

The Trademark Reporter®



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IF THE IP FITS, WEAR IT: IP PROTECTION FOR FOOTWEAR— A U.S. PERSPECTIVE*

*By Jonathan Hyman,** Charlene Azema,***
and Loni Morrow*****

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I. INTRODUCTION

Footwear is a major product category in the U.S. economy, accounting for nearly \$80 billion in sales in 2016.¹ Consequently, it comes as little surprise that footwear is also a large target for counterfeiters. According to seizure statistics for 2017 released by U.S. Customs and Border Protection (“Customs”), footwear is a top category of counterfeit goods entering the United States market, accounting for 12% of all seizures.² The value of footwear seized by Customs in 2017 alone was \$41,490,429.³ This number is projected to grow as shoe brands and designs continue to increase in recognition (and as a consequence, in counterfeiting). Shoes, which once only constituted a small fraction of luxury goods sales, are starting to take a larger piece of the pie. In 2017, Gucci’s shoe sales constituted 19% of the brand’s total revenues⁴ (up from about 12% in 2003).⁵ The Kering group, which owns luxury brands Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, among others, reported that shoe sales across all of its luxury brands made up 17% of its 2017 revenues. Kering, also owner of the sports brands Puma, Cobra, and Volcom, reported that 45% of its sports and lifestyle brand revenues were attributable to shoes.⁶ The global scale of these shoe sales is significant, making shoes a product category of growing importance for designers and putting more focus on intellectual property (“IP”) strategies to protect shoes.

This article explores IP rights protection options available and provides practical advice for securing and enforcing IP rights for footwear in the United States. Protection for footwear can extend from the brand name (e.g., NIKE, ADIDAS, FERRAGAMO, etc.) to trade dress such as the red sole of a Louboutin shoe⁷ or the checkerboard pattern of a Vans sneaker,⁸ to design patents such as Deckers’ UGG boots design shown below,⁹

¹ See Euromonitor, *Footwear in the US* (Feb. 2017), available at <http://www.euromonitor.com/footwear-in-the-us/report> (last accessed Dec. 2, 2017).

² See U.S. Customs and Border Protection Office of Trade, *Intellectual Property Rights Fiscal Year 2016 Seizure Statistics* (available at <https://www.cbp.gov/sites/default/files/assets/documents/2018-Feb/trade-fy2017-ipr-seizures.pdf> (last accessed Apr. 2, 2017)).

³ *Id.* Dollar amount based on Manufacturer’s Suggested Retail Price (“MSRP”) value of footwear seized at U.S. Customs. See Part III.B.1 for more on Customs recordation.

⁴ Kering’s breakdown of 2017 revenues (available at <http://www.kering.com/en/finance/group/brands-key-figures#anchor1> (last accessed May 30, 2018)).

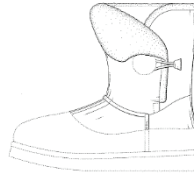
⁵ 2003 6-K Filings on the SEC website (available at https://www.sec.gov/Archives/edgar/data/1001576/000110465904009249/a04-4082_36k.htm (last accessed May 30, 2018)).

⁶ Kering’s 2017 revenue breakdowns (available at <http://www.kering.com/en/finance/group/group-key-figures> (last accessed May 30, 2018)).

⁷ U.S. Trademark Reg. No. 3,361,597.


⁸ U.S. Trademark Reg. No. 5,070,471.

⁹ U.S. Patent D599,999.



to utility patents for Nike's AIR cushioning system. Understanding not only trademark rights, but all of these various IP rights, and their limitations, can help footwear companies develop and implement a comprehensive IP protection plan to drive brand strategy, ensure a more durable and stronger brand, and secure an arsenal of rights to keep competitors and counterfeiters at bay.¹⁰

A. Why IP Is Important in the Shoe Industry

Intellectual property is important for every business, big and small, and is especially important for shoe businesses for several reasons. Generally, IP confers on the owner the right to exclude others from doing something. For example, a patent allows the patent owner to prevent others from making, using, selling, or importing any products covered by the patent. Similarly, trademarks (and trade dress) confer the right to prevent others from using the trademark or a confusingly similar trademark in a manner likely to cause consumer confusion. In the context of shoes, Nike owns a registered trademark that allows it to prevent others from using the "Nike swoosh"  ¹¹ on shoes. Similarly, Christian Louboutin owns trade dress rights that allow it to prevent others from using contrasting red soles on shoes.¹² Design patents confer upon the patent owner the right to prevent others from selling articles that are substantially similar in ornamental appearance to the patented design, which can include product shape/configuration or surface ornamentation applied to the article, or both.¹³ Copyrights confer upon the owner the right to prevent others from copying original works to create substantially similar works.¹⁴

¹⁰ Much of the discussion in this article also applies to other goods in the fashion industry such as clothing, hats, belts, jewelry, and other accessories.

¹¹ U.S. Trademark Reg. No. 1,323,343.

¹² *E.g.*, U.S. Trademark Reg. No. 3,361,597; *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012). However, note that whether Louboutin has a valid trademark in Benelux countries is questionable based on the opinion of the European Court of Justice. *Christian Louboutin SAS v. Van Haren Schoenen BV*, Case No. C-163/16, Add'l Op. of Adv. Gen. Szpunar (E.C.J. Feb. 6, 2018).

¹³ *In re Zahn*, 617 F.2d 261, 204 U.S.P.Q. 988 (C.C.P.A. 1980) ("[35 U.S.C.] 171 refers, not to the design of an article, but to the design for an article, and is inclusive of ornamental designs of all kinds including surface ornamentation as well as configuration of goods."). *See also* 35 U.S.C. 271.

¹⁴ 17 U.S.C. § 106. *See also* *Harper & Row, Publ's, Inc. v. Nat'l Enter.*, 471 U.S. 539, 578 (1985) ("Yet copyright does not prevent subsequent users from copying from a prior

The ability to use IP to raise barriers to competition gives business owners and designers an advantage. It provides time to market new designs, increase their popularity, and sell products while keeping other shoe designers at bay. Arguably, the long-term exclusivity that IP rights provide is more valuable for those iconic designs that survive the cyclical, short-term trends; the resulting IP rights then allow designers and brand owners of those designs to capture and capitalize on that long-term success. However, trends come and go quickly and products are seasonal. Given the fast-paced nature of the fashion industry, the timing required to secure some IP rights can make it difficult or inefficient to attempt to secure broad IP protection for all short-term, fast-fashion designs. Nonetheless, this fast-paced nature means that companies may have only a short period of time to capitalize on each design, which increases the importance of decreasing competition. Thus, using those IP avenues that are available to prevent a competitor from copying a product for the short duration of a trend cycle can be instrumental to success.

Aside from the potential exclusion rights, IP also assists the owner in licensing agreements and business deals. Prior to entering into financing or licensing deals, investors and licensees will look to see whether shoe designers have invested resources into protecting their designs. A robust IP portfolio sends a signal to others about a company's marketplace sophistication. IP rights, or lack thereof, could affect the valuation of a brand.

An additional relatively recent phenomenon affecting the footwear industry is the benefits and challenges raised by burgeoning 3D printing technology. On the one hand, major shoe companies including Nike, adidas, New Balance, and Under Armour are competing fiercely over who can create the best shoes using 3D printing technology. In February of 2013, Nike introduced a football cleat using a 3D printed plate made with selective laser sintering ("SLS") technology.¹⁵ Nike continued to use SLS technology when it created custom 3D printed plates for several professional athletes¹⁶ and partnered with HP to "accelerate and scale" its existing

author's work those constituent elements that are not original—for example, quotations borrowed under the rubric of fair use from other copyrighted works, facts, or materials in the public domain—as long as such use does not unfairly appropriate the author's original contributions.”).

¹⁵ Brian Farmer, High Snobiety, *Nike Debuts First-Ever Football Cleat Built Using 3D Printing Technology* (Feb. 23, 2013) (available at <http://www.highsnobiety.com/2013/02/25/nike-debuts-first-ever-football-cleat-built-using-3d-printing-technology/> (last accessed Dec. 2, 2017)).

¹⁶ Nike.com, *Nike Zoom Superfly Flyknit* (available at <https://news.nike.com/news/allyson-felix-track-spike> (last accessed Dec. 2, 2017)); Nike News on Nike.com, *Nike Football Accelerates Innovation With 3d Printed "Concept Cleat" For Shuttle* (Feb. 26, 2014) (available at <https://news.nike.com/news/nike-football-accelerates-innovation-with-3d-printed-concept-cleat-for-shuttle> (last accessed Dec. 2, 2017)).

capabilities, which allows Nike to make and tweak prototypes in hours, instead of months.¹⁷ Similarly, New Balance was the first to introduce a performance running shoe with 3D printed technology intended for the public in 2016.¹⁸ Forty-four pairs of New Balance's Zante Generate were released in April of 2016 for \$400/pair. Adidas¹⁹ and Under Armour²⁰ also introduced innovative 3D printed shoes worthy of mention. 3D technology is not just affecting the sportswear industry; it has also inevitably seeped into the luxury goods market and is expected to have a similar impact.²¹ Despite its immense benefits, 3D technology also comes with its challenges. Just as designers will be able to create a shoe at the click of a button, infringers can do the same. It will not be long before a 3D printer will allow anybody to produce an exact replica of any design made via 3D printing technology. The decreasing time required to design and produce shoe replicas will increase the importance of IP protection.

B. Examples of Footwear Enforcement Efforts

The types of IP actions that a footwear company can bring against competitors and counterfeiters are demonstrated by a few examples of efforts by several well-known footwear companies. Deckers Outdoor Corporation, the owner of the UGG brand, filed 190 trademark cases from January 2009 to October 2017, ranking sixth on the list of top trademark lawsuit filers.²² Deckers aggressively enforces not only its UGG trademark, but also various trade dress and design patents for its boots.²³ A jury in the Central District of California recently awarded Deckers Outdoor Corporation lost profits of over \$5 million for willful infringement of

¹⁷ Nike.com, *At Nike The Future Is Faster, And It's 3D* (available at <https://news.nike.com/news/nike-hp-3d-printing> (last accessed Dec. 2, 2017)).

¹⁸ NewBalance.com, *The Future of Running Is Here* (Apr. 15, 2016) (available at <https://www.newbalance.com/article?id=4041> (last accessed Dec. 2, 2017)).

¹⁹ adidas.com, *Futurecraft* (available at <http://www.adidas.com/us/futurecraft> (last accessed Dec. 2, 2017)).

²⁰ Underarmour.com, *Architect Futurist* (available at <https://www.underarmour.com/en-us/3d-architech> (last accessed Dec. 2, 2017)).

²¹ Herbert Sim, Forbes, *3D Printing In Luxury Fashion: Revolution Or Evolution?* (Dec. 3, 2017) (available at <https://www.forbes.com/sites/herbertsim/2017/12/03/3d-printing-in-luxury-fashion-revolution-or-evolution/#71eb47e93f20> (last accessed Dec. 3, 2017)).

²² Brian C. Howard, *Lex Machina Trademark Litigation Report 2017* (available at <http://pages.lexmachina.com/Trademark-Report.html>).

²³ *Id.* See, e.g., Deckers Outdoor Corp. v. GAP, Inc. et al., Case No. 2-17-cv-04922 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Ross Stores, Inc. et al., Case No. 2-17-cv-04916 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Ross Stores, Inc. et al., Case No. 2-17-cv-04918 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Target Corp. et al., Case No. 2-17-cv-01285 (C.D. Cal. 2017).

two of its design patents for its UGG boots.²⁴ Chanel, Inc. aggressively pursues claims of cyberpiracy and trademark counterfeiting, filing sweeping lawsuits against hundreds of websites selling counterfeit products, including shoes.²⁵ Adidas also files numerous suits enforcing its trademarks, trade dress, and patents.²⁶

Another footwear company leading the way in IP enforcement is AirWair, the owner of the DR. MARTENS brand. Starting in 2016, AirWair launched a series of lawsuits in the Northern District of California to enforce the trade dress of its “iconic boots and shoes.”²⁷ One lawsuit was filed in October 2016 against Wanted Shoes,²⁸ and one more in February 2017 against Steve Madden.²⁹ These lawsuits follow on the “heels” of two lawsuits filed by AirWair earlier in 2016 based on the same trade dress against Next PLC and Esquire Footwear LLC.³⁰

AirWair describes its DR. MARTENS boots, shoes, and sandals as featuring a distinctive trade dress including the following features: (1) “yellow stitching in the welt area of the sole,” (2) a two-tone grooved sole edge, (3) the distinctive sole pattern, and (4) a black fabric heel loop. AirWair alleges that the trade dress of its boots and shoes, used since 1960, is among “the world’s greatest and most recognizable brands.”³¹

AirWair’s complaints identify five U.S. trademark registrations for its trade dress, shown below. Many of the registrations focus on the edge of the shoe’s sole. Multiple registrations cover a “welt stitch” of yellow color, a two-tone grooved sole edge, and longitudinal ribbing on the sole edge with a dark color band over a light color on the outer sole edge.

²⁴ Deckers Outdoor Corp. v. Rome & Juliette, Inc., Case No. 15-02812 (C.D. Cal., Apr. 6, 2018) (Jury Verdict Dkt.-264) (finding willful infringement of U.S. Design Patent Nos. D616,189 and D599,999).

²⁵ *Id.* See, e.g., Chanel, Inc. v. chanel255.org, 2012 WL 12845630 (S.D. Fl. 2012).

²⁶ E.g., adidas America, Inc. v. ASICS, Case No. 1:17-cv-00285-GMS (D. Del. 2017); adidas America, Inc. v. Skechers USA, Inc., Case No. 3:16-cv-01400-SI (D. Or. 2016); adidas America, Inc. v. Payless Shoesource, Inc., 546 F. Supp. 2d 1029 (D. Or. 2008).

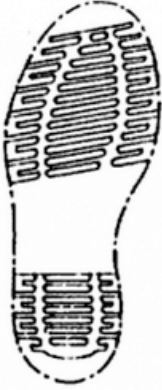


²⁷ AirWair Int’l Ltd. v. Wanted Shoes, Inc., Civ. Action No. 3:16-cv-05733-SI, Complaint filed October 6, 2016, and AirWair Int’l Ltd. v. Steve Madden, Ltd., Civ. Action No. 3:17-cv-01024-LB, Complaint filed February 28, 2017.



²⁸ *Id.*

²⁹ AirWair Int’l Ltd. v. Steven Madden, Ltd., Complaint filed February 28, 2017, and assigned Case No. 3:17-cv-01024-LB.

³⁰ AirWair Int’l Ltd. v. Next PLC, Civ. Action No. 3:2016cv00944 (N.D. Cal. 2016), Complaint filed February 25, 2016, and AirWair Int’l Ltd. v. Esquire Footwear LLC, Civ. Action No. 1:16-cv-00909 (S.D.N.Y. 2016), Complaint filed February 5, 2016.

³¹ See AirWair Int’l Ltd. v. Wanted Shoes, Inc., Civ. Action No. 3:16-cv-05733-SI (N.D. Cal.) (Complaint Dkt-1 ¶ 10).

U.S. Trademark Reg. No. & Date	Image	Description
2,102,468 10/07/1997 (incontestable)		The mark consists of the design of an undersole. The phantom lining is not a part of the mark, but merely indicates the position of the mark.
2,437,750 03/27/2001 (incontestable)		The mark consists of a welt stitch located around the perimeter of footwear. The phantom lining is not a part the mark, but merely indicates the position of the mark. The drawing of the welt stich is lined for the color yellow and claim is made to color.
2,437,751 03/27/2001 (incontestable)		The mark consists of the combination of yellow stitching in the welt area and a two-tone grooved sole edge. The drawing of the welt stich is lined for the color yellow, and claim is made to color.

<p>U.S. Trademark Reg. No. & Date</p>	<p>Image</p>	<p>Description</p>
<p>2,104,349 10/7/1997 (Supplemental Register)</p>		<p>The mark consists of the design of a sole edge including longitudinal ribbing, and a dark color band over a light color. The phantom lining is not a part of the mark, but merely indicates the position of the mark.</p>
<p>2,341,976 04/11/2000 (Supplemental Register)</p>		<p>The mark consists of longitudinal ribbing and a dark color band over a light color on the outer sole edge, welt stitching, and a tab located at the top back heel of footwear.</p>

The accused boots made by Wanted Shoes, Steve Madden, and Next are shown in AirWair’s complaints as follows:³²

³² AirWair Int’l Ltd. v. Wanted Shoes, Inc., Civ. Action No. 3:16-cv-05733-SI (N.D. Cal.) (Complaint Dkt-1); AirWair Int’l Ltd. v. Steven Madden, Ltd., Civ. Action No. 3:17-cv-01024-LB (N.D. Cal.) (Complaint filed February 28, 2017) (Complaint Dkt-1); and AirWair Int’l Ltd. v. Next PLC, Civ. Action No. 3:16-cv-00944-SI (N.D. Cal.) (Complaint Dkt-1).

<p>Genuine DR. MARTENS 1460 Boots</p>	<p>Accused Boots</p>
	<p>Wanted “Platinum Bootie”:</p>  <p>Steve Madden “JFunn”:</p>  <p>Next “Lace Up Boot”</p> 
	<p>Steve Madden “McBeth”</p>  <p>Next Undersole</p> 

Data indicates that trademark cases like those brought by AirWair end in consent judgments and defaults more frequently

than with a final judgment from a judge or jury.³³ This was the case with the Next and Esquire cases. The suit against Next resulted in a consent judgment and permanent injunction, meaning that the parties settled and agreed that Next would stop making the boots at issue.³⁴ The suit against Esquire Footwear was settled and the action dismissed in 2016.³⁵ The docket as of October 2017 indicates that AirWair and Steve Madden are in mediation in an effort to settle their dispute.³⁶

If the mediation is not successful and the case proceeds, AirWair's claims under Section 32 of the Lanham Act for infringement of a federally registered mark will proceed through discovery, as will AirWair's unfair competition and false designation of origin claims under Section 43(a) of the Lanham Act and California state and common law, and its claim for dilution under Section 43(c) of the Lanham Act and California state and common law. For the trademark infringement claims, assuming AirWair's trademarks are deemed valid and protectable, the cases will turn on whether the allegedly infringing products are likely to cause confusion, or to cause mistake, or to deceive. Likewise, assuming AirWair's trade dress is distinctive and famous in the United States, the federal trademark dilution claims will turn on whether the allegedly copied products are likely to dilute or blur the distinctiveness of AirWair's trade dress. The court will consider whether the trade dress is famous under the Federal Trademark Dilution Act and, if so, whether sale of the accused products lessens the capacity of AirWair to identify and distinguish its products.

Madden's defenses raised in its answer will also be addressed, including Madden's assertions that the elements of the AirWair trade dress are functional and unprotectable, that the trade dress has not acquired distinctiveness or secondary meaning, that the trade dress consists of generic elements "commonly used by third parties" in the industry, and that the AirWair registrations should be cancelled.³⁷

In another trade dress lawsuit against Madden filed in December 2017, Allbirds, Inc., a Kickstarter startup company, alleged infringement of its unregistered "Wool Runner" trade dress defined as (a) a sneaker-type shoe featuring wool-like texture on the entirety of the upper outer; (b) embroidered eyelets; (c) shoelaces

³³ Howard, *Lex Machina Trademark Litigation Report 2017*, *supra* note 22.

³⁴ AirWair Int'l Ltd. v. Next PLC, Civ. Action No. 3:16-cv-00944-SI (N.D. Cal.) (Consent Judgment and Permanent Injunction Dkt-29).

³⁵ AirWair Int'l Ltd. v. Esquire Footwear LLC, Civ. Action No. 1:16-cv-00909 (S.D.N.Y. 2016) (Order Dkt-19).

³⁶ AirWair Int'l Ltd. v. Steven Madden, Ltd., Civ. Action No. 3:17-cv-01024-LB (N.D. Cal.) (Minute Entry Dkt-43).

³⁷ AirWair Int'l Ltd. v. Steve Madden, Case No. 3:17-cv-01024-IS (Dkt-15 Steve Madden, LTD. Answer and Affirmative Defenses May 24, 2017).

composed of a three-yarn lace woven together; and (d) midsole and outsole of shoe appear attached as one piece:





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Madden has counterclaimed that Allbird’s asserted trade dress “is generic, lacks secondary meaning, and is merely ornamental” and “consists exclusively of functional elements.”³⁹ Madden’s defense relies on Allbird’s own statements that its design is simplistic as well as third-party use of similar designs:

³⁸ Allbirds, Inc. v. Steve Madden, LTD, Case No. 3:17-cv-07067-JCS (Dkt-1 Allbirds Complaint December 12, 2017).

