; RRB at 43-44.) Respondents claim that the evidence shows that Mr. Seehafer had the intent to deceive the USPTO and that his false statement was material. (RIB at 102-104 (arguing that Converse sought the '753 Registration with the intent to shut down sales of Skechers' Twinkle Toes shoes and that the USPTO would not have issued the registration had it known about third party use of the mark); RRB at 44-45.)

Converse asserts that Respondents have failed to carry their "heavy burden" of proving this defense, "as there is no evidence that (1) the Declaration was false, (2) Mr. Seehafer intended to deceive the PTO, or (3) the allegedly false statement was material." (CIB at 82; *see also* CRB at 45-47.) Staff agrees with Converse that Respondents have not carried their burden of proof to show by clear and convincing evidence an intent to deceive the PTO. (SIB at 85-86.)

The Federal Circuit has held that "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO." *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009). A party seeking to invalidate a mark on the basis of fraudulent procurement "bears a heavy burden of proof." *Id.* at 1243. Moreover, "the very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence," and "[t]here is no room for speculation,

inference or surmise and, obviously, any doubt must be resolved against the charging party." *Id.* (internal citations omitted). "[B]ecause direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence." *Id.* at 1245 (quoting *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008)).

The undersigned finds that Respondents have failed to prove their fraud defense by clear and convincing evidence. First, Respondents have not established that Mr. Seehafer knew any information in the declaration was false or that he submitted the declaration with deceptive intent. The only evidence Respondents cite to prove that Mr. Seehafer was personally aware of other shoes with similar designs were reports of sales of the Skechers products now accused of infringement. (*See, e.g.*, RIB at 100-102.) However, alleged knowledge of sales by one competitor is insufficient evidence that Mr. Seehafer knew (or believed) that Converse was not the substantially exclusive user of the CMT. Indeed, Mr. Seehafer testified that he did—and still does—believe that Converse's use of the CMT was substantially exclusive. (CX-00248C at Q/A 51-54, 56, Seehafer, Tr. at 151:15-152:17; 158:24-159:14, 195:5-12.) Mr. Seehafer further testified that Converse filed the application because it [

] (CX-00248C at Q/A 38.) Moreover, the express language of 15.U.S.C. § 1052(f) does not require that use be absolutely exclusive. *See* § 1052(f) ("The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, 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 is made."). As Mr. Seehafer testified, his investigation prior to signing the declaration revealed no third-party uses that were "substantial

or significant at the time" as any such sales were "inconsequential in comparison to the sales volumes, the market penetration, consumer awareness, equity and goodwill in the marketplace for the Converse trademark." (Seehafer, Tr. at 161:15-162:9, 196:6-17; *see also* CX-00248C at Q/A 55.)

Second, Respondents failed to establish that the allegedly false statement was material. For product configuration cases, five years' use on its own is not sufficient to show acquired distinctiveness. (CX-10846C at Q/A 123.) An applicant must present additional evidence that the applied-for design is perceived as a mark. (*Id.*; *see also* TMEP §§ 1212.05(a), 1202.02(b)(i).) The USPTO would therefore not have relied solely on Mr. Seehafer's declaration and instead would have examined and relied on additional evidence such as Converse's sales, advertising and use of the CMT. (*Id.* at Q/A 85, 122-123.)

B. Laches

Respondents assert that Converse's claims are barred by laches. Respondents contend that they sold the Accused Products for years before Converse initiated this Investigation or otherwise suggested that the Accused Products infringed its trademark rights. (RIB at 104-113; RRB at 47-50.) Respondents claim that Converse's unreasonable delay has caused them significant prejudice for they each have invested significant resources in developing, marketing, and selling the Accused Products. (RIB at 104-113; *see also* RRB at 46-47.)

Converse disputes Respondents' allegations for four reasons. First, Converse argues that laches is inapplicable since it does not bar prospective injunctive relief. (CIB at 84.) Second, Converse asserts that Respondents infringed and "laches is not a defense against injunctive relief when the defendant intended the infringement." (*Id.*) Third, Converse claims that strong

evidence of likelihood of confusion trumps laches. (*Id.*) Lastly, Converse contends that Respondents have failed to establish the elements of laches. (CIB at 84-90; CRB at 47-51.)

Staff is of the view that none of the Respondents have established a laches defense. (SIB at 86-89.) Staff does not believe Walmart or Highline has been prejudiced by any delay. (*Id.* at 87-88.) As to New Balance, Staff believes the evidence shows that any delay by Converse was reasonable. (*Id.*) While Staff submits that it is a closer question with respect to Skechers, Staff ultimately does not believe the evidence supports a laches defense. (*Id.* at 89.)

As the parties are aware, laches is the "neglect or delay in bringing suit to remedy an alleged wrong, which taken together with lapse of time and other circumstances, causes prejudice to the adverse party and operates as an equitable bar." *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*,, 960 F.2d 1020, 1028-1029 (Fed. Cir. 1992). To establish laches, Respondents must prove "(1) [Converse] delayed filing suit for an unreasonable and inexcusable length of time from the time [Converse] knew or reasonably should have known of its claim against [Respondents]; and (2) the delay operated to the prejudice or injury of [Respondents]." *Id.* at 1032.

The undersigned agrees with Converse and Staff that Respondents have failed to carry their burden of proof. In particular, the undersigned finds that Walmart and Highline have not been prejudiced by any delay. These parties cannot establish that any growth in their Accused Products lines was a result of Converse's delay as opposed to an increase in market demand. There is also evidence that the Accused Products are only a small portion of Walmart and Highline's income and thus, harm – if any – would not be "material." (CX-01543C at 92:25-93:7 (Ms. Wraight testifying that the Accused Products are not top-selling Highline shoes); RX-7705; CX-00240C at Q/A 946, 951; RX-1571C at Q/A 70, 74, 88; RX-7691C at Q/A 72-84.)

With respect to New Balance, the undersigned finds that there was no unreasonable delay. The evidence shows total net PF Flyers sales (including some non-accused shoes) were less than[ ] [ ] (CX-00726C; *see also* RX-0001C at Q/A 150 (showing [ ] in sales of PF Flyers over 12 years).) By contrast, New Balance had approximately [ ] in annual sales in 2013 alone. (RX-0001C at Q/A 150.) Given such *de minimis* sales, Converse "need not sue" immediately, thereby making its delay in bringing suit reasonable. *See Oriental Fin. Grp., Inc. v. Cooperativa de Ahorro y Credito Oriental*, 698 F.3d 9, 24 (1st. Cir. 2012) ("We agree that the progressive encroachment doctrine allows an infringement plaintiff to tolerate de minimis or low-level infringements prior to bringing suit.").)

As to Skechers, Converse does not appear to dispute that it was aware of Skechers' alleged infringement in 2007. (CIB at 86; *see also* RX-00154C; RX-00239C; RX-00243C; RX-00254C; RX-00255C; RX-00256C; RX-00500C; RX-01055C.) Converse therefore delayed at least seven years before filing its Complaint in this Investigation.[23] During this delay, Skechers significantly invested in the advertising and promoting of its Accused Products, including but not limited to print, television, and celebrity endorsements. (RX-2092C at Q/A 41 (testifying that Skechers spends more than $100 million per year on advertising).) In fact, Skechers' investment has helped grow its Twinkle Toe line of shoes into the number one shoe line for young girls. (*Id.* at Q/A 45 (discussing the various cross-promotional activities for the Twinkle Toes line).) Nonetheless, laches generally bars prospective relief ***only*** in egregious cases with "plus factors," such as a grossly long period of delay. *See* McCarthy § 31:7 (defining "gross delay" as a delay on the order of 20 to 25 years, 25 to 30 years or 30 or longer). Here, Skechers has not presented

[23] Skechers argues that the relevant laches period for a trademark infringement claim brought against a defendant in California is four years. (RIB at 105.) While this may indeed be true, it is not clear that use of the statute of limitations as a benchmark is appropriate for trademark infringement claims. *See* McCarthy § 31:23.

evidence of such gross delay by Converse that it would warrant denying relief by the Commission.

Accordingly, for these reasons, the undersigned finds that Respondents have failed to prove Converse's claims are barred by laches.

C. Estoppel

New Balance[24] contends that Converse's claims are barred by equitable estoppel, arguing that Converse never indicated that it believed the PF Flyers footwear infringed its claimed trademark. (RIB at 113; RRB at 50-51.) For example, New Balance alleges that:

- Converse knew B.F. Goodrich sold PF Flyers prior to the 1970s and never objected.
- Converse acquired PF Flyers and sold shoes using the same brand and same designs.
- Converse sold PF Flyers knowing that the purchaser would sell the same footwear.
- Converse gave a purchaser a "waiver and quitclaim" to permit it to sell the footwear.
- New Balance acquired the PF FLYERS brand in 2001 and began selling the footwear in early 2003. Converse was actually aware of the acquisition in 2002.
- Converse gave notice of a potential claim against the New Balance brand CPT model shoe in 2013, but the notice said nothing about the PF FLYERS brand.
- Converse filed its Complaint in this Investigation against 31 Respondents, but it did not include New Balance and its PF FLYERS brand.

(RIB at 113-114.) New Balance asserts that "[g]iven these facts, any reasonable actor would believe that Converse was not going to assert a claim against it." (*Id.* at 114.) New Balance further claims that it relied on Converse's conduct (*e.g.*, "affirmative acts and silence related to the brand") when it made the decision to purchase PF Flyers. (*Id.*) New Balance insists it has been materially prejudiced by Converse's conduct, arguing that it would not have spent

[24] New Balance is the only Respondent to assert an equitable estoppel defense.

