

Federal Circuit Clarifies Secondary Meaning and Infringement Issues for Product Design Trade Dress

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A. Introduction

The Federal Circuit's decision in *Converse*¹ provides clarity on how the Federal Circuit analyzes secondary meaning and trademark infringement issues for product design trade dress and provides direction for the United States International Trade Commission (ITC) to follow in its analysis on remand.

This decision is notable for a number of reasons, including (1) the discussion of the burden of establishing secondary meaning for marks prior to registration, (2) the clarification of the considerations assessed in secondary meaning analysis, and (3) the holding that accused products must be substantially similar to the asserted mark to infringe under a likelihood-of-confusion analysis.

The Federal Circuit clarifies the circumstances under which each party has the burden of proof in regard to secondary meaning in product configuration trade dress. For an alleged infringing use that began *before* a trademark registration issues, the owner of the asserted mark has the burden of proof that secondary meaning was already established when and where the infringing use began. For an alleged infringement that begins *after* a trademark registration issues, the alleged infringer must rebut the presumption of validity given a trademark on the Principal Register.

Regarding secondary meaning analysis, the *Converse* decision clarifies the factors to be considered in determining if a mark has acquired secondary meaning. Specifically, the Federal Circuit states that the length, degree, and exclusivity of use are substantially interrelated and should be evaluated together. This consolidated factor joins with other factors: (1) association of the trade dress with a particular source by actual purchasers, (2) amount and manner of advertising, (3) amount of sales and number of customers, (4) intentional copying, and (5) unsolicited media coverage of the product's trade dress.

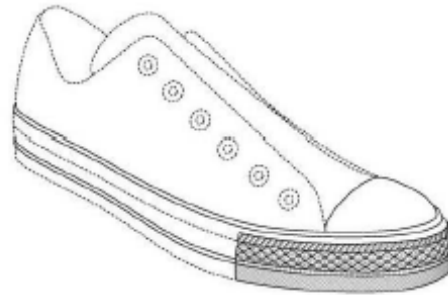
Converse also holds that, in the context of trade-dress infringement, accused products that are not substantially similar cannot infringe. This holding sets a threshold requirement in product design cases that the accused products must be substantially similar to infringe trade dress.

B. The Federal Circuit's *Converse* Decision

The U.S. Patent and Trademark Office (USPTO) issued a trademark registration to Converse on September 10, 2013, for a mark that "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

¹ *Converse, Inc. v. ITC*, No. 16-2497, 2018 U.S. App. LEXIS 30649, 2018 WL 5536405 (Fed. Cir. Oct. 30, 2018).

diamonds and line patterns, and the relative position of these elements to each other.”² Converse asserted that its first use of this trademark began in 1932. Converse’s registered shoe design mark is shown below:



Converse filed an ITC complaint alleging trade violations of 19 U.S.C. § 1337 grounded in trademark infringement against numerous companies alleging that their import, sale for importation, and sales of shoes within the United States after importation infringe Converse’s product configuration trademark.³ Converse asserted infringement of both its registered trademark and common-law trademark rights.⁴ Some of the alleged infringers defaulted while others responded and participated in the ITC proceeding.

The ITC required Converse to demonstrate that its common law mark had acquired secondary meaning.⁵ Converse asserted the acquisition of secondary meaning based on use of the shoe design since 1932.⁶ The respondents disputed this assertion, claiming that Converse’s use of the product design was never substantially exclusive. The respondents also submitted a survey to support that consumers did not associate the trade dress with a single source. The ITC made a determination that both the registered and common law trademarks were invalid as not having acquired secondary meaning.⁷ The ITC further concluded that if the mark *had* been valid, then it would be infringed.⁸ The ITC declined to issue an exclusion order against any of the respondents, even those who had defaulted.⁹

² *Converse*, 2018 U.S. App. LEXIS 30649 at *3.

³ *Id.* at 4.

