

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of

CERTAIN FOOTWEAR PRODUCTS

Investigation No. 337-TA-936

**NOTICE OF A COMMISSION DETERMINATION TO REVIEW-IN-PART A FINAL
INITIAL DETERMINATION FINDING A VIOLATION OF SECTION 337; AND TO
REQUEST WRITTEN SUBMISSIONS REGARDING THE ISSUES UNDER REVIEW
AND REMEDY, BONDING, AND THE PUBLIC INTEREST**

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review-in-part a final initial determination (“ID”) of the presiding administrative law judge (“ALJ”) finding a violation of section 337 in the above-captioned investigation. The Commission is also requesting written submissions regarding the issues under review and remedy, bonding, and the public interest.

FOR FURTHER INFORMATION CONTACT: Clint Gerdine, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-2310. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on November 17, 2014, based on a complaint filed on behalf of Converse Inc. of North Andover, Massachusetts. *79 Fed. Reg.* 68482-83. The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, by reason of infringement of certain U.S. Trademark Registration Nos.: 4,398,753 (“the ’753 trademark”); 3,258,103 (“the ’103 trademark”); and 1,588,960 (“the ’960 trademark”). The complaint further alleges violations of section 337 based upon unfair competition/false designation of origin, common law trademark infringement and unfair competition, and trademark dilution, the threat or effect of which is to destroy or substantially injure an industry in the United States. The Commission’s notice of

investigation named numerous respondents including Wal-Mart Stores, Inc. of Bentonville, Arkansas; Skechers U.S.A., Inc. of Manhattan Beach, California; and Highline United LLC d/b/a Ash Footwear USA of New York City, New York. The Office of Unfair Import Investigations (“OUII”) is also a party to the investigation. *Id.* New Balance Athletic Shoe, Inc. (“New Balance”) of Boston, Massachusetts was subsequently added as a respondent-intervenor. *See* Order No. 36 (unreviewed, Comm’n Notice Feb. 19, 2015). Only these four respondents remain active in the investigation. All other respondents, as detailed below, have been found in default or have been terminated from the investigation based on good cause or settlement and/or consent order stipulation.

On February 10, 2015, the Commission determined not to review an ID (Order No. 32) granting a joint motion of complainant and Skeanie Shoes, Inc. (“Skeanie”) of New South Wales, Australia terminating the investigation as to Skeanie Shoes based on settlement and consent order stipulation. On the same date, the Commission determined not to review an ID (Order No. 33) granting a joint motion of complainant and PW Shoes, Inc. (“PW Shoes”) of Maspeth, New York terminating the investigation as to PW Shoes based on settlement and consent order stipulation. Also on the same date, the Commission determined not to review an ID (Order No. 34) granting a joint motion of complainant and Ositos Shoes, Inc. (“Ositos Shoes”) of South El Monte, California terminating the investigation as to Ositos Shoes based on settlement agreement and consent order stipulation. On March 4, 2015, the Commission determined not to review an ID (Order No. 52) granting a joint motion of complainant and Ralph Lauren Corporation (“Ralph Lauren”) of New York City, New York terminating the investigation as to Ralph Lauren based on settlement agreement and consent order stipulation. On March 12, 2015, the Commission determined not to review an ID (Order No. 55) granting a joint motion of complainant and OPPO Original Corp. (“OPPO”) of City of Industry, California terminating the investigation as to OPPO based on settlement agreement and consent order stipulation. On the same date, the Commission determined not to review an ID (Order No. 57) granting a joint motion of complainant and H & M Hennes & Mauritz LP (“H & M”) of New York City, New York terminating the investigation as to H & M based on settlement agreement and consent order stipulation. On March 24, 2015, the Commission determined not to review an ID (Order No. 59) granting a joint motion of complainant and Zulily, Inc. (“Zulily”) of Seattle, Washington terminating the investigation as to Zulily based on settlement agreement and consent order stipulation. On March 30, 2015, the Commission determined not to review an ID (Order No. 65) granting a joint motion of complainant and Nowhere Co. Ltd. d/b/a Bape (“Nowhere”) of Tokyo, Japan terminating the investigation as to Nowhere based on settlement agreement and consent order stipulation. On the same date, the Commission determined not to review an ID (Order No. 67) granting a joint motion of complainant and The Aldo Group (“Aldo”) of Montreal, Canada terminating the investigation as to Aldo based on settlement agreement and consent order stipulation.