³⁹ Allbirds, Inc. v. Steve Madden, LTD, Case No. 3:17-cv-07067-JCS (Dkt-18 Madden Answer and Counterclaim February 7, 2018).

Allbirds Wool Runner	Third-Party Knit Runners
	

40

While it remains to be seen how AirWair’s DR. MARTEN and Allbird’s “Wool Runner” trade dress claims will fare, these actions demonstrate the type of IP rights that can be secured in the footwear

⁴⁰ *Id.*

field and the type of enforcement proceedings that footwear brands can implement to protect their products. Even without a decision on the merits, the publicity associated with the filing of these types of cases⁴¹ can have a deterrent effect on the competition and help to further educate consumers about the differences between the “original” product versus the “copycat” products. Cautious competitors may choose to avoid introducing new products that include the features at issue.

II. WHAT TYPES OF IP RIGHTS ARE AVAILABLE

There are various types of IP rights available for shoe designs, each providing a different scope of protection. The ideal strategy is to take advantage of multiple types of IP rights available for the design in question, providing more options for enforcement in the event of an infringement.

A. Trademarks and Trade Dress

1. Trademarks for Footwear

Virtually anything that is used to identify the source of a shoe design and thus distinguish it from the shoe designs of competitors can be a trademark, including a word, phrase, logo, or aspects of the overall design itself. Trademarks represent the goodwill and reputation of a product and its source, and include house brands (e.g., SKECHERS, CHRISTIAN LOUBOUTIN, TIMBERLAND, CROCS, HAWAIANAS), product-level brands (e.g., NIKE AIR, Converse’s ALL STAR, or Valentino’s ROCKSTUD), logos such as the following from Gucci, New Balance, and adidas:



or taglines (e.g., Nike’s “JUST DO IT,” New Balance’s “LET’S MAKE EXCELLENT HAPPEN”).

Trade dress is a subcategory of trademarks. With respect to shoes, trade dress can refer to shoe packaging designs or shoe designs (including components or elements of a shoe’s design) that have gained secondary meaning in the marketplace as identifying a particular source.

⁴¹ *E.g.*, <http://www.t TMZ.com/2017/03/04/doc-martens-steve-madden-boot-lawsuit/>; <http://www.wwd.com/business-news/legal/wwd-law-review-docs-crocs-and-alibaba-10988181/>; <https://www.law360.com/articles/488880/aeropostale-accused-of-selling-dr-martens-knockoffs/>; <http://www.dailymail.co.uk/femail/article-2430163/Dr-Martens-sues-shoemaker-Chinese-Laundry-deliberately-using-trademarked-designs-boots.html>; <https://www.allure.com/story/steve-madden-valentino-knockoff>.

2. Key Traits of Trademark Protection

The Lanham Act⁴² is the primary statute that governs U.S. federal trademark law. The foundation of trademark law is grounded in the idea of consumer protection, to prevent the public from being confused or deceived as to the source of a product or service. Practically speaking, trademark law is a significant asset to brand owners. A valid trademark provides the owner with the right to prevent others from trading on the goodwill established by the trademark by using the same or a similar trademark in a way that is likely to cause confusion as to the source, origin, or sponsorship of the products.⁴³

In the United States, trademark rights are established through use in commerce. While there are significant benefits to trademark registration, the United States also recognizes common law rights, that is, unregistered rights established through use of the mark in the U.S. marketplace. Without a registration, trademark rights under the U.S. common law system may be limited only to those geographic areas where the mark is used. Additionally, when relying only on common law rights, the trademark owner must prove that the mark is valid and protectable in order to prevail in a claim of trademark infringement.

Securing federal registration of a trademark issued by the U.S. Patent and Trademark Office (“USPTO”) provides significant benefits and can make enforcement of the mark easier. A federally registered mark is presumed to be a valid mark and the registrant is presumed to have the exclusive right to use the trademark throughout the United States on the goods or services listed in the registration.⁴⁴ Additionally, a registration constitutes constructive notice to third parties of the registrant’s rights in the mark, is readily revealed in trademark clearance searches conducted by others, can block confusingly similar marks from registering, and can also be registered with Customs to help block the importation of counterfeit goods. After five years, the registration may become

⁴² 15 U.S.C. § 1051, *et seq.*

⁴³ 15 U.S.C. § 1114.

⁴⁴ 15 U.S.C. § 1115(a) (“Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.”).

incontestable, which significantly limits the grounds on which competitors can attack the registration.⁴⁵

An application for a federal registration may be filed before a mark is used in commerce, assuming the applicant has a *bona fide* intent to use the mark. Actual use must begin, however, prior to the issuance of a registration.⁴⁶

3. Remedies Available Against Infringers

The primary remedy in a case for trademark infringement is an injunction to stop the infringing activity.⁴⁷ Although monetary damages are possible in trademark cases, they are comparatively rare (excluding default and consent judgments) and the awards are typically not as high as in other types of IP infringement cases.⁴⁸

Section 35 of the Lanham Act provides that trademark infringement entitles the plaintiff to recover the defendant's profits, any damages sustained by the plaintiff, and the costs of bringing the action.⁴⁹ Generally, damages in trademark infringement should constitute compensation to the plaintiff and not a penalty to the defendant.⁵⁰ The court may also award attorneys' fees in "exceptional cases."⁵¹

⁴⁵ 15 U.S.C. § 1115(b).

⁴⁶ The USPTO allows for registration under Section 44(e) based on a foreign registration for the same mark and same goods and services and under Section 66(a) pursuant to the Madrid Protocol. Both of these registration bases are only available for foreign applicants but more importantly, neither require proving use prior to registration. Nevertheless, registrations issued under Sections 44(e) and 66(a) are subject to the requirement of showing continued use of the mark between the 5th and 6th year after registration and for each ten-year renewal period, and can be vulnerable to cancellation based on non-use. Additionally, at the time of filing, the applicant must have a *bona fide intent to use* the mark in the United States, a condition which can be challenged in the absence of evidence supporting such *bona fide* intent.

⁴⁷ 15 U.S.C. § 1116.

⁴⁸ Howard, *Lex Machina Trademark Litigation Report 2017*, *supra* note 22. See also Part III.A.1 herein.

⁴⁹ 15 U.S.C. § 1117 ("When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action."). However, "recovery of both plaintiff's lost profits and disgorgement of defendant's profits is generally considered a double recovery under the Lanham Act." *Nintendo of Am., Inc. v. Dragon Pac. Int'l*, 40 F.3d 1007, 1010 (9th Cir. 1994).

⁵⁰ 15 U.S.C. § 1117(a).

⁵¹ See 15 U.S.C. § 1117 ("The court in exceptional cases may award reasonable attorney fees to the prevailing party") and *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014) for the Supreme Court's analysis on what constitutes an "exceptional case" under the patent statute; see also *Romag Fasteners, Inc. v. Fossil, Inc.*, Appeal Nos. 2016-1115, -1116, and -1842 (Fed. Cir. August 9, 2017) (holding that the *Octane Fitness* standard also applies to trademark cases).

In actions against counterfeiters, statutory damages are also available to the plaintiff and the plaintiff can elect either to recover actual damages and profits under Section 35(a) of the Lanham Act or statutory damages under Section 35(c).⁵² Statutory damages can range from “not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just” or if the “court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.”⁵³ The damages for use of counterfeit marks can be trebled as well.⁵⁴ These damages can be a powerful deterrent.

If the trademark is registered, the failure to provide proper notice of the registration (e.g., using the ® designation) can limit the recovery by the trademark owner against the infringer unless the infringer had actual notice of the registration.⁵⁵ However, because monetary remedies are available for infringement of an unregistered mark under Section 43(a) of the Lanham Act, the owner of a registered mark who has not used the proper notice may still obtain monetary relief.⁵⁶

4. Duration of Protection

There is no limit on the duration of trademark protection, so long as the owner of the trademark can demonstrate continuous use in commerce. A federal trademark registration must be renewed every ten years and can be renewed indefinitely so long as the registrant attests to continued use of the registered mark in the United States with a supporting specimen as evidence of use.⁵⁷ Similarly, common

⁵² 15 U.S.C. § 1117(c) (“In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services”)

⁵³ *Id.*

⁵⁴ 15 U.S.C. § 1117(b).

⁵⁵ 15 U.S.C. § 1111 (“in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration”).

⁵⁶ 15 U.S.C. § 1117(a) (“When . . . a violation under section 1125(a) or (d) of this title . . . shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.”).

⁵⁷ There are limited exceptions where a registrant can renew a trademark registration without showing use of the mark by filing a Declaration of Excusable Non-use. *See* TMEP § 1604.11.

law trademark rights do not expire, *per se*. Rather, trademark rights last as long as the mark continues to be in use in the U.S. marketplace and continues to hold trademark significance. A caveat to this is that a trademark owner should be diligent in maintaining its trademark rights, through such actions as enforcing rights against infringers, monitoring licensees, and ensuring its own use maintains and builds on the goodwill associated with the mark. The trademark owner should also be vigilant against potential “genericization” of the mark or other loss of rights through improper use of the mark⁵⁸ or uncontrolled licensing.⁵⁹

5. Trade Dress as a Category of Trademarks

The non-functional features of a product’s shape, design, or packaging (its “trade dress”), may be protectable if the features are either inherently distinctive or have acquired distinctiveness through use in the marketplace. A classic example of trade dress is the distinctive shape of the Coca-Cola bottle⁶⁰:



Trade dress is usually defined as the “total image and overall appearance” of a product, or the totality of the elements, and “may include features such as size, shape, color or color combinations, texture, [or] graphics. . . .”⁶¹

In the shoe industry, trade dress can take on many forms. Examples of shoe-related trade dress registrations and the corresponding marketplace product are shown below:⁶²

⁵⁸ Elliott v. Google, Inc., 860 F. 3d 1151 (9th Cir. 2017) (affirming summary judgment in Google’s favor after plaintiff sought cancellation of the GOOGLE trademark on the grounds that the mark has become generic for the act of Internet searching). *See also* VELCRO’s commercial regarding proper trademark use <https://www.youtube.com/watch?v=rRi8LptvFZY>.

⁵⁹ *See, e.g.*, Barcamerica Int’l USA Trust v. Tyfield Importers, Inc. 289 F.3d 589 (9th Cir. 2002) and McCarthy on Trademarks and Unfair Competition § 18:48 (5th ed.).

⁶⁰ U.S. Trademark Reg. No. 696,147 (among others).

⁶¹ Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 764 n.1 (1992).





⁶² These examples all involve marks that can be observed visually, but even non-visual marks can be secured for shoes. For example, the U.S. also recognizes scent marks. Although scent marks are difficult to obtain, it is possible they could cover footwear. The Brazilian shoe company Melissa (owned by Grendene S. A.) makes a line of “bubble gum”

U.S. Trademark Registration Particulars	Exemplary Image of Item as Sold
<p data-bbox="190 324 612 358">Trademark Reg. No. 3,361,597</p>  <p data-bbox="224 699 578 765">Christian Louboutin’s red sole⁶³</p> <p data-bbox="183 786 608 958">Covering the “red lacquered outsole on footwear that contrasts with the color of the adjoining ‘upper’ portion of the shoe.”</p>	 <p data-bbox="1038 752 1059 771">64</p>

scented shoes, available at stores like Neiman Marcus, and owns U.S. Trademark Reg. No. 4,754,435 for a mark consisting of “the scent of bubble gum” for “Shoes, sandals, flip flops, and accessories, namely, flip flop bags,” in Class 25. As of May 2018, this remains the only federal registration for a scent mark for clothing/footwear.

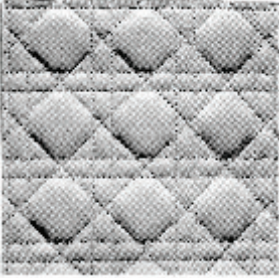



⁶³ With respect to the broken lines in the images in the registration, these lines reflect potential placement of the mark or limits on the claims. *See* 37 C.F.R. § 2.52(B)(4) (“If necessary to adequately depict the commercial impression of the mark, the applicant may be required to submit a drawing that shows the placement of the mark by surrounding the mark with a proportionately accurate broken-line representation of the particular goods, packaging, or advertising on which the mark appears. The applicant must also use broken lines to show any other matter not claimed as part of the mark. For any drawing using broken lines to indicate placement of the mark, or matter not claimed as part of the mark, the applicant must describe the mark and explain the purpose of the broken lines.”).

⁶⁴ U.S. Trademark Reg. No. 3,361,597, Specimen Filed Aug. 29, 2017.

U.S. Trademark Registration Particulars	Exemplary Image of Item as Sold
<p>Trademark Reg. No. 4,065,527</p>  <p>Alpargatas's HAWAIIANAS sandals</p> <p>Covering the “pattern of interlocking, raised, ‘Z’-shaped lines applied to the strap of a sandal, with the word “HAWAIIANAS” displayed on the strap, an oval shape appearing in the middle of the foot bed of the sandal, and a pattern consisting of images of grains of rice applied to the foot bed of the sandal.”</p>	 <p style="text-align: right;">65</p>
<p>Trademark Reg. No. 5,070,470</p>  <p>Vans' checkerboard pattern shoes</p> <p>Covering the “three-dimensional configuration of a checkerboard pattern on the toe and heel of a shoe.”</p>	 <p style="text-align: right;">66</p>

⁶⁵ U.S. Trademark Reg. No. 4,065,527, Specimen Filed Dec. 4, 2017.





⁶⁶ U.S. Trademark Reg. No. 5,070,470, Specimen Filed Feb. 24, 2010.

<p align="center">U.S. Trademark Registration Particulars</p>	<p align="center">Exemplary Image of Item as Sold</p>
<p>Trademark Reg. No. 4,389,968</p>  <p>Christian Dior’s fabric pattern</p> <p>Covering the “three dimensional depiction of a repetitive geometric pattern comprised of doubled horizontal and doubled vertical lines intersecting to form smaller squares, rectangles, parallel piped, pentagons and octagons, overlaid with parallel diagonal lines forming diamond shapes and triangles.”</p>	
<p>Trademark Reg. No. 1,344,589</p>  <p>New Balance’s placement of the letter “N”</p>	 <p align="right">67</p>



⁶⁷ U.S. Trademark Reg. No. 1,344,589, Specimen Filed July 22, 2014. On November 22, 2017, New Balance filed a lawsuit against USA New Bunren International Co. Limited LLC in the U.S. District Court for the District of Delaware, alleging infringement of New Balance’s “N” logo, the NEW BALANCE mark, and various trade dress based on New Bunren’s use of an identical “N” logo, trade dress, and Chinese character mark. Case No. 1:17-cv-01700-UNA (Dkt-1 New Balance Athletics, Inc. Nov. 22, 2017).

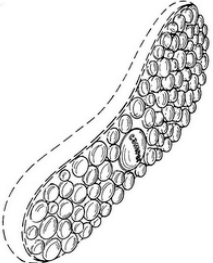



(footnote continued)



Representative New Balance Marks	Representative Accused Marks
	
	

<p>“NEW BUNREN” in Chinese</p>	<p>新百伦</p>
<p>“NEW BALANCE” in Chinese</p>	<p>新百伦</p>

<p align="center">U.S. Trademark Registration Particulars</p>	<p align="center">Exemplary Image of Item as Sold</p>
<p>Trademark Reg. No. 3,526,617</p>  <p align="center">ASICS's shoe design</p> <p>Covering “a hexagonal patterned sole, a second toe layer along a perimeter of a toe and front side panel portion of a shoe, two side-by-side stripes on a side panel of the shoe intersected by two long, gently curved stripes that extend from an upper back portion of the shoe to a lower front portion, three side-by-side squares positioned at a heel portion of the midsole, visible heel cup, and heel tab at an upper back portion of the shoe.”</p>	 <p align="right">68</p>

U.S. Trademark Registration Particulars	Exemplary Image of Item as Sold
<p>Trademark Reg. No. 3,340,113</p>  <p>Camper's sole design</p> <p>Covering a "three-dimensional configuration of a raised bubble design located on the outsole of a shoe. The raised wording CAMPER appears in a circle in the central region of the design."</p>	 <p>69</p>
<p>Trademark Reg. No. 4,062,112⁷⁰</p>  <p>Converse's shoe design</p> <p>Covering Converse's "iconic and classic Chuck Taylor All Star basketball shoe: (a) Multi-Patterned Rubber Toe Strip.</p>	 <p>71</p>

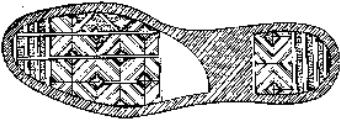

⁶⁹ U.S. Trademark Reg. No. 3,340,113, Specimen Filed May 31, 2017.

⁷⁰ This registration, which issued on November 29, 2011, is now the subject of cancellation proceedings filed by three separate shoe companies. The cancellation actions followed on the "heels" of an ITC decision that Converse's midsole trade dress design had not acquired distinctiveness in the marketplace. Converse has appealed the ITC decision and the cancellation actions have been stayed pending the outcome of the appeal. See *infra* Case to Follow: Chuck Taylor's ITC Case.

⁷¹ U.S. Trademark Reg. No. 4,062,112, Specimen Filed Nov. 29, 2017.

<p align="center">U.S. Trademark Registration Particulars</p>	<p align="center">Exemplary Image of Item as Sold</p>
<p>The rubber toe strip has four layers of bands featuring intricate and distinct patterns of three-dimensional diamonds and lines. (b) 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. (c) 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. (d) 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. (e) Convex Rubber Toe Cap. A raised, protruding rubber toe cap. (f) Double Stitching and Box-Like Stitch Along the Upper.”</p>	This cell is intentionally left empty to represent the missing image

U.S. Trademark Registration Particulars	Exemplary Image of Item as Sold
<p data-bbox="190 326 612 358">Trademark Reg. No. 4,065,482</p>  <p data-bbox="244 652 558 684">Converse's shoe design</p> <p data-bbox="183 705 618 1615">Covering the "iconic and classic Chuck Taylor All Star basketball shoe: (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</p>	 <p data-bbox="1034 1065 1055 1089">72</p>

<p align="center">U.S. Trademark Registration Particulars</p>	<p align="center">Exemplary Image of Item as Sold</p>
<p>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.”</p>	
<p>Trademark Reg. No. 1,588,960</p>  <p align="center">Converse’s sole design</p> <p>Covering the “three dimensional sole of shoe design.”</p>	 <p align="right">73</p>

a. Securing Trade Dress Protection

To help achieve registration of trade dress, non-functional and distinctive features of the shoe or shoe packaging should be selected for the application.

Trade dress is divided into two categories—product packaging and product configuration. With respect to product *packaging* trade dress, it *can* be considered inherently distinctive, meaning that it can be registered without proving acquired distinctiveness.⁷⁴ Product *configuration* trade dress is never considered inherently distinctive.⁷⁵ Rather, the applicant carries the burden of proving that its product configuration trade dress has acquired distinctiveness in the marketplace, and this burden is quite substantial. The applicant must demonstrate through evidence that consumers recognize the claimed trade dress as an indicator of source—for example, with evidence of promotion of the features through “look for” advertising, third-party articles referencing the trade dress as an indicator of source, significant marketplace presence and sales, and consumer surveys.⁷⁶ When it is difficult to determine if the product at issue is product packaging or product configuration, the Supreme Court instructs that, in “close cases,” courts should err on the side of caution and classify the trade dress as product design and, thus, require proof of secondary meaning.⁷⁷

For example, in *In re Slokevage*, the Federal Circuit examined the proposed trade dress for clothing consisting of a label with the words “FLASH DARE!” in a V-shaped background and cut-out areas located on each side of the label with the cut-out areas consisting of a hole in a garment and a flap attached to the garment with a closure device as shown below:

⁷⁴ While product packaging can be inherently distinctive, Examining Attorneys at the USPTO can refuse applications seeking to register packaging designs on the grounds that the designs are not inherently distinctive and require that applicants prove secondary meaning. TMEP § 1202.02(b).

⁷⁵ See *Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205, 215 (2000); see also TMEP § 1202.02(b).

⁷⁶ For advertising to be a probative indication of secondary meaning, the advertising must feature the trade dress in some way. See *First Brands, Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1983). Moreover, the advertisements must specify to “look for” a particular trade dress. It is not enough for the advertisements to only show that the trade dress of the shoe is evident. See *Asics Corp. v. Skechers U.S.A., Inc.*, No. SACV 07-0103AG(PJWX), 2007 WL 1424670, at *1 (C.D. Cal. Apr. 26, 2007).

⁷⁷ *Wal-Mart*, 529 U.S. at 215.