⁴ *Id.*

⁵ *Id.* at 6.

⁶ *Id.* at 5.

⁷ *Id.* at 6.

⁸ *Id.*

⁹ *Id.*

Converse appealed the ITC ruling to the Federal Circuit, and several respondents intervened to participate, submitting briefs in the appeal. The Federal Circuit held that the ITC had committed a series of errors.¹⁰

1. Burden of Proving Secondary Meaning of Marks Prior to a Registration

The Federal Circuit found that the ITC failed to distinguish between alleged infringing uses that began prior to the September 2013 issuance of Converse’s registration and those alleged infringements commencing before then. The Federal Circuit requires that the ITC determine when and where the trade dress acquired secondary meaning relative to alleged infringing users of similar trade dress.¹¹ The court held that “the party asserting trade-dress protection must establish that its mark had acquired secondary meaning before the first infringing use by each alleged infringer.”¹²

The Federal Circuit then explained that Converse had different rights in its common law mark compared to the registered mark. The registration provides a presumption of validity starting from the date of registration. Alleged infringers who introduce similar product configurations after the registration issues bear the burden of rebutting the presumption of validity as to acquired secondary meaning. In contrast, if the alleged infringer’s use begins before the registration issues, then the trademark owner bears the burden of proving that secondary meaning was acquired prior to the first use of the infringer. Converse thus bears this burden where alleged infringement began before Converse obtained its trademark registration.¹³ The Federal Circuit rejected the Converse position arguing that the registrant may rely on the registration’s presumption of validity against all alleged infringers.

In viewing its decision as clarifying, the Federal Circuit declined to rule Converse waived arguments to support a finding of secondary meaning prior to the September 2013 registration date. On remand to the ITC, Converse will have an opportunity to fulfill its burden of proving that the product configuration trade dress had already acquired secondary meaning prior to each alleged infringing use.

The Federal Circuit also declined to rule on whether a general exclusion order should be entered against the defaulting respondents regardless of the determination on trademark validity or infringement. The court notes that the parties did not argue this issue before the ITC. On remand the parties may address issues on how to interpret provisions of section 337 and the impact of amendments made in 1988.

2. Secondary Meaning Analysis

The Federal Circuit concluded that the ITC had applied the wrong legal standard in its assessment of secondary meaning.¹⁴ The court clarified that the following factors must be

¹⁰ *Id.* at 7.

¹¹ *Id.*

¹² *Id.* at 11.

¹³ *Id.* at 14.

¹⁴ *Id.* at 17.

weighed to determine whether a mark has acquired secondary meaning: (1) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark.¹⁵ The court stated that “[a]ll six factors are to be weighed together in determining the existence of secondary meaning.”¹⁶ The secondary meaning analysis seeks to determine what is in the minds of consumers as of the relevant date (i.e., first infringing use), and the factors—specifically the second factor—must be applied with this purpose in view.¹⁷

Having explained this standard, the Federal Circuit then remanded so that the ITC could determine whether Converse’s mark had acquired secondary meaning before the first infringing use by each intervenor. Converse’s arguments before the ITC relied on the presumption of secondary meaning attached to registered marks, contending that this presumption applies even before registration. Although Converse had not introduced evidence of preregistration secondary meaning before the ITC, the Federal Circuit concluded that Converse had not waived the right to do so given the clarifying nature of this opinion.¹⁸

The Federal Circuit further provided guidance on the time period for assessing “length, degree, and exclusivity of use.”¹⁹ Drawing from the USPTO standard for prima facie evidence of distinctiveness—i.e., “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” (15 U.S.C. § 1052(f))—the court held that the ITC should rely principally on evidence of use within the five years preceding the relevant date.²⁰ For the alleged infringement of either an unregistered mark or a mark prior to registration, the ITC should focus on the trademark owner’s use of its mark in the five-year period before the alleged infringement began. More specifically to parties rebutting the presumption of secondary meaning attached to registered marks, the ITC must examine secondary meaning within the five years prior to registration.