$750,000 to acquire the PF Flyers brand had it known it would be prevented from selling the footwear. (*Id.*)

Converse argues that New Balance's only evidence of alleged misleading conduct is Converse's silence, but silence alone is insufficient. (CIB at 90; CRB at 51.) Converse also argues that to show reliance, New Balance must have had a relationship or communication with Converse which lulled New Balance into a sense of security, yet "[n]o such relationship or communication exists here." (CIB at 91; CRB at 51.) Lastly, Converse contends that New Balance has not shown any material prejudice. (*Id.*)

Staff also does not believe New Balance has proven equitable estoppel. (SIB at 91-92.) In Staff's view, New Balance is unable to establish reliance because it cannot show that Converse and New Balance had a relationship or communication which lulled New Balance into a sense of security. (*Id.*)

The undersigned agrees with Converse and Staff that New Balance has not proven equitable estoppel. To establish the affirmative defense of estoppel, an alleged infringer must demonstrate: "(1) misleading conduct, which may include not only statements and action but silence and inaction, leading another to reasonably infer that rights will not be asserted against it; (2) reliance upon this conduct; and (3) due to this reliance, material prejudice if the delayed assertion of such rights is permitted." *Certain Bearings and Packagings Thereof*, Initial Determination at 28 (Apr. 10, 2003) (internal citations omitted). "Reliance is not the same as prejudice or harm, although frequently confused . . . [t]o show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security." *Id.* (internal citations omitted).

Here, nearly all the evidence New Balance relies upon are Converse's actions with respect to others, not New Balance. (*See, e.g.,* RIB at 113-114.) "Equitable defenses are 'personal defenses, based upon the trademark owner's conduct [in relation to] the defendant'." *Pandora Jewelers 1995, Inc. v. Pandora Jewelry, LLC*, No. 09-61490, 2010 WL 5393265, at *3 (S.D. Fla. Dec. 21, 2010) (citing *Exxon Corp. v. Oxford Clothes, Inc.,* 109 F.3d 1070, 1078 n. 11 (5th Cir. 1997).) Converse's actions or inactions with respect to other entities are not sufficient to show that Converse and New Balance had a relationship or communication which lulled New Balance into a sense of security. New Balance has therefore failed to establish the requisite reliance.

Accordingly, the undersigned finds that New Balance has not met its burden of proving equitable estoppel.

D. Abandonment

Respondents claim Converse abandoned the CMT long ago by failing to police third-party use and now cannot enforce any rights based on the claimed mark. (RIB at 11-115; RRB at 51.)

Converse disputes Respondents' assertion, arguing that "[t]he CMT is not, and has never been generic." (CIB at 91.) In fact, Converse claims that Respondents' own secondary meaning survey shows that the CMT serves as a source-identifier for Converse. (*Id.*) Converse further notes that failure to police a mark does not in itself indicate that a mark has lost significance. (CRB at 51-52.)

Staff submits that because the evidence does not show that the CMT is generic, Respondents' abandonment defense must fail. (SIB at 92.)

"A mark shall be deemed to be 'abandoned' . . . [w]hen any course of conduct of the owner, including acts of omission as well as commission, *causes the mark to become the generic name for the goods or services* on or in connection with which it is used or otherwise to lose its significance as a mark." 15 U.S.C. § 1127 (emphasis added). The undersigned has found hereinabove that the CMT is not generic. Accordingly, for the reasons set forth in Section IV.C., the undersigned finds that Respondents have failed to prove their abandonment defense.

IX. DOMESTIC INDUSTRY

A. Legal Standard

A violation of section 337 can be found "only if an industry in the United States, with respect to the articles protected by the . . . trademark . . . concerned, exists or is in the process of being established." 19 U.S.C. §1337(a)(2). Under Commission precedent, this "domestic industry requirement" of section 337 consists of an economic prong and a technical prong. *Certain Stringed Musical Instruments and Components Thereof*, Inv. No. 337-TA-586, Comm'n Op. at 12-14 (May 16, 2008) ("*Stringed Instruments*"). The complainant bears the burden of establishing that the domestic industry requirement is satisfied. *See Certain Multimedia Display and Navigation Devices and Systems, Components Thereof and Prods. Containing Same*, Inv. No. 337-TA-694, Comm'n Op. at 5 (July 22, 2011).

1. Economic Prong

Section 337(a)(3) sets forth the following economic criteria for determining the existence of a domestic industry:

> (3) For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned –
>
> (A) significant investment in plant and equipment;
>
> (B) significant employment of labor or capital; or
>
> (C) substantial investment in its exploitation, including engineering, research and development, or licensing.

19 U.S.C. § 1337(a)(3). Given that these criteria are listed in the disjunctive, satisfaction of any one of them will be sufficient to meet the economic prong of the domestic industry requirement. *Certain Integrated Circuit Chipsets and Prods. Containing Same*, Inv. No. 337-TA-428, Order No. 10, Initial Determination (unreviewed) (May 4, 2000).

Pursuant to Section 337(a)(3)(A) and (B), "a complainant's investment in plant and equipment or employment of labor or capital must be shown to be "significant" in relation to the articles protected by the intellectual property right concerned." *Certain Printing and Imaging Devices and Components Thereof*, Inv. No. 337-TA-690, Comm'n Op. at 26 (Feb. 17, 2011). The Commission has emphasized that what is considered "significant" within the meaning of the statute is "not evaluated according to any rigid mathematical formula." *Id.* at 27; *see also Certain Kinesiotherapy Devices and Components Thereof*, Inv. No. 337-TA-823, Comm'n Op. at 33 (July 12, 2013). Instead, the determination is made by "an examination of the facts in each investigation, the article of commerce, and the realities of the marketplace." *Certain Male Prophylactic Devices*, Inv. No. 337-TA-546, Comm'n Op. at 39 (Aug. 1, 2007).

Section 337(a)(3)(C) provides for domestic industry based on "substantial investment" in the enumerated activities. *See Certain Digital Processors and Digital Processing Systems, Components Thereof, and Prods. Containing Same*, Inv. No. 337-TA-559, Initial Determination at 88 (May 11, 2007). Whether an investment in domestic industry is "substantial" is a fact-dependent inquiry for which the complainant bears the burden of proof. *Stringed Instruments* at 14. There is no minimum monetary expenditure that a complainant must demonstrate to qualify under the "substantial investment" requirement of this section. *Id.* at 25. "[T]here is [also] no need to define or quantify the industry itself in absolute mathematical terms." *Id.* at 26.

2. Technical Prong

In order to satisfy the technical prong of the domestic industry requirement, Converse must establish that the articles relating to the domestic industry are protected by the intellectual property at issue in the investigation. *Certain Energy Drink Prods.*, Inv. No. 337-TA-678, Order No. 34 at 12 (Mar. 30, 2010). Where registered trademark rights are asserted, "[t]he test for determining whether the technical prong is met through the practice of a trademark is plain use of the trademark on products and packaging." *Protective Cases*, Inv. No. 337-TA-780, Initial Determination at 90.

B. Economic Prong

Converse asserts that it has expended significant and substantial U.S. plant, equipment, labor and capital resources for extensive production-related, engineering, research and development, and support activities in the U.S. directed to All Star shoes. (CIB at 95-108; CRB at 52-53.) For example, Converse claims that it has made a significant investment in plant and equipment for activities directed to All Star shoes through facilities space, annual plant and equipment costs, and asset depreciation expenses across multiple facilities in the U.S. (CIB at

100-104.) Converse also claims that it has made significant expenditures to employ and retain a large domestic workforce dedicated to production-related and support activities, as well as substantial investments in engineering and research and development to create new shoe designs that capitalize on the asserted trademarks. (*Id.* at 104-108.) Converse contends that these efforts satisfy the requirements of § 1337(a)(3)(A), (B), and (C).

Respondents dispute that Converse has satisfied the economic prong. First, Respondents argue that Converse's allocation methodology is unreasonable and artificially inflates the size of the claimed domestic industry. (RIB at 115-116 (arguing that there is no evidentiary basis for Converse's "unit-based sales allocation" methodology).) Second, Respondents assert that Converse has failed to show significant investments in plant and equipment or labor and capital because Converse's purported investment is "over-inclusive in that it includes expenditures that are irrelevant to a domestic industry analysis." (RIB at 116-119; RRB at 52.) Finally, Respondents contend that Converse's reliance on [ ] is improper under subsection 337(a)(1)(C) and that the [ ] related expenditures (*i.e.*, other research and development-related exploitation of its trademarks) identified by Converse are not substantial. (RIB at 119-120.)

In Staff's view, Converse satisfies the economic prong of the domestic industry requirement under section 337(a)(3)(A) and (B), but not under section (a)(3)(C). (SIB at 92-103; SRB at 26.) Specifically, Staff believes Converse has established that it has invested over [ ] [ ] in plant and equipment and nearly [ ] in labor in the United States to design, develop, and manage the production of its domestic industry products. (*Id.*)

1. Investment in Plant and Equipment

As an initial matter, the undersigned notes that Converse offered two analyses of its domestic industry investments.[25] The first analysis included investments in all of Converse's U.S. non-retail facilities. (*See, e.g.,* CIB at 100-107.) The second analysis was prepared at the request of Staff and is a more conservative analysis that only includes investments in Converse's North Andover headquarters, creative space and testing space. (*Id.*) The undersigned relies on the second, more conservative analysis as Converse's first analysis includes inappropriate investments related to two distribution centers and a New York [

] The undersigned finds that the evidence establishes that Converse has made significant investments in plant and equipment at its headquarters in North Andover, Massachusetts.