The Federal Circuit determined that this trade dress was product configuration.⁷⁸

Similarly, in *LVL XIII Brands, Inc. v. Louis Vuitton Malletier S.A.*,⁷⁹ the court held that the plaintiff's metallic plate placed near the toe of the shoe could not be classified as a standard trademark or as a product packaging trade dress and could be classified “only as a product design feature which is not inherently distinctive”:



In order to qualify for trade dress protection, the features in question must also not be “functional.”⁸⁰ For example, if a claimed trade dress feature has a utilitarian function that is essential to the use or purpose of the product, affects the quality of the product, or impacts the costs of the product, then it will not qualify for trade dress protection, regardless of how long the applicant exclusively used the claimed feature.⁸¹ The underlying rationale for the non-functionality requirement is that functional features are the subject of patent law, which grants temporary monopolies over functional features but then frees them up for competitors to use, intending to “maintain[] a proper balance between trademark law and patent

⁷⁸ *Slokevage*, 441 F.3d 957, 961 (Fed. Cir. 2006).

⁷⁹ 209 F. Supp. 3d 612 (S.D.N.Y. 2016). This decision was affirmed by the Second Circuit in December 2017. 125 U.S.P.Q.2d 1141 (2d Cir. 2017).

⁸⁰ See 15 U.S.C. §§ 1052(e)(5), 1052(f), 1091(c).

⁸¹ TMEP § 1202.02(a) citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850, n.10 (1982)).

law.”⁸² Functional features “constitute an actual benefit that the consumer wishes to purchase,” as distinguished from a trademark or trade dress, which is an assurance that the goods came from a particular source.⁸³ Moreover, if trademark protection extended to utilitarian features, such protection could extend forever (or as long as the “trademark” was used), granting unlimited exclusive rights, whereas Article I, Section 8, of the U.S. Constitution limits the exclusive rights in patented inventions only for “limited times.”

In a case brought by adidas against Skechers,⁸⁴ the Court considered whether the features of the adidas “Stan Smith” shoe design (as shown below) are functional.



The claimed features included a “white leather upper, three rows of perforations in the pattern of the well-known [adidas three-stripe pattern], defined stitching enclosing the perforations, a raised mustache-shaped colored heel patch, and a . . . white rubber outsole.”⁸⁵ The defendant, Skechers, argued that the claimed features were functional on the grounds that (1) the shoe’s side perforations provide ventilation and flexibility and (2) the color of the shoes are white because tennis competitions (where the shoes were initially popularized) traditionally require players to wear white. The court reiterated that the standard in determining functionality is to look at the overall trade dress as a whole, as opposed to dissecting and analyzing the individual components of

⁸² TMEP § 1202.02(a)(ii) citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164-165.

⁸³ *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1238 (D. Or. 2016), citing *adidas–Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1202 (D. Or. 2002) (quoting *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir. 1987)). The case was appealed to the 9th Circuit on the issue of whether the lower court erred in granting a preliminary injunction in favor of adidas. The 9th Circuit affirmed the preliminary injunction with respect to the Stan Smith shoe (and reversed with respect to a second shoe at issue in the case), stating as part of its analysis, that the District Court’s finding “that the Stan Smith [shoe] has likely acquired secondary meaning is supported by ample evidence” and that “the similarities between the Stan Smith [shoe] and [Skechers’ Onix shoe] are unmistakable.” *adidas Am., Inc. v. Skechers USA, Inc.*, 2018 WL 2142648 (9th Cir. May 10, 2018). The case was reportedly settled through a confidential settlement agreement in May 2018. See <https://footwearnews.com/2018/business/news/adidas-skechers-settle-trademark-lawsuit-1202568430/> (last visited May 31, 2018).

⁸⁴ *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222 (D. Or. 2016).

⁸⁵ *Id.* at 1238.

the trade dress. In analyzing the shoe design as a whole, the court found there to be no utilitarian advantage to the claimed features.⁸⁶

In a similar outcome for adidas in 2002, a district court held that the rubber soles and rubber shell toe of the adidas Original Superstar line are not functional.⁸⁷



As supporting evidence, adidas showed that the flat sole, which was originally considered an optimal basketball shoe design when the shoe was first introduced in 1969, is no longer considered an optimal design, and that the rubber toe is purely ornamental, adding neither durability nor performance, and actually increasing production costs.

In addition to utilitarian functionality, there is also the question of “aesthetic functionality” where, although the claimed feature does not have a utilitarian function, *per se*, granting one company an exclusive right to the claimed feature would put competitors at a non-reputation-related disadvantage.⁸⁸ This defense was raised, for example, in *Christian Louboutin v. Yves Saint Laurent*,⁸⁹ involving Louboutin’s assertion that its red-soled shoes trade dress was infringed by Yves Saint Laurent’s all red shoe. The Second Circuit held that the color red for the sole of a Christian Louboutin shoe *can* and did qualify for trade dress protection because Louboutin established secondary meaning in its red soles. However, the Second Circuit also held that the secondary meaning of the mark held by Louboutin extends only to the use of a lacquered red outsole that *contrasts with* the adjoining portion of the shoe. Accordingly, the Second Circuit limited the scope of Louboutin’s trade dress protection by holding that Louboutin’s trade dress does not extend

⁸⁶ *Id.* (“When analyzed as a whole, the combination of the Stan Smith’s claimed features—a classic tennis shoe profile with a sleek white leather upper, three rows of perforations in the pattern of the well-known Three-Stripe trademark, defined stitching enclosing the perforations, a raised mustache-shaped colored heel patch, and a flat tonal white rubber outsole—are not functional. There is no utilitarian advantage gained from using the Stan Smith’s particular set of features because they do not make the shoe work better or cost less than other similar sneakers in the current marketplace.”).

⁸⁷ adidas-Salomon AG v. Target Corp., 228 F. Supp. 2d 1192 (D. Or. 2002).

⁸⁸ Some courts reject the notion of “aesthetic functionality” as a separate analysis from traditional functionality considerations. See McCarthy on Trademarks and Unfair Competition § 7:80 (5th ed.)

⁸⁹ Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206 (2d Cir. 2012).

to a shoe that is entirely red with a red sole, such as the all-red Yves Saint Laurent shoe that was the subject of that particular litigation:



YSL's all-red shoe

While the red sole on an all-red monochromatic shoe was argued to be “aesthetically functional,” the Second Circuit declined to rule on the functionality or likelihood of confusion issues raised in the case, because its ruling limiting the Louboutin trade dress to contrasting red soles resolved the dispute.⁹⁰ Without this limitation on Louboutin’s trade dress rights, Louboutin would have an effective monopoly on creating all-red shoes.

If trade dress rights are acquired, they can confer significant benefits to its owner. For example, in *Gucci v. Guess*, the court held that Guess knowingly, and in bad faith, infringed Gucci’s “GREEN-RED-GREEN” Stripe trade dress.⁹¹



Gucci's "GRG" shoe	Guess's Infringing shoe
	

The court also held that Guess intentionally and willfully copied the Quattro G Pattern from Gucci’s Diamond Motif Repeating GG Pattern Trade Dress.⁹²

⁹⁰ *Id.* at 228.

⁹¹ *Gucci America, Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 249 (S.D.N.Y. 2012). Gucci also owns numerous trademark registrations for its “GREEN-RED-GREEN” Stripe including U.S. Trademark Reg. No. 1,483,526.

⁹² *Id.* at 254. Gucci also owns numerous trademark registrations for its Diamond Motif including U.S. Trademark Reg. No. 4,229,081.

Gucci's Repeating GG Pattern	Guess's Quattro G Pattern
	

The Court granted Gucci an injunction and awarded Gucci the profit made by Guess on its infringing trade dress designs, totaling \$4,613,478.⁹³

While Gucci prevailed in the Guess case above, it is currently aggressively defending its blue-red-blue striped trade dress (hereinafter, “the BRB trade dress”)⁹⁴ in a dispute with Forever 21 over allegedly infringing clothing and accessories.⁹⁵ Forever 21 kicks back against Gucci’s claims that its BRB trade dress which it uses on shoes, clothing and accessory items (such as the “Ace Leather Sneaker” pictured below) is “instantly recognizable” and “known by the American consuming public as designating GUCCI.”



⁹³ *Id.*

⁹⁴ As shown in U.S. Trademark Reg. Nos. 1,495,863; 1,520,796; 4,563,151; 1,511,774 and pending applications 87/206686, 87/116368 and 87/391139.

⁹⁵ Forever 21, Inc. v. Gucci Am., Inc., Case No. 2:17-cv-04706 (C.D. Cal.) (Dkt-47 Forever 21 Second Amended Complaint December 5, 2017).

⁹⁶ Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-22 Gucci Answer at ¶¶ 17-19, August 8, 2017).

After Forever 21 received numerous cease and desist letters from Gucci, it filed a declaratory judgment action in the Central District of California initially asserting several causes of action, including cancellation of the BRB trade dress and the green-red-green stripe trade dress litigated in the Guess action discussed above.⁹⁷ Forever 21 ultimately dropped its claim regarding Gucci's green-red-green stripe trade dress; however, Forever 21 continues to assert cancellation of the BRB trade dress.⁹⁸ While the BRB trade dress is registered in several incontestable trademark registrations,⁹⁹ Forever 21 is asserting it should be cancelled because it is now generic or it is aesthetically functional.¹⁰⁰ Forever 21 cites numerous companies that use a blue-red-blue stripe on clothing, accessories, and shoes, such as J. Crew, Anthropologie, and Cotton On, among others.¹⁰¹

J.CREW

Lily Lace Up Flats (ITEM G7854)

https://www.jcrew.com/p/womens_category/shoes/flats/lily-laceup-ballet-flats/G7854

Secure | https://www.jcrew.com/p/womens_category/shoes/flats/lily-laceup-ballet-flats/G7854

In store: 6 online: 30% off your purchase * Use code SHOPTAST | Details

SEARCH J.CREW STORES SIGN IN BAG

WOMEN MEN GIRLS BOYS SALE BLOG FACTORY

Lily lace-up ballet flats
Item G7854
★★★★★ 3 ratings
was \$168.00 now \$78.99
30% off with code SHOPTAST
color: vintage indigo

size: [see chart](#)

5 medium	6 medium	7 medium
8 medium	9 medium	10 medium
11 medium	12 medium	13 medium

quantity: 1

ADD TO BAG

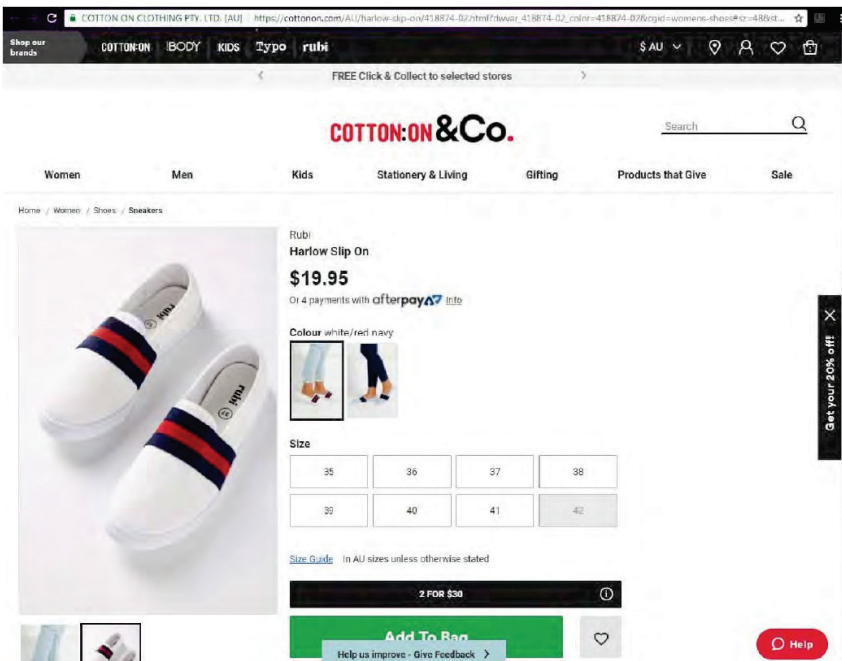
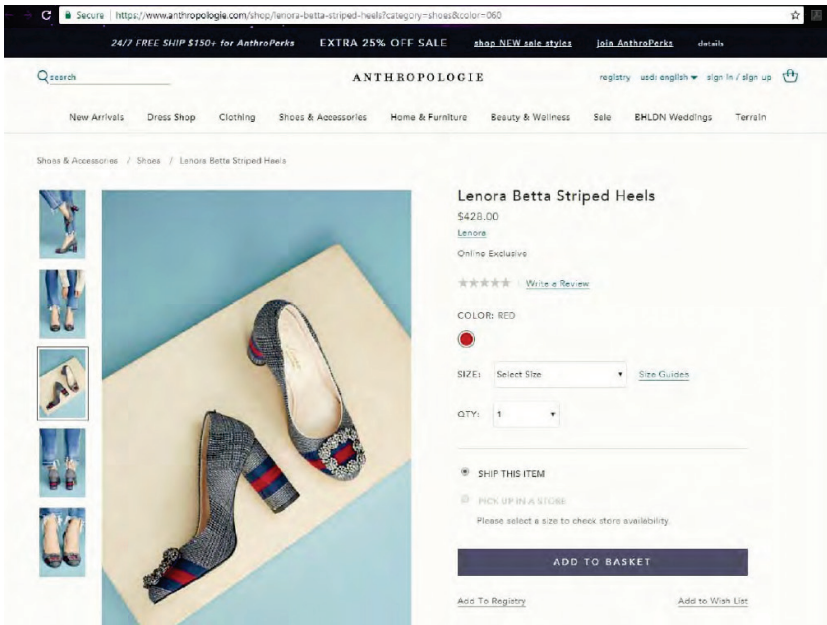
⁹⁷ Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-71 Civil Minutes pages 2-3 February 9, 2018).

⁹⁸ See Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-48 Gucci America's Motion for Partial Dismissal of Second Amended Complaint December 8, 2017).

⁹⁹ See U.S. Trademark Reg. Nos. 1,495,863; 1,511,774; and 1,520,796, among others.

¹⁰⁰ Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-47 Forever 21 Second Amended Complaint at ¶¶ 86-95, 144-145, December 5, 2017).

¹⁰¹ *Id.*



The judge denied Gucci’s motion to dismiss, allowing Forever 21’s claims that the Gucci trade dress is generic or aesthetically functional to move forward, showing the risks that come with

asserting trade dress rights.¹⁰² Gucci has indicated that it will not give up its trade dress registrations so easily and that it will challenge the sufficiency of Forever 21's allegations in a summary judgment motion.¹⁰³

6. Summary of the Benefits and Limitations of Trademarks as an IP Right

In summary, trademarks and trade dress provide a valuable avenue of IP protection because they can, in theory, last forever, and a rights holder can start building rights in the mark through use in commerce without a registration. Trademark and trade dress can be used to block an identical mark, but also a mark that is not identical, but confusingly similar. However, unlike other types of IP rights, trademarks and trade dress need to be maintained through proper use in commerce and through monitoring and enforcement against others.¹⁰⁴

B. Copyrights

1. Copyrights for Footwear

Copyright provides the exclusive right to make copies of “original works of authorship.”¹⁰⁵

“Original works of authorship” covers a wide array of creative expressions such as artwork, music, text, literature, architectural drawings, and audio-visual works, among others. In order to be eligible for copyright protection, the work must meet a basic threshold of “originality,” which can be loosely interpreted as a minimal degree of creativity that is original to the author (i.e., not copied or taken from another’s work).¹⁰⁶ A copyright protects expression and does not extend to any idea, method, process, or

¹⁰² Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-71 Civil Minutes February 9, 2018).

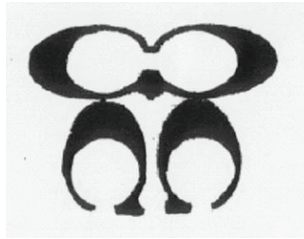
¹⁰³ Forever 21 v. Gucci, Case No. 2:17-cv-04706 (Dkt-48 Gucci America’s Motion for Partial Dismissal of Second Amended Complaint at ¶¶ 13 December 8, 2017).

¹⁰⁴ A trademark owner has a duty to police its mark. *See, e.g.*, Grupo Gigante Sa De CV v. Dallo & Co. Inc., 391 F.3d 1088, 1102 (9th Cir. 2004) (“Companies expecting judicial enforcement of their marks must conduct an effective policing effort.”). A trademark watching service is a helpful tool in monitoring the marketplace for infringing or similar marks. Trademark owners should also promptly take action to stop the use of infringing marks in the marketplace and also make sure to monitor and maintain quality control over licensed / authorized users of the marks. Before sending any demand letters or taking any enforcement action, however, it is advisable to research priority issues to be sure that the purported infringer does not have superior rights.

¹⁰⁵ 17 U.S.C. § 102(a). This statutory section also provides various other exclusive rights to authors of copyrighted works.

¹⁰⁶ *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 358, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991).

procedure.¹⁰⁷ Likewise, copyright law does not protect names, titles, or short phrases or expressions.¹⁰⁸ Thus, copyright protection does not extend to simple word marks, or logos or designs composed of common geometric shapes.¹⁰⁹ For example, the U.S. District Court for the Southern District of New York upheld the Copyright Office's refusal to register Coach's interlocking C logo, holding that the logo was a simple design consisting of two linked letter "C" shapes "facing each other in a mirrored relationship" and two unlinked letter "C" shapes . . . in a mirrored relationship and positioned perpendicular to the linked elements."¹¹⁰



Despite the denial of copyright protection, this design is protected by trademark law.¹¹¹

By contrast, the Copyright Office granted copyright registration to Louis Vuitton's multicolor monogram designs, finding them to meet the originality requirements of the Copyright Act:

¹⁰⁷ See "Copyright Basics" U.S. Copyright Office Circular 1 (revised 09/2017) (available at <https://www.copyright.gov/circs/circ01.pdf> (last accessed Dec. 3, 2017)).

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* See also Copyright Compendium Third Edition (2017) Section 906.1 ("The Copyright Act does not protect common geometric shapes, either in two-dimensional or three-dimensional form. There are numerous common geometric shapes, including, without limitation, straight or curved lines, circles, ovals, spheres, triangles, cones, squares, cubes, rectangles, diamonds, trapezoids, parallelograms, pentagons, hexagons, heptagons, octagons, and decagons. Generally, the U.S. Copyright Office will not register a work that merely consists of common geometric shapes unless the author's use of those shapes results in a work that, as a whole, is sufficiently creative") (available at <https://www.copyright.gov/comp3/> (last accessed Dec. 3, 2017)) and "Works Not Protected by Copyright" U.S. Copyright Office Circular 33 (revised 09/2017) (available at <https://www.copyright.gov/circs/circ33.pdf> (last accessed Dec. 3, 2017)).

¹¹⁰ *Coach, Inc. v. Peters*, 386 F. Supp. 2d 495, 496 (S.D.N.Y. 2005).

¹¹¹ See U.S. Trademark Reg. No. 3,396,554.



Louis Vuitton Malletier
 Copyright Reg. Nos. VA 1-250-121
 (supplemented by VA 1-365-644) and
 VA 1-250-120 (supplemented by VA 1-365-645)¹¹²

In order to be copyrightable, the work must also be “fixed” in some tangible form (e.g., a drawing on paper, a model, a musical recording), which means that a creative expression that is just a thought in one’s head or even spoken aloud, but not fixed in a tangible form, is not protected by copyright.¹¹³

Copyrights play a vital role in the protection of musical, artistic, and literary works. Copyrights play a more limited, but still potentially important, role in the context of fashion, including shoe designs. The limitation results from the fact that U.S. copyright law does not extend protection to “useful articles” or works that have an intrinsic utilitarian function.¹¹⁴ The U.S. Copyright Office lists clothing (which includes shoe designs) among the “useful articles” not protected under copyright law.¹¹⁵

With respect to shoes and other fashion articles, an exception to this rule exists if the original expression is “separable” from the utilitarian function of the overall product or design.¹¹⁶ Under the separability doctrine, although a unique shoe shape, itself, might not be eligible for copyright protection (as the shape of the shoe in most cases would not be considered “separable” from the utilitarian

¹¹² See, e.g., *Louis Vuitton Malletier v. My Other Bag, Inc.*, 156 F. Supp. 3d 425 (S.D.N.Y. 2016), *aff’d* Appeal No. 16-241-cv (2d Cir. Dec. 22, 2016), *cert. denied* ___ U.S. ___ (2017) (summary judgment granted on fair use defense related to use of simulation of Louis Vuitton copyrighted pattern on MY OTHER BAG canvas tote bags).