The Federal Circuit determined that the ITC relied on evidence originating far earlier than this five-year period. While such evidence may still influence consumer perceptions of the mark, on remand, the court asks the ITC to reevaluate this older evidence and assess its continuing relevance in the period prior to the alleged infringing use. In evaluating contemporary surveys, a 2015 consumer survey may be relevant with regard to secondary meaning when the Converse registration issued in 2013. However, a recent survey may have little relevance concerning the status of acquired distinctiveness outside of the past five years.

In reviewing evidence of third-party shoe designs used in U.S. commerce relative to Converse’s trademark, the Federal Circuit found that the ITC did not adequately discern substantially similar

¹⁵ *Id.* at 19.

¹⁶ *Id.*

¹⁷ *Id.* at 19, 20.

¹⁸ *Id.* at 14.

¹⁹ *Id.* at 23-24.

²⁰ *Id.* at 20.

designs. As a result, the ITC relied on shoe designs that were not substantially similar to the trade dress of Converse in supporting its decision that the Converse mark lacked secondary meaning. On remand, the ITC may only rely on those shoe designs that are substantially similar to the registered mark, that is, having all of the elements in the registered mark.

3. Likelihood-of-Confusion Analysis

Regarding the ITC's determination of infringement, the Federal Circuit adopted the approach discussed above in "Secondary Meaning Analysis" and held that in the context of trade dress infringement, accused products must be substantially similar to infringe.²¹ The court instructed the ITC on remand to consider whether the accused products are substantially similar to the mark when undertaking the infringement analysis.²² In this regard, the court observed that the presence of a competing party's brand name on the competitive product was not dispositive but was a factor that should be considered on remand.²³ The court rejected arguments that Converse was required to have proven reputational harm and that the mark was nonfunctional.²⁴

C. Discussion

Each of Converse's holdings explained above have significant implications going forward, particularly for those who have protectable trade dress.

1. Burden of Proving Secondary Meaning of Marks Prior to a Registration

Determining exactly when a mark acquires secondary meaning can be a difficult task. As of the date of registration, the registered mark is presumed to have acquired distinctiveness. While the mark may have acquired secondary meaning long before seeking registration, the issue of the registration acknowledges that the USPTO found sufficient evidence during examination to conclude the mark was distinctive. *Converse* makes clear that the burden of establishing acquired distinctiveness in a mark at a certain time before registration is on the trademark holder. The fact that the USPTO issues a registration does not establish a presumption of secondary meaning at any and all times as *Converse* argued. The court seems to indicate, however, that if the infringement began at a date not too far before the date of registration, the registration may be probative of secondary meaning at the time of infringement.²⁵

Product design trade dress is never inherently distinctive and always requires a showing of secondary meaning.²⁶ Evidencing the state of mind of consumers at a certain date related to a mark's secondary meaning can be a difficult burden. While it may take many years for a product configuration to acquire distinctiveness, if the trade dress attains registration on the Principal Register, the attending presumption of secondary meaning is very advantageous since this shifts the burden of rebutting the presumption to the infringers. The infringers must then gather sufficient evidence to undermine that the registered trade dress identifies the source of the goods.

²¹ *Id.* at 28.

²² *Id.* at 29.

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.* at 13.

²⁶ *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000).

The respondents who chose to default in the *Converse* case provide a tangible indication of the registration's value. Here, all the defaulting respondents share the same factual allegation of beginning to use an infringing trade dress after the issuance of the Converse trademark registration. This case emphasizes an advantage of a trademark registration over common law rights in the enforcement context. The presumption of distinctiveness that comes with a trademark registration is powerful leverage and can encourage early resolution.