Prior to April 2015, Converse's headquarters was located at 1 High Street, North Andover, Massachusetts. (CX-00246C at Q/A 106.) The headquarters was a five-story, [ ] square foot building, which housed Converse's communications, corporate and government affairs, corporate services, design, general management, information technology, logistics and services, manufacturing and sourcing, marketing, merchandising, product creation, product management, program/process excellence, retail management, sales, and strategic planning groups. (*Id.* at Q/A 106, 111.) The headquarters used a [ ] square foot off-site storage space for [ ] at 300 Canal Street, Lawrence, Massachusetts. (*Id.* at Q/A 112.) In April

[25] As Staff notes, "reasonable and appropriate allocation methodologies, such as sales based allocations, have routinely been employed and accepted by the Commission for purposes of satisfying the economic prong." (SIB at 93; *see also Certain Toner Cartridges and Components Thereof,* Inv. No. 337-TA-918, Order No. 22 at 3-5 (Jan. 16, 2015); Notice of a Comm'n Determination Not to Review Two Initial Determinations, One Granting in Part Summary Determination that the Importation Req. is Satisfied, and the Other Granting Summary Determination that Complainant Satisfies the Economic Prong of the Domestic Industry Req. (Feb. 18, 2015); *Protective Cases,* Inv. No. 337-TA-780, Initial Determination at 105-108; Notice of the Commission's Final Determination; Issuance of a General Exclusion Order and Cease and Desist Orders; Termination of the Investigation (Oct. 31, 2012).)

2015, Converse relocated its North Andover headquarters to a larger facility in Boston located at 160 North Washington Street. (*Id.* at Q/A 106, 119.) In doing so, Converse's expanded its headquarters to [ ] square feet on eleven floors. (*Id.*)

In connection with its headquarters, Converse incurs plant expenses such as rent, repairs, utilities, insurance and property tax. (CX-00246C at Q/A 50.) These expenses are recorded on Converse's profit and loss statements. (CX-00246C at Q/A 50; CX-05378C; CX-05379C; CX-05380C; CX-05381C; CX-05382C.) In its ordinary course of business, Converse does not track or report plant expenses on a [ ] basis. (CX-00246C at Q/A 44.) Similarly, Converse does not track its expenses on a [ ] basis. (CX-00246C at Q/A 71, 99.) For purposes of this investigation, however, Converse utilizes a unit-based sales allocation to determine the portion of Converse's expenditures attributable to All Star shoes bearing the asserted trademarks. (CX-00246C at Q/A 99-102.)

Applying the unit-based sales allocation, the portion of Converse's headquarters, creative space, and testing space utilized for the Converse All Star shoes for fiscal years 2011-2014 was:

Square Footage Allocated for North Andover, MA Production-Related Activities for Converse All Star shoes					
	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 2015
Square Footage for N. Andover facilities	[				
All Star shoes, % of total products					
Allocated Square Footage for All Star shoes					]

(CX-00246C at Q/A 62, 82, 106-109, 112-118; CX-2740C-2758C; CX-2760C; CX-2764C-2765C.)

Between FY 2011 and Q3 FY 2015, Converse's approximate investments for plant and equipment for the North Andover facilities relating to the All Star shoes were:

Converse's Investment in Plant & Equipment for North Andover, MA Production-Related Activities for Converse All Star shoes (dollars in millions)					
	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 2015
Plant Expenses	[				
Equipment Expenses					
Depreciation Expense					
Total Investment in Plant & Equipment					]

(CX-00246C at Q/A 82, 148-149, 154-159; CX-05376C; CX-05377C.) Accordingly, Converse's total investment in plant and equipment for the All Star shoes between FY 2011 and Q3 FY 2015 was approximately [ ]. (*Id.*)

Converse's [ ] investment in plant and equipment is significant. These investments are essential to the All Star shoe development, engineering, product testing, marketing, and other production and support activities. (CX-00247C at Q/A 88, 93, 150, 159-174.) These domestic investments are significant in comparison to Converse's expenses for [ ] (CX-00247C at Q/A 65-66, 184, 186; CX-00246C at Q/A 167-168.) For example, the investments [ ] [ ] equaled approximately [ ] of Converse's [ ] plant and equipment expenses. (CX-00246C at Q/A 167-168; CX-05378C; CX-05379C; CX-05380C; CX-05381C; CX-05382C.) Furthermore, Converse's domestic investments are also significant relative to its income. Between FY 2001 and FY 2014, Converse's plant and equipment investments in the North Andover headquarters equaled approximately [ ] of Converse's annual pre-tax income of [ ] (CX-00246C at Q/A 82, 148-149, 154-155, 165; CX-05377C; CX-05378C; CX-05379C; CX-05380C; CX-05381C; CX-05382C.)

Accordingly, the undersigned finds that Converse has satisfied the economic prong under § 1337(a)(3)(A).

2. Investment in Labor and Capital

The undersigned finds that the evidence adduced at the evidentiary hearing also shows that Converse has made significant investments in labor and capital relating to the domestic industry products.

Converse has made significant expenditures to employ a domestic workforce dedicated to production-related and support activities. For example, between FY 2011 and Q3 FY2015, Converse employed between [ ] individuals at its North Andover headquarters who were involved in production-related activities.[26]

Converse's Employee Headcount for North Andover Production-Related Activities					
	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 2015
Communications	[				
Corporate & Government Affairs					
Corporate Services					
Design					
General Management					
Information Technology					
Logistics & Services					
Manufacturing & Sourcing					
Merchandising					
Production Creation					
Product Management					
Program/Process Excellence					
Strategic Planning					
Technology					
Total					]

(CX-00246C at Q/A 64-69, 146-147; CDX-00246.1C; CX-05443C; CX-05485C; CX-00247C at Q/A 131-163.) Applying the unit-based sales allocation on these headcounts, the evidence shows that during FY 2011 through Q3 FY 2015, Converse employed [ ] full-time equivalent

[26] Respondents object to Converse's labor investments for improperly including employees involved in general corporate functions and who have some sales and marketing related functions. (*See* RIB at 117-118.) However, as part of its conservative analysis, Converse excluded those employees in finance, human resources, legal, marketing, retail management, and sales. (*See, e.g.*, CIB at 106; SIB at 99; CX-00246C at Q/A 68, 146-147, CX-05443C; CX-0548C.) The undersigned further notes that between FY 2011 through Q3 of FY 2015, approximately [ ] [ ] of Converse's [ ] employees are in the areas of design, manufacturing and sourcing, and product creation, which are undoubtedly production-related activities. (CX-00246C at Q/A 68, 146-147; CX-05443C; CX-05485C.)

employees in Converse All Star shoe production-related activities. (CX-00246C at Q/A 68, 82, 146-147; CX-05443C; CX-05485C.) Between FY 2011 and Q3 FY 2015, Converse's approximate compensation expenses for its [ ] employees engaged in production-related activities ranged from [ ] annually. (CX-5377C; CX-5376C; CX-00246C at Q/A 148, 151, 154, 156-157.)

Converse's Employee Compensation Expenses for North Andover Production-Related Activities (dollars in millions)					
	FY 2011	FY 2012	FY 2013	FY 2014	Q3 FY 2015
Compensation Investment for Production-Related Employees	[				
All Star shoes, % of total products					
Compensation Investment for All Star shoes					]

(CX-00246C at Q/A 82, 148-149, 154-159; CX-05377C; CX-05376C; CX-5378C-5387C.) Thus, between FY 2011 and Q3 FY 2015, Converse invested approximately [ ] for employees engaged in All Star shoe production-related activities at its North Andover headquarters. (*Id.*)

Converse's [ ] labor investment is significant. Converse considers its U.S. employees to the [ ] (CX-00247C at Q/A 93, 131, 135, 139, 148-150, 162-163, 174, 184.) The high ratio of Converse's labor investments to its income also demonstrates the significance of its employment of production-related U.S. labor and capital. Between FY 2011 and FY 2014, Converse's labor expense for North Andover All Star shoe production-related activities equaled approximately [ ] of Converse's pre-tax income. (CX-00246C at Q/A 82, 148-149, 154-159, 165; CX-05377C; CX-05378C; CX-05379C; CX-05380C; CX-05381C; CX-05382C.) In addition, Converse's domestic labor expense for All Star shoe production-related activities is significant in comparison to [ ]

[ ] staff of [ ]. (CX-00247C at Q/A 167; CX-05378C-05381C.) Between FY 2011 and FY 2014, [ ] total employee compensation was approximately [ ]. (CX-00246C at Q/A 168.) Moreover, [ ] total labor expense[27] equaled approximately [ ], which is only about [ ] of Converse's [ ] labor investment for North Andover All Star shoe production-related activities. (CX-00246C at Q/A 82, 148-149, 154-159, 167-169; CX-05377C; CX-05378C; CX-05379C; CX-05380C; CX-05381C; CX-05382C.)

Accordingly, the undersigned finds that Converse has satisfied the economic prong under § 1337(a)(3)(B).

