

No. 16-2497

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United States Court of  
Appeals for the Federal Circuit

**Converse, Inc.,**  
*Appellant,*

v.

**International Trade Commission,**  
*Appellee,*

**Wal-Mart Stores, Inc., HU Liquidation, New  
Balance Athletics, Inc. and Sketchers, U.S.A.,  
Inc.**  
*Intervenors*

**Appeal from the United States International  
Trade Commission in Investigation No. 337-  
TA-936**

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Decided: November 17, 2015

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**BRIEF OF AMICI CURIAE FASHION LAW INSTITUTE,  
CHRISTIAN LOUBOUTIN SAS, AND TIFFANY AND  
COMPANY IN SUPPORT OF NEITHER PARTY**

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**CERTIFICATE OF INTEREST**

Counsel for *amici curiae* certifies the following:

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Fashion Law Institute; Christian Louboutin SAS; Tiffany and Company

2. **The name of the real party in interest (if the party named in the caption is not the real part of interest) represented by me is:**

N/A.

3. **All parent corporation and any publically held companies that own ten percent or more of the stock of the party or amicus curiae represented by me are:**

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## **INTEREST OF THE *AMICI CURIAE*<sup>1</sup>**

*Amici curiae* include the Fashion Law Institute joined by industry leaders in fashion innovation, Christian Louboutin SAS and Tiffany & Co., both which have secured U.S. trademarks for their signature designs.

The Fashion Law Institute is a nonprofit organization headquartered at Fordham Law School and the world's first academic center dedicated to the law and business of fashion.

Christian Louboutin SAS is a world-renowned luxury footwear company founded a quarter-century ago by its eponymous designer, whose trademarked red soles are immediately recognizable by stylish women and men across the globe.

For 180 years, Tiffany & Co. has been one of the most iconic luxury brands in American fashion; its trademarked blue boxes are internationally recognized.

The fashion company *amici* make substantial investments in creative

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<sup>1</sup> All parties received timely notice of *amici*'s intent to file this brief. Both Appellee ITC and Appellant Converse consented to the filing of this brief. Intervenors alone declined to consent and, accordingly, *amici* have filed a motion for permission to file this brief. No counsel for any party authored this brief in whole or in part and no person or entity other than *amici* or its counsel of record made a monetary contribution intended to fund its preparation or submission.

designs and in the trademarks that protect both their own interests and those of consumers. Together, *amici* have an interest in highlighting the unique role of trademark and trade dress protection in the fashion industry. In addition, *amici* wish to ensure that the trade dress analysis in this case accurately reflects the nuanced concepts involved; otherwise, there is a substantial risk that the outcome of this case would adversely affect both consumers and the fashion industry as a whole.

### **SUMMARY OF ARGUMENT**

Along with Petitioner and Respondents alike, *amici* are active contributors to the fashion industry's overarching goals of providing the public with exciting, innovative and trustworthy designs, building brand awareness, and fostering the progress of fashion design as a creative medium. *Amici* acknowledge and respect the design contributions of fellow industry stakeholders, including parties on both sides of this dispute, and take no position on the ultimate question in this case, namely whether the Converse Midsole Trademark acquired secondary meaning and is deserving of trade dress protection. Rather, *amici* submit this brief on behalf of no party to explain the importance of intellectual property protection to fashion and related industries and to address the proper way to evaluate one of the seven factors in the secondary meaning analysis: exclusivity of use.

The fashion industry is one of the main drivers of the United States economy and provides a wealth of products to the consuming public. Trade dress protection is essential to its growth. Specifically, trade dress protection for product design ensures that fashion companies can reap the benefits of designing and promoting a distinctive product that the public can recognize as genuine. It thus helps to safeguard companies' investment in creativity. Trade dress protection also directly benefits consumers by assuring them that the items possess the quality they expect.

Secondary meaning is an essential element of product configuration trade dress law; without it, the source indicating function of trademark does not exist. Both the International Trade Commission's Opinion and the Initial Determination ("ID") in this case identify seven factors that a court must evaluate and balance when called upon to determine secondary meaning in trademark. Nevertheless, in the instant matter the Commission was guided significantly by one factor – substantial exclusivity of use.

The Commission's methodology appears to suggest, inaccurately, that the lack of exclusivity is a disqualifying factor in establishing secondary meaning. This view overemphasizes the weight to be given to the absence of substantial exclusivity when assessing secondary meaning. Contrary to the Commission's approach, secondary meaning can and does exist in the

absence of exclusivity of use. Indeed, exclusivity of use is not a prerequisite to obtaining and holding a valid trademark, as it might be in other areas of intellectual property law. Rather, it is just one of many indirect tools that can help answer the ultimate secondary meaning question – whether the buying public associates a mark with a single source. Moreover, neither the Lanham Act nor the United States Patent and Trademark Office (“PTO”) mandate its establishment.