On April 1, 2015, the Commission determined not to review an ID (Order No. 69) granting a joint motion of complainant and Gina Group, LLC (“Gina Group”) of New York City, New York terminating the investigation as to Gina Group based on settlement agreement and consent order stipulation. On the same date, the Commission determined not to review an ID (Order No. 70) granting a joint motion of complainant and Tory Burch LLC (“Tory Burch”) of New York City, New York terminating the investigation as to Tory Burch based on settlement agreement and

consent order stipulation. On April 24, 2015, the Commission determined not to review an ID (Order No. 73) granting a joint motion of complainant and Brian Lichtenberg, LLC (“Brian Lichtenberg”) of Los Angeles, California terminating the investigation as to Brian Lichtenberg based on settlement agreement and consent order stipulation. On the same date, the Commission determined not to review an ID (Order No. 80) granting a joint motion of complainant and Fila U.S.A., Inc. (“Fila”) of Sparks, Maryland terminating the investigation as to Fila based on settlement agreement and consent order stipulation. On May 4, 2015, the Commission determined not to review an ID (Order No. 86) granting a joint motion of complainant and Mamiye Imports LLC d/b/a Lilly of New York located in Brooklyn, New York and Shoe Shox of Seattle, Washington (collectively, “Mamiye Imports”) terminating the investigation as to Mamiye Imports based on settlement agreement and consent order stipulation.

On May 6, 2015, the Commission determined not to review an ID (Order No. 83) granting New Balance’s motion to terminate the investigation as to New Balance’s accused CPT Hi and CPT Lo model sneakers based on a consent order stipulation. On May 13, 2015, the Commission determined not to review an ID (Order No. 93) granting a joint motion of complainant and Iconix Brand Group, Inc. (“Iconix”) of New York City, New York terminating the investigation as to Iconix based on settlement agreement and consent order stipulation. On June 4, 2015, the Commission determined not to review an ID (Order No. 108) granting a joint motion of complainant and A-List, Inc. d/b/a Kitson (“Kitson”) of Los Angeles, California terminating the investigation as to Kitson based on settlement agreement and consent order stipulation. On June 12, 2015, the Commission determined not to review an ID (Order No. 114) granting a joint motion of complainant and Esquire Footwear LLC (“Esquire”) of New York City, New York terminating the investigation as to Esquire based on settlement agreement, consent order stipulation, and consent order. On July 15, 2015, the Commission determined not to review an ID (Order No. 128) granting a joint motion of complainant and Fortune Dynamic, Inc. (“Fortune Dynamic”) of City of Industry, California terminating the investigation as to Fortune Dynamic based on settlement agreement and consent order stipulation. On August 12, 2015, the Commission determined not to review an ID (Order No. 154) granting a joint motion of complainant and CMerit USA, Inc. (“CMerit”) of Chino, California terminating the investigation as to CMerit based on settlement agreement and consent order stipulation. On August 14, 2015, the Commission determined not to review an ID (Order No. 155) granting a joint motion of complainant and Kmart Corporation (“Kmart”) of Hoffman Estates, Illinois terminating the investigation as to Kmart based on settlement agreement and consent order stipulation.

Also, on March 12, 2015, the Commission determined not to review an ID (Order No. 58) finding Dioniso SRL of Perugia, Italy; Shenzhen Foreversun Industrial Co., Ltd. (a/k/a Shenzhen Foreversun Shoes Co., Ltd.) (“Foreversun”) of Shenzhen, China; and Fujian Xinya I&E Trading Co. Ltd. of Jinjiang, China in default. Similarly, on June 2, 2015, the Commission determined not to review an ID (Order No. 106) finding Zhejiang Ouhai International Trade Co. Ltd. and Wenzhou Cereals Oils & Foodstuffs Foreign Trade Co. Ltd., both of Wenzhou, China, in default. Further, on March 25, 2015, the Commission determined not to review an ID (Order No. 68) granting the motion of Orange Clubwear, Inc. of Westminster, California to terminate the investigation as to itself based on a consent order stipulation. On May 12, 2015, the Commission determined not to review an ID terminating the investigation as to Edamame Kids, Inc. of Alberta,

Canada for good cause and without prejudice.

The ALJ issued his final ID on November 17, 2015, finding a violation of section 337 as to certain accused products of each active respondent and as to all accused products of each defaulting respondent. Specifically, the ALJ found that the '753 trademark is not invalid and that certain accused products of each active respondent, and all accused products of each defaulting respondent, infringe the '753 trademark. The ALJ also found that certain accused products of defaulting respondent Foreversun infringe both the '103 and '960 trademarks. The ALJ also found no violation of section 337 with respect to the common law rights asserted in the designs depicted in the '753, '103, and '960 trademarks, and found no dilution of the '753 trademark. The ALJ also issued his recommendation on remedy and bonding during the period of Presidential review. He recommended a general exclusion order directed to footwear products that infringe the asserted trademarks, and recommended cease and desist orders directed against each respondent found to infringe. On December 4, 2015, complainant, respondents, and the Commission investigative attorney ("IA") each filed a timely petition for review of the final ID. On December 14, 2015, each of these parties filed responses to the other petitions for review.