¹¹³ 17 U.S.C. § 102(a).

¹¹⁴ 17 U.S.C. § 101 provides the following definition: “A ‘useful article’ is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a ‘useful article.’”

¹¹⁵ U.S. Copyright Office, *Useful Articles*, FL-103 (May 2013) (available at <https://www.copyright.gov/fls/fl103.pdf> (last accessed Dec. 3, 2017)).

¹¹⁶ *Star Athletica LLC v. Varsity Brands, Inc.*, 580 U.S. ___, 137 S. Ct. 1002 (2017).







function of the shoe), a drawing on the face of the shoe, a unique buckle attached to the shoe, or a unique fabric print used on the body of the shoe could be considered separable and thus eligible for copyright protection (assuming it meets the originality requirement).¹¹⁷

In *Star Athletica LLC v. Varsity Brands, Inc.*, the Supreme Court found that designs applied to cheerleading uniforms were separable from the utilitarian function of the cheerleading designs and could be protected under copyright.¹¹⁸

Varsity Copyright Registrations	Star’s Accused Catalog Designs
	
	

¹¹⁷ Another type of copyright that shoe designers can take advantage of is the copyright existing in the photographs of their products. While the copyright in the photograph cannot be used to protect the underlying shoe that is the subject of the photograph, it can be used against infringers or counterfeiters who take and use images from the shoe owner’s websites or catalogs to help advertise infringing products.

¹¹⁸ *Star Athletica*, 137 S. Ct. at 1006.

Varsity Copyright Registrations	Star's Accused Catalog Designs
	
	
	

The Supreme Court outlined the following two-part test for the separability doctrine: a feature of a useful article's design is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful

article, and (2) would qualify as a protectable pictorial, graphic, or sculptural work, either on its own or fixed in some other tangible medium of expression, if it was imagined separately from the useful article into which it is incorporated.¹¹⁹

The Supreme Court explained that the lines, chevrons, and colorful shapes appearing on the surface of Varsity’s cheerleading uniforms can be identified as decorations having pictorial, graphic, or sculptural qualities, meeting the first prong of the test. Additionally, the colors, shapes, stripes, and chevrons of the Varsity uniforms would qualify as two-dimensional works of art if they were separated from the cheerleader uniforms and applied to another medium, such as a painter’s canvas or different types of clothing. Thus, the second prong of the test was also met.



The Court expanded on this, noting that just because Varsity’s two-dimensional artwork may retain the outline of a cheerleading uniform does not bar it from being eligible for copyright protection. Similarly, two-dimensional fine art matches the shape of the canvas it is painted on and two-dimensional applied art corresponds to the contours of the article to which it is applied. Accordingly, the surface designs on the Varsity uniforms are eligible for copyright protection.

Other examples of works that could be considered copyrightable in the shoe space include:

Shoe	Copyrightable Elements
<div data-bbox="246 1095 582 1328" data-label="Image"> </div> <p data-bbox="243 1335 585 1403">Louis Vuitton “Stellar Sneaker” Boot¹²⁰</p>	<p data-bbox="669 1037 1062 1459">Although the shape of the shoe and the style of the shoe may not be copyright-eligible, the design on the fabric on the shoe is copyright-eligible as shown in Louis Vuitton’s copyright registrations (VA 1-250-121 (supplemented by VA 1-365-644) and VA 1-250-120 (supplemented by VA 1-365-645)).</p>

¹¹⁹ *Id.*

¹²⁰ <http://eu.louisvuitton.com/eng-e1/products/stellar-sneaker-boot-nvprod680079v> (last accessed Dec. 3, 2017).

Shoe	Copyrightable Elements
 <p>Vans' custom shoe collection¹²¹</p>	<p>While the design of the shoe's shape is not copyright eligible, some of the patterns and the artwork printed or drawn on the shoe may be copyright-eligible.</p>
 <p>122 123</p> <p>John Richmond Black Label Embellished-Heel Pumps (left) Emilio Pucci Dragon Resin and Calfskin Wedges (right)</p>	<p>While the idea of a decorative or sculptured heel is not copyright-eligible, specific designs sculpted on the heels are eligible for copyright protection.¹²⁴</p>

In one of the first lawsuits seeking to extend copyright protection for useful articles after *Star Athletica*, Puma filed suit against Forever 21, asserting design patent, trade dress, and copyright infringement, based on Forever 21's versions of Puma's "Fenty" line, a collaboration between Puma and the singer Rihanna.¹²⁵ Images of the shoes from the Puma complaint are shown below:

¹²¹ <http://houseofvans.tumblr.com/post/164716722336/youre-it-vans-customs-top-5-favorites-here> (last accessed Dec. 3, 2017).

¹²² Jan E, *The 20 Most Commented and Liked Shoe Photos of April*, Your Next Shoes (May 30, 2014), <http://www.yournextshoes.com/shoe-photos-april/> (last accessed Dec. 3, 2017).

¹²³ https://www.polyvore.com/emilio_pucci_150mm_dragon_resin/thing?id=85418966 (last accessed Dec. 3, 2017).

¹²⁴ See *Mazer v. Stein*, 347 U.S. 201 (1954) (finding a sculptured lamp base depicting a dancer was physically separable from the lamp's utilitarian function).

¹²⁵ *Puma SE v. Forever 21, Inc.*, 2:17-cv-02523 (C.D. Cal. Complaint Filed March 31, 2017) see: <https://www.courthousenews.com/wp-content/uploads/2017/04/Puma-Forever-21.pdf>.

Puma Fenty Shoes	Forever 21 Shoes
<p data-bbox="345 288 454 320">Creeper</p> 	<p data-bbox="829 288 892 320">Yoki</p> 
<p data-bbox="337 596 463 628">Fur Slide</p> 	<p data-bbox="797 583 923 615">Fur Slide</p> 
<p data-bbox="325 870 476 902">Bow Slides</p> 	

Citing the Supreme Court opinion, Puma alleges that Forever 21 infringes its copyrights in the shoes, asserting that each of its Fenty shoes contain copyrightable elements that (1) can be perceived as a two- or three-dimensional work of art separate from the Fenty Shoes and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression.

Puma alleged that the “Creeper” shoe contains separable, copyrighted elements such as the “ridged vertical tooling and grainy

Further information about the case, and the difficulties Puma has faced thus far are outlined in another article in this journal. See Jessica Cohen-Nowak, *Puma SE v. Forever 21, Inc.: Puma’s “Fenty” Slides May Not Have the Traction for the Uphill Battle Against Forever 21*, 107 TMR 1238, 1248-1250 (2017).

texture encompassing the thick rubber outsole.” Puma also alleged that the separable, copyrighted elements of the “Fur Slide” sandal are “a wide plush fur strap extending to the base of the sandal” and the separable, copyrighted elements of the “Bow Slide” sandal include “a casually knotted satin bow with pointed endings atop a satin-lined side strap that extends to the base of the sandal.”¹²⁶

Puma “treaded” into new territory in the wake of the Supreme Court’s decision. However, Puma’s motion for preliminary injunction was denied, albeit, on the ground that the only evidence of irreparable harm was a single declaration from one of Puma’s directors.¹²⁷ Puma appealed this decision to the Federal Circuit, but the case settled before it was decided.

Applying *Star Athletica* to the footwear space, could some of the elements on footwear such as the below AIR JORDAN sneakers from Nike qualify for copyright protection?



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In the authors’ view, the answer is yes.

Although the Supreme Court found the designs at issue in *Star Athletica* are separable, that was not the end of the case. In the courts below, the District Court granted *Star Athletica*’s Motion for

¹²⁶ Puma SE v. Forever 21, Inc., 2:17-cv-02523 (C.D. Cal.) (Complaint Dkt-1 ¶ 9).

¹²⁷ See Puma SE v. Forever 21, Inc., 2:17-cv-02523 (C.D. Cal.) (Order Dkt-57); see also eBay Inc. v. MercExchange LLC, 546 U.S. 388 (2006).

¹²⁸ Stadium Goods, Jordan, Air Jordan 7 Retro, https://www.stadiumgoods.com/air-jordan-7-retro-white-unvrsty-rd-blk-brght-cnc-304775-142?utm_source=google&utm_medium=cpc&adpos=1o1&scid=scplp39379&sc_intid=39379&gclid=EA1aIQobChMI-PmL4sD41wIVk4l-Ch1q3QNvEAKYASABEgJr2vD_BwE&gclsrc=aw.ds (last accessed Dec. 7, 2017).

¹²⁹ U.S. Trademark Reg. No. 1,558,100, Specimen Filed Apr. 1, 2009.

¹³⁰ U.S. Trademark Reg. No. 1,742,019, Specimen Filed May 2, 2008.

Summary Judgment that the designs were not protected and the Sixth Circuit reversed. The affirmance by the Supreme Court sent the case back to the District Court for a decision on the merits. At issue, and foreshadowed by footnote 1 in the Supreme Court's decision, was whether Star Athletica could defeat Varsity's copyrights on other grounds.¹³¹ Footnote 1 makes it clear that the decision does not "hold that the surface decorations are copyrightable," only that the surface decorations are eligible for copyright protection based on their "conceptual separability." The Court, citing Feist, expressed "no opinion on whether these works are sufficiently original to qualify for copyright protection" or "on whether any other prerequisite of a valid copyright has been satisfied."¹³² Unfortunately, the *Star Athletica* case was settled by the insurance carrier and dismissed.¹³³ Therefore, the questions of whether Star Athletica could have proven that Varsity Brands did not satisfy the low threshold of originality by showing that the designs lack originality, that the uniform colors are dictated by the schools, and that the design shape are dictated by the uniform will, for the time being, be left unanswered. Moreover, it would have been interesting to see whether Star Athletica could have shown that the designs were ubiquitous in the industry and that other designs predate Varsity, such that the Varsity copyrights are unprotectable scènes-à-faire. While *Star Athletica* may open the door for additional protections for shoe designers, these unanswered questions suggest that the floodgates have not been opened.

2. Key Traits of Copyright Protection

The copyright law in the United States can be found in title 17 of the U.S. Code.¹³⁴

Copyright protection encompasses a bundle of exclusive rights to the author of the copyrighted work.¹³⁵ With respect to shoes, the relevant exclusive rights are the following: the right to (1) reproduce or make copies of the work; (2) make derivative works; and (3) distribute copies of the work. A claim of copyright infringement requires that the infringer *copied* the copyright owner's work. In other words, if a third party independently creates a same or similar work, without copying from the copyrighted work, then there is no

¹³¹ *Star Athletica LLC v. Varsity Brands, Inc.*, 580 U.S. ___, 137 S. Ct. 1002, 1012 n.1 (2017) ("We do not today hold that the surface decorations are copyrightable. We express no opinion on whether these works are sufficiently original to qualify for copyright protection; see *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U. S. 340, 358-359 (1991), or on whether any other prerequisite of a valid copyright has been satisfied.").

¹³² *Id.*

¹³³ 123 U.S.P.Q.2d 1885 (W.D. Tenn. 2017).

¹³⁴ 17 U.S.C. § 101, et al.

¹³⁵ 17 U.S.C. § 106.

infringement. By general example, if two strangers take a photograph of the same scene, each would own a copyright in his or her respective photograph.¹³⁶

Under current U.S. law, a copyright “subsists” upon creation and fixation, meaning that upon creation and fixation of the work, the author owns a copyright. And while the work need not be registered until the owner wants to file a copyright infringement lawsuit, significant benefits flow from prompt registration. The registration acts as a public record showing ownership in the work and, if registered within five years of publication, constitutes prima facie evidence of the validity of the copyright and the facts stated in the certificate.¹³⁷ A copyright registration can also be recorded with Customs to help block the import of infringing goods.¹³⁸ Registration of a work within three months of its publication or before infringement commenced provides the additional advantage of being able to recover statutory damages and attorney’s fees from an infringer in an infringement suit. Otherwise, only an award of actual damages and profits (which can be difficult to prove) is available to the copyright owner.¹³⁹ Moreover, for a U.S. work, the copyright owner must at least file an application for registration in order to be able to institute a federal copyright infringement action.¹⁴⁰

¹³⁶ See, for example, *Rentmeester v. Nike, Inc.*, 883 F.3d 1111 (9th Cir. 2018) (holding that Nike’s recreation of Rentmeester’s iconic photograph of Michael Jordan in his jumpman pose was not a copyright infringement because the photos were not “substantially similar.”); see also *Folkens v. Wyland Worldwide, LLC*, 882 F. 3d 768 (9th Cir. 2017) (holding that one painting showing dolphins crossing underwater in the wild was not an infringement of another such painting, where there were other distinguishing elements between the paintings, because this naturally occurring pose is not protectable under copyright), although precise attempts to copy and recreate a photograph can result in possible copyright infringement liability. See *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F. 3d 1068 (9th Cir. 2000) (allowing case to proceed wherein photographer alleged that Skyy used photographs taken by the other photographers that mimicked his own photos; specifically, he claimed that these photographers improperly used his photographs to produce virtually identical photos of the vodka bottle).

¹³⁷ 17 U.S.C. § 410(c).

¹³⁸ 19 C.F.R. 133.31, *et seq.* (“Claims to copyright which have been registered in accordance with the Copyright Act of July 30, 1947, as amended, or the Copyright Act of 1976, as amended, may be recorded with Customs for import protection.”).

¹³⁹ 17 U.S.C. § 412.

¹⁴⁰ 17 U.S.C. § 411(a) (“No civil action for infringement of the copyright in any United States work shall be instituted until . . . registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights”). Circuits differ as to whether simply filing a copyright application is enough to meet this statutory requirement or whether an issued registration is needed. See *Fourth Estate Public Benefit Corporation v. Wall-Street.com, LLC*, 856 F.3d 1338 (11th Cir. 2017) (holding that a pending copyright application is not enough to file a lawsuit);

Use of a copyright notice is no longer *necessary* to maintain copyright protection for works first published after March 1, 1989. However, providing proper notice makes it difficult for defendants to claim that they were “innocent” infringers who were misled by the absence of a copyright notice.¹⁴¹ A copyright notice consists of: the © copyright symbol, the year a work was first published, and the name of the copyright owner (e.g., © 2018 Knobbe Martens Olson & Bear LLP), and should be positioned in such a way that it provides reasonable notice of the claim of copyright.

3. Duration of Protection¹⁴² and Copyright Ownership

When the author of a copyrighted work is an individual, the copyright lasts for the life of the author plus an additional 70 years. For works created by joint authors (where neither was a work for hire), the copyright term lasts until 70 years after the last surviving author’s death. For works that are either anonymous, pseudonymous, or that qualify as a “work made for hire,” the duration is 95 years from publication of the work, or 120 years from creation of the work, whichever is shorter.¹⁴³

The author/owner of the copyright is, typically speaking, the creator of the work. An exception to this is in the case of a “work made for hire,” where someone other than the creator is considered the author.¹⁴⁴

There are two, and only two, circumstances where a work can qualify as a *work made for hire*. The first one, which is the scenario more relevant to the shoe design industry, is when the work is created by an employee acting within the scope of the employment. In that scenario, the employer would be considered the author and, therefore, the owner of the copyright. For example, if a shoe company hires a fabric designer as an employee of the company, fabric designs created by that employee would likely be considered a “work made for hire” and any copyrights therein would be owned by the shoe company. Ownership of works created by employees, but not in their normal course of employment, varies with the facts of each case.

The second scenario that qualifies as a *work made for hire* is largely irrelevant to the design of shoes, and relates to works that

Cosmetic Ideas, Inc. v. IAC/Interactive, 606 F.3d 612 (9th Cir. 2010) (holding that a pending copyright application is sufficient to file a lawsuit).

¹⁴¹ 17 U.S.C. § 401(d).

¹⁴² This section addresses works created on or after January 1, 1978. Pre-1978 works are subject to different duration rules.

¹⁴³ See *Duration of Copyright* U.S. Copyright Office Circular 15a (reviewed 08/2011) (available at <https://www.copyright.gov/circls/circ15a.pdf> (last accessed Dec. 3, 2017)) and 17 U.S.C. § 301, *et seq.*

¹⁴⁴ 17 U.S.C. §§ 101 and 201.

are specially ordered or commissioned for use as part of a specific type of qualifying work and where the parties signed a written agreement that the work shall be considered a work for hire.¹⁴⁵ In any other situation, the work is not a work made for hire, even if by contract the parties attempt to say that it is. Accordingly, if planning to use a copyrighted work created by someone else, it is prudent to obtain a written assignment of rights (not a “work for hire” agreement) from the individual or company that owns the copyrights.

4. Remedies Available Against Infringers

Sections 501–513 of the Copyright Act address the remedies available to copyright owners in infringement cases. Two important remedies available are injunctions to prevent continued infringement of a copyright as well as the impounding and destruction of infringing articles.¹⁴⁶

With respect to monetary relief, a copyright owner is entitled to (1) actual damages sustained by the copyright owner resulting from the infringement, as well as (2) the infringer’s profits that are attributable to the infringement.¹⁴⁷ Copyright infringement has a three-year statute of limitations indicating that “No civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued.”¹⁴⁸ This means that the monetary remedy may be limited to the three years immediately prior to the filing of suit.¹⁴⁹

In the instance where the copyright owner registered its copyright before the infringement commenced or within three months of publication of the work, the owner can alternatively elect to recover statutory damages instead of actual damages and profits. The plaintiff may collect \$200–\$30,000 for each infringement or in the case where infringement was willful, up to \$150,000 per infringement.¹⁵⁰

Costs and reasonable attorneys’ fees are also available, at the court’s discretion, to the prevailing party.¹⁵¹

¹⁴⁵ The nine types of qualifying works are: (1) a contribution to a collective work, (2) a part of a motion picture or other audiovisual work, (3) a translation, (4) a supplementary work, (5) a compilation, (6) an instructional text, (7) a test, (8) answer material for a test, and (9) an atlas. 17 U.S.C. § 101.

¹⁴⁶ 17 U.S.C. §§ 502-503.

¹⁴⁷ 17 U.S.C. § 504.

¹⁴⁸ 17 U.S.C. § 507(b).

¹⁴⁹ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. ___, 134 S. Ct. 1962 (2014).

¹⁵⁰ 17 U.S.C. § 504.

¹⁵¹ 17 U.S.C. § 505. Reasonable attorneys’ fees are available only if the registrant timely files a copyright application prior to filing of the litigation.

Willful infringement of a copyright can also be a criminal offense.¹⁵²

5. Summary of the Benefits and Limitations of Copyrights as an IP Right

Copyrights can be valuable weapons in enforcement actions in the United States and other countries. Unlike trademarks, which are enforceable only against confusingly similar marks used on related products, copyrights can be asserted against any substantially similar logo or design, regardless of the product on which it is used, so long as it can be shown that the infringing work was copied from the original work. Moreover, U.S. copyrights may be recognized and enforceable in many other countries.¹⁵³

C. Patents

A patent is a right granted to inventors to exclude others from making, selling, offering for sale, using, or importing an invention. A U.S. patent gives its owner the right to exclude others from practicing the patented invention for the duration of the patent, regardless of whether the infringer had knowledge of the patent or whether the infringer independently created the patented invention. Patents do not, however, grant the owner a *right to use* the patented invention, nor do they provide assurances that the patented invention is free from infringement of other patents.¹⁵⁴

There are two types of patents in the United States relevant to the shoe industry. The first, called a “utility patent,” covers useful inventions and discoveries, as defined in the claims of the patent. The second, called a “design patent,” covers non-functional and ornamental designs, defined by what is claimed in the drawings of the design patent. Both utility patents and design patents require that the claimed invention be new and nonobvious in view of prior art (i.e., in view of what was known publicly prior to the filing).¹⁵⁵

¹⁵² 17 U.S.C. § 506(a).

¹⁵³ The United States is a party to the Berne Convention, a treaty among several countries addressing the protection of copyrighted works and requiring member-countries to recognize copyrights granted in other countries. See World Intellectual Property Organization (“WIPO”), “Summary of the Berne Convention for the Protection of Literary and Artistic Works (1886)” (available at http://www.wipo.int/treaties/en/ip/berne/summary_berne.html (last accessed Dec. 3, 2017)).

¹⁵⁴ See 35 U.S.C. §§ 154(a).

¹⁵⁵ For a utility patent, the standard is that the invention be new and nonobvious to a person of ordinary skill in the art. For a design patent, the standard is that the design be new and nonobvious to an ordinary designer in the field of the invention.