3. Investment in Exploitation, Including Engineering, Research and Development, or Licensing

Converse asserts that it makes substantial U.S. investments in engineering and research and development for new shoe designs that capitalize on the asserted trademarks.[28] (CIB at 107.) Converse contends that its teams actively work on [

]. (*Id.* (claiming that its project expenses totaled [ ] between FY 2011 and FY 2014).) Converse also alleges that it has incurred [ ] expenses totaling [ ] in furtherance of design collaborations that seek to maximize the use and consumer impact of the asserted trademarks. (*Id.* at 108.)

Both Respondents and Staff believe that Converse has failed to show a substantial investment in the exploitation of the asserted trademarks. (RIB at 119-120; SIB at 102-103.) Both submit that it is improper to rely on [ ] costs since those costs relate to the [ ]. (*Id.*) Respondents and Staff also note that

[27] Includes expenses for all Converse products sold globally.
[28] Converse concedes that most of its domestic investment lies in plant, equipment and labor. (CIB at 107.)

Converse did not quantify the specific expenditures associated with the [ ] design projects. (*Id.*)

The undersigned agrees with Respondents and Staff that Converse has not established it satisfies the economic prong of the domestic industry requirement under section 337(a)(3)(C). Converse failed to quantify the investments associated with the [ ] design projects, thereby providing no basis for the undersigned to determine whether Converse's alleged investments in the design projects are substantial. Moreover, Converse's reliance on [ ] to support its domestic industry claim is improper. [

] (CIB at 107 n.42.) [

] Thus, the [ ] Converse has incurred do not constitute investments in the exploitation of the asserted trademarks. The undersigned further notes that Converse's citation to *Certain Coaxial Cable Connectors and Components Thereof and Products Containing Same*, Inv. No. 337-TA-650, Commission Opinion at 49-50 (Apr. 14, 2010), is misplaced. (CIB at 108.) As Staff correctly stated, "[n]othing in that opinion even suggests that [ ] would be an exploitation of an intellectual property right under Section 337(a)(3)(C)." (SIB at 103.)

Accordingly, the undersigned finds that Converse has failed to show a domestic industry exists under § 1337(a)(3)(C).

4. The "Industry" Requirement of § 1337(a)(1)(A)

A violation based on unfair methods of competition or unfair acts requires proof that such acts have the threat or effect of "destroy[ing] or substantially injur[ing] an industry in the United States . . . ." 19 U.S.C. § 1337(a)(1)(A). Where federally registered and common law trademark rights are at issue, as they are in this Investigation, and the Complainant alleges the same products are covered by both the registered trademark and the common law trade dress, "the domestic industry involved in the trademarks and trade dress in issue is one industry." *Ink Markers,* Order No. 30 at 55-56; *see also Digital Multimeters,* Order No. 22 at 14 (holding that "[b]ecause the same devices are covered by Fluke's registered trademark and its trade dress, one industry exists for the purposes of Section 337."); *Protective Cases*, Inv. No. 337-TA-780, Initial Determination at 10 (finding the § 1337(a)(1)(A) industry established by the products, activities, and expenditures that satisfy § 1337(a)(3)(A)–(B).)

The undersigned has found hereinabove that a domestic industry exists under sections 337(a)(3)(A) and (a)(3)(B). *See* Sections IX.B.1-2, *supra*. Therefore, consistent with Commission precedent, Converse's showing that a domestic industry exists under section 337(a)(3)(A) and (B) also establishes that an industry exists under section 337(a)(1)(A).

C. Technical Prong

Converse contends that it satisfies the technical prong of the domestic industry as to the '960, '103, and '753 Registrations. (CIB at 94-95 (arguing that between FY 2011 and FY 2014, it designed, developed and offered for sale in the United States over [ ] models of All Star shoes that use the CMT and COT).) Specifically, Converse asserts that "[a] comparison of All Star shoes, in physical form or advertising, with the CMT . . . shows an identical or substantially similar midsole design" and that "[a] comparison of All Star shoes, in physical form or

advertising, with the COT . . . shows an identical or substantially similar outsole design." (*Id.* at 95.) Respondents have stipulated that the technical prong of the domestic industry requirement has been met for the CMT.[29] (RIB at 99.) Staff agrees that Converse's domestic industry products bear the elements of the claimed CMT and COT. (SIB at 81-83.)

As noted *supra*, "[t]he test for determining whether the technical prong is met through the practice of a trademark is plain use of the trademark on products and packaging." *Protective Cases*, Inv. No. 337-TA-780, Initial Determination at 90. Here, there is no dispute the evidence (*i.e.*, photographs, catalogs, physical samples, advertisements, and sales records) shows that the All Star shoes developed and sold in the United States prominently feature the CMT. (CX-11285; CX-00002; CPX-35-36, 54-67, 72-84, 86-91; CX-05410-05415; CX-00247C at Q/A 21-51, 232-233; CX-00242C at Q/A 42-44.) Similarly, no one has contested that the evidence shows that Converse utilizes the COT on All Star shoes. (CX-00003; CX-00004; CPX-35-36, 54-67, 72-84, 86-91; CX-05410-05415; CX-00247C at Q/A 21-51, 228-229, 232-233; CX-00242C at Q/A 45, 46, 49-54.)

Accordingly, it is the undersigned's determination that Converse satisfies the technical prong of the domestic industry requirement for the '753, '960 and '103 trademark registrations.

X. INJURY

When a complainant asserts a violation of section 337(a)(1)(A) by reason of common law trademark infringement, false designation of origin, and/or dilution, it must establish that the "threat or effect" of the alleged acts is to "destroy or substantially injure an industry in the United States." 19 U.S.C. § 1337(a)(1)(A). The undersigned has found hereinabove that the asserted common law trademarks are not valid and that Converse has not proven dilution. *See* Sections IV.A.6 and VI, *supra*. Consequently, no violation of section 337(a)(1)(A) has occurred.

[29] Respondents are not accused of infringing the '960 or '103 trademark registrations.

In light of these findings, the undersigned need not determine whether Converse's domestic industry suffers the threat or effect of substantial injury.

XI. CONCLUSIONS OF LAW

1. The Commission has personal jurisdiction over the parties, subject-matter jurisdiction over the Investigation, and *in rem* jurisdiction over the Accused Products.

2. The importation or sale requirement of section 337 is satisfied.

3. U.S. Trademark Registration No. 4,398,753 is distinctive

4. U.S. Trademark Registration No. 4,398,753 is not functional.

5. U.S. Trademark Registration No. 4,398,753 is not generic.

6. U.S. Trademark Registration No. 4,398,753 is not invalid.

7. Skechers' Daddy'$ Money and HyDee HyTop shoes infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

8. Skechers' Twinkle Toes and BOBS Utopia shoes do not infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

9. Walmart's Faded Glory shoes infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

10. Walmart's Kitch shoes do not infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

11. Highline's Venus, Veronbis, Vicky, Virgo, and Volcan shoes infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

12. Highline's Vincent, Vodka, Volcano (Vulcano), Vox, Glen, Gossip, Eagle, Fanta, Volt, and Ginger shoes do not infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

13. New Balance's Bob Cousy and Center shoes infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

14. New Balance's Sum Fun shoes do not infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

15. The Defaulting Respondents' Accused Products infringe U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1114(1).

16. The common law trademark is not distinctive.

17. The common law trademark is not functional.

18. The common law trademark is not generic.

19. The common law trademark is invalid.

20. Respondents do not infringe the common law trademark under 15 U.S.C. § 1125(a).

21. U.S. Trademark Registration No. 4,398,753 is not famous.

22. The common law trademark is not famous.

23. Respondents do not dilute U.S. Trademark Registration No. 4,398,753 under 15 U.S.C. § 1125(c).

24. Respondents do not dilute the common law trademark.

25. U.S. Trademark Registration No. 3,258,103 is not invalid.

26. U.S. Trademark Registration No. 1,588,960 is not invalid.

27. Foreversun infringes U.S. Trademark Registration No. 3,258,103 under 15 U.S.C. § 1114(1).

28. Foreversun infringes U.S. Trademark Registration No. 1,588,960 under 15 U.S.C. § 1114(1).

29. Respondents failed to prove their affirmative defense of fraud on the USPTO.

30. Respondents failed to prove their affirmative defense of laches.

31. Respondents failed to prove their affirmative defense of abandonment.

32. New Balance failed to establish equitable estoppel.

33. Converse satisfies the economic prong under 19 U.S.C. § 1337(a)(3)(A) and (B).

34. Converse does not satisfy the economic prong under 19 U.S.C. § 1337(a)(3)(C).

35. Converse satisfies the technical prong of the domestic industry requirement.

36. Converse satisfies the "industry" requirement under 19 U.S.C. § 1337(a)(1)(A).

XII. INITIAL DETERMINATION

Based on the foregoing, it is the Initial Determination of the undersigned that there is a violation of section 337 with respect to U.S. Trademark Registration Nos. 3,258,103; 1,588,960; and 4,398,753, but no violation of the asserted common law trademarks. The undersigned further determines that the domestic industry requirement has been satisfied.[30]

The undersigned hereby CERTIFIES to the Commission this Initial Determination, together with the record of the hearing in this investigation consisting of the following: the transcript of the evidentiary hearing, and the exhibits accepted into evidence in this Investigation.[31]

The Secretary shall serve a public version of this Initial Determination upon all parties of record and the confidential version upon counsel who are signatories to the Protective Order (Order No. 1) issued in this Investigation.

Pursuant to 19 C.F.R. § 210.42(h), this Initial Determination shall become the determination of the Commission unless a party files a petition for review pursuant to 19 C.F.R. § 210.43(a) or the Commission, pursuant to 19 C.F.R. § 210.44, orders on its own motion a review of the Initial Determination or certain issues therein.

