

Sole Of An All Star®: An Evaluation Of Converse's Trademark Infringement Allegations

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Objective

In October 2014, Converse, a subsidiary of Nike, initiated a complaint with the United States International Trade Commission (USITC). The USITC complaint was filed against 31 companies located in the United States (U.S.), Canada, Japan, and China. The complaint alleged the companies, which included Skechers, Walmart, FILA, and Ralph Lauren, were selling counterfeit versions of the All Star sneaker. This problem is not exclusive to Converse. Several sport brands, such as adidas, Nike, and Puma, have also encountered potential trademark infringements. Thus, the objective of this presentation is to discuss the Converse case and provide sport brands legal insight into protecting trademarks in the U.S. and abroad.

Purpose and background

A trademark is a name, slogan, or any source identifier for a company's product or service (Cho & Moorman, 2014). Trademarks allow consumers to distinguish competing products and services. Trademarks also provide rights for mark holders to protect their products and services from infringement and potential consumer confusion regarding the origin of a specific product or service.

To protect their intellectual property rights, a company may send a cease and desist letter to potential infringers, file a federal lawsuit, and/or pursue action with the USITC. The USITC is a quasi-judicial federal agency charged with investigating matters of trade. In addition, the USITC adjudicates cases involving imports which may violate a company's U.S. intellectual property rights (USITC, 2017a). Once a case is initiated with the USITC, it is initially adjudicated before an Administrative Law Judge. The case is then reviewed by the full USITC, and a final decision is issued.

In November 2014, the USITC launched an investigation regarding products that allegedly "infringed or diluted the registered and common law trademarks used in connection with certain Converse shoes, such as the Chuck Taylor All Star shoe" (USITC, 2017b, para. 1). The complaint purported violations of section 337 of the Tariff Act of 1930 based on the importation and sale of these products in the United States. A section 337 violation must consist of claims pertaining to intellectual property rights such as trademark infringement by imported goods. Converse alleged violations through infringement of its Chuck Taylor's signature trademark components such as the toecap design, the black midsole stripes, the rubber toe bumper, and the diamond-patterned outsole. The company also argued violations based upon unfair competition, false designation of origin, common law trademark infringement, and trademark dilution (*In the Matter of Certain Footwear Products*, 2016). Converse also requested the USITC issue a general exclusion order or a limited exclusion order as well as a cease and desist order to the suspected infringers (USITC, 2017b).

A USITC Administrative Law Judge ruled in favor of Converse (*In the Matter of Certain Footwear Products*, 2015). Upon review, the full USITC determined only shoes featuring the "trademarked diamond-patterned outsole on any of its silhouettes" infringed upon the Converse shoe, and those shoes could not be imported into the U.S. Furthermore, the USITC concluded the toecap, the rubber toe bumper, and the black midsole stripes were not enforceable trademarks. The USITC stated the designs lacked secondary meaning, and based upon survey evidence, only 21% of consumers associated the design with Converse, i.e., consumers no longer associated these elements with only the Converse All Star shoe (*In the Matter of Certain Footwear Products*, 2016).

Additionally, in October 2014, Converse filed federal lawsuits against 19 individual companies for making, distributing, and selling shoes resembling the Converse All Star sneakers. Although a majority of the companies settled out of court, the mixed opinion by the USITC and the pending federal lawsuits may have substantial implications for other sport companies/brands seeking to enforce their intellectual property rights. Specifically, registered trademarks in the U.S. may be at risk of losing their protected status. Therefore, the purpose of this presentation is to discuss Converse's legal strategy for protecting the All Star sneaker from potential trademark infringement.

Design and implications

Researchers will analyze the USITC's investigation and decision and evaluate the 19 trademark lawsuits initiated in 2014. Cases will be examined regarding disposition (i.e., current status of the case) and the

likelihood of a ruling in favor of Converse based upon the claims. The results of this study will guide sport marketers and practitioners in understanding the available methods for protecting trademarks from potential infringement. Furthermore, the implications of the current study also will aid sport marketers and practitioners in establishing best practices for protecting their trademarks in the U.S. and abroad.

References

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