The Federal Circuit stated that this was a clarifying decision, indicating that on remand Converse can introduce evidence to show their trademark had acquired secondary meaning before the first infringing act, since they had not done so at this point.²⁷ Although Converse will be allowed to introduce evidence, it may be a difficult task to prove secondary meaning, since the Federal Circuit explained this requires determining “what is in the minds of consumers as of the relevant date.” Converse will have to submit evidence establishing acquired secondary meaning during the time period before each infringing use began. To do this, Converse may introduce survey evidence to demonstrate consumer recognition of the Converse trade dress during specific times in the past. Additionally, Converse may consider the availability of news articles, media coverage, marketing material, customer reviews, and other tangible records supporting recognition of the Converse trade dress at relevant times in the past.

2. Secondary Meaning Analysis

The Federal Circuit clarified the standards for determining whether a mark has acquired secondary meaning. In doing so, the Federal Circuit found that three of the ITC's factors were substantially interrelated and should be evaluated together. These factors were “the degree and manner of use,” “the exclusivity of use,” and “the length of use.” These three factors appear as a single factor in the Federal Circuit's new factor test for establishing secondary meaning.

The Federal Circuit concludes that the five-year time period before the infringing act is the most useful for determining secondary meaning. The court adopts the guidance of section 2(f) of the Lanham Act, which provides that proof of substantially exclusive and continuous use of a mark in commerce for the five years may be accepted as prima facie evidence of distinctiveness. In practice, satisfying examination requirements to establish acquired distinctiveness for a product configuration often takes far more than proof of five years of substantially exclusive use.

For trademark owners asserting common law rights in trade dress, evidence of acquired distinctiveness during the five-year time period before the alleged infringement begins will be especially relevant. This encourages owners to gather and retain evidence that over the course of time supports the acquisition and retention of secondary meaning among consumers and the public.

3. Likelihood-of-Confusion Analysis

In reviewing the standards for determining the likelihood of confusion, the court held that in the context of trade-dress infringement, accused products that are not substantially similar cannot infringe. The court remanded for the ITC to reassess whether the accused products are

²⁷ *Converse*, 2018 U.S. App. LEXIS 30649, at *14.

substantially similar to the asserted trademark. While this is not revolutionary, it does provide a “prerequisite” for applying the likelihood of confusion infringement test for product design cases. Courts should make an initial determination of whether the accused product is “substantially similar” to the asserted trade dress. If it is not, the court need not go through the likelihood of confusion analysis because the products cannot infringe. This makes trade-dress infringement analysis quite similar to design-patent infringement analysis, where infringement occurs when an ordinary observer would perceive two designs are substantially the same.

This holding is significant for product developers who are trying to avoid an accusation of infringing a competitor’s trade dress. Post-*Converse*, a product developer may incorporate design differences, such as avoiding one or more trade-dress elements seen or described in a relevant trademark registration. The product developer will aim at sufficient differences to be sure their product is not “substantially similar” to the competitor’s trade dress to avoid infringement. This holding also provides courts with another way of discarding weak infringement claims without engaging in an entire likelihood-of-confusion factor test.

D. Conclusion

Post-*Converse*, owners of trade-dress marks bringing ITC and other actions have additional guidance in considering evidence and the time frame of such evidence to establish infringement targeting third-party trade dress in use before the registration of the owner’s own trade dress mark. For infringements commencing prior to registration, the owner of a trade-dress mark should be prepared to meet the evidentiary burden of establishing acquired distinctiveness in the asserted trade dress predating the third party’s first infringing use. The Federal Circuit makes clear that a trademark registration does not provide any retroactive presumption of secondary meaning prior to the registration’s issuance. The burden of overcoming the presumption of validity only shifts to the alleged infringer for trade dress first used after the registration issued. Also, *Converse* clarifies that both the trademark owner and an alleged infringer must consider whether the respective trade dress is substantially similar as a prerequisite to finding infringement and, in addition, consider whether third parties used trade dress substantially similar to that of the trademark owner during the time period relevant to assessing the acquisition of secondary meaning.

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