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[30] Any arguments from the parties' pre-hearing briefs incorporated by reference into the parties' post-hearing briefs are stricken, unless otherwise discussed herein, as an improper attempt to circumvent the page limits imposed for post-hearing briefing.

[31] The pleadings of the parties filed with the Secretary are not certified as they are already in the Commission's possession in accordance with Commission rules.

RECOMMENDED DETERMINATION ON REMEDY AND BOND

I. REMEDY AND BONDING

The Commission's Rules provide that subsequent to an initial determination on the question of violation of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, the administrative law judge shall issue a recommended determination concerning the appropriate remedy in the event that the Commission finds a violation of section 337, and the amount of bond to be posted by respondent during Presidential review of the Commission action under section 337(j). *See* 19 C.F.R. § 210.42(a)(1)(ii).

The Commission has broad discretion in selecting the form, scope and extent of the remedy in a section 337 proceeding. *Viscofan, S.A. v. Int'l Trade Comm'n,* 787 F.2d 544, 548 (Fed. Cir. 1986). Under Section 337(d)(1), if the Commission determines as a result of an investigation that there is a violation of section 337, the Commission is authorized to enter either a limited or a general exclusion order. 19 U.S.C. § 1337(d)(1). A limited exclusion order instructs the U.S. Customs and Border Protection ("CBP") to exclude from entry all articles that are covered by the patent at issue and that originate from a named respondent in the investigation. A general exclusion order instructs the CBP to exclude from entry all articles that are covered by the patent at issue, without regard to source. *Certain Purple Protective Gloves,* Inv. No. 337-TA-500, Comm'n. Op. at 5 (Dec. 22, 2004).

A. General Exclusion Order

Section 337(d)(2) provides that a general exclusion order ("GEO") may issue in cases where (a) a general exclusion from entry of articles is necessary to prevent circumvention of an exclusion order limited to products of named respondents; or (b) there is a widespread pattern of violation of Section 337 and it is difficult to identify the source of infringing products. 19 U.S.C.

§ 1337(d)(2). 19 U.S.C. § 1337(d)(2); *see also Certain Airless Paint Spray Pumps and Components Thereof*, Inv. No. 337-TA-90, Comm'n Op., at 18-19, 216 U.S.P.Q 465, 473 (Nov. 1981). The statute essentially codifies Commission practice under *Certain Airless Paint Spray Pumps and Components Thereof*, Inv. No. 337-TA-90, Commission Opinion at 18-19, USITC Pub. 119 (Nov. 1981) ("*Spray Pumps*"). *See Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing the Same,* Inv. No. 337-TA-372 ("*Magnets*"), Comm'n Op. on Remedy, the Public Interest and Bonding at 5 (USITC Pub. 2964 (1996)) (statutory standards "do not differ significantly" from the standards set forth in *Spray Pumps*). In *Magnets*, the Commission confirmed that there are two requirements for a general exclusion order: [1] a "widespread pattern of unauthorized use;" and [2] "certain business conditions from which one might reasonably infer that foreign manufacturers other than the respondents to the investigation may attempt to enter the U.S. market with infringing articles." *Id.* The focus now is primarily on the statutory language itself and not an analysis of the *Spray Pump* factors. *Ground Fault Circuit Interrupters and Prods. Containing Same*, Inv. No. 337-TA-615, Comm'n Op. at 25 (Mar. 9, 2009).

Converse submits that a general exclusion order ("GEO") is necessary to provide an effective remedy for the unfair importation of footwear products that infringe and dilute the asserted trademarks. In particular, Converse argues that "the evidence shows (1) a pattern of violation of §337 with respect to shoes likely to infringe and/or dilute the CMT and the COT; (2) that sources of infringing footwear products can be difficult to identify; and (3) that a Limited Exclusion Order ("LEO") would be easily circumvented." (CIB at 125-126; *see also id.* at 126-138; CRB at 56-60 (responding to Respondents' allegation that Converse has not satisfied the ITC's requirements for issuance of a GEO).) Converse further argues that if a violation is found

only with respect to the Defaulting Respondents, a GEO is still necessary because "(1) there is substantial, reliable, and probative evidence of a violation of § 337 and (2) the other requirements of § 337(d)(2) are met." (*Id.* at 126; *see also* CRB at 60.) Staff concurs. (SIB at 108-111.)

Respondents submit that if the Commission finds a violation, the evidence shows that Converse has failed to carry its burden of showing that a GEO is necessary. (RIB at 127-133 (criticizing Converse for not providing any financial or economic analysis as to why a GEO is warranted); RRB at 56.)

The undersigned finds Converse's and Staff's arguments persuasive and thus, recommends that a GEO issue should the Commission find a violation. As Converse detailed in its post-hearing briefing, business conditions show a widespread pattern of violation. (CIB at 127-131; *see also* CX-00229C at Q/A 165-170, 292, 297-300.) For example, Converse has engaged in extensive enforcement activities, but despite its efforts, infringing and counterfeit products continue to be imported into the U.S. (*See, e.g.,* CX-00245C at Q/A 41-53; CDX-00229.0010-0011C; CX-11286; CX-00229C at Q/A 212-228.) Converse has also presented evidence of the difficulty of identifying the source of infringing products because of the large business-to-business Internet portals that enable third-party vendors and foreign agents or trading companies to operate as intermediaries between the abundant foreign manufacturers of knockoff products and U.S. distributors and retailers. (CX-00229C at 182-195, 261-289; CDX-229.0025; CX-00245C at Q/A 61 (testifying that the trading companies who sell the infringing products are mostly selling agents or shell companies with a mail drop under fictitious names, emails, and phone numbers).) In fact, Converse's Senior Director of Brand Protection, Mr. Paul Foley, described Converse's enforcement efforts as [ ]

[ ] (CX-00245C at Q/A 58.) Mr. Foley even identified one of the Defaulting Respondents as a "repeat offender." (*Id.* at Q/A 59 (testifying that [ ]).) Not only does this evidence evince a widespread pattern of violation, but it also suggests that a GEO is necessary to prevent the circumvention of a limited exclusion order. (*See* CX-0229C at Q/A 292–297, 308–311.)

B. Limited Exclusion Order

Under section 337(d), the Commission may issue a limited exclusion order directed to a respondent's infringing products. 19 U.S.C. § 1337(d). A limited exclusion order instructs the U.S. Customs Service to exclude from entry all articles that are covered by the patent at issue that originate from a named respondent in the investigation. *Fuji Photo Film Co. Ltd. v. Int'l Trade Comm'n*, 474 F.3d 1281, 1286 (2007).

Converse asserts that in the event a violation is found and the Commission declines to issue a general exclusion order, a limited exclusion order should issue covering each Respondent's footwear products and colorable imitations likely to infringe or dilute the asserted trademarks. (CIB at 139.)

Respondents submit that if one or more parties are found in violation of section 337, the proper remedy would be a narrowly-tailored limited exclusion order directed solely to the party or parties found in violation. (RIB at 133-134.) Respondents also believe that any limited exclusion order should include a certification provision as such a provision "will ease the burden both on legitimate trade and on U.S. Customs' enforcement of the exclusion order." (*Id.* at 134.)

Should a violation be found, Staff recommends that at least a limited exclusion order issue barring the importation of infringing footwear. (SIB at 111-112.)

If the Commission decides not to issue a GEO, the undersigned recommends that the Commission issue a limited exclusion order prohibiting the importation of Respondents' footwear products found to infringe the asserted trademarks. The undersigned also recommends that any limited exclusion order include a certification provision. *See Certain Condensers, Parts Thereof and Prods. Containing Same*, Inv. No. 337-TA-334 (Remand), Comm'n Op. at 39, (Sept. 10, 1997) (recognizing that "certification provisions have been included in previous exclusion orders where respondents imported both infringing and non-infringing products.").

C. Cease and Desist Order

Under section 337(f)(1), the Commission may issue a cease and desist order in addition to, or instead of, an exclusion order. 19 U.S.C. § 1337(f)(1). The Commission generally issues a cease and desist order directed to a domestic respondent when there is a "commercially significant" amount of infringing, imported product in the United States that could be sold, thereby undercutting the remedy provided by an exclusion order. *See Certain Crystalline Cefadroxil Monohydrate*, Inv. No. 337-TA-293 USITC Pub. 2391, Comm'n Op. on Remedy, the Public Interest and Bonding at 37-42 (June 1991); *Certain Condensers, Parts Thereof and Prods. Containing Same, Including Air Conditioners for Automobiles*, Inv. No. 337-TA-334 (Remand), Comm'n Op. at 26-28, 1997 WL 817767, at *11-12 (U.S.I.T.C. Sept. 10, 1997).

Converse asserts that Skechers, Walmart, Highline and New Balance each maintain substantial inventories of the Accused Products in the United States. (CIB at 140-143; CRB at 61-62.) Converse claims these inventories are "commercially significant from a volume and value perspective, and also commercially important from a business perspective." Because Skechers, Walmart, Highline, and New Balance maintain websites for orders, Converse requests

that any cease and desist orders expressly ban the sales, marketing, and distribution of infringing or dilutive shoes through these Internet sites. (CIB at 140.)

Respondents claim that Converse has failed to show that any of the Respondents maintains a commercially significant inventory and thus, no cease and desist order should issue. (RIB at 134-135 (arguing that the conclusions of Converse's expert regarding inventory are unreliable); RRB at 56-58.)