1. Key Traits of Patent Protection

The Patent Act can be found in Title 35 of the U.S. Code. The patent law in the United States was updated when the America Invents Act (the “AIA”) was signed into law in 2011 and became effective in 2012–2013. Among other things, the AIA was an effort to harmonize the U.S. patent system with the rest of the world.

In order to secure patent protection in the United States, registration at the USPTO is mandatory. There are no protections afforded to a novel invention that is not supported by an issued patent during its term (unless the invention qualifies as a trade secret).¹⁵⁶ The United States provides a one-year grace period from the date of public disclosure of the invention by the inventor to file a patent application.¹⁵⁷ After the one-year grace period, the inventor is barred from securing patent protection for the disclosed invention. It is important to note that most countries do not provide a grace period for filing a patent application and that disclosure at any time by anyone prior to the filing of an application can bar patent protection in those countries.

Additionally, only the first and original inventor may obtain a patent. For example, one cannot obtain a patent in the United States for an invention created by someone else overseas, because they would not be considered the first and original inventor. One can, however, improve another’s invention and then patent the improvement.

It is highly encouraged to mark one’s inventions with a patent notice, as the failure to do so can impair the ability to collect

¹⁵⁶ The United States is required to provide trade secret protection under Article 39, paragraph 2 of the Trade Related Aspects of Intellectual Property rights (TRIPS) Agreement, of which it is a party. Additionally, the Defend Trade Secrets Act of 2016 created a federal civil cause of action for Trade Secrets. While this article does not address trade secret protection, trade secrets can, of course, be relevant in the footwear industry just as they are in most other industries. Generally, to qualify for trade secret protection, the subject matter must be the type of information trade secret was intended to protect, it must not be generally known, and the holder of the trade secret must establish that reasonable precautions were taken to prevent disclosure of the secret information. *See*, 18 U.S.C. § 1839(3). For example, in 2015, Nike sued three former designers for trade secret infringement, among other claims like breach of contract, when the designers quit and went to work for adidas. The information claimed to have been stolen included future strategic development plans and product offerings/launches, unreleased product design drawings and models, unreleased product technology, product financial performance information, marketing campaign materials, virtual testing methodologies, and blueprints for product launches. *See Nike Inc. v. Devocik*, case number 14CV18876, in the Circuit Court for the State of Oregon, County of Multnomah.

¹⁵⁷ This one-year grace period is also known as the “on-sale bar.” One of the changes made by the AIA was that it narrowed the one-year grace period to cover only those public disclosures made by the inventor. Any public disclosures made by third parties, even if within one year to the application filing date, can constitute “prior art” and can bar an application from registering.

damages from an infringer.¹⁵⁸ A proper patent notice will state on the product “Patent,” “Pat.” or “Pat. No.” together with the patent number or with a website address that associates the product with the patent number. Inventors can also use the phrase “patent pending” on products to denote that a patent application is pending and not yet issued. An issued patent can be recorded with Customs to help block the importation of counterfeit goods.

USPTO procedures allow a third party or a potential infringer to attempt to invalidate an issued patent.¹⁵⁹ The most common proceeding is inter partes review, commonly referred to as IPR. IPR is a trial proceeding created by the AIA that is conducted by a Board of Administrative Law judges.¹⁶⁰ Any third party, including a potential infringer or a defendant accused of infringement, can file a petition with the USPTO to review the patentability of specified claims of a U.S. patent.¹⁶¹ However, the only bases for invalidity allowed to be set forth in the petition are that the patent is invalid based on anticipation or obviousness by prior art consisting of patents or printed publications.¹⁶² This proceeding has been heavily used since its launch in 2012. Since the IPR’s inception, over 6,000 IPR petitions were filed, 18% of which resulted in some claims of the patent being found invalid.¹⁶³ These proceedings generally reach a Final Decision within 18 months.

The ongoing viability of IPRs was confirmed by the U.S. Supreme Court in April 2018. The Supreme Court held, in a 7-2 decision, that IPRs do not violate Article III or the Seventh Amendment of the U.S. Constitution.¹⁶⁴

2. Ownership

A patent is owned by the inventor or inventors. The inventor of a patentable invention has the right to file patent applications. The rights to the invention can be (and quite frequently are) assigned from the inventor to third parties such as employers. Such assignments must be in writing.¹⁶⁵

¹⁵⁸ See 35 U.S.C. § 287 (“In the event of a failure to so mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.”).

¹⁵⁹ 37 U.S.C. §§ 42.

¹⁶⁰ 37 U.S.C. §§ 42.100-123.

¹⁶¹ 37 U.S.C. §§ 42.101-104.

¹⁶² 37 U.S.C. § 42.104.

¹⁶³ Lex Machina, PTAB Trials filed between 2012-09-16 and 2017-09-07.

¹⁶⁴ *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, No. 16-712, 584 U.S. __ (2018).

¹⁶⁵ 35 U.S.C. § 261.

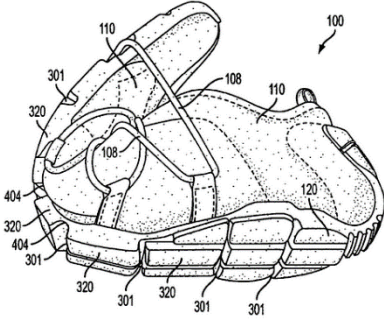

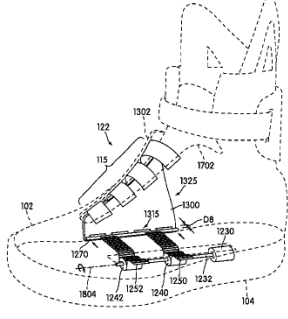
3. Utility Patents

a. Examples of Utility Patents in the Shoe Industry

Utility patents protect useful and functional inventions such as shoe designs with a functional purpose (think of foot-supporting technology) or functional components of a shoe (think of a new mechanism for claspings a shoe). The following are examples of utility patents that the USPTO has issued in connection with shoes:¹⁶⁶

Assignee	Patent Title & No.	Example Figure
<p>Nike Inc.</p>	<p>Patent for a cushioning sole for use in athletic shoes U.S. Patent No. 5,297,349</p>	
<p>Tim James Ussher</p>	<p>Patent for an automatic shoe lace tightening system U.S. Patent No. 7,752,774</p>	
<p>Darco International Inc.</p>	<p>Patent for a medical shoe with interchangeable insoles that treat feet U.S. Patent No. 8,201,346</p>	

¹⁶⁶ In a utility patent, the patent claims define the scope of the patent protection. These images are provided for illustrative purposes only and the full patent text and claims must be consulted to understand the context and scope of the patent.

Assignee	Patent Title & No.	Example Figure
<p>Reebox International Ltd.</p>	<p>Patent for a collapsible shoe U.S. Patent No. 8,020,320</p>	
<p>Stylish LLC</p>	<p>Patent for shoes with removable and reconfigurable upper pieces U.S. Patent No. 8,230,621</p>	
<p>Nike, Inc.</p>	<p>Patent for Automatic Lacing System U.S. Patent No. 8,769,844</p>	

Utility patents can confer broad protection over new and useful inventions. For example, in May 2015, Footbalance System, Inc. (“Footbalance”) filed a complaint against Zero Gravity Inside, Inc. (“Zero Gravity”) alleging that Zero Gravity infringed two of its utility patents related to its insole technology found in U.S. Patent

Numbers 7,793,433 and 8,171,589.¹⁶⁷ Both companies create custom insoles.¹⁶⁸ Footbalance alleged in its complaint that Zero Gravity utilizes specially designed “blanks,” which consist of layers of materials, including at least one layer of thermoplastic material.¹⁶⁹ The insoles are heated while the customer is positioned on a stand on top of a molding station with flexible pillows.¹⁷⁰ The heated insoles are placed between the customer’s foot and the pillows.¹⁷¹ The customer’s foot and the insole are then manipulated in different ways by the store employee to achieve a custom fit.¹⁷² A few months after Footbalance’s complaint, Zero Gravity filed an IPR petition at the Patent Trial and Appeal Board (“PTAB”) alleging that claims 1-7 of Footbalance’s U.S. Patent No. 7,793,433 were invalid as obvious.¹⁷³ Zero Gravity had to establish by a preponderance of the evidence that the claims were invalid based on its cited prior art. The PTAB issued a Final Written Decision in February 2017 finding that Zero Gravity failed to prove that the claims of the patent were obvious over the cited references.¹⁷⁴ A figure and a claim of the 7,793,433 patent are shown below along with figures from two of the references used in an attempt to invalidate the claims.

¹⁶⁷ Footbalance System Inc. v. Zero Gravity, Inc., Case No. 3:15-cv-1058-JLS (S.D. Cal.).

¹⁶⁸ *Id.* Fourth Amended Complaint, Dkt-51, at 7.

¹⁶⁹ *Id.*

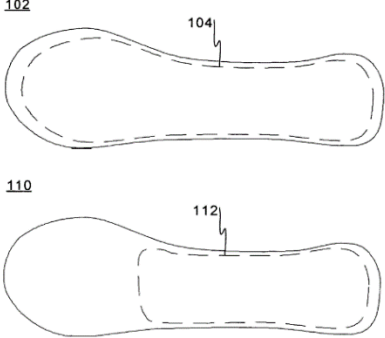
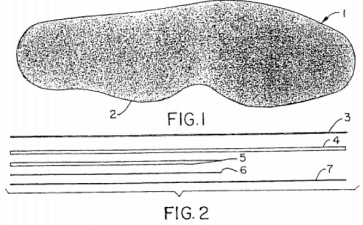
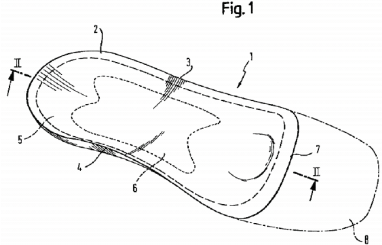
¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ Petition for Inter Partes Review of U.S. Patent No. 7,793,433, IPR No. 2015-01769 (PTAB Aug. 19, 2015).

¹⁷⁴ *Id.*, Final Written Decision, Paper No. 49 (PTAB, Feb. 3, 2017).

<p align="center">U.S. Patent No. 7,793,433 Figure 1 and Claim 1</p>	<p align="center">References Cited in IPR¹⁷⁵</p>
 <p>Figure 1</p> <ol style="list-style-type: none"> An insole for footwear, comprising: <p>at least one layer made of thermoplastic material; and a lower layer configured to be placed against the footwear, wherein said thermoplastic material is selected from the group consisting of: ABS, PVC, A-PET and PETG, wherein said thermoplastic material of said at least one layer becomes plastic substantially under 95° C. and above 45° C., and wherein the at least one layer of thermoplastic material is configured to reach out from under a heel of a foot only to the metatarsophalangeal joint of the foot, and wherein the lower layer is configured to</p> 	<p align="center">References Cited in IPR¹⁷⁵</p>  <p>Zero Gravity contended that “Dieckhaus” discloses an insole with several layers including a thermoplastic layer that extends only to the approximate ball of the foot. The PTAB held that Zero Gravity did not show a thermoplastic layer formed to extend only to the metatarsophalangeal joint as required by claim 1 of U.S. Patent No. 7,793,433.</p>  <p>Zero Gravity contended that “Eischweiler” discloses an insole with a ¾-length moldable support layer. The patent owner contended that Eischweiler does not disclose that claim 1 of U.S. Patent No.</p>

¹⁷⁵ Note that there were detailed arguments and responses based on several pieces of prior art. This is just a sampling of the arguments that were made.

U.S. Patent No. 7,793,433 Figure 1 and Claim 1	References Cited in IPR ¹⁷⁵
reach from under the heel to the metatarsophalangeal joint and extend further to a toe of the foot.	7,793,433 because it does not disclose that the support core extends only to the metatarsophalangeal joint as required by the claim. The PTAB agreed with the patent owner.

In June of 2018, the case in the U.S. District Court for the Southern District of California was dismissed after the parties reached a settlement.

b. Duration of Protection and Ownership

A provisional application can be filed at the USPTO as a “placeholder” for the inventor to establish a priority date. A provisional application is not reviewed by the USPTO, and a non-provisional application must be filed within one year of the provisional filing. A provisional patent provides no substantive rights. Generally, a utility patent expires twenty years from filing date of the first non-provisional patent on the invention. However, to maintain a patent in force, periodic maintenance fees must be paid. Failure to pay such fees will cause the patent to lapse before the end of its twenty-year term.

c. Remedies Available

Sections 281–296 of the Patent Act address the remedies available to a patent owner in infringement cases. In a patent infringement case, the patent is presumed valid and the burden of establishing invalidity of a patent is on the party asserting that the patent is invalid.

Under Section 283 and subject to the principles of equity, courts may grant injunctions to stop or prevent the infringing activity. The plaintiff may also be entitled to monetary damages to compensate for the infringement, including for lost sales or price erosion but in no event less than the amount of a “reasonable royalty” for the infringer’s use of the invention, with interest and costs.¹⁷⁶ The court has the discretion to increase the damages up to three times that

¹⁷⁶ 35 U.S.C. § 284.

amount¹⁷⁷ and to award reasonable attorney fees to the prevailing party in “exceptional cases.”¹⁷⁸

Section 286 of the Patent Act imposes a time limitation on when a plaintiff can seek damages in a patent infringement suit, barring plaintiffs from recovery for any infringement committed more than six years prior to the filing date of the infringement claim.¹⁷⁹

d. Summary of the Benefits and Limitations of Utility Patents as an IP Right

While patents are generally the most expensive IP rights to secure, they provide many benefits.

Utility patents can provide a mechanism for blocking competitors from using new inventive functional shoe designs or elements and could provide a competitive advantage. The patent barrier can provide the right to exclude others from using a useful invention for a period of time and provides an avenue for protection over functional designs, where copyrights, trade dress, and design patents do not.

A strong patent portfolio can also send a signal to other players in the marketplace regarding the company’s sophistication and legal position and increase the company’s acquisition value. On the one hand, it can deter other companies or newcomers in the marketplace from pursuing a similar invention or adopting similar technology if the patent is identified in a search. And on the other hand, a strong patent portfolio can deter other patent holders from bringing suit and can create a settlement option for mutually beneficial cross-licensing deals.¹⁸⁰

¹⁷⁷ 35 U.S.C. § 284.

¹⁷⁸ 35 U.S.C. § 285; *See also* Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749 (2014), for the Supreme Court’s analysis on what constitutes an “exceptional case” under the patent statute.

¹⁷⁹ The Supreme Court issued a decision in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, No. 15-927, slip op. (Sup. Ct. Mar. 21, 2017) (available at https://www.supremecourt.gov/opinions/16pdf/15-927_6j37.pdf (last accessed Dec. 3, 2017)), holding that the defense of laches cannot preclude a claim for damages incurred within the Patent Act’s 6-year limitations period. The Court stated “laches . . . cannot be invoked to bar legal relief . . . [i]n the face of a statute of limitations enacted by Congress” and cited *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. ___, 134 S. Ct. 1962 (2014); *see also* Charlene A. Azema and Curtiss Dosier, *How Does the Supreme Court’s Recent Ruling on Incontinence Products Spill Over into Fashion?* Knobbe Fashion Blog, Apr. 20, 2017, <https://www.knobbe.com/news/2017/04/how-does-supreme-court%E2%80%99s-recent-ruling-incontinence-products-spill-over-fashion>.

¹⁸⁰ This benefit is more relevant to companies that plan on developing and selling products and is of less relevance to non-practicing entities (i.e., companies that hold on to patents without the intention of ever developing them).

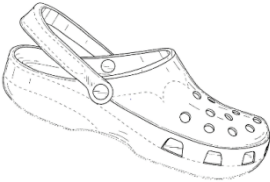

4. Design Patents

a. Design Patents in the Shoe Industry

A design patent protects novel, ornamental designs and can be a useful tool in protecting new, original, and non-functional shoe designs. Unlike copyrights, design patents *can* be used to protect a unique shoe shape, and unlike trade dress, design patents *do not* require a showing of secondary meaning or acquired distinctiveness for protection to be granted. This last point is a significant advantage over trade dress where enforcement may not be possible until the trade dress has acquired secondary meaning.¹⁸¹

Design patent rights can be used to stop a third party from using a design that is “substantially the same”¹⁸² as the protected design, such that an ordinary observer familiar with the prior art would be deceived into thinking the accused product is the same as the patented design.¹⁸³ The proper test is a comparison between the accused product and the patent drawings, and not with the plaintiff’s purported commercial embodiment of the patented drawings.¹⁸⁴

For example, in one of several decisions involving design patents for CROCS shoes, the Federal Circuit held in favor of the plaintiff Crocs, finding that, when viewing the accused shoe designs side-by-side with the patent drawings, the accused shoe designs were substantially similar to and, thus, infringing on plaintiff Crocs’ design patent.¹⁸⁵

Crocs’ Design Patent D517,789	Various accused shoes
	

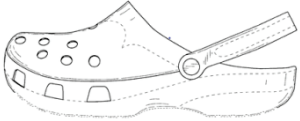

¹⁸¹ See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 212-216 (2000); 15 U.S.C. §§ 1051, 1052, 1127; Trademark Manual of Examining Procedure (TMPEP) § 1202.02(d).

¹⁸² *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678 (Fed. Cir. 2008).

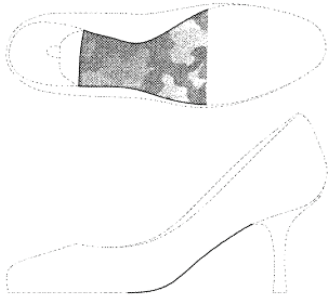

¹⁸³ See *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1303 (Fed. Cir. 2010), citing *Egyptian Goddess*, 543 F.3d at 678.

¹⁸⁴ *High Point Design LLC v. Buyer’s Direct, Inc.*, 621 F. App’x 632, 642 (Fed. Cir. 2015).

¹⁸⁵ *Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294 (Fed. Cir. 2010). The Federal Circuit also reminded lower courts about the “misplaced reliance” on detailed verbal descriptions in design cases, which “risks undue emphasis on particular features of the design rather than examination of the design as a whole.” *Crocs*, 598 F.3d at 1302.

<p>Crocs' Design Patent D517,789</p>	<p>Various accused shoes</p>
	

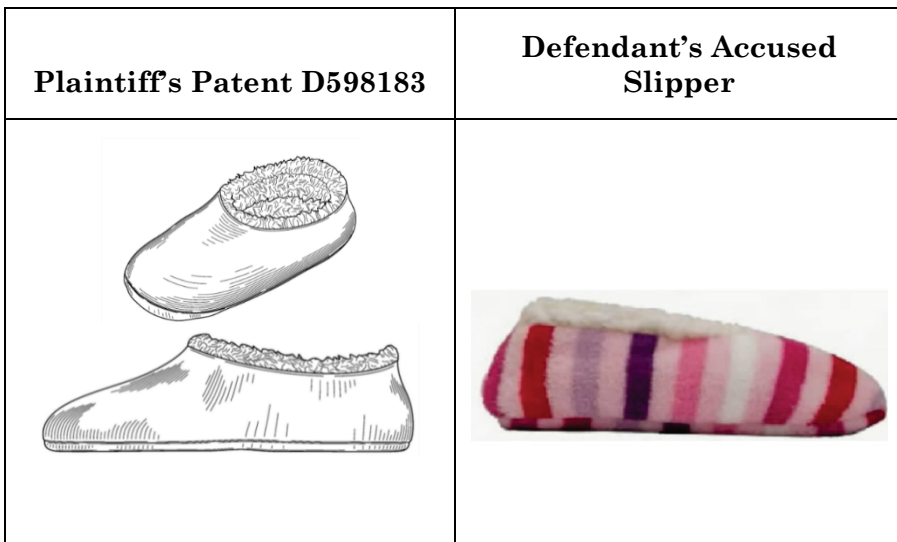
However, design patents do have limits. For example, a design patent cannot be stretched to cover what is essentially a similar idea but a different design. In *Silverman v. Leombruni*, the Southern District of New York granted a motion to dismiss relating to a design patent showing a camouflage pattern on a portion of the sole of a woman's shoe as in the images below.