Additionally, the exclusivity factor does not operate in an automatic fashion, and its absence does not signify a lack of secondary meaning. Rather, the concept of exclusivity is a nuanced one, and its presence or absence can mean different things depending on the circumstances. For example, the presence of copycats can often demonstrate the existence of secondary meaning, and not its absence.

The Commission’s overemphasis of the absence of exclusivity of use is inconsistent with past jurisprudence and threatens to upset the current equilibrium in trademark law, provide incentive to copyists, reduce the utility of registered trade dress to both creators and consumers, and harm companies in fashion and related industries that invest in the creation of iconic designs. Accordingly, with respect to trade dress protection, *amici* ask that the Court reconsider the International Trade Commission’s analysis

of substantial exclusivity of use as a factor in ascertaining secondary meaning in favor of a more appropriately balanced and nuanced approach.

## **ARGUMENT**

### **I. TRADE DRESS PROVIDES IMPORTANT INTELLECTUAL PROPERTY PROTECTION FOR ESTABLISHED AND EMERGING DESIGNERS IN FASHION AND RELATED INDUSTRIES**

#### **A. Fashion is an Important Driver of U.S. Economic Growth**

The fashion industry, along with related industries like cosmetics, fragrance, and personal care products, represents one of the largest drivers of economic growth in the U.S. today. The \$1.2 trillion global fashion industry employs 1.8 million Americans nationwide, and approximately \$250 billion is spent annually in this country on apparel.<sup>2</sup> The fashion industry's contributions to our economy extend across the country. While it has been centered historically in New York City and Los Angeles, many other cities, including Nashville, San Francisco, and Dallas, have benefited from substantial economic growth thanks to the industry.<sup>3</sup>

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<sup>2</sup> See The Economic Impact of the Fashion Industry, Joint Econ. Comm., U.S. Cong. (Sep. 6, 2016), [http://www.jec.senate.gov/public/\\_cache/files/66dba6df-e3bd-42b4-a795-436d194ef08a/fashion---september-2016-final-090716.pdf](http://www.jec.senate.gov/public/_cache/files/66dba6df-e3bd-42b4-a795-436d194ef08a/fashion---september-2016-final-090716.pdf).

<sup>3</sup> See *id.* at 1, 4.

Like other sectors of the economy, the fashion industry has evolved and adapted to changing times. When the Converse Rubber Shoe Company began producing specialized winter rubber-soled shoes and boots in Massachusetts in 1908,<sup>4</sup> fashion contributed to the economy primarily by providing manufacturing jobs centered in the Northeast.<sup>5</sup> Today, creativity drives the industry. As manufacturing jobs have declined,<sup>6</sup> the U.S. fashion industry has become a top global employer of designers, researchers, developers, and marketers. While these creative jobs require more education and training, they ultimately yield higher wages.<sup>7</sup> The U.S. fashion industry employs approximately 18,000 fashion designers working in the United States – a figure that has grown by over 50 percent in the past ten years.<sup>8</sup> The American fashion industry employs other specialized talent including computer programmers, accountants, copywriters, social media directors,

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<sup>4</sup> See Katya Foreman, *Converse shoes: In the all star game*, BBC, Oct. 21, 2014, available at <http://www.bbc.com/culture/story/20140606-art-on-canvas-converse-shoes>.

<sup>5</sup> See *Worcester's Industrial Heritage*, Worcester Historical Museum, available at <http://www.worcesterhistory.org/worcesters-history/worcesters-industrial-heritage/>.

<sup>6</sup> See *The Economic Impact of the Fashion Industry*, *supra* note 2, at 1 (noting that the number of U.S. apparel manufacturing jobs fell from approximately 940,000 to 144,000 from 1990 to 2013).

<sup>7</sup> See *id.*

<sup>8</sup> See *id.*

project managers, fabric designers, garment workers, and patternmakers.<sup>9</sup>

An array of companies employs these individuals, including large design houses, independent one-person design shops, wholesalers, and major international retailers.

America's fashion industry contributes to the U.S. economy beyond just sales and jobs. New York City is a prime example. The city hosts a semiannual Fashion Week that includes over 500 shows with a local economic impact of upwards of \$900 million a year.<sup>10</sup> It is also home to the High School of Fashion Industries<sup>11</sup> and preeminent higher education programs including Parsons, Fashion Institute of Technology, and Pratt Institute.<sup>12</sup> Fordham University School of Law now offers the first degrees in fashion law: a Master of Law in Fashion (LL.M.) and a Master of Studies in Law (M.S.L.).<sup>13</sup>

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<sup>9</sup> *See id.*

<sup>10</sup> *See id.* at 4.