Staff believes that if a violation is found, cease and desist orders are warranted as to the domestic Respondents. (SIB at 112-114.)

The undersigned recommends that cease and desist orders issue as to those Respondents found to infringe by the Commission. The evidence adduced at the hearing show that each Respondent maintains "commercially significant" inventory of the Accused Products in the United States. (*See, e.g.,* CX-00306C; CX-00307C; CX-04159C; CX-09080C; CX-00398C; CX-04158C; CX-00599C; CDX-00229.0004C; CDX-00229.0022C; CDX-00229.0023C; JX-375C; JX-367-371C; RX-02896C; CX-00229C at Q/A 323-328, 366-371, 329-337, 340-345.)

D. Bond During Presidential Review

Pursuant to section 337(j)(3), the Administrative Law Judge and the Commission must determine the amount of bond to be required of a respondent during the 60-day Presidential review period following the issuance of permanent relief, in the event that the Commission determines to issue a remedy. 19 U.S.C. § 1337(j)(3). The purpose of the bond is to protect the complainant from any injury. 19 C.F.R. § 210.42(a)(1)(ii), § 210.50(a)(3).

When reliable price information is available, the Commission has often set the bond by eliminating the differential between the domestic product and the imported, infringing product. *See Microsphere Adhesives, Processes for Making Same, and Prods. Containing Same,*

Including Self-Stick Repositionable Notes, Inv. No. 337-TA-366, USITC Pub. 2949, Comm'n Op. at 24 (Dec. 8, 1995). In other cases, the Commission has turned to alternative approaches, especially when the level of a reasonable royalty rate could be ascertained. *See, e.g.*, *Certain Integrated Circuit Telecomm. Chips and Prods. Containing Same, Including Dialing Apparatus*, Inv. No. 337-TA-337, Comm'n Op. at 41, 1993 WL 13033517, at *24 (U.S.I.T.C. June 22, 1993). A 100 percent bond has been required when no effective alternative existed. *See, e.g.*, *Certain Flash Memory Circuits and Prods. Containing Same*, Inv. No. 337-TA-382, USITC Pub. No. 3046, Comm'n Op. at 26-27 (July 1997) (imposing a 100% bond when price comparison was not practical because the parties sold products at different levels of commerce, and the proposed royalty rate appeared to be *de minimus* and without adequate support in the record).

Converse argues that "it is not practicable to calculate a clear price differential on a shoe-by-shoe basis" because "Respondents sell their Accused Products in different levels of commerce and in different market segments: wholesaler, retail, and discount retail." (CIB at 143 (citing CX-8668C; CX-8121C; CX-229C at Q/A 375; RX-10273 at Q/A 626).) Converse therefore asserts that "[a] bond equal to 100% of the selling price for the infringing products should be entered." (*Id.* at 144.) Converse argues that a 100% bond is also appropriate for the Defaulting Respondents. (*Id.*)

Alternatively, Converse asserts that the Commission "should calculate a bond based on the percentage difference between (i) the average selling price of the Converse Shoes and (ii) the average price of the Accused Products." (*Id.* at 144 (citing CX-229C at Q/A 376-379).)

Respondents agree that "clear, across-the board price differentials that would serve as a reliable basis for a bond in this matter are difficult to compute." (RIB at 123 (citing RX-10273C at Q/A 626.) Respondents therefore assert that it is appropriate to set the bond based on a

reasonable royalty. (*Id.* at 124.) Respondents assert that the royalty information provided by Converse shows that the Commission should set a rate of no more than [ ]. (*Id.*)

Staff "believes the appropriate bond rate for the participating Respondents should be based on price differential," and that the bond should be 100% of the entered value for the Defaulting Respondents. (SIB at 115.) Staff believes that the appropriate bond for Walmart would be [ ] per pair of shoes and the appropriate bond for Skechers would be [ ] per pair of shoes. (*Id.*) Staff believes that no bond should be imposed with respect to Highline's and New Balance's products, as these products are priced either at the same price or above the Chuck Taylor All Star. (*Id.*) Staff also notes that Respondents' proposed bond of [ ] is "based on a valuation of Complainant's trademarks, and not on a reasonable royalty." (*Id.*)

The undersigned finds that a bond based on price differential is appropriate. While there may be some variation of pricing depending on the market segment in which the shoes are sold, neither Converse nor Respondents introduce evidence which supports this proposition. Respondent merely relies on a conclusory expert opinion. (RX-10273C at Q/A 626.) Converse submits additional evidence, but this evidence is insufficient as well. First, Converse submits CX-08668C which it contends shows "different prices for best tier lines ranging from [ ] [ ] in retail." (CX-0229C at Q/A 162 (citing CX-08668).) The shoes included in this document – with one possible exception – do not appear to feature the CMT. (CX-08668.0002.) This document is therefore irrelevant. Converse explains that the second document demonstrates that Converse's shoes are sold in different market segments. (CX-00229C at Q/A 163 (citing CX-08121C.) This document indeed identifies different marketing channels for Converse's shoes, but notes that the core Chuck Taylor All Star is sold in only one of these channels. (CX-08121C.0022.) Thus, this document may actually disprove that the price varies significantly for

the core shoes. Additionally, the record includes average selling prices for the Accused Products, which Respondents do not specifically challenge. (CDX-0229.0024C; RX-10273C at Q/A 626.) Accordingly, the undersigned does not have cause to deviate from the preferred method of calculating a bond based on price differential.

The evidence shows that the average price for a Chuck Taylor All Star shoe across all transactions is approximately [ ]. (CDX-0229.0024C.) Each of the individual Respondents is discussed below:

1. Walmart

The evidence shows that the average price of Walmart's Accused Shoes is [ ] (CDX-0229.0020C.) Thus, the price differential between these shoes and the Chuck Taylor All Star shoe is [ ] Accordingly, the undersigned recommends that bond be set in the amount of [ ] per pair of Accused Walmart shoes during the Presidential review period.

2. Skechers

Skechers is no longer selling any of the Accused Products for which the undersigned found infringement. (RIB at 10 n. 4.) As such, a bond is unnecessary, as no injury can occur. 19 U.S.C. § 1337(j)(3).

In the event that the Commission determines that Skechers' Twinkle Toe or BOBS Utopia shoes infringe, the evidence shows that Skechers' Accused Products are priced at [ ] (CDX-0229.0024C.) Thus, the price differential between these shoes and the Chuck Taylor All Star shoe is [ ] Accordingly, the undersigned recommends that the bond be set in the amount of [ ] per pair of Skechers' Accused Products during the Presidential Review period.

3. Highline

The evidence shows that Highline's Accused Products are priced from $150-$200. (CX 00244C at 102; CX-09845.) Converse asserts that the price of these shoes should be compared with the price of high-end Converse shoes, rather than the core Chuck Taylor All Star shoe. (CIB at 144.) Converse reasons that the Highline shoes and the high-end Converse shoes are "sold in many of the same retail stores, and compete head-to-head in this segment." (*Id.*) Yet, Converse cites to no evidence in support of this proposition. Nor does it explain why it is improper to compare Highline's shoes to the core Chuck Taylor All Star shoes, which the evidence shows are also sold in the same retail stores. (CX-00240C at Q/A 1177-80; CX-00244C at Q/A 160.) Because Converse has failed to establish that using the core Chuck Taylor All Star shoe average price is inadequate, the undersigned will use the average price of [ ]. As such, there is no price differential and no bond is necessary.

4. New Balance

The evidence shows that the average price of New Balance's Accused Products is [ ] (CDX-0229.0020C.) Thus, the price differential between these shoes and the Chuck Taylor All Star shoe is [ ]. Accordingly, the undersigned recommends that bond be set in the amount of [ ] per pair of Accused Walmart shoes during the Presidential review period.

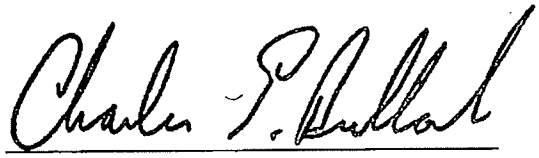
5. Defaulting Respondents

The undersigned finds that it is appropriate to recommend a bond of 100% of entered value for the Defaulting Respondents. *Certain Video Game Systems, Accessories, & Components Thereof*, Inv. No. 337-TA-473, Comm'n Op. at 5 (Dec. 24, 2002.) Accordingly, the undersigned recommends that bond be set in the amount of 100% per pair of Defaulting Respondents' Accused Products shoes during the Presidential review period.

Within ten days of the date of this document, the parties shall submit to the Office of Administrative Law Judges a joint statement regarding whether or not they seek to have any portion of this document deleted from the public version. Parties who submit excessive redactions may be required to provide an additional written statement, supported by declarations from individuals with personal knowledge, justifying each proposed redaction and specifically explaining why the information sought to be redacted meets the definition for confidential business information set forth in Commission Rule 201.6(a). 19 C.F.R. § 201.6(a).

The parties' submission shall be made by hard copy and must include a copy of this Initial Determination with red brackets indicating any portion asserted to contain confidential business information to be deleted from the public version. The parties' submission shall include an index identifying the pages of this document where proposed redactions are located. The parties' submission concerning the public version of this document need not be filed with the Commission Secretary.

SO ORDERED.



