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## INTERNATIONAL TRADE COMMISSION

### [Investigation No. 337-TA-936 (Remand)]

#### **Certain Footwear Products; Commission Determination to Affirm in Part and Reverse in Part a Remand Initial Determination; Issuance of a General Exclusion Order and Cease and Desist Orders; Termination of the Investigation**

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to affirm in part and reverse in part a remand initial determination (“RID”) of the presiding administrative law judge (“ALJ”) in the above-captioned investigation. The Commission has issued a general exclusion order (“GEO”) directed to footwear products that infringe U.S. Trademark Registration No. 4,398,753 (“the ’753 trademark”), and cease and desist orders (“CDOs”) directed to two respondents found in default. The investigation is terminated in its entirety.

**FOR FURTHER INFORMATION CONTACT:** Cathy Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, D.C. 20436, telephone 202-205-2392. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission’s electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email [EDIS3Help@usitc.gov](mailto:EDIS3Help@usitc.gov). General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted this investigation on November 17, 2014, based on a complaint filed on behalf of Converse Inc. (“Converse” or

“Complainant”) of North Andover, Massachusetts. 79 FR 68482-83 (Nov. 17, 2014). The complaint alleges, *inter alia*, violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain footwear products by reason of infringement of U.S. Trademark Registration Nos. 3,258,103 (“the ’103 trademark”) and 1,588,960 (“the ’960 trademark”), and the ’753 trademark, registered on September 10, 2013, and the common law trademark rights for the same mark (the “CMT”). *See id.* The Commission’s notice of investigation names numerous respondents including Skechers U.S.A., Inc. (“Skechers”) of Manhattan Beach, California, and Highline United LLC d/b/a Ash Footwear USA (“Highline”), now of Hyde Park, Massachusetts. *Id.* New Balance Athletic Shoe, Inc. (“New Balance”) of Boston, Massachusetts, was subsequently added to the investigation as a respondent-intervenor. 80 FR 9748 (Feb. 24, 2015). Only Skechers, Highline, and New Balance remain active in the investigation (collectively, the “Active Respondents”). The following five respondents were found in default: Dioniso SRL (“Dioniso”) of Perugia, Italy; Shenzhen Foreversun Industrial Co., Ltd. (a/k/a Shenzhen Foreversun Shoes Co., Ltd.) (“Foreversun”) of Shenzhen, China; Fujian Xinya I&E Trading Co. Ltd. of Jinjiang, China; Zhejiang Ouhai International Trade Co. Ltd. (“Ouhai”) of Wenzhou, China; and Wenzhou Cereals Oils & Foodstuffs Foreign Trade Co. Ltd. of Wenzhou, China (collectively, the “Defaulting Respondents”). Every other respondent was terminated from the investigation or settled with Converse. The Office of Unfair Import Investigations (“OUII”) is also a party to the investigation. 79 FR at 68483.

On June 23, 2016, the Commission found a violation of section 337 with respect to the ’103 trademark and the ’960 trademark and issued a GEO directed against infringing footwear

products. 81 FR 42377-79 (June 29, 2016). The Commission found no violation of section 337 with respect to the '753 trademark because it determined the '753 trademark and the common law trademark rights in the CMT were invalid based on a lack of secondary meaning. *Id.* at 42379.

Thereafter, Converse appealed the Commission's finding of no violation of section 337 with respect to the '753 trademark and its alleged common law trademark rights in the CMT. The Federal Circuit vacated the Commission's finding and remanded the investigation to the Commission in *Converse, Inc. v. International Trade Commission*, 909 F.3d 1110 (Fed. Cir. 2018). On April 9, 2019, the Commission, in turn, remanded the matter to the ALJ who adjudicated the original investigation to make findings and issue an RID with respect to the CMT in accordance with the Federal Circuit decision.

On July 31, 2019, Converse, the Active Respondents, and OUII each filed an initial brief regarding the issues on remand. On August 9, 2019, Converse and the Active Respondents each filed a reply brief.