<sup>11</sup> The High School of Fashion Industries is a specialized public school where students study fashion design and create their own works. *See* <http://fashionhighschool.net/>.

<sup>12</sup> *See* The Economic Impact of the Fashion Industry, *supra* note 2, at 5.

<sup>13</sup> *See* Vanessa Friedman, *Fashion's Latest Accessory: The Law*, June 22, 2015, available at <http://www.nytimes.com/2015/06/23/fashion/fashions-latest-accessory-the-law.html>.

**B. Trademark and Trade Dress Provide Needed but Incomplete Protection from Design Piracy to both Consumers and the Fashion Industry**

Global trade in counterfeit goods is on the rise in fashion and related industries,<sup>14</sup> and a troublesome culture of design piracy – “the practice of copying original fashion designs and selling the apparel under a different label”<sup>15</sup> – has taken hold. These counterfeits and knockoffs saturate the U.S. market and allow illegitimate designers to profit off the creative and financial investments of others.<sup>16</sup> Today’s brands do not just have to compete with counterfeiters on New York’s Canal Street or “purse parties” held across the nation,<sup>17</sup> but also with a proliferation of knockoffs due to the increasing prevalence of design piracy.

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<sup>14</sup> See Susan Scafidi, *Written Statement on H.R. 5055, The Design Piracy Prohibition Act 2* (July 27, 2006).

<sup>15</sup> Biana Borukhovich, *Fashion Design: The Work Of Art That Is Still Unrecognized In The United States*, 9 Wake Forest Intell. Prop. L.J. 155, 156 (2009).

<sup>16</sup> See Susan Scafidi and Narciso Rodriguez, *Fashion Designers Need Strong Legal Protection for Their Clothing*, The New York Times, Oct. 22, 2015, available at <http://www.nytimes.com/roomfordebate/2014/09/07/who-owns-fashion/fashion-designers-need-strong-legal-protection-for-their-clothing>.

<sup>17</sup> See Jerry Markon, *Virginia Men Face U.S. Trial In Peddling of Phony Purses*, The Washington Post, Jan. 30, 2007, available at <http://www.washingtonpost.com/wpdyn/content/article/2007/01/29/AR2007012902083.html?referrer=emailarticle>.



The negative economic impact of copying is substantial. As of 2013, the global market for counterfeit goods alone accounted for between \$500 billion and \$600 billion per year.<sup>18</sup> The fashion industry suffers one the worst impacts.<sup>19</sup> According to U.S. Customs and Border Protection, apparel/accessories was the largest commodity classification of seized counterfeit goods in 2015 while footwear, watches/jewelry, and handbags/wallets followed closely behind.<sup>20</sup> In the same year, the estimated manufacturer's suggested retail price ("MSRP") of the seized goods had they been genuine totaled as follows: \$580,791,647 in watches/jewelry, \$208,378,624 in handbags/wallets, \$157,196,110 in wearing apparel/accessories, and \$64,967,315 in footwear.<sup>21</sup>

Legal protection for the fashion industry's intellectual property nevertheless remains underdeveloped in the United States. To guard against

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<sup>18</sup> See Rosanne Elings, Lisa D. Keith, and George P. Wukoson, *Anti-counterfeiting in the fashion and luxury sectors: trends and strategies*, World Trademark Review, available at <http://www.dwt.com/files/Uploads/Documents/Publications/Industrty%20Insight%20DWT.pdf>.

<sup>19</sup> See *The Economic Impact of Counterfeiting*, Organisation for Economic Co-operation and Development, 2008, at 12 available at <https://www.oecd.org/sti/ind/2090589.pdf>.

<sup>20</sup> See *Intellectual Property Rights Seizure Statistics*, Fiscal Year 2015, Department of Homeland Security, available at <https://www.cbp.gov/sites/default/files/assets/documents/2017-Jan/2015%20IPR%20Annual%20Statistics.pdf>.

<sup>21</sup> See *id.*

design piracy, fashion brands must employ a piecemeal approach. Copyright provides only limited protection in the case of apparel, footwear and accessories, primarily for the “pictorial, graphic or sculptural” features that are separable from the underlying items otherwise classified as utilitarian.<sup>22</sup> But copyrights do not protect the designs of “useful articles,” so major components of fashion design cannot be protected.<sup>23</sup> Perfume, too, is largely excluded from copyright protection; a composition of fragrance notes, unlike a composition of musical notes, is legally vulnerable to copyists.<sup>24</sup>

As they relate to fashion design, both utility and design patents are intended to protect only narrow areas. While some fashion design may meet the generally applicable standards of invention (novelty and non-obviousness), the patent regime is not intended to cover the majority of fashion innovations, namely original designs that provide a distinguishable