Charles E. Bullock
Chief Administrative Law Judge

PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **PUBLIC VERSION INITIAL DETERMINATION ON VIOLATION OF SECTION 337 AND RECOMMENDED DETERMINATION ON REMEDY AND BOND** has been served by hand upon the Commission Investigative Attorney, Sarah J. Sladic, Esq., and the following parties as indicated, on **December 17, 2015.**

Lisa R. Barton, Secretary
U.S. International Trade Commission
500 E Street, SW, Room 112
Washington, DC 20436

On Behalf of Complainant Converse Inc.:

V. James Adduci, II, Esq.
ADDUCI, MASTRIANI & SCHAUMBERG, LLP
1133 Connecticut Avenue, N.W., 12th Floor
Washington, DC 20036

- ☐ Via Hand Delivery
- ☑ Via Express Delivery
- ☐ Via First Class Mail
- ☐ Other:_____

On Behalf of Respondent Wal-Mart Stores, Inc.:

Mareesa A. Frederick, Esq.
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP
901 New York Avenue, NW
Washington, DC 20001

- ☐ Via Hand Delivery
- ☑ Via Express Delivery
- ☐ Via First Class Mail
- ☐ Other:_____

On Behalf of Respondent Skechers U.S.A., Inc.:

Barbara A. Murphy, Esq.
FOSTER, MURPHY, ALTMAN & NICKEL, PC
1899 L Street, NW, Suite 1150
Washington, DC 20036

- ☐ Via Hand Delivery
- ☑ Via Express Delivery
- ☐ Via First Class Mail
- ☐ Other:_____

On Behalf of Respondent Highline United LLC d/b/a Ash Footwear USA:

Gerard P. Norton, Esq.
FOX ROTHSCHILD LLP
Princeton Pike Corporate Center
997 Lennox Drive, Building 3
Lawrenceville, NJ 08648-2311

☐ Via Hand Delivery
☑ Via Express Delivery
☐ Via First Class Mail
☐ Other:_____

On Behalf of Respondent New Balance Athletic Shoe, Inc.:

Thomas Fusco
FISH & RICHARDSON, P.C.
1425 K Street, NW, 11th Floor
Washington, DC 20005

☐ Via Hand Delivery
☑ Via Express Delivery
☐ Via First Class Mail
☐ Other:_____

Exhibit C

CALDWELL LESLIE & PROCTOR, PC
JOAN MACK, State Bar No. 180451
mack@caldwell-leslie.com
MICHAEL D. ROTH, State Bar No. 217464
roth@caldwell-leslie.com
1000 Wilshire Boulevard, Suite 600
Los Angeles, California 90017-2463
Telephone: (213) 629-9040
Facsimile: (213) 629-9022

BANNER & WITCOFF, LTD.
CHRISTOPHER J. RENK
crenk@bannerwitcoff.com
ERIK S. MAURER
emaurer@bannerwitcoff.com
MICHAEL J. HARRIS
mharris@bannerwitcoff.com
ERIC J. HAMP
ehamp@bannerwitcoff.com
10 S. Wacker Drive, Suite 3000
Chicago, Illinois 60606
Telephone: (312) 463-5000
Facsimile: (312) 463-5001

Attorneys for Plaintiffs NIKE, INC. and CONVERSE INC.

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

NIKE, INC. and CONVERSE INC.,

Plaintiffs/Counterclaim Defendants,

v.

SUPERSTAR INTERNATIONAL, INC., AC INT'L TRADING INC., and SAI LIU,

Defendants/Counterclaim Plaintiffs,

and

JEAIR SHOES INC., KING-AIR TRADING INC., DUN HUANG INTERNATIONAL TRADING INC., XIAO MING WU, JIAN QIANG LIU, and YUN MEI YUAN,

Defendants.

Case No. CV 12-5240-JFW (AGRx)

The Honorable John F. Walter

Magistrate Judge Alicia G. Rosenberg

[PROPOSED] CONSENT JUDGMENT AND PERMANENT INJUNCTION ORDER AGAINST DEFENDANTS DUN HUANG INTERNATIONAL TRADING INC., KING-AIR TRADING INC., JIAN QIANG LIU AND XIAO MING WU

Plaintiffs NIKE, Inc. ("NIKE") and Converse Inc. ("Converse") (collectively, "Plaintiffs") filed civil action number 12-CV-5240 on June 15, 2012 against Dun Huang International Trading Inc. ("Dun Huang"), King-Air Trading Inc. ("King-Air"), Jian Qiang Liu ("J. Liu"), and Xiao Ming Wu ("Wu") (collectively, "the Dun Huang Defendants"), and other defendants who are not party to this stipulation, asserting claims for (a) trademark infringement under 15 U.S.C. § 1114; (b) unfair competition under 15 U.S.C. § 1125(a); (c) trademark dilution under 15 U.S.C. § 1114; (d) trademark infringement and unfair competition under the common law; (e) trademark dilution under the California Business & Professions Code § 14247; (f) unfair competition under the California Business & Professions Code §§ 17200 et seq.; and (g) patent infringement under 35 U.S.C. § 271. Plaintiffs duly served their Complaint on the Dun Huang Defendants on June 19, 2012 or June 28, 2012. The Dun Huang Defendants now stipulate and consent to the Court's entry of this Consent Judgment.

NOW THEREFORE, upon consent of the parties, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. The Court has subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331, 1338(a) & (b), and 1367(a).

2. The Court has personal jurisdiction over the Dun Huang Defendants and venue is proper in this judicial district at least because of the Dun Huang Defendants' commission of infringing acts in this judicial district.

3. The Dun Huang Defendants admit that Converse owns all right, title, and interest in and to the valid and enforceable federal and common law trademark

rights in: (a) the distinctive and non-functional overall look of the Chuck Taylor All Star high and low designs, and the midsole and outsole elements of those designs, (b) the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, any sub-combination of these elements, and the relative position of these elements to each other, (c) U.S. Trademark Registration Nos. 1,588,960; 3,258,103; 4,062,112; and 4,065,482, and (d) the appearance of Converse's "Star in Circle" logos, including U.S. Trademark Registration Nos. 1,789,476 and 3,437,967. Converse's federally registered and common law trademark rights in these designs and/or logos are collectively hereafter referred to as the "Converse Marks."

4. The Dun Huang Defendants admit that the Converse Marks are well known, famous, and associated with Converse, and that the goodwill appurtenant thereto belongs exclusively to Converse.

5. The Dun Huang Defendants admit that Converse owns all right, title, and interest in and to the valid and enforceable U.S. Design Patent Nos. D555,332; D618,897; and D619,797, collectively hereafter referred to as the "Converse Patents."

6. The Dun Huang Defendants admit that NIKE owns all right, title, and interest in and to the valid and enforceable U.S. Design Patent Nos. D398,762; D498,912; D504,562; D511,884; D512,214; D529,273; D530,904; and D531,396, collectively hereafter referred to as the "NIKE Patents."

7. The Dun Huang Defendants admit that Dun Huang and King-Air's promotion of, advertising of, offers to sell, sales, distribution and/or importation of products in connection with the Converse Marks or colorable imitations thereof,

and/or of shoes bearing a design of the Converse Patents or a substantially similar design, and/or bearing a design of the NIKE Patents or a substantially similar design (collectively hereafter referred to as the "Infringing Footwear"): (a) is likely to cause confusion, mistake, or to deceive as to the affiliation, connection, or association of Dun Huang and King-Air with Converse, or as to the source, origin, sponsorship, or approval of Dun Huang and King-Air's products by Converse, dilutes the distinctiveness of the Converse Marks, and constitutes false designations of origin, (b) infringes the Converse Patents, and/or (c) infringes the NIKE Patents, respectively.

8. The Dun Huang Defendants admit that their actions constitute unfair competition.

9. The Dun Huang Defendants and their respective subsidiaries, parents, affiliates, agents, licensees, successors, and assigns and all persons and entities in active concert or participation with them, are permanently enjoined and prohibited from:

a. Ordering, marketing, offering to sell, selling, importing and/or distributing – whether directly or indirectly – (i) Infringing Footwear, (ii) products bearing the Converse Marks, including all elements and confusingly similar variations of the Converse Marks, (iii) products bearing the design of one or more of the Converse Patents, (iv) products bearing the design of one or more of the NIKE Patents, or (v) colorable imitations of any of the foregoing items;

b. Using – whether directly or indirectly – any of the Converse Marks – including all elements, colorable imitations, and confusingly similar variations of the Converse Marks – in connection with marketing, offering to

sell, selling, importing or distributing footwear, apparel, or accessories worldwide;

c. Aiding, assisting or abetting any other party in doing any act prohibited by sub-paragraphs (a) through (b) above.

10. The Dun Huang Defendants shall immediately and permanently remove all references to and depictions of the Infringing Footwear as well as all references to and depictions of the Converse Marks – including all elements, colorable imitations, and confusingly similar variations of the Converse Marks – from any businesses or Internet website(s), email(s), or other electronic material(s) under their control.

11. The Dun Huang Defendants shall destroy any and all Infringing Footwear that is returned to them from anyone for any reason.

12. If the Dun Huang Defendants violate any of the provisions provided above, NIKE and/or Converse shall be entitled to: (a) bring a lawsuit against any or all of the Dun Huang Defendants and collect damages and/or profits for all violations of the Converse Marks, Converse Patents, and/or NIKE Patents; (b) secure preliminary and permanent injunctions enjoining the Dun Huang Defendants' violations without the need to post bond, (c) collect liquidated damages in the amount of no less than $15.00 per article of Infringing Footwear product made, promoted, advertised, offered for sale, sold, or imported, as compensation and not as a penalty, it being understood that the damage caused by such a breach would be difficult to determine; and/or (d) payment of NIKE and/or Converse's costs and attorneys' fees resulting from NIKE and/or Converse's enforcement of these provisions.