<p>Asserted design patent D740,005 "Shoe with decorative sole"</p>	<p>Accused shoe</p>
	

The court held that there was no design patent infringement for the following reasons: Firstly, the asserted design patent appeared on a woman's high-heeled dress shoe, making the camouflage design while worn generally visible from the rear, while the accused camouflage design appeared on a woman's oxford shoe, making the camouflage design while worn generally visible only from a side

view;¹⁸⁶ secondly, the patented design covered only the middle of the sole of a women’s high-heeled shoe, while the accused design covered the entire sole; and thirdly, the two camouflage designs were notably distinct. Accordingly, the court concluded that the designs cannot be considered the same or substantially similar simply because they are both camouflage.¹⁸⁷

Consistent with this case, in *High Point Design LLC v. Buyer’s Direct, Inc.*, the Federal Circuit found that the accused fuzzy slipper designs were “plainly dissimilar” from the patented design, bringing to mind “different impressions.”¹⁸⁸ The court distinguished the accused products’ “soft and formless” appearance from the patented designs’ “structured and formed” look, evident in the images below:¹⁸⁹



In May 2017, a case was filed by Buscemi, LLC (“Buscemi”) against Styleline Studios International Ltd. and JSL Studio International, d/b/a J/Slides and J/Slides NYC (collectively “J/Slides”) in the U.S. District Court for the Southern District of New York. In its complaint, Buscemi alleges that the J/Slides

¹⁸⁶ *Silverman v. Leombruni*, No. 15 CIV. 2260 (PAC), 2016 WL 715735, at *1 (S.D.N.Y. Feb. 19, 2016) (regarding US Patent No. D740,005).

¹⁸⁷ *Id.* at *3.

¹⁸⁸ Interestingly, the court’s analysis regarding the “different impressions” of the two shoe designs in a design patent infringement case is reminiscent of a *likelihood of confusion* analysis in a trademark/trade dress infringement case. *See, e.g.*, *In re Dupont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A 1973) (noting one of the factors of a likelihood of confusion analysis is the similarity or dissimilarity of two marks “in their entreties as to appearance, sound, connotation and commercial impression”).

¹⁸⁹ *High Point Design*, 621 F. App’x at 641-42.

“BEAUTY” shoes infringe its design patent, U.S. Patent No. D787,172 (“the ’172 patent”).¹⁹⁰

Buscemi filed for design patent protection on June 2, 2016¹⁹¹ and prior to issuance of its patent, Buscemi alleged that it became aware that J/Slides was selling shoes covered by the subject matter disclosed in its design patent application.¹⁹² Buscemi proceeded to send J/Slides a cease and desist letter putting it on notice that Buscemi believed the BEAUTY shoes would infringe on the design patent once it issued.¹⁹³ J/Slides responded that it would not comply with Buscemi’s demand to cease and desist.¹⁹⁴

Shortly after the ’172 patent issued, Buscemi filed suit against J/Slide alleging infringement of the ’172 patent. The ’172 patent covers a shoe design having a prominent bow and a padlock design on the heel of the shoe, as illustrated below:

Buscemi 40 MM Bow Shoes & Patent	Accused J/Slide BEAUTY Shoes
 <p data-bbox="233 1018 568 1050">Design Patent D787,172</p> <p data-bbox="371 1234 417 1253">FIG. 3</p>	

As shown in the respective figures above, there are similarities between the J/Slides BEAUTY shoes and the ’172 patent, such as the prominent bow. There are also some differences, including the padlock, which is shown in the ’172 patent and absent in the accused

¹⁹⁰ Buscemi, LLC v. Styleline Studios Int’l Ltd., Case No. 1:17-cv-03971 (S.D.N.Y. May 25, 2017).

¹⁹¹ U.S. Patent No. D787,172.

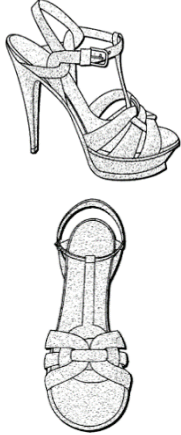



¹⁹² *Buscemi v. Styleline*, Case No. 1:17-cv-03971 (Complaint, at 4-5).

¹⁹³ *Id.*, at 5.

¹⁹⁴ *Id.*

BEAUTY shoe. To prevail on its infringement claim, Buscemi had to prove that J/Slides' BEAUTY shoes have the same "look and feel" as the design shown in the '172 patent. The case settled, so the infringement claims were never decided.

The following are additional examples of issued U.S. design patents in connection with shoes and products that are potentially within the scope of those design patents:

Assignee	Patent No.	Patent Images	Product Images
Yves Saint Laurent	D607,187		 <p style="text-align: right;">195</p>
Christian Louboutin	D715,034S1		 <p style="text-align: right;">196</p>

¹⁹⁵ Saint Laurent, Classic Tribute 105 Sandal in Powder Patent Leather, https://www.ysl.com/us/shop-product/women/shoes-tribute-classic-tribute-105-sandal-in-powder-patent-leather_cod44635474io.html#dept=women_shoes (last accessed Dec. 7, 2017).

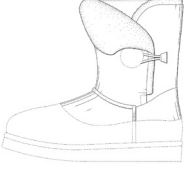

¹⁹⁶ Erika, *Christian Louboutin's Version of Cinderella's Glass Slippers Revealed!* (July 5, 2012), <http://www.yournextshoes.com/christian-louboutin-cinderella-shoe/>.

Assignee	Patent No.	Patent Images	Product Images
J. Choo Ltd.	D592,842S		
J Choo Ltd.	D740526S		
Valentino SpA	D720125S1		

¹⁹⁷ In design patents, the solid lines are the claimed features of the design, whereas the broken lines provide context for what the rest of the object *might* look like but are not part of the claimed features. For example, D592,842S would cover multiple types of heels. This allows a design patent to cover a shoe upper regardless of the heel style of the time (e.g., kitten heels are one of 2018’s most popular styles, but a few years ago platforms and wedges were all the rage).

¹⁹⁸ Neiman Marcus, Jimmy Choo, Kaci Crystal Suede Leaf Sandal, Nude, <http://www.neimanmarcus.com/Jimmy-Choo-Kaci-Crystal-Suede-Leaf-Sandal-Nude/prod163680173/p.prod> (last accessed Dec. 7, 2017).

¹⁹⁹ CISHOES, Valentino Womens Noisette Rockstud Studded-Heel Napa Pump, <http://www.cishoes.com/2013/09/28/valentino-womens-noisette-rockstud-studded-heel-napa-pump/>. This is an example of a design patent claiming only the heel of the shoe, allowing it to cover multiple different shoe uppers.

Assignee	Patent No.	Patent Images	Product Images
Deckers Outdoor Corporation	D599,999 ²⁰⁰		 201

b. Duration of Protection

A design patent lasts for fifteen years from the date of issuance.²⁰²

c. Remedies Available Against Infringers

In addition to the remedies available for plaintiffs in utility patent infringement suits, the Patent Act grants an additional remedy for infringement of a design patent. In the event a party sells goods that infringe on the plaintiff's design patent, that party, if found liable to the plaintiff, could risk forfeiting to the plaintiff the totality of the infringer's profits.²⁰³ This additional remedy is a significant benefit to design patents, especially over trade dress rights. The U.S. Supreme Court's 2016 decision in the *Samsung v. Apple* dispute clarified the meaning of "total profits" holding that, in the case of a multicomponent product, the statute could refer to the total profits associated with the particular infringing component of the larger product and does not necessarily refer to the total profits associated with the sale of the product as a whole.²⁰⁴

²⁰⁰ Deckers Outdoor Corp. has filed over forty lawsuits since 2011 alleging infringement of its Design Patent D599,999 for its "Bailey Button" boot. *E.g.*, Deckers Outdoor Corp. v. GAP, Inc., Case No. 2-17-cv-04922 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Ross Stores, Inc., Case No. 2-17-cv-04916 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Ross Stores, Inc., Case No. 2-17-cv-04918 (C.D. Cal. 2017); Deckers Outdoor Corp. v. Target Corp., Case No. 2-17-cv-01285 (C.D. Cal. 2017).

²⁰¹ Deckers Outdoor Corp. v. GAP, Inc., Case No. 2-17-cv-04922, Complaint (C.D. Cal. Jul. 5, 2017).

²⁰² 35 U.S.C. § 173. This refers to design patents issued from applications filed on or after May 13, 2015. For design patents issued from applications filed before May 13, 2015, design patent term is only fourteen years.

²⁰³ 35 U.S. Code § 289.

²⁰⁴ Samsung Electronics Co. Ltd. v. Apple Inc., No. 15-777 slip op. (Sup. Ct. Dec. 6, 2016).

*d. Summary of the Benefits and
Limitations of Design Patents as an IP Right*

Design patents are beneficial in that they provide an additional avenue for protection for ornamental shoe designs in certain instances where copyright and trade dress protection are not available. Design patents also do not require “copying” in order for there to be infringement (unlike copyrights where independent creation is a defense), nor do they require a showing of acquired distinctiveness for a registration to issue (as is required for trade dress protection). The ability of design patent holders to recover the infringer’s total profits is a notable additional benefit.

Given the 12-18-month standard turnaround time²⁰⁵ for design patents to issue, design patents may not be a practical solution for seasonal fashion designs, but can provide useful protection for designs that are expected to last a season or more. Additionally, for designs that are still relevant in the marketplace following the expiration of the design patent, the owner may be able to effectively extend the exclusivity in the design indefinitely if, following the expiration of the design patent, the owner has acquired distinctiveness in the design, thereby qualifying the design for trade dress protection.

III. ENFORCEMENT OF IP RIGHTS

Different forums are available for enforcing IP rights within the United States. The selection of forum is a very fact-specific inquiry that depends on the type of infringement as well as the remedy desired. The two most common forums for dealing with IP infringement are U.S. District Courts and the International Trade Commission.

*A. International Trade Commission versus
Federal District Courts*

The U.S. International Trade Commission (ITC) is a federal agency that has authority under Section 337 of the Tariff Act of 1930 to issue “exclusion orders.”²⁰⁶ Exclusion orders prevent importation of products that are infringing U.S. IP rights, including patents, trademarks, and copyrights.²⁰⁷ Exclusion orders can also be used to prevent importation of products that are found to result in unfair competition such as misappropriation of trade secrets, common law trademark infringement, trade dress infringement, or other

²⁰⁵ The USPTO allows for an expedited review of design patent applications, which reduces the time to issuance to approximately five months on average.

²⁰⁶ 19 U.S.C. § 1337 (2006).

²⁰⁷ 19 U.S.C. § 1337(a)(1)(B)-(C).

business torts.²⁰⁸ An advantage of the ITC is that it also has the power to enforce the exclusion orders through Customs. The focus is on importation so the ITC is not a viable forum for infringement in connection with U.S.–made products.

An IP owner can file a complaint at the ITC only if it can show the existence of a domestic industry in the United States related to the product in question.²⁰⁹ A domestic industry is found to exist if the IP owner can show (a) a significant investment in plant and equipment, (b) significant employment of labor or capital, or (c) substantial investment in the exploitation of the product protected by the IP asserted, including engineering, research and development, or licensing.²¹⁰

The ITC has seen a steady increase in the number of IP filings over recent years.²¹¹ Despite the general upward trend in ITC filings, lawsuits in U.S. district courts remain the most common method of enforcing IP rights, likely as a result of the wide variety of locations and remedies available. From 2012 through 2016, over 10,000 case filings in district courts per year assert copyright infringement alone, with over 8000 more asserting trademark infringement and between 4000 and nearly 6000 asserting patent infringement.²¹²

IP owners can file a diverse array of claims, which are partially dependent on the district they choose. The available claims include all of the claims available at the ITC with the addition of common law and state law claims such as unfair competition claims. The most popular district to file lawsuits alleging patent, trademark, and copyright infringement in the last decade was the Central District of California, while the Southern District of New York and the Eastern District of Texas were close behind.²¹³ Pursuing IP claims in District Courts requires compliance with personal jurisdiction and venue issues, which are more difficult to satisfy after the Supreme Court's ruling in *TC Heartland LLC v. Kraft Foods Group Brands LLC*.²¹⁴ Conversely, the ITC has in rem jurisdiction over articles imported into the United States, giving it

²⁰⁸ 19 U.S.C. § 1337(a)(1)(A).

²⁰⁹ 19 U.S.C. § 1337(a)(2).

²¹⁰ 19 U.S.C. § 1337(a)(3).

²¹¹ Section 337 Statistics: Number of New, Completed, and Active Investigations by Fiscal Year (Updated Quarterly) (available at https://www.usitc.gov/intellectual_property/337_statistics_number_new_completed_and_active.htm (Updated 7/14/17)).

²¹² Lex Machina, District Court Cases Filed between 2012-01-01 and 2016-12-31 Asserting Patent, Copyright, or Trademark Infringement.

²¹³ *Id.*

²¹⁴ *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017) (holding that for the purposes of interpreting the patent venue statute, a domestic corporation “resides” only in its state of incorporation).

broad jurisdiction over parties and non-parties from the United States and abroad.²¹⁵

B. Remedies

There are two types of exclusion orders issued by the ITC: general exclusion orders and limited exclusion orders. Limited exclusion orders allow Customs only to prevent importation of infringing products imported by the respondents that are actually named in the ITC proceeding. This is a specific injunction against the named parties in the ITC action. A general exclusion order is much broader and allows Customs to prevent importation of any infringing product regardless of the source and regardless of whether the source was a party to the ITC proceeding. Not surprisingly, general exclusion orders are more difficult to obtain. A general exclusion order requires either (i) a showing that it is necessary to prevent circumvention of a limited exclusion order or (ii) a showing that there is a pattern of violation and it is difficult to identify the source of the infringing products.²¹⁶

Temporary relief is also available at the ITC by way of a temporary exclusion order. Specifically, to obtain a temporary exclusion order, the IP owner must show that (i) the party requesting the temporary exclusion order is likely to suffer irreparable injury in the absence of temporary relief, (ii) there is a substantial likelihood of success on the merits, (iii) the balance of hardships tips in favor of the party seeking temporary relief, and (iv) the public interest favors temporary relief.²¹⁷

Similar requirements exist to secure a preliminary injunction issued by a U.S. district court. For example, in *adidas Am., Inc. v. Soccer & Soccer, Inc.*, the U.S. District Court for the Central District of California found that adidas established the factors necessary to warrant a preliminary injunction when Soccer & Soccer used two stripes on its shoes resembling adidas's three-stripe mark.²¹⁸ Conversely, in *Skechers U.S.A., Inc. v. Vans, Inc.*, the U.S. District Court for the Central District of California denied Vans' motion for preliminary injunction, finding that Skechers' use of a checkerboard design was not likely to create consumer confusion despite Vans' ownership of a registration for trade dress consisting of a

²¹⁵ See 19 U.S.C. § 1337(a)(1); *In re Certain Welded Stainless Steel Pipe and Tube*, USITC Inv. No. 337-TA-29 (Feb. 22, 1978).

²¹⁶ 19 U.S.C. § 1337(d). See *Kyocera v. Int'l Trade Comm'n*, 545 F.3d 1340, 1356 (Fed. Cir. 2008).

²¹⁷ See, e.g., *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008); *In the Matter of Certain Sulfentrazone, Sulfentrazone Compositions, and Processes for Making Sulfentrazone*, Investigation No. 337-TA-914, Order (ITC, Oct. 1, 2014).

²¹⁸ No. CV 13-7148-GW(VBKX), 2013 WL 11323120, at *1 (C.D. Cal. Oct. 25, 2013).

checkerboard design covering the toe vamp of a shoe.²¹⁹ Notably, the court remarked that the strength of the mark was diminished by other shoe companies' use of checkerboard designs. Likewise, the similarity of the marks factor was diminished because Skechers did not place the checkerboard design on the toe vamp. The court also noted that Skechers employs a large logo on its shoes, diminishing the likelihood of confusion.

Remedies available in U.S. district courts after final decision include injunctions, which are similar to the limited exclusion orders issued by the ITC in that they prevent the infringer from making, using, selling, or importing the accused products. However, injunctions are more difficult to obtain in U.S. district courts following the ruling in the U.S. Supreme Court case, *eBay Inc. v. MercExchange* LLC, which heightened the standard required for obtaining injunctions in patent cases by eliminating a presumption and requiring proof of irreparable harm.²²⁰ This decision has been applied to cases involving other forms of IP.²²¹ The *eBay v. MercExchange* standard is not applied in the ITC.

Additionally, U.S. district courts can award monetary relief, which is not available at the ITC and can be significant. From 2010 to 2016, in cases that included damages awards, the average award was \$29 million for patent cases, \$2.5 million for trademark cases, and \$400,000 for copyright cases.²²² Given that monetary damages are not available at the ITC, it is not uncommon for plaintiffs to file parallel actions in district court to obtain those remedies not available at the ITC.

Coach is the leading plaintiff in trademark cases filed from January 2009 through October 2017 with 758 cases, followed by Chanel (389 cases), Sream (280 cases), and Microsoft (203 cases). Chanel was awarded the most damages, reaching over \$1 billion, in trademark disputes, followed by Coach. Inc./Coach Services, Inc.

²¹⁹ No. CV 07-01703 DSF PLAX, 2007 WL 4181677 (C.D. Cal. Nov. 20, 2007).

²²⁰ Under *eBay v. MercExchange*, to obtain an injunction, a plaintiff must show: (1) that it has suffered an irreparable injury; (2) that remedies at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. 547 U.S. 388 (2006). Prior to this Supreme Court decision, the Federal Circuit had a general rule unique to patent disputes "that a permanent injunction will issue once infringement and validity have been adjudged . . . absent exceptional circumstances." *MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1338-39 (Fed. Cir. 2005).

²²¹ *E.g.*, *Perfect 10 v. Google*, 653 F.3d 976, 980-981 (9th Cir. 2011); *Salinger v. Colting*, 607 F.3d 68, 75-78 (2d Cir. 2010); *Ferring Pharms. v. Watson Pharms.*, 765 F.3d 205, 214-216 (3d Cir. 2014).

²²² Lex Machina, District Court Cases Damage Awards between 2010-01-01 and 2016-12-31 Asserting Patent, Copyright, or Trademark Infringement.

(over \$985 million), Burberry Limited (over \$524 million), and Gucci (over \$416 million).²²³

These reported damage awards in trademark litigation come almost entirely from default judgments and consent judgments. For example, of the \$179 million in damages that Gucci has been awarded since 2010, less than \$6 million or about 3% came from a final judgment on the merits, whereas the rest were all default judgments.²²⁴ In cases where damages were awarded after decisions on the merits, data suggests that jury awards provide plaintiffs with higher damages than those awarded by judges.²²⁵

1. Costs & Timing

In U.S. litigation, as a general rule, each side pays its own attorneys' fees (the so called "American Rule"²²⁶). In patent and trademark litigation, the loser may be required to pay the winners' attorneys' fees if the case is found to be exceptional. A case is exceptional if there is a showing of willfulness, fraud, or bad faith potentially entitling the claimant to attorney's fees and increased damages. Additionally, applying the *Octane Fitness* standard, a case can be "exceptional" if it is simply a case that stands out from others with respect to the substantive strength of the party's litigation position or the unreasonable manner in which the case was litigated.²²⁷ In copyright litigation, fees may be awarded to the winner in the court's discretion.²²⁸ In ITC proceedings, costs and attorneys' fees are not generally recoverable but may be imposed as monetary sanctions where warranted.

The costs of ITC proceedings are similar to those of district court litigation; however, ITC proceedings are significantly faster than district court litigation. The average length of an ITC proceeding is between twelve and nineteen months and the ITC is constantly working to decrease that average.²²⁹ In 2016, the shortest

²²³ Howard, *Lex Machina Trademark Litigation Report 2017*, *supra* note 22.

²²⁴ Lex Machina, District Court Cases Damage Awards and Damage Type between 2010-01-01 and 2016-12-31 Asserting Patent, Copyright, or Trademark Infringement.

²²⁵ Lex Machina, District Court Cases Damage Awards, Damage Type, and Damage Source between 2010-01-01 and 2016-12-31 Asserting Patent, Copyright, or Trademark Infringement.

²²⁶ *E.g.*, *Baker Botts L.L.P. v Asarco LLC*, 135 S. Ct. 2158, 2164 (2015).

²²⁷ *See, e.g.*, 15 U.S.C. § 1117; 17 U.S.C. §§ 504-505; 35 U.S.C. §§ 284-285; *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).

²²⁸ *See Kirtsaeng v. John Wiley & Sons*, 136 S. Ct. 1979 (2016).