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<sup>22</sup> See Statement of the United States Copyright Office before the Subcommittee on Courts,

<sup>23</sup> See *id.*

<sup>24</sup> While the question of whether a fragrance can be copyrighted has not yet been litigated in the U.S., in 2006 France’s highest court ruled that fragrances “are not eligible for protection under French copyright law because they are a product of the application of purely technical knowledge and lack, therefore a discernible association with the individual personalities of their creators.” *Bsiri-Barbir v. Haarman & Reimer*, Cour de cassation [Cass. 1e civ.] Paris, June 13, 2006, D . 2006, Somm. 1741, J. Daleau. See also Elaine Sciolino, *The New York Times*, July 15, 2006, available at <http://www.nytimes.com/2006/07/13/fashion/thursdaystyles/13skin.html>.

and coveted variation over prior designs.<sup>25</sup> The time and expense of obtaining a patent also makes patent protection ill-suited for fast-paced fashion innovations.<sup>26</sup>

Trade secret protection, while useful in shielding some aspects of the business of fashion and related industries, does not protect the designs that provide important value to consumer products such as apparel, footwear, accessories, cosmetics, or fragrances, since such designs, by definition, are publicly disclosed.

Trademarks, including those in the category of trade dress, thus bear much of the burden of providing fashion and related industries with the limited but important and necessary protection that they do enjoy. Trade

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<sup>25</sup> See Susan Scafidi, *Intellectual Property and Fashion Design*, in 1 *Intellectual Property and Information Wealth* 115 (Peter K. Yu ed., 2006).

<sup>26</sup> See *id.* Moreover, the Supreme Court's recent ruling in *Samsung Elecs. Co. v. Apple, Inc.* significantly reduces the deterrent effect of design patents because limiting damage awards to the percentage of profits attributable to the copying is likely to make some cases of copying cost-prohibitive to litigate. 137 S. Ct. 429 (2016). Design patents for fashion often only protect portions of an article, and the challenge of ascertaining the amount of profits attributable to the relevant article of manufacture in the case of a design patent on, for example, the heel of a shoe or the metal hardware on a handbag will only further increase the high cost enforcement.

dress, in particular, plays an increasingly important role in brand protection while it also “serves to identify the product presented to the consumer.”<sup>27</sup>

By protecting recognizable packaging and designs – and not just traditional marks like logos and brand names – trade dress protection gives U.S. fashion companies a chance to safeguard the investment in creativity that now fuels the industry’s growth.<sup>28</sup> To date, trade dress has provided valuable protection to a variety of fashion designs – not just the sneakers involved in this action – including handbags,<sup>29</sup> jewelry,<sup>30</sup> watches,<sup>31</sup> jeans,<sup>32</sup> fragrance,<sup>33</sup> perfume bottles,<sup>34</sup> and even sleeve pleats.<sup>35</sup>

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<sup>27</sup> *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993, 999 (2d. Cir. 1997).

<sup>28</sup> See Scafidi, *supra* note 25 at 1.

<sup>29</sup> See, e.g., Complaint filed in *Hermès Int’l v. Steven Stolman, Ltd.*, No. CV 03 3722, 2003 WL 23883672 (E.D.N.Y. July 30, 2003). After filing the complaint, Hermès obtained a permanent injunction against the sale of “Jelly Kelly” handbags that violated its trade dress protection of their iconic Kelly handbags. See Kevin V. Tu, *Counterfeit Fashion: The Interplay Between Copyright and Trademark Law in Original Fashion Designs and Designer Knockoffs*, 18 Tex. Intell. Prop. L.J. 419, 438 (2010).

<sup>30</sup> See N. Elizabeth Mills, *Intellectual Property Protection for Fashion Design: An Overview of Existing Law and A Look Toward Proposed Legislative Changes*, 5 Shidler J. L. Com. & Tech. 24, 13 (2009) (citing *Cosmos Jewelry Ltd. v. Po Sun Hon Co.*, 470 F. Supp. 2d 1072 (C.D. Cal. 2006), *aff’d*, No. 06-56338, 2009 WL 766517 (9th Cir. Mar. 24, 2009)).

<sup>31</sup> See, e.g., *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, 348 F. Supp. 2d 217 (S.D.N.Y. 2004); see also U.S. Trademark No. 4865091.

<sup>32</sup> See, e.g., *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1159 (9th Cir. 2011); *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817 (9th Cir. 1980).