13. Except as provided herein, each party shall bear its own costs and

attorney fees.

14. This Court shall retain jurisdiction over the parties for the purpose of enforcing the terms of this Consent Judgment and Permanent Injunction.

15. Judgment is hereby entered in favor of Plaintiffs on all counts of their Complaint as to Dun Huang and King-Air.

16. Judgment is hereby entered in favor of Plaintiffs on their counts of unfair competition under 15 U.S.C. § 1125 and unfair competition under the California Business & Professions Code §§ 17200 et seq. as to J. Liu and Wu. The remaining claims of the Plaintiffs' Complaint as to J. Liu and Wu are dismissed with prejudice.

17. This Order represents a final adjudication of all claims, counterclaims, and defenses that were, or could have been, brought between Plaintiffs and the Dun Huang Defendants in this case. This Order is intended to be final and shall bind Plaintiffs and the Dun Huang Defendants, and their affiliates and successors on all issues that were or could have been litigated in this proceeding and that no appeal shall be taken here from.

SO ORDERED:

Dated: May 17, 2013

John F. Walter /s/
United States District Judge

Consented and Agreed to:
NIKE, Inc. and Converse Inc.

By: /S/
Joan Mack, State Bar No. 180451
Michael D. Roth, State Bar No. 217464
CALDWELL LESLIE & PROCTOR, PC
1000 Wilshire Boulevard, Suite 600
Los Angeles, California 90017-2463
Telephone: (213) 629-9040
Facsimile: (213) 629-9022
mack@caldwell-leslie.com
roth@caldwell-leslie.com

Christopher J. Renk (admitted pro hac vice)
Erik S. Maurer (admitted pro hac vice)
Michael J. Harris (admitted pro hac vice)
Eric J. Hamp (admitted pro hac vice)
BANNER & WITCOFF, LTD.
10 S. Wacker Drive, Suite 3000
Chicago, IL 60606
Telephone (312) 463-5000
Facsimile (312) 463-5001
crenk@bannerwitcoff.com
emaurer@bannerwitcoff.com
mharris@bannerwitcoff.com
ehamp@bannerwitcoff.com

Attorneys for Plaintiffs/Counterclaim Defendants, NIKE, Inc. and Converse Inc.

Dun Huang International Trading Inc., King Air Trading Inc., Jian Qiang Liu and Xiao Ming Wu

By: _____

Robert C. Hsu, State Bar No. 225437
LEXINT LAW APLC
9525 Las Tunas Drive
Temple City, CA 91780
Telephone: (626) 286-7055
Facsimile: (626) 604-0345
Robert@lexintlaw.com

Attorney for Jian Qiang Liu, King Air Trading Inc., Dun Huang International Trading Inc., and Xiao Ming Wu

Signed for Converse Inc.

Name: Director of Global IP Litigation

Title: BRIAN M. FOGARTY

Date: 5/14/2013

Signed for Dun Huang International Trading, Inc.

Name:

Title:

Date:

Signed for NIKE, Inc.

Name: BRIAN M. FOGARTY

Title: Director of Global IP Litigation

Date: 5/14/2013

Signed for King-Air Trading, Inc.

Name:

Title:

Date:

Jian Qiang Liu

Date:

Xiao Ming Wu

Date:

Signed for Converse Inc.

Name: _____

Title: _____

Date: _____

Signed for NIKE, Inc.

Name: _____

Title: _____

Date: _____

Signed for Dun Huang International Trading, Inc.

Name: JIAN QIANG LIU

Title: FORMER C.E.O.

Date: 05/13/13

Signed for King-Air Trading, Inc.

Name: XIAO MING WU

Title: FORMER C.E.O.

Date: 5/13/13

Jian Qiang Liu

Date: 05/13/13

Xiao Ming Wu

Date: 05/13/13

Exhibit D

UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

CONVERSE INC., **Plaintiff,**	
v.	**Civil Action No. 1:13-cv-12220**
AUTONOMIE PROJECT, INC. **Defendant.**	**Judge Richard G. Stearns** **Magistrate Judge Leo T. Sorokin**

CONSENT JUDGMENT

Plaintiff Converse Inc. ("Converse") filed civil action number 13-cv-12220 on September 9, 2013 against Defendant Autonomie Project, Inc. ("Autonomie"), asserting claims for (a) trademark infringement under 15 U.S.C. § 1114; (b) unfair competition under 15 U.S.C. § 1125(a); (c) trademark dilution under 15 U.S.C. § 1125(c); (d) trademark infringement and unfair competition under the common law; (e) trademark dilution under Massachusetts General Law Chapter 110H; and (f) unfair business practices under Massachusetts General Law Chapter 93A. Converse duly served its Complaint on Autonomie on October 9, 2013. Autonomie now stipulates and consents to the Court's entry of this Consent Judgment.

NOW THEREFORE, upon consent of the parties, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. The Court has subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331, 1338(a) & (b), and 1367(a).

2. The Court has personal jurisdiction over Autonomie and venue is proper in this judicial district at least because of the Autonomie's commission of infringing and diluting acts in this judicial district.

3. Converse owns all right, title, and interest in and to the valid and enforceable

federal and common law trademark rights in: (a) the distinctive and non-functional overall look of the outsole, midsole and upper designs commonly used in connection with Converse's Chuck Taylor All Star shoes, (b) the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, sub-combination(s) of any three or more of these elements, and the relative position of these elements to each other, and (c) U.S. Trademark Registration Nos. 1,588,960; 3,258,103; 4,062,112; and 4,065,482. Converse's federally registered and common law trademark rights in these designs are collectively hereafter referred to as the "Converse Trade Dress."

4. Autonomie admits that the Converse Trade Dress is well known, famous, and associated with Converse, and that the goodwill appurtenant thereto belongs exclusively to Converse.

5. Autonomie admits that its promotion of, advertising of, offers to sell, sales, distribution and/or importation of products in connection with the Converse Trade Dress or colorable imitations thereof, (collectively hereafter referred to as the "Offending Footwear," where the Offending Footwear includes, but is not limited to, shoes having the model names: "Ethletic Hi-top," "Ethletic Low-top," "Ethletic Children's Sneakers," and "Ethletic Youth Sneakers."): (a) is likely to cause confusion, mistake, or to deceive as to the affiliation, connection, or association of Autonomie with Converse, or as to the source, origin, sponsorship, or approval of Autonomie's products by Converse, (b) dilutes the distinctiveness of the Converse Marks, and (c) constitutes false designations of origin and unfair competition.

6. Autonomie and its respective subsidiaries, parents, agents, licensees, successors, and assigns and all persons and entities in active concert or participation with them, are permanently enjoined and prohibited from:

a. Ordering, marketing, offering to sell, selling, importing and/or distributing – whether directly or indirectly – (i) Offending Footwear and colorable imitations thereof, and/or (ii) products bearing the Converse Trade Dress and colorable imitations thereof.

b. Using – whether directly or indirectly – any of the Converse Trade Dress – including all elements, colorable imitations, and confusingly similar variations of the Converse Trade Dress – in connection with marketing, offering to sell, selling, importing or distributing footwear, apparel, or accessories worldwide;

c. Aiding, assisting or abetting – whether directly or indirectly - any other party in doing any act prohibited by sub-paragraphs (a) through (b) above.

7. Except as provided herein, each party shall bear its own costs and attorney fees.

8. This Court shall retain jurisdiction over the parties for the purpose of enforcing the terms of this Consent Judgment and Permanent Injunction.

9. Judgment is hereby entered in favor of Converse on all counts of its Complaint.

10. This Order represents a final adjudication of all claims, counterclaims, and defenses that were, or could have been, brought between Converse and Autonomie in this case. This Order is intended to be final and shall bind Converse and Autonomie on all issues that were or could have been litigated in this proceeding and that no appeal shall be taken here from.

SO ORDERED.

Dated: Jan. 15, 2014

United States District Judge

Consented and Agreed to:

Converse Inc.

By: /s/ Erin E. Bryan

Erin E. Bryan (BBO No. 675955)
BANNER & WITCOFF, LTD.
28 State Street, Suite 1800
Boston, MA 02109-1705
Telephone: (617) 720-9600
Facsimile: (617) 720-9601
ebrayan@bannerwitcoff.com

Christopher J. Renk
Erik S. Maurer
Eric J. Hamp
BANNER & WITCOFF, LTD.
10 S. Wacker Drive, Suite 3000
Chicago, IL 60606
Telephone: (312) 463-5000
Facsimile: (312) 463-5001
crenk@bannerwitcoff.com
emaurer@bannerwitcoff.com
ehamp@bannerwitcoff.com

Attorneys for Converse Inc.

Signed for Converse Inc.

Name: Brian Fogarty

Title: Director of IP Litigation

Date: 1/9/2014

Autonomie Project, Inc.

By: Heather D. Repicky

Heather Repicky (BBO No. 663347)
NUTTER MCCLENNEN & FISH LLP
Seaport West
155 Seaport Boulevard
Boston, MA 02210
Telephone: (617) 439-2192
Facsimile: (617) 310-9192
HRepicky@nutter.com

Attorney for Autonomie Project, Inc.

Signed for Autonomie Project, Inc.

Name: CJ

Title: owner

Date: 12/20/13