On October 9, 2019, the ALJ issued his RID finding no violation of section 337 by the Active Respondents. Specifically, the RID found that Converse had not established secondary meaning of the CMT prior to each Active Respondents' alleged first use and, therefore, Converse possessed no valid common law trademark rights in the CMT. The RID also found that the Active Respondents' accused products do not infringe even if the CMT were found to have acquired secondary meaning, except for one Skechers product found to infringe. The RID further found the Defaulting Respondents' accused products infringe the '753 trademark.

On October 22, 2019, Converse, the Active Respondents, and OUII each filed a petition for review of the RID. On October 30, 2019, each of these parties filed responses to the other

petitions for review.

On February 7, 2020, the Commission determined to review the RID in part. 85 FR 8322 (Feb. 13, 2020). Specifically, the Commission determined to review the RID's infringement, validity, and injury analyses with respect to the common law trademark rights in the CMT and the RID's validity and infringement analyses with respect to the '753 trademark. *Id.* The Commission also requested additional briefing from the parties on the issues under review and on the issues of remedy, the public interest, and bonding. *Id.* at 8322-23.

Converse, the Active Respondents, and OUII filed timely initial and reply written submissions.

Having reviewed the record in this investigation, including the RID and the parties' written submissions, the Commission has determined to affirm in part and reverse in part the RID's findings under review. Specifically, the Commission reverses the RID's finding that the CMT had not acquired secondary meaning prior to each Active Respondents' alleged first use of the mark. The Commission has determined that there has been no violation by the Active Respondents because, although Converse has established that its CMT had acquired secondary meaning prior to each of those Respondents' alleged first uses of the mark (which predate registration of the '753 trademark), Converse has failed to show either a likelihood of confusion or injury to its domestic industry, or both, with respect to those Respondents' accused products. The Commission has also determined that it may assess the validity of the '753 trademark and affirms with modifications the RID's finding that the '753 trademark has not been proven invalid. The Commission further determines that Converse has proven a violation of section 337 by substantial, reliable, and probative evidence with respect to Defaulting Respondents Foreversun and Dioniso (whose infringements postdate registration of the '753 trademark), but not with respect to Defaulting Respondents Xinya, Wenzhou, and Ouhai. Accordingly, the

Commission has determined that there is a violation of section 337 with respect to the '753 trademark.

Having found a violation of section 337 as to the '753 trademark, the Commission has determined that the appropriate form of relief is: (1) a GEO prohibiting the unlicensed entry of footwear products that infringe the '753 trademark; and (2) CDOs prohibiting Defaulting Respondents Dioniso and Foreversun from further importing, selling, and distributing infringing products in the United States. The Commission further determined that the public interest factors enumerated in section 337(d)(1) and (f)(1) do not preclude issuance of the remedial orders. Finally, the Commission determined that a bond in the amount of 100 percent of the entered value (per pair) of the infringing products is required to permit temporary importation during the period of Presidential review (19 U.S.C. 1337(j)). The Commission has also issued an opinion explaining the basis for the Commission's action. The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance. The investigation is hereby terminated.

While temporary remote operating procedures are in place in response to COVID-19, the Office of the Secretary is not able to serve parties that have not retained counsel or otherwise provided a point of contact for electronic service. Accordingly, pursuant to Commission Rules 201.16(a) and 210.7(a)(1) (19 CFR 201.16(a), 210.7(a)(1)), the Commission orders that the Complainant complete service for any party without a method of electronic service noted on the attached Certificate of Service and shall file proof of service on the Electronic Document Information System (EDIS).

The Commission vote for this determination took place on September 9, 2020.

The authority for the Commission's determination is contained in section 337 of the

Tariff Act of 1930, as amended, 19 U.S.C. 1337, and in Part 210 of the Commission's Rules of Practice and Procedure, 19 CFR Part 210.

By order of the Commission.

Issued: September 9, 2020.

Lisa Barton,  
Secretary to the Commission.

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