This trademark protection directly benefits consumers as well. It “reduces the customer’s costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”<sup>36</sup> On a broader scale, it encourages economic development by ensuring “a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.”<sup>37</sup>

## **II. WHEN DETERMINING SECONDARY MEANING IN TRADE DRESS, HISTORICAL “EXCLUSIVITY OF USE” SHOULD NOT BEAR UNDUE WEIGHT**

The ID evaluated the parties’ evidence on secondary meaning for the Converse Midsole Trademark (“CMT”) and concluded that the exclusivity of use factor was neutral. Assessing this factor along with six others, as well as the presumption of validity that attached to the trademark, the ID concluded that the registered CMT possessed secondary meaning.<sup>38</sup>

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<sup>33</sup> See, e.g., *In re Clarke*, 17 U.S.P.Q.2d 1238 (T.T.A.B. Sept. 19, 1990).

<sup>34</sup> See, e.g., U.S. Trademark No. 5108559.

<sup>35</sup> See, e.g., U.S. Trademark No. 2037960.

<sup>36</sup> *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 164 (1995).

<sup>37</sup> *Id.*

<sup>38</sup> See Commission Opinion at 16.

The Commission reversed. Although the Commission stated that it did so based on the record as a whole, *i.e.* on all seven secondary meaning factors, it affirmed the ID's analysis as to factors 1 and 3-7, and it found error only with the ID's conclusion that factor 2 (exclusivity of use) was neutral.<sup>39</sup> Indeed, the Commission reversed even though it agreed that four factors (1, 3, 4, and 6) favored a finding of secondary meaning and one factor (5) was neutral.<sup>40</sup> The Commission, moreover, did not disturb the ID's finding that:

[t]here is also evidence in the record that, despite the alleged pervasiveness of third parties using the CMT, survey respondents who associated the shoe with one brand were far more likely to name this brand as Converse than any other brand.<sup>41</sup>

Against this backdrop, the Commission's ruling appears to suggest inaccurately that the lack of exclusivity is a disqualifying factor in establishing secondary meaning.

The Commission's view overemphasizes the weight to be given to the absence of substantial exclusivity when assessing secondary meaning.

Indeed, exclusivity is not the be all and end all of trademark law, as it might

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<sup>39</sup> *See id.* at 16-17.

<sup>40</sup> *See id.* at 17.

<sup>41</sup> Initial Determination at 46 (referencing two surveys in which 91% and 95% of respondents identified Converse or its Chuck Taylor All Star brand, with no other brand receiving more than 4% or 2% of the mentions.)

be characterized in certain other areas of intellectual property law. Rather than being a prerequisite to protection, as it can be in patent, copyright, and trade secret law, exclusivity of use is just one of many factors in the secondary meaning analysis and it has never been required for secondary meaning to exist. That is because the ultimate goal in trademark law is not to protect only those marks that are used exclusively by a mark's holder; it is to protect consumers who associate a mark with a single source (regardless of exclusivity) and to ensure that they do not mistakenly buy inferior or non-genuine goods.

The concept of exclusivity appears in the Lanham Act, and in related regulations and procedures, primarily through 15 U.S.C. § 1052, which provides for the registration of descriptive marks upon a showing of secondary meaning. Even there, exclusivity of use plays only a limited role in demonstrating secondary meaning, as one of several optional ways an applicant may choose to prove secondary meaning. As demonstrated below, the Lanham Act and PTO's treatments of exclusivity of use demonstrate that while its presence can benefit an applicant, its absence should not necessarily disadvantage that contender, contrary to the Commission's apparent interpretation.

In addition, the concept of exclusivity, to the extent that it plays a role in establishing secondary meaning, does not operate in a uniform way. Rather, it is a nuanced concept, with the presence or absence of exclusivity leading to different conclusions about secondary meaning, depending on the circumstances. For example, infringing uses are not to be considered in negating exclusivity, and, at times, they help bolster a finding of secondary meaning. This is a significant distinction in industries plagued by persistent copying, and trademark holders can and do establish and maintain secondary meaning despite design piracy. It is important that this case maintain the integrity of trademark and trade dress law by giving exclusivity its appropriate weight among other factors.

**A. Unlike Other Areas of Intellectual Property Law, the Concept of Exclusivity Plays Only an Indirect Role in Trademark Law**

While the concept of exclusivity arises in many areas of intellectual property law, including patent, copyright, trade secret, and trademark law, it does not serve the same purpose or carry the same importance across all of them. In trademark law, exclusivity makes a particularly limited appearance.

By contrast, exclusivity is a pillar of copyright, patent, and trade secret law, and a lack of exclusivity typically precludes protection – a non-exclusive invention cannot be patented, well-known elements of artistic or



literary expressions cannot be copyrighted, and generally circulating business information cannot be a trade secret.