²²⁹ U.S. ITC Annual Performance Plan, FY 2017-2018 and Annual Performance Report, FY 2016.

proceeding had a final determination on the merits rendered in 4.4 months, whereas the longest was 21 months.²³⁰

Conversely, district court cases do not generally make it to trial until twenty to thirty months after the lawsuit is filed. Since January of 2000, over 3,500 district court IP cases reached trial with an average time to trial of 24 months.²³¹

Accordingly, IP owners in ITC proceedings incur costs over a shorter time period. ITC plaintiffs also have the advantage of being able to prepare significant case documents and plan for the fast progression of the case prior to institution of the proceedings. The quick pace of an ITC case can be daunting for defendants given the shorter deadlines for responding to pleadings and discovery.²³²

2. Case to Follow: Chuck Taylor's ITC Case

The Converse All Star shoe was made famous by the salesmanship of American professional basketball player, Chuck Taylor, in 1923, leading to the iconic shoe's nickname.²³³ Since the "Chucks" shoes rise to fame, they have become increasingly popular and are often referred to as an iconic sneaker on par with Levi's jeans and Ford Mustangs.²³⁴ In October of 2014, Converse filed lawsuits against over 30 companies in the U.S. District Court for the Eastern District of New York alleging trademark infringement of its famous Chucks by companies such as Fila, Tory Burch, Ralph Lauren, and Aldo among others.²³⁵ Some of these district court cases

²³⁰ U.S. ITC, "Section 337 Statistics: Average Length of Investigations" (Average Length of Investigations by Fiscal Year, Completion Time (in Months) (Updated Quarterly)) (available at https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm#_ftnref3 (Updated 7/14/2017)).

²³¹ Lex Machina, District Court Cases Time to Trial between 2000-01-01 and 2016-12-31 Asserting Patent, Copyright, or Trademark Infringement.

²³² For example, written discovery in District Court cases generally must be responded to in thirty days while written discovery in an ITC case generally must be responded to in ten days. *Compare* Fed. R. Civ. P. 33(b)(2), 34(b)(2)(A), 36(a)(3) with 19 C.F.R. §§ 210.29(b)(2), 210.30(b)(2), 210.31(b). Additionally, District Court cases generally have discovery periods spread out over a year or more, whereas the ITC discovery period is normally around six to seven months.

²³³ Scott Freeman, *The Shoes Make The Man*, Indianapolis Monthly (Emmis Communications April 2006) (summary of Abraham Aamidor, *Chuck Taylor, All Star: The True Story of the Man behind the Most Famous Athletic Shoe in History* (book available at <https://www.amazon.com/Chuck-Taylor-All-Star-Athletic/dp/0253346983>)).

²³⁴ *Id.*

²³⁵ *See, e.g.*, Converse Inc. v. Fila U.S.A., Inc., Case No. 1:14-cv-05989-ARR-SMG (E.D.N.Y., Oct. 14, 2014); Converse Inc. v. Tory Burch LLC, Case No. 1:14-cv-05994-RRM-MDG (E.D.N.Y., Oct. 14, 2014); Converse, Inc. v. Kmart Corp., Case No. 1:14-cv-05987-SJ-RML (E.D.N.Y., Oct. 14, 2014); Converse, Inc. v. Esquire Footwear, LLC, Case No. 1:14-cv-05990-NG-VVP (E.D.N.Y., Oct. 14, 2014); Converse Inc. v. Aldo Group, Case No. 1:14-cv-05986-WFK-JO (E.D.N.Y., Oct. 14, 2014); Converse Inc. v. A-List, Inc., Case No. 1:14-cv-05981-RRM-VMS (E.D.N.Y., Oct. 14, 2014); Converse Inc. v. Ralph Lauren Corp., Case No. 1:14-cv-05980-SLT-RML (E.D.N.Y., Oct. 14, 2014); Converse, Inc. v. Shenzhen

settled in a couple months, whereas others lasted over two years.²³⁶ Converse also filed a complaint with the ITC asking for a general exclusion order.²³⁷ In November of 2015, just 14 months after filing an ITC complaint, the ITC judge issued a recommendation for a general exclusion order to prevent importation of footwear confusingly similar to the Chuck Taylor's trade dress covered by U.S. Trademark Registration Nos. 3,258,103 and 1,588,960 shown below.²³⁸ The ITC then issued a general exclusion order in June 2016 and an opinion in July 2016.²³⁹ However, the ITC also found Converse's trade dress covered by U.S. Trademark Registration No. 4,398,753 for the midsole design of the Converse shoe (also shown below) "invalid" based on lack of secondary meaning and, therefore, not enforceable in the ITC proceeding.

The ITC weighed the seven factors relating to 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) deliberate copying, and (7) association of the trade dress with a particular source by actual purchasers.²⁴⁰ Specifically, the ITC found that the survey evidence relating to the seventh factor, which "provides the 'strongest and most relevant' evidence, weighs against a finding of secondary meaning" for that trade dress.

While Converse was able to prevail on trade dress designs for the sole of its shoes, the unenforceability of the midsole trade dress mark, if affirmed on appeal, would adversely affect Converse's ability to protect its shoes unless it could later establish that the trade dress had acquired secondary meaning.

Foreversun Industrial Co., Ltd., Case No. 1:14-cv-05997-VMS-RML (E.D.N.Y., Oct. 14, 2014).

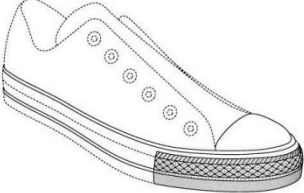
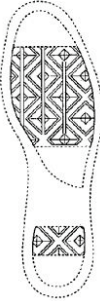
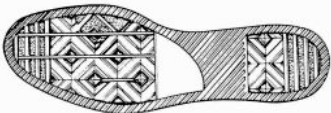
²³⁶ *Id.*

²³⁷ In the Matter of Certain Footwear Products, USITC, 337-TA-936 (2016).

²³⁸ In the Matter of Certain Footwear Products, USITC 337-TA-936, Notice Regarding Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond (Nov. 17, 2015) (available at <http://www.itcblog.com/images/idnoticein936.pdf> (last accessed Dec. 3, 2017)).

²³⁹ In the Matter of Certain Footwear Products, USITC 337-TA-936, General Exclusion Order (June 23, 2016) (available at https://www.usitc.gov/intellectual_property/exclusion_orders/337-ta-936_0.pdf (last accessed Dec. 3, 2017)); In the Matter of Certain Footwear Products, USITC 337-TA-936, Commission Opinion (July 6, 2016) (available at <http://www.itcblog.com/images/commopin936.pdf> (last accessed Dec. 3, 2017)).

²⁴⁰ In the Matter of Certain Footwear Products, USITC 337-TA-936, Commission Opinion Public Version, at 14-28 (July 6, 2016) (available at <http://www.itcblog.com/images/commopin936.pdf> (last accessed Dec. 3, 2017)).

U.S. Trademark Reg. No.	Image	Considered Valid or Invalid by the ITC?
4,398,753		Invalid
3,258,103		Valid
1,588,960		Valid

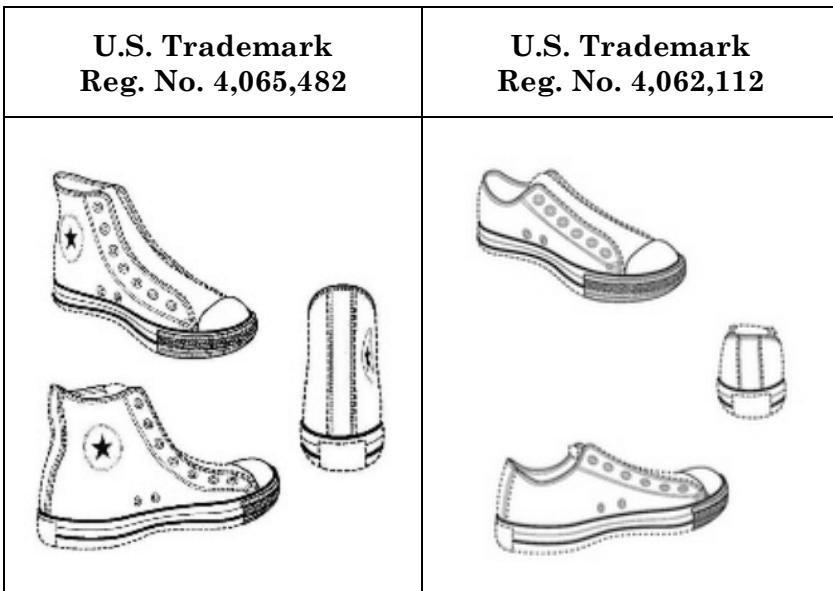
Converse appealed the case to the U.S. Court of Appeals for the Federal Circuit in June 2016 claiming the ITC’s decision “set a new and dangerous precedent that undermines the ability to protect iconic American brands.”²⁴¹ Converse urged that if the Federal Circuit does not reverse the ITC decision, it will “destroy an iconic American brand and reward copiers.”²⁴² New Balance, Wal-Mart, HU Liquidation, and Skechers U.S.A. intervened to oppose Converse’s appeal.²⁴³ A decision is expected in early 2018.

²⁴¹ Converse, Inc. v. ITC, Case No. 16-2497, Doc. No. 78, at 12 (Fed. Cir.).

²⁴² *Id.* at 17.

²⁴³ Converse, Inc. v. ITC, Case No. 16-2497, Doc. Nos. 15, 20, 197 (Fed. Cir.).

Additionally, since this case, some of the targets of the Converse lawsuits filed a cancellation action at the USPTO’s Trademark Trial and Appeal Board against another Converse trade dress registration. Specifically, Highline United, LLC, Wal-Mart Stores, Inc., and Skechers filed a cancellation action against Converse’s U.S. Registration Nos. 4,065,482 and 4,062,112 in Class 25 for “athletic footwear” citing the Commission’s decision in its Petition for Cancellation.²⁴⁴ These actions are now stayed pending the resolution of Converse’s appeal.



3. Customs Enforcement Internationally

While ITC proceedings are unique to the United States, other countries also offer mechanisms for preventing importation of goods that violate national and regional IP property rights. These proceedings are more similar to the U.S. Customs registration and enforcement procedures discussed below. For example, Regulation (EU) No. 608/2013 governs proceedings allowing the European Union (EU) customs authorities the right to detain goods suspected of infringing IP rights.²⁴⁵ The regulation is implemented by the

²⁴⁴ See Highline United, LLC v. Converse, Inc., Cancellation Nos. 92065219 and 92064906 (T.T.A.B. 2017); Wal-Mart Stores, Inc. v. Converse, Inc., Cancellation Nos. 92065295 and 92064898 (T.T.A.B. 2017); Skechers v. Converse, Inc., Cancellation No. 92064885 (T.T.A.B. 2017).

²⁴⁵ Regulation (EU) No. 608/2013 of the European Parliament and the Council of 12 June 2013 concerning customs enforcement of IP rights and repealing Council Regulation (EC) No. 1383/2003 (OJ L 181,29.6.2013, p. 15.) (hereinafter “Regulation (EU) No. 608/2013”)

Commission regulation (EC) No. 1352/2013. To initiate the proceedings, an applicant files an Application for Action.²⁴⁶ Customs authorities rely on the claims made by the IP owner and do not assess the validity or infringement of the IP right asserted.²⁴⁷ After detention of the goods, the importer has ten working days to object to the destruction of the goods.²⁴⁸ If the importer objects to the detention of the goods, then the IP owner must initiate court proceedings within an extendable ten working days.²⁴⁹

As another example, the customs laws of the Peoples Republic of China prohibit importation of goods that infringe Chinese IP rights, *as well as exportation* of goods that infringe Chinese IP rights.²⁵⁰ IP rights can be recorded at the General Administration of Customs in Beijing and enforced via an application to the local customs office at the point of entry/exit. The customs authorities will make a determination on infringement within a six-month time period. The registration of IP rights with General Administration of Customs in Beijing is a powerful tool to keep infringing products from ever leaving China.

C. U.S. Customs

U.S. Customs and Border Protection, sometimes called “CBP” and referred to herein as “Customs,” is the primary federal agency responsible for securing America’s borders. Customs is also charged with the protection of IP rights and guarding against the infringement of U.S. copyrights and trademarks.

In the interests of protecting the U.S. economy, as well as the security, health, and safety of American consumers, Customs is authorized to exclude, detain, and/or seize imported goods, including counterfeit and pirated goods that violate IP rights in the United States. Such enforcement efforts have been steadily increasing, offering copyright and trademark owners, including fashion and beauty brands, a strategic tool for enforcing their rights against infringing products.²⁵¹

(available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:181:0015:0034:en:PDF> (last accessed Dec. 3, 2017)).

²⁴⁶ Annex I to Commission regulation (EC) No. 1352/2013 (available at <http://www.wipo.int/edocs/lexdocs/laws/en/eu/eu208en.pdf> (last accessed Dec. 3, 2017)).

²⁴⁷ Regulation (EU) No. 608/2013.

²⁴⁸ *Id.* at Art. 23(1).

²⁴⁹ *Id.*

²⁵⁰ China IPR SME Helpdesk, *Guide to using Customs to Protect your IPR in China* (available at <http://www.china-iprhelpdesk.eu/sites/all/docs/publications/Customs.pdf> (last accessed Dec. 2, 2017)).

²⁵¹ See Customs Annual Intellectual Property Rights Seizure Statistics 2003–2016, available at <https://www.cbp.gov/trade/priority-issues/ipr/statistics>.

1. Counterfeiting by the Numbers

The importation of counterfeit goods has a direct negative impact on brand owners and the U.S. economy. In fiscal year 2017, the number of IP right seizures increased 8% to 34,143 from 31,560 in 2016, and the total estimated manufacturer's suggested retail price ("MSRP") of the seized goods, had they been genuine, was \$1,206,382,219.²⁵²

Of the seizures that occurred in 2017, 50% involved the seizure of fashion-related products, including apparel, accessories, footwear, watches, jewelry, handbags, and wallets.²⁵³ If these products were genuine, the estimated MSRP would be more than \$810 million.²⁵⁴ Counterfeit watches and jewelry made up 38% of the total MSRP value seized.²⁵⁵

These seizures led to the arrest of 457 individuals by Customs, resulting in 288 indictments and 242 convictions related to IP crimes.²⁵⁶

While over \$1.2 billion in infringing goods was seized in 2017 in the United States, imagine the value of the counterfeit and pirated products that managed to make it through the borders and ports. It is impossible for Customs to inspect each of the more than 11 million maritime containers arriving at U.S. seaports, the 10 million containers arriving by truck, and the 3 million containers arriving by rail, nor can Customs monitor each of the more than a quarter billion more cargo, postal, and express consignment packages arriving each year by plane.²⁵⁷

2. U.S. Customs Recordation

In view of the increasing number of infringing goods entering into U.S. commerce, an important, but sometimes overlooked, tool for brand owners is the recordation of federally registered trademarks and copyrights with Customs.

Once recorded, the trademark and copyright information is uploaded to the national Customs database that is available at all ports of entry. Based on this information, Customs can detain, seize or exclude infringing goods and notify the rights owner if Customs discovers a suspect shipment. The rights owner will be provided the date of importation, port of entry, description, and quantity of goods, country of origin, and names and addresses of manufacturer, exporter and importer. Such information is valuable in preventing

²⁵² See Customs Seizure Statistics 2017, *supra* note 2.

²⁵³ *Id.*

²⁵⁴ *Id.*

²⁵⁵ *Id.*

²⁵⁶ *Id.*

²⁵⁷ *Id.*

further infringement and for use in future enforcement actions. In some cases, it may be possible to request photographs of the seized goods to verify if they are counterfeit or genuine.

Trademarks registered by the USPTO on the Principal Register and copyrights registered by the U.S. Copyright Office can be recorded with Customs. Customs also allows for the temporary recordation of unregistered copyrights, with proof of a pending application to register the copyright with the U.S. Copyright office.

The recordation process is straightforward and cost-effective. The trademark or copyright owner must provide (1) its name, business address and citizenship; (2) the registrations to be recorded; (3) a point of contact; (4) the place of manufacture of the genuine goods; and (5) a list of authorized licensees or other authorized users or importers of the relevant goods.

For trademark recordation, the fee is \$190 per mark per each class of goods the trademark owner wishes to record, and \$80 per class for each renewal. For copyright recordation, the fee is \$190 per copyright, and \$80 for each renewal. The term of the recordation is concurrent with the duration of the underlying trademark registration, and twenty years for copyright registration, unless ownership of the recordant expires before that time. If the trademark or copyright registration is cancelled or revoked, the recordation will no longer be in effect.

Effective border enforcement requires more than just recordation. It requires the active participation of rights owners. Once trademarks and copyrights are recorded with Customs, rights owners should consider preparing product identification guides, conducting product training on how Customs agents can spot counterfeits at high-risk ports of entry, and providing further information on suspected infringers via Custom's online allegation reporting system. These proactive strategies increase the likelihood that Customs may identify infringing products and take enforcement action against such products.

D. Takedowns

The Digital Millennium Copyright Act ("DMCA") is a U.S. copyright law that implemented two treaties of the World Intellectual Property Organization ("WIPO").²⁵⁸ Among other things, the DMCA addresses the rights and obligations of Internet service providers, whose platforms are used as a medium for dissemination of infringing material. Under the DMCA, online hosts are required to remove or disable any content that is allegedly infringing an owner's copyright upon notification of the violation.²⁵⁹

²⁵⁸ 17 U.S.C. §§ 101, 104, 104A, 108, 112, 114, 117, 512, 701, 1201-1205, 1301-1332.

²⁵⁹ 17 U.S.C. § 512(c).

If hosts comply with this Notice and Takedown procedure, then their liability for the violation is limited.²⁶⁰ While the DMCA applies only to copyright infringement, some online hosts also remove or disable content that is alleged to violate trademarks or patents.

Website operators such as Amazon, eBay, YouTube, and Instagram provide simple forms that IP owners can fill out detailing the product or content that is infringing and the reasons why it should be taken down. However, oftentimes the infringer will merely re-upload the material after it has been taken down using a different username or address. This makes it burdensome for the IP owner to police infringement of its products. For that reason, Notice and Takedowns are typically only a temporary solution that do not supplant the need to file an infringement action in district court or the ITC.

Also, as a result of online marketplaces such as Amazon and Alibaba, IP owners face a new problem, which is that one distributor can be offering both legitimate products and counterfeit products side-by-side. For some brand owners, it can be helpful to meet in person with the various online marketplaces to educate their enforcement teams on how to spot counterfeits. Many of the larger online platforms also offer special programs to engage with brands and to tackle the issue of counterfeiting.

Amazon, for example, has a Brand Registry program that encourages brand owners to register their trademarks with Amazon as part of the effort to combat counterfeiting.²⁶¹ Amazon has also launched a program called Transparency, which works directly with manufacturers that are the source of the products sold on Amazon. Participating products will have a unique Transparency barcode that scans to details about the “product’s origins, including manufacturing date and location.”²⁶²

Alibaba has also advertised similar efforts to engage IP rights holders, such as with its Good Faith Takedown program and the IP Joint-Force System. These are internal programs at Alibaba to help expedite takedown procedures and work with brand owners.²⁶³

²⁶⁰ *Id.*

²⁶¹ <https://services.amazon.com/brand-registry.html>.

²⁶² <https://www.amazon.com/b?node=15466573011>; *See also* Transparency FAQs.

²⁶³ Almost no information could be located on the Alibaba website about the programs. A July 1, 2016, Press Release mentions the two programs (*Alibaba Group Hosts Inaugural Summit for International IP Rights Holders: Launches IP Joint-Force System to facilitate greater partnership and collaboration with global brands* (available at <http://www.alibabagroup.com/en/news/article?news=p160701> (last accessed Dec. 3, 2017))), and an April 1, 2015, FAQ page is entitled *Good-faith Takedown Mechanism of Alibaba Group-TaoBao.com is officially launched* (available at <https://ipp.alibabagroup.com/infoContent.htm?skyWindowUrl=news-4-en> (last accessed Dec. 3, 2017)).

E. Non-Legal Strategies

In addition to the formal legal proceedings that shoe companies can initiate to protect their IP, there are considerable non-legal tactics that businesses can incorporate into their general IP protection, detection, and enforcement strategy. Non-legal tactics such as those listed below can be effective in helping with protection of important IP assets and also infringement prevention and detection.

1. Directly Educating Consumers

Educating consumers can be a necessary component to a brand and IP-protection strategy but often a sticky topic and difficult to implement effectively. To help maintain a fence of protection around the company's treasured assets, companies want their target audience to (i) be aware of their brands and important IP assets, (ii) be able to discern the company's products from those of copycats, (iii) be able to identify blatant counterfeits, and (iv) be disinclined to purchase from copycats or counterfeiters. Simultaneously, however, companies want to portray a positive company image and not bog down consumers with *negatively framed, buyer-beware* messages that can overpower or dampen the consumer experience.