Having examined the record of this investigation including the ID, the parties' petitions for review, and the responses thereto, the Commission has determined to review-in-part the final ID. Specifically, the Commission has determined to review: (1) the ID's finding of no invalidity of the '753 trademark; (2) the ID's findings regarding infringement of the '753 trademark; (3) the ID's finding of invalidity of the common law rights asserted in the design depicted in the '753 trademark; and (4) the ID's finding of no violation of section 337 with respect to the common law rights asserted in the designs depicted in the '103 and '960 trademarks. The Commission has also determined not to review the remainder of the final ID.

On review, with respect to violation, the parties are requested to submit briefing limited to the following issues:

- (1) Please explain whether and to what extent the statutory presumption of validity for a registered trademark, *i.e.*, 15 U.S.C. §§ 1057(b), 1115(a), applies where the trademark owner alleges infringement which began prior to the date of registration. Please include in your discussion how the courts have applied the presumption with respect to shifting the burden of production and the burden of persuasion. Please discuss applicable legislative history, statutory provisions, and case law. Please provide an analysis of how the presumption applies to the evidence in the record with regard to secondary meaning.
- (2) After secondary meaning factor (7) (evidence that actual purchasers associate the trademark with a particular source), please provide an analysis of the relative importance of each factor that courts consider regarding whether or not a trademark has acquired secondary meaning.
- (3) Does secondary meaning factor (2) (exclusivity of use) require actual evidence of relative volume of sales, market penetration, and/or consumer association with the third-party's use of the relevant trademark for this factor to be meaningfully considered? Please provide an

analysis of the evidence of record in your discussion of relevant authorities pertaining to this issue. See, e.g., *Echo Travel, Inc. v. Travel Associates, Inc.*, 870 F.2d 1264, 1267 (7th Cir. 1989); *Levi Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401, 1403 (Fed. Cir. 1984).

- (4) What is the appropriate time frame for considering evidence pertaining to secondary meaning factor (2) (exclusivity of use)? Does the time frame used for secondary meaning factor (3) (length of use) inform the appropriate time frame for factor (2)? Please discuss applicable case law. Please include in your discussion cases analyzing historic third-party use relating to the relevant consumer group.
- (5) With regard to secondary meaning factor (7) (evidence that actual purchasers associate the trademark with a particular source), please discuss how courts assess survey results with respect to the minimum acceptable percentage of survey participants who associate the relevant trademark with one source.
- (6) Regarding secondary meaning factor (4) (the degree and manner of sales, advertising, and promotional activities), the ALJ found that Converse's failure to highlight the CMT in its advertisements did not lessen the support of this factor weighing in favor of secondary meaning. ID at 53-54. Is this the correct conclusion? Can other attributes of the product also identify it with the Complainant (e.g., the Chuck Taylor star)? Does the record evidence establish the significance of other attributes?
- (7) Did the ID appropriately consider the strength of the '753 trademark in analyzing infringement?

In addressing these issues, the parties are: (1) requested to make specific reference to the evidentiary record and to cite relevant authority, especially authority relevant to trade dress (*i.e.*, product design) cases; and (2) to follow the ALJ's finding and only consider the results of one secondary meaning survey, *i.e.*, Ms. Butler's "CBSC only" survey.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that results in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respective respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, see *Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843 (December 1994) (Commission Opinion).

When the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and

welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

When the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* section 337(j), 19 U.S.C. § 1337(j) and the Presidential Memorandum of July 21, 2005. *70 Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues under review that specifically address the Commission's questions set forth in this notice. The submissions should be concise and thoroughly referenced to the record in this investigation. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding, and such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainant and the IA are also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to: (1) state the HTSUS numbers under which the accused articles are imported; and (2) supply a list of known importers of the accused products. The written submissions and proposed remedial orders must be filed no later than close of business 14 days after the date this notice issues. Reply submissions must be filed no later than the close of business seven days later. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit eight true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. § 210.4(f)). Submissions should refer to the investigation number ("Inv. No. 337-TA-936") in a prominent place on the cover page and/or the first page. (*See Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf*). Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337, and in Part 210 of the Commission's Rules of Practice and Procedure, 19 C.F.R. Part 210.

By order of the Commission.

A handwritten signature in black ink, appearing to read "Lisa R. Barton". The signature is fluid and cursive, with a large initial "L" and "B".

Lisa R. Barton
Secretary to the Commission

Issued: February 3, 2016