Exclusivity, inherent in the concept of novelty, plays a critical role in patent law. Simply put, an invention cannot be patented if it was known or used by others before the applicant invented it – the invention must be truly new and, thus, exclusive to the inventor. If third parties know of, or have used, prior art embodying or anticipating the invention, a patent cannot issue.<sup>42</sup> The restriction is mandated by statute and is constitutionally grounded as well.<sup>43</sup>

Copyright, too, incorporates exclusivity, intrinsic to the concept of originality, as a fundamental principle. Originality is the “touchstone of copyright protection” and “the very premise of copyright law,” and like patent novelty, it is grounded in the Constitution.<sup>44</sup> Originality in copyright law differs from novelty in patent law – there is no requirement that a copyrighted work be completely distinct from all other works, and independent creation is recognized as a defense to infringement.

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<sup>42</sup> See *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1453 (Fed. Cir. 1984).

<sup>43</sup> *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130 (Fed. Cir. 1993).

<sup>44</sup> See *Feist Publications, Inc. v. Rural Telephone Service*, 499 U.S. 340, 346-47 (1991); U.S. Const. art. I, § 8.

Nevertheless, expressions that “enjoy[] a robust existence in the public domain,” and are thus not exclusive to anyone, cannot be copyrighted.<sup>45</sup>

Trade secret law likewise protects that information which is exclusive to the claimant or at least not part of shared knowledge within an industry. Indeed, the *sine qua non* of a trade secret is that it derives independent economic value from “not being generally known.”<sup>46</sup> While “novelty, in the patent sense, is not required for a trade secret,” “some novelty will be required if merely because that which does not possess novelty is usually known; secrecy, in the context of trade secrets, thus requires at least minimal novelty.”<sup>47</sup>

Unlike in these other areas of intellectual property law, exclusivity plays only an indirect and circuitous role in trademark law. Courts and the PTO may look to the degree to which certain marks have enjoyed “substantially” exclusive use when determining if a claimed trademark has obtained secondary meaning and is therefore protectable as a mark. But demonstrating substantially exclusive use is neither a prerequisite to protection nor an element of a trademark infringement claim. Moreover, it is neither mandated by statute nor grounded in the Constitution. Rather, it is

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<sup>45</sup> *Acuff-Rose Music, Inc. v. Jostens, Inc.*, 155 F.3d 140, 144 (2d Cir. 1998).

<sup>46</sup> Unif. Trade Secret Act, § 1.4(i).

<sup>47</sup> *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 476 (1974).

just one of many strands of indirect evidence that is used to answer other, more fundamental, questions: whether a descriptive mark is distinctive and whether a trademark has acquired “secondary meaning” such that consumers associate it with a single source and could be confused when competing goods are sold under the same or similar mark.

**B. The Lanham Act and the PTO Give Trademark Applicants Discretion as to Whether to Demonstrate Substantial Exclusivity of Use, Indicating that the Absence of Exclusivity Should Not be Given Undue Weight in Secondary Meaning Analysis but Rather be Presumed Neutral**

In reversing the ID, the Commission implicitly viewed the question of substantial exclusivity of use as operating in a binary fashion, suggesting that since proof of exclusive use favors the trademark holder, the absence of exclusivity must count against the trademark holder. This approach risks giving excessive weight to any finding that the trademark holder did not demonstrate substantially exclusive use, regardless of the nature or degree of third-party use.

Overemphasizing the significance of exclusivity is inconsistent with both the Lanham Act and the rules and regulations of the PTO. Under both the Act and the PTO’s rules, while substantially exclusive use of a mark can support a trademark owner’s quest to prove secondary meaning, the absence

of such use carries neutral weight and should not be assessed against the trademark owner.

The starting point for analysis is 15 U.S.C. § 1052. Sections (a) – (e) of that provision direct the PTO to refuse to register a variety of marks, including, in section (e), marks that are merely descriptive of the applicant’s goods. Section 2(f) is an exception to those restrictions and allows descriptive marks to be registered upon a showing of secondary meaning. It provides that:

nothing in this chapter shall prevent the registration of a [descriptive] mark used by the applicant which has become distinctive of the applicant’s goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive . . . proof exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.<sup>48</sup>

This Court has long recognized that Section 2(f) is merely permissive:

Unlike the first five sections of 15 U.S.C. §1052 which define the grounds upon which a trademark registration is to be refused, Section 2(f) serves as an exception to a rejection under the provisions of one of the other sections, Section 2(e) . . . . Thus, Section 2(f) is not a provision on which registration can be refused but is a provision under which an applicant has a chance to prove that he is entitled to a federal trademark registration which would otherwise be refused.<sup>49</sup>

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<sup>48</sup> 15 U.S.C. § 1052(f).