Nevertheless, educating consumers to identify genuine products can go a long way in helping to stop the unintended purchase of infringing goods. Educating consumers also helps build brand equity and promote the important IP-protected features that make a brand's shoes unique. There are creative ways that businesses can subtly educate consumers, while avoiding the unintended consequence of dampening the consumer experience.

a. "Look for" Advertisements and Promotions

"Look-for" advertisements are advertisements that are directed at consumers to help them specifically identify those unique features that differentiate one brand's shoes from the rest. "Look for" advertisements can be clear instructions to the public to "look for" the specific feature, or they can be subtle indications to the public of what makes one company's shoes particularly distinguishable.

In an industry where a particular shoe's overall look can be just as recognizable as the brand name that is attached to it, it can often be a challenge for brand owners to convey "look for" messages about trade dress and design awareness in text form.

Adidas managed this issue by transforming its three-stripe trade dress design into a mark that it could then advertise and use to help build its brand equity. In addition to the trade dress registrations that adidas owns for the actual shoe designs, adidas

owns a trademark registration for the slogan “THE BRAND WITH THE 3 STRIPES.”²⁶⁴ This slogan can be found on the adidas website, as well as on clothing, shoe boxes, and hang tags. The mark has the effect of reminding consumers that the three-stripe trade dress belongs to adidas:



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Adidas also uses the Instagram hashtag #3StripeStyle to encourage consumers to share their favorite adidas photographs through social media, again reinforcing the association of “Three Stripes” with adidas.

Christian Louboutin educates its consumers regarding its red sole trade dress, in part, with articles that consistently refer to the brand’s red sole trade dress.²⁶⁶

²⁶⁴ U.S. Trademark Reg. No. 1,674,229.

²⁶⁵ U.S. Trademark Reg. No. 1,674,229, Specimen Filed July 26, 2017.

²⁶⁶ See, e.g., ChristianLouboutin.com articles referring to the history of the “legend of the red sole” (available at http://us.christianlouboutin.com/us_en/news/en_behind-the-rouge/ (last accessed Sept. 10, 2017)), “Follow the Red Soles to Paris” announcing a new boutique in Paris and referring to “Red Sole lovers” (available at http://us.christianlouboutin.com/us_en/news/en_bonjour-printemps/ (last accessed Sept. 10, 2017)), and describing creation of a rubber soled shoe that “. . . giv[es] a glimpse at the iconic red sole . . .” (available at http://us.christianlouboutin.com/us_en/news/en_roam-on/ (last accessed Sept. 10, 2017)).

Educating consumers to recognize the company's IP can be valuable in building recognition in the IP, but can also be helpful in preventing the unintended purchase of infringing products, and may even encourage consumers to report infringement to IP owners. It can also be used as evidence of public perception and recognition of the IP (for example, to prove acquired distinctiveness for trade dress protection).

b. Partnering with Social Media Influencers

Engaging with social media and partnering with social influencers is another strategy shoe brands can employ to help consumers with the recognition and identification of genuine versus fake shoes, and also to stigmatize the purchase of counterfeits. There are several social media accounts and fashion-related blogs dedicated to the identification of fake goods.²⁶⁷ Often with hundreds of thousands of followers, these websites, blogs, and social media profiles can reach a breadth of consumers while simultaneously having someone else address the topic of counterfeit goods that brand owners may not want to publicize directly.

"Yeezy Busta" is one such social media influencer. With hundreds of thousands of Instagram followers under the handle @yeezybusta and the website yeezybusta.com, Yeezy Busta achieved his fame as a self-proclaimed "Yeezy expert." His Instagram page is dedicated to analyzing photos of celebrities and average people wearing the highly famed YEEZY shoes (adidas's line of highly exclusive and limited-edition Kanye West sneakers), and making a determination of whether the shoes worn are authentic or fakes:



With over 687,000 followers (as of December 2017), Yeezy Busta captured a wide audience and could be viewed as a valuable asset

²⁶⁷ E.g., How to spot the fake product, <http://spot-fake-products.blogspot.com/>; Lollipop Designer Authentication Service, <https://www.lollipop.com/authentication-service/>; Yeezy Busta, <http://yeezybusta.com/pages/about-us>.

in stigmatizing counterfeits, but also arguably helping to promote and maintain the hype in YEEZY shoes. While Yeezy Busta started as an independent fan activity, adidas reportedly has formed a relationship with Yeezy Busta, indicating adidas recognizes the benefit of his wide influence.²⁶⁸

Others similar to Yeezy Busta (such as @fakefiles²⁶⁹) are dedicated to the same mission. The potential impact offered by these social media influencers should not be overlooked and can be a valuable resource for brand owners.

2. Membership Organizations

IP owners can also become members of IP organizations and collaborate with other owners on the forefront of IP protection. INTA, the International Trademark Association, open to trademark owners and professionals, is one such organization with the mission of protecting consumers and promoting fair and effective commerce.²⁷⁰ The International AntiCounterfeiting Coalition (“IACC”) is a non-profit organization whose mission is combating counterfeiting and piracy, through education, advocacy, and policy.²⁷¹ The IACC works with governments, brand owners and interested partners, and offers programs like MarketSafe for takedowns and RogueBlock for the reporting of counterfeiting to payment processors, to achieve its mission.²⁷²

3. Anti-Counterfeiting Measures

IP owners can also use creative techniques to help with identifying genuine goods from counterfeit ones. Some IP owners will go through the additional expense to add distinguishing markers to their products or labels that counterfeiters are unlikely to incorporate into their counterfeit products. The global anti-counterfeit packaging market size is projected to grow from \$107.26 Billion in 2016 to reach \$206.57 Billion by 2021.²⁷³ By way of example, some designers create unique holographs on their labels or add markers to their products that would only appear under black light. Others might create unique QR codes for consumers to scan to

²⁶⁸ Welty, Matt, *Complex.com*, “Meet the Teenager Who’s Exposing Celebrities for Their Fake Yeezys” (Jan. 10, 2017, available at <http://www.complex.com/sneakers/2017/01/yeezy-busta-interviews> (last accessed Dec. 3, 2017)).

²⁶⁹ Instagram, @fakefiles, <https://www.instagram.com/FAKEFILES/?hl=en>.

²⁷⁰ <https://www.inta.org/About/Pages/Overview.aspx>.

²⁷¹ <http://www.iacc.org/about/history-mission>, accessed September 10, 2017.

²⁷² <http://www.iacc.org/online-initiatives/rogueblock>, accessed September 10, 2017; <http://www.iacc.org/online-initiatives/marketsafe>, accessed September 10, 2017.

²⁷³ Market and Markets; Anti-Counterfeit Packaging Market worth 206.57 Billion USD by 2021 (available at <https://www.marketsandmarkets.com/PressReleases/anti-counterfeit-market.asp> last visited June 19, 2018).

verify that the products scanned are genuine. Some others may use unique fabrics or materials, stitching, or hidden micro text on their goods or labels. Some products are being embedded with RFID tags.²⁷⁴ The possibilities are virtually endless, but the unifying trait is that the technique employed would be too difficult, time consuming, or costly for counterfeiters (which are looking to make quick and cheap alternatives) to actually incorporate into their manufacturing. Often times, counterfeiters may not even know about these distinguishing anti-counterfeiting traits. An additional benefit is that IP owners can communicate these anti-counterfeiting measures to Customs and to customers to help them with distinguishing reals versus fakes and some of these measures can help identify diverted goods or supply chain issues.

IV. TIPS FOR BRAND OWNERS TO MAKE SURE NEW DESIGNS DO NOT INFRINGE AND TO UNDERSTAND THE LANDSCAPE

Most IP rights holders do not believe that “imitation is the highest form of flattery” and will protest if a protected design is infringed. How can one reduce the risk of such a dispute, and particularly, a lawsuit? Unfortunately, in the fashion world, where trend-setting is the norm and new products are introduced frequently, this can be a difficult task.

The following practices help develop stronger rights and avoid infringing others’ designs.

A. Securing Ownership When Creating New Products

Companies designing footwear should pay careful attention to who creates the designs and where the designs are created, facts that affect who owns the underlying rights.

In the United States, a work created by an employee in the scope of his or her employment is deemed a work made for hire. Ownership of the copyright in that work belongs to the employer by operation of law.²⁷⁵ If the company outsources design creation to third parties, an assignment should be secured to ensure that the company owns the copyright in the designs. Absent an assignment

²⁷⁴ EUIPO Joint Research Centre, Survey of Techniques for the Fight Against Counterfeit Goods And Intellectual Property Rights (IPR) Infringement (available at <http://publications.jrc.ec.europa.eu/repository/bitstream/JRC98181/lbna27688enn.pdf> (last accessed June 19, 2018)) and Stephen Lawson, *Next up in smart devices: The Internet of shirts and shoes*” (available at <https://www.peworld.com/article/3058325/internet-of-things/next-up-in-iot-the-internet-of-shirts-and-shoes.html> (last accessed June 19, 2018)).

²⁷⁵ See Part II.B.3 regarding ownership.

agreement, an independent contractor designer will own the copyrights in the designs he or she created.²⁷⁶

As to design patents and utility patents, the ownership rules are different. Individuals are inventors, not companies. An employer does not automatically own the inventions of its employees unless the employee was hired to invent (or was later specifically assigned that task) or the employee is contractually bound to assign inventions to the employer. With respect to third parties, the third party or its employees is the inventor and the company will need to obtain an assignment from the inventor in order to claim ownership of the patent.

Although trademark and trade dress rights in the United States are established through use, if a company outsources the creation of trademark or trade dress designs, it is still advisable to obtain an assignment of all IP rights to avoid potential complications in the future.

Oftentimes, agreements to assign rights are incorporated into employment contracts and/or other agreements between the designers/authors/inventors and the company commissioning the work. It is prudent that such language be carefully worded so that it is clear that an assignment of rights is occurring and to identify all IP assets that are within the scope of the assignment.

It is far easier to obtain assignments at the beginning of a relationship when the parties are working amicably and negotiating the terms of the engagement or employment. Over time, relationships can sour or designers, authors, or inventors can become hard to reach. Additionally, if the resulting design becomes highly successful in the market, there is an increased chance of a dispute. Thus, waiting until a later time to obtain assignments is a risk not worth taking.

B. Trademark Searching

Before investing significant time and money in promoting and building goodwill in any trademarks, brands, logos, or slogans, it is a good idea to conduct clearance searching. Clearance searching can be helpful for identifying prior registered and/or common law rights to help avoid infringement. The goal of such searches is to avoid investing time, effort, and money promoting a name, logo, or slogan, only to receive a cease and desist letter from another company claiming an infringement of its rights. Searching can also help companies understand the landscape of prior rights to assess the relative strength and scope of protection in any mark it ultimately selects.

²⁷⁶ *Id.*

Trademark searching can be done using the online database of the USPTO and by conducting Internet searching to determine if the proposed mark has already been used and/or registered by someone else and, if so, for what goods or services. There are a number of professional search services that can conduct detailed searches of the USPTO and state trademark records, as well as common law sources, such as business name records, domain name records, and the Internet.

A common law search for unregistered uses is particularly helpful in the fashion space, as the United States is a first-to-use country with rights based on use. With the general low bar to entry in the fashion industry given that print-on-demand is becoming ubiquitous, clothing brands that have not registered their trademarks or trade dress could own valid common law rights.

Searching for design marks and trade dress can be more difficult as it requires translating design images into searchable words and text. Accordingly, these searches are difficult to conduct and professional search companies should be used to ensure meaningful search results. That said, given the difficulty of conducting searching for non-word marks, formal searches are sometimes limited to only the federal register and typically do not include common law uses (or any comprehensive set of common law uses). For that reason, it is especially important to be cognizant of whether logos or shoe designs were inspired by another's work as that could raise trademark (and other IP) infringement concerns.

C. Copyright Searching

Copyright searching is less clear, and much more cumbersome, than trademark and patent searching and oftentimes the results of the searching may not be conclusive.²⁷⁷ Accordingly, it can be difficult to assess whether a work is the subject of copyright protection or, in the alternative, whether a work has entered the public domain.

One place to start in a copyright search is inspecting third-party works of interest for copyright notices. For example, if another's work is directly copied or used as inspiration, the original work should be analyzed to see whether it is subject to copyright protection. Note that the absence of notice is not determinative.²⁷⁸ One can also search the Copyright Office database of registered records.²⁷⁹ The online records provide basic information on the

²⁷⁷ U.S. Copyright Office Circular 22, *How to Investigate the Copyright Status of a Work* (available at <https://www.copyright.gov/circs/circ22.pdf> (last accessed Dec. 2, 2017)).

²⁷⁸ See U.S. Copyright Office Circular 16A, *How to Obtain Permission* (available at <https://www.copyright.gov/circs/circ16a.pdf> (last accessed Dec. 7, 2017)).

²⁷⁹ United States Copyright Office Public Catalog, <http://cocatalog.loc.gov/cgi-bin/Pwebrecon.cgi?DB=local&PAGE=First>.

registration, but do not provide photographs, detailed descriptions of the works, or access to the deposit copies, which makes an infringement analysis difficult (if not impossible).

The deposit copies and correspondence files of the copyright records can be inspected upon payment of a search fee to the Copyright Office. The Copyright Office also offers a service to assist with searching the copyright records (for a fee). However, in order to obtain and view the deposit copy of a work that was submitted to the Copyright Office, the Copyright Office requires one of three things: (i) written authorization from the copyright owner; (ii) a statement that the copyright registration is the subject of litigation; or (iii) a court order requesting the deposit. Obviously, it is difficult to get (i) if the name of the owner is not known. It is also hard to comply with (ii) and (iii) until it is too late, as use or litigation may have already commenced.²⁸⁰

As copyright registration and copyright notice are not mandatory for securing copyright protection, the absence of information from the above search methods does not necessarily mean that a work is not subject to copyright protection.

A Ninth Circuit case illustrates both the importance and difficulty of searching for copyrights. On April 4, 2017, the Ninth Circuit held Urban Outfitters and Century 21 (collectively “Urban”) liable for willful infringement of a copyrighted fabric design owned by Unicolors Inc.²⁸¹ Unicolors designs and sells fabric to customers in the apparel market and purchased IP rights to a piece of artwork designed by Milk Print, LLC. A Unicolors employee modified the size and color of the artwork to create the PE 1130 design depicted below on the left. Unicolors obtained a copyright registration for a collection of fabric designs called “flowers 2008” that included this derivative design.²⁸² Unicolors routinely obtains copyright registrations for its fabric designs to “protect its investment and maintain a competitive advantage in its artwork.” Unicolors also regularly enforces its copyright registrations and filed over 60 lawsuits for copyright infringement in the approximately five years preceding trial.

Defendant Urban Outfitters is a retail company with over 500 stores worldwide and defendant Century 21 is a department store that purchases products from Urban Outfitters. Urban’s design team creates about 5,000 different garments per year. In creating clothing, Urban’s design team gets inspiration from thousands of swatches of fabric that Urban has purchased from art studios or

²⁸⁰ U.S. Copyright Office Circular 6, *Obtaining Access to and Copies of Copyright Office Records and Deposits* (available at <https://www.copyright.gov/circs/circ06.pdf> (last accessed Dec. 7, 2017)).

²⁸¹ *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980 (9th Cir. 2017).

²⁸² Copyright Reg. VA0001712158 (Dec. 5, 2008), Supplemented by Reg. VA0001434125 (Nov. 24, 2011).

vintage stores. One of the studios from which Urban regularly purchases art is Milk Print, LLC, the design studio that created the artwork that inspired Unicolors' PE 1130 design.²⁸³

Unicolors PE1130 Design	Urban Outfitters Accused Design
	

The District Court in the Central District of California decided on a motion for summary judgment that Urban infringed Unicolors' copyright in the PE1130 fabric design.²⁸⁴ A two-day trial was then held on the issues of willfulness and damages. To avoid a charge of willful infringement, Urban needed to demonstrate that their actions were not reckless. A jury found that Urban willfully infringed Unicolors' copyrights in the designs and awarded \$164,400 in damages. The district court later granted Unicolors \$366,910.17 in fees and costs.

On appeal, the Ninth Circuit upheld the district court's ruling on infringement, explaining that the district court could find infringement on a motion for summary judgment, "when the works are so overwhelmingly similar that the possibility of independent creation is precluded."²⁸⁵ The Ninth Circuit stated that no reasonable juror could conclude that the works were not substantially similar. The Ninth Circuit also agreed with the district court that the striking similarity between the works allowed the court to infer that Urban copied the design even though there was no evidence of Urban having access to the design.

Additionally, the Ninth Circuit upheld the jury's finding of willfulness, stating that there was enough evidence for the jury to conclude that Urban had a policy of "reckless disregard" to copyright

²⁸³ See *Unicolors, Inc. v. Urban Outfitters, Inc.*, Case No. 15-55507, Doc. No. 16, at 2-3, 12-13 (9th Cir.).

²⁸⁴ *Unicolors, Inc. v. Urban Outfitters, Inc.*, Case No. 14-01029, Doc. No. 164 (C.D. Cal.).

²⁸⁵ *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 985 (9th Cir. 2017).

infringement because it did not inquire into whether the fabric designs it used were subject to copyright protection. Under Section 504(c) of the Copyright Act, a court may increase a statutory damages award up to \$150,000 if the “infringement was committed willfully.” On the other hand, a court may decrease a statutory damages award to as low as \$200 if the “infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright.”²⁸⁶ The Ninth Circuit rejected Urban’s argument that it needed “knowledge” that it was infringing a copyright, and found that Urban’s reckless behavior was a sufficient basis for an increased damages award.

This case demonstrates the caution that should be exercised by companies using the works of others as inspiration. Designers and inventors can be educated about the perils of copying others, including things to look for to determine whether it is safe to use something as inspiration. Additionally, the company can take steps to discover the author of inspirational works and obtain contractual indemnities from whoever provided the inspirational works.

D. Patent Searching

Prior to filing a patent application, inventors can conduct a patentability search to help evaluate infringement, to assess the probability of obtaining patent protection, and also to anticipate the costs of seeing an application through to registration.

Searches can be performed for both utility patents and design patents and are helpful prior to investing a significant amount of money in a new design or invention. Such searches can help evaluate the probability of obtaining patent protection, guide claim strategy, and anticipate the costs of seeing an application through to issuance.

The USPTO has a patent search engine that can be used for free. It is not as user-friendly as the trademark search engine on the USPTO but it is much more user-friendly than the Copyright Office search engine. However, the patent databases cover only issued patents or those patents that have been published. Generally speaking, a patent takes about eighteen months to be published after filing, creating a significant blackout period to keep in mind.

Free Patents Online and Google Patents Search are other good resources for patent searching. While searching in this manner can be a beneficial first step, it is prudent to commission a professional search. Professional searchers are trained to use the patent classification systems and know the appropriate keywords to use depending on the type of design/invention. Design patents are

²⁸⁶ 17 U.S.C. § 504(c)(2).

especially difficult to search, given the sheer number and variety of registered design patents for shoes.

E. Training & Educating

Another indispensable method of preventing infringement is by training and educating designers and inventors. Engage in frank discussions about the liability that can result if others' products are copied. Teach designers to look for the ©, the ™, and the ® symbols and to refrain from using marked products as inspiration without obtaining permission from the rights owner. Provide instructions on finding art that has entered the public domain or is subject to a Creative Commons license to be used as inspiration. A Creative Commons license is used voluntarily by an author who wants to give others certain rights to use his or her copyrighted work. Works subject to a Creative Commons license can be found using the Google search engine. Additionally, published materials created before 1923 are now in the public domain and free for anybody to use as inspiration.

V. COMBINING IP

The IP rights discussed above are not mutually exclusive. Footwear may entail one, some, or all of the IP rights discussed above. At a minimum, footwear is likely to have a brand name protected by trademark. The footwear may also be entitled to trade dress protection for certain features, for the overall look and feel of the shoe design or for the shoe packaging. The footwear could include a design, logo, or other features that are protectable through copyright, and could also incorporate design aspects protectable by a design patent. Lastly, a utility patent could cover the novel and non-obvious functional features of footwear.

Brand owners may find it beneficial to combine these various types of IP in enforcement and can benefit from the different types of exclusive rights that these various IP rights provide. For example, when a product is first launched, design patents could secure protection for certain design features that may not be protectable under copyright or under trade dress without the necessary acquired distinctiveness. The 15-year exclusivity period conferred by the design patent can be the opportunity for the patent holder to build up trade dress rights in the design, as secondary meaning may be tough to establish without extensive use. After the design patent expires, the trade dress rights can extend the protection for those ornamental, source-identifying features. Understanding and knowing how, when, and where to employ these IP rights can help a footwear company protect its designs, resulting in maximum IP protection that will further assist with enforcement efforts and

ultimately lead to the creation of a lasting brand with consumer renown.