<sup>49</sup> *L.A. Gear, Inc.*, *supra* note 44, 988 F.2d at 1130; *Yamaha Intern. Corp. v. Hoshino Gakki Co., Ltd.*, 840 F.2d 1572, 1580 (Fed. Cir. 1988) (internal quotations and citation omitted).

Section 2(f) does address an applicant's "substantially" exclusive use of an otherwise descriptive mark. Nothing in Section 2(f), however, requires that the applicant prove such use to demonstrate that such a mark has acquired secondary meaning or penalizes an applicant who elects not to make that showing.

To the contrary, the PTO's rules provide an applicant seeking to register an otherwise descriptive mark with three independent avenues for establishing secondary meaning, only one of which addresses substantially exclusive use of a mark. An applicant seeking to demonstrate secondary meaning may present evidence of:

- (1) an active prior registration of the same mark for similar goods or services;<sup>50</sup> or
- (2) substantially exclusive and continuous use for the five years preceding the application;<sup>51</sup> or
- (3) evidence showing the duration, extent, and nature of use in commerce and advertising expenditures in connection therewith (identifying types of media and attaching typical advertisements), and submissions from the trade or public tending to show that the mark distinguishes such goods.<sup>52</sup>

The PTO's website makes clear that this third and final prong does not require evidence of substantially exclusive and continuous use. Under the heading "How to Claim Acquired Distinctiveness under Section 2(f)," the

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<sup>50</sup> 37 C.F.R. §2.41(a)(1); Trademark Man. of Exam. Proc. §1212.04.

<sup>51</sup> 37 C.F.R. §2.41(a)(2); Trademark Man. of Exam. Proc. §1212.05.

<sup>52</sup> 37 C.F.R. §2.41(a)(3); Trademark Man. of Exam. Proc. §1212.06.

PTO explains what constitutes “[a]cceptable evidence of use and promotion,” making no mention of exclusive use:

Acceptable evidence of use and promotion can include:

- (a) advertising and promotional materials that specifically show or promote the applied-for mark in use as a trademark and source-identifier;
- (b) dollar figures for advertising devoted to such promotion;
- (c) dealer and consumer statements indicating recognition of the applied-for mark as a trademark;
- (d) other evidence that shows consumer recognition of the applied-for mark as a trademark for applicant's goods.<sup>53</sup>

The PTO’s Manual of Examination Procedures is in accord. It provides that:

The applicant may present any competent evidence to establish that a mark has acquired distinctiveness. Actual evidence of acquired distinctiveness may be submitted regardless of the length of time the mark has been used.

The above statutory language, regulatory provisions, and PTO rules and public guidance statements demonstrate that, at most, the Lanham Act provides a benefit to an applicant who demonstrates substantially exclusive use of a descriptive mark – it authorizes the PTO, in the exercise of its

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<sup>53</sup> *How to Claim Acquired Distinctiveness under Section 2(f)*, PTO, available at <https://www.uspto.gov/trademark/laws-regulations/how-claim-acquired-distinctiveness-under-section-2f-0>.

discretion, to accept, without additional evidence, proof of five years of substantially exclusive use as *prima facie* evidence of distinctiveness.<sup>54</sup>

Neither the Lanham Act nor the PTO, however, penalizes an applicant who elects not to make that showing and to forego that benefit. The applicant remains free to present the PTO with actual evidence of secondary meaning and, as the above PTO rules demonstrate, such evidence need not include evidence of exclusivity. As aforementioned, it is not even mentioned on the PTO's public list of "acceptable evidence of use" as a method by which to demonstrate acquired distinctiveness.

Under the Lanham Act, then, while the presence of substantially exclusive use can support a trademark application or benefit a trademark holder, its absence is merely a neutral factor and should not disadvantage a party who presents other evidence of secondary meaning.

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<sup>54</sup> As this Court has recognized, even when an applicant seeks this benefit, "the statute is silent as to the weight of evidence required for a showing under Section 2(f) except for the suggestion that substantially exclusive use for a period of five years immediately preceding filing of an application may be considered *prima facie* evidence." *Yamaha, supra* note 50, 840 F.2d at 841. Thus, even applicants who rely on this presumption do not need to demonstrate five years of substantially exclusive and continuous use. *See, e.g., L.A. Gear, Inc., supra* note 44, 988 F.2d at 1130 (secondary meaning established within six months after release of shoe). This further highlights that evidence of substantially exclusive use, while relevant, is not essential.

**C. Substantially Exclusive Use is a Nuanced Concept, Further Indicating That its Absence is a Neutral Factor and Should Not be Overemphasized in Analysis of Fashion Design Trade Dress**

The concept of exclusivity, to the extent that it plays a role in establishing secondary meaning, is a nuanced and context-dependent concept. Not only is exclusivity of use optional in trademark law – implying that its absence is a neutral factor – but when it is offered as evidence, the standard is one of “substantial” and not absolute exclusivity. In other words, trademarks and trade dress can cut through the increased noise-to-signal ratio caused by unauthorized copying and establish or maintain secondary meaning – an important principle for fashion and related industries.

Trademark regulations and jurisprudence indicate, moreover, that certain uses are to be excluded from the calculus of substantial exclusivity. Notably, in addition to inconsequential uses, both this Court and the PTO instruct that third party uses that are infringing are to be excluded.<sup>55</sup>

Indeed, it is well established that copying of a trademark can constitute persuasive evidence of consumer recognition and thereby support

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<sup>55</sup> See *L.A. Gear, Inc.*, *supra* note 44, 988 F.2d at 1130; see also Trademark Man. Of Exam. Proc. § 1212.05(b) (“The five years of use does not have to be exclusive, but may be ‘substantially’ exclusive. This makes allowance for use by others which may be inconsequential or infringing and which therefore does not necessarily invalidate the applicant's claim.”).



a finding of secondary meaning.<sup>56</sup> This rule not only avoids rewarding wrongdoers, but it also treats deliberate, unauthorized copying of a trademark by third parties as evidence favorable to the original creator that its trademark has secondary meaning, as the appeal and value of the copies derive from the recognition of the trademark. In this case, for example, the CMT is an iconic design well known to both the trade and the public, and Converse submitted undisputed evidence that Defendants-Appellees employed the words “Converse,” “Chucks,” and “Chuck Taylor” when marketing their lookalike products and seeking to attract consumers to their websites.<sup>57</sup> Little weight should be given to copied designs – especially those marketed as such – when assessing exclusivity of use of trade dress involving fashion and related products, as the existence of such unauthorized

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<sup>56</sup> See, e.g., *Coach Leatherware Co., Inc. v. Ann Taylor, Inc.*, 933 F.2d 162, 169 (2d Cir. 1991) (citing *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 815 F.2d 8, 9-10 (2d Cir. 1987)); *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 615 (9th Cir. 1989) (proof of copying strongly supports an inference of secondary meaning); *Contemporary Rest. Concepts, Ltd. V. Las Tapas-Jacksonville, Inc.*, 753 F. Supp. 1560, 1564 n.2 (M.D. Fla. 1991) (“secondary meaning can be demonstrated when it is shown that an infringer intentionally copied a mark”). Cf. *Brooks Shoe Mfg. Co. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983) (stating that “proof of intentional copying is probative evidence on the secondary meaning issue”).

<sup>57</sup> See Initial Determination at 55 (noting Converse’s evidence that “[s]earching for [these terms] on Respondents’ websites results in listings for the Accused Products”).

uses is not dispositive with regard to whether the trade dress nevertheless serves as a source indicator.

Given the ongoing battle of fashion and related industries today, when unique designs are immediately copied early in the product's life, a decision overemphasizing exclusivity in this case could unfairly prevent the establishment of secondary meaning by many other creators and companies in their own products. When an original creator sticks with a design and consistently produces, advertises, and sells it – and therefore can demonstrate many of the other secondary meaning factors – the burden of obtaining trade dress protection should not be increased because of unavoidable immediate or persistent copying.

If anything, an original creator who successfully sells a distinct signature design over time, and thus continues to build brand loyalty, demonstrates that the product has broken through the “noise” of today's rapid, almost automatic, copying. In this context, it would be inappropriate to bar a finding of secondary meaning simply on the basis of unauthorized third-party use, which is not independently indicative of the existence or nonexistence of the source-identifying function of the trade dress. Such a result would disadvantage the creators and consumers of fashion, footwear, accessories, cosmetics, fragrances, and many other goods.

## CONCLUSION

For the reasons explained herein, *amici* respectfully request that the Court refrain from overemphasizing substantial exclusivity of use as a factor in establishing secondary meaning and instead recognize its limited and nuanced role in evaluating the legitimacy of trade dress protection.

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Respectfully submitted,

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**CERTIFICATE OF COMPLIANCE**

1. The undersigned counsel of record for Amici curiae Fashion Law Institute, Christian Louboutin SAS, and Tiffany and Company certifies pursuant to Federal Rules of Appellate Procedure 32(a)(7)(C) that the foregoing brief contains 5,815 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii), according to the Word Count feature of Microsoft Word 2010.

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14-point font of Times New Roman.

Dated: February 3, 2017

/s/ Cynthia S. Arato  
**CYNTHIA S. ARATO**

**CERTIFICATE OF SERVICE**

I hereby certify that, on this 3rd day of February 2017, I filed the foregoing with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

Dated: February 3, 2017

/s/ Cynthia S. Arato  
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