



## December 2018 Edition

A newsletter brought to you by the Sports Law Group at Proskauer.

Welcome to *Three Point Shot*, a newsletter brought to you by the Sports Law Group at Proskauer. Three Point Shot brings you the latest in sports law-related news and provides you with links to related materials. Your feedback, thoughts and comments on the content of any issue are encouraged and welcome. We hope you enjoy this and future issues.

And to all our friends and families around the globe, Happy Holidays! And best wishes in the coming year.

Edited by **Robert E. Freeman**

### Table of Contents

<a href="#">Converse's Chuck Taylor All-Star Trademark Gets Another Shot...</a>	1
<a href="#">Federal Circuit Sacks SportStar Athletics' Football Helmet Patent Claims .....</a>	3
<a href="#">Inaccurate Metadata Equals Meta-Confusion in Photo Licensing Dispute .....</a>	5

[Access previous issues of Three Point Shot.](#)

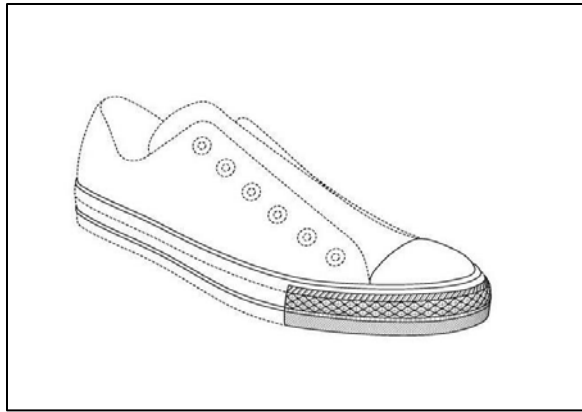
### Converse's Chuck Taylor All-Star Trademark Gets Another Shot

On October 30, 2018, the Federal Circuit [overtured](#) a 2016 ruling by the International Trade Commission (“ITC”) that found Converse’s trademark of the midsole design of its Chuck Taylor All Star invalid, and at the same time declined to bar the importation of a number of sneaker brands that Converse alleged had copied its Chuck Taylor trade dress. ([Converse, Inc. v. ITC](#), No. 2016-2497 (Fed. Cir. Oct. 30, 2018)).

The Federal Circuit decision has restarted the running dispute between Converse’s Chuck Taylor shoes (the “Chuck” or “Chuck All Star”) and several companies Converse claims infringed on their popular Chuck trade dress. The Federal Circuit ruled that the ITC applied the wrong standard in determining that Converse’s registered mark of the midsole (and the common law rights in the same) was invalid. If you’re a sneaker fanatic and an IP lawyer, this is your case.

The Chuck is a popular retro shoe, with estimated sales of over a billion pairs worldwide since they were introduced almost a century ago. In recent years, Converse has been actively policing its mark and sending cease and desist letters to competitors it believes are producing knockoff kicks. It has also filed a flurry of lawsuits against producers it believes infringed the Chuck design, with most cases having settled.

To further protect its Chuck All Star’s midsole trade dress, Converse obtained a trademark, [U.S. Registration No. 4,398,753](#) (“the ‘753 mark”), for their design in September 2013. The ‘753 mark “[consists](#) of the design of the two stripes on the midsole of the shoe, the design of the toe cap, the design of the multi-layered toe bumper featuring diamonds and line patterns, and the relative position of these elements to each other.” [see image below] Converse claimed that both Skechers and others were selling the sneakers at issue before Converse’s mark was registered.



In order to be valid, a trademark must identify a product's source. A trademark can do this in one of two ways: (a) the mark is inherently distinctive, or (b) the mark has acquired distinctiveness. Acquired distinctiveness means it has achieved secondary meaning (i.e., in the mind of the public, the mark identifies the source as opposed to the product). In the case of product-design marks like the Chuck, trade dress can never be inherently distinctive. Thus, Converse had to show that its mark had attained secondary meaning, that is, that when consumers see the trademarked aspects of the Chuck shoe, consumers automatically associate them with the Chuck.

In October 2014, on the heels of Converse's other efforts to police its mark in court and with private settlements, Converse [filed an action](#) with the ITC asking for a general exclusion order under Section 337 against alleged infringers of its '753 mark. An ITC exclusion order prohibits infringing products covered by the order from being imported into the U.S. and thereafter sold. The main dispute between the parties was whether the Chuck mark had acquired secondary meaning, making it protectable. While Converse argued it had, the respondents produced a survey suggesting that consumers did not solely associate the particular trade dress with Converse, giving the agency more reason to find a scuff in Converse's efforts to show secondary meaning. Converse also argued that its federal registration should provide the mark with a presumption of secondary meaning – not just after its 2013 registration, but before as well. In July 2016, the ITC issued its ruling booting Converse's request for relief, which was a win for Skechers and New Balance. The ITC found both the registered trade dress and common law rights invalid in light of its determination that the mark had not acquired secondary meaning (though, the ITC ruled that had the marks been valid, they had been infringed). As such, the ITC put its foot down and refused to enter an exclusion order with respect to the respondents. Converse appealed the ruling to the Federal Circuit. As of the Federal Circuit's ruling, most of the respondents either defaulted or settled, leaving only three companies in the litigation: Skechers USA Inc. ("Skechers"), New Balance Athletics, Inc., ("New Balance") and HU Liquidation LLC.

Interestingly enough, New Balance was not named in the original 2014 ITC action. Instead, New Balance became concerned that an ITC general exclusion order, if

granted, could be broad enough to cover their PF Flyer sneakers, which seem to have some common design elements to the Chuck. New Balance's ensuing motion to intervene in the ITC action was subsequently granted. During the pendency of the ITC action, in December 2014, New Balance also sued Converse in a Massachusetts federal court seeking a declaratory judgment that its PF Flyers are non-infringing and that Converse's '753 mark was invalid. Given that the ITC was trying similar issues on for size, the district court [stayed](#) the action in 2015.

In vacating the ITC ruling, the Federal Circuit determined, among other things, that the ITC used the incorrect standard in determining the validity of Converse's '753 mark, laying out the specifics of a six-factor test to determine secondary meaning. The six factors to be weighed together to determine secondary meaning include "(1) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark." ([Converse, Inc. v. ITC](#), No. 2016-2497, (Fed. Cir. Oct. 30, 2018)). Concerning factor 2, the Federal Circuit stated that the ITC erred in relying too heavily on prior uses long predating the registration and first infringing use and instead should have focused on recent uses, such as within the last five years of the relevant date. Moreover, in rejecting Converse's argument that its mark should have a presumption of validity prior to registration, the appeals court held that while registration confers a presumption of validity as of the date of registration, it does not confer a presumption of secondary meaning before the date of registration (this was relevant, as the alleged infringement began before the 2013 registration).

The case was remanded for further proceedings in the ITC. So what does Converse need to do to win? The Federal Circuit states that "Converse must establish without the benefit of the presumption that its mark had acquired secondary meaning before the first infringing use by each respondent." With the lengthy Federal Circuit opinion in tow, both sides will lace up and argue again whether the midsole trade dress of the Chuck, a beloved sneaker for decades, is worthy of federal protection (and not just the public's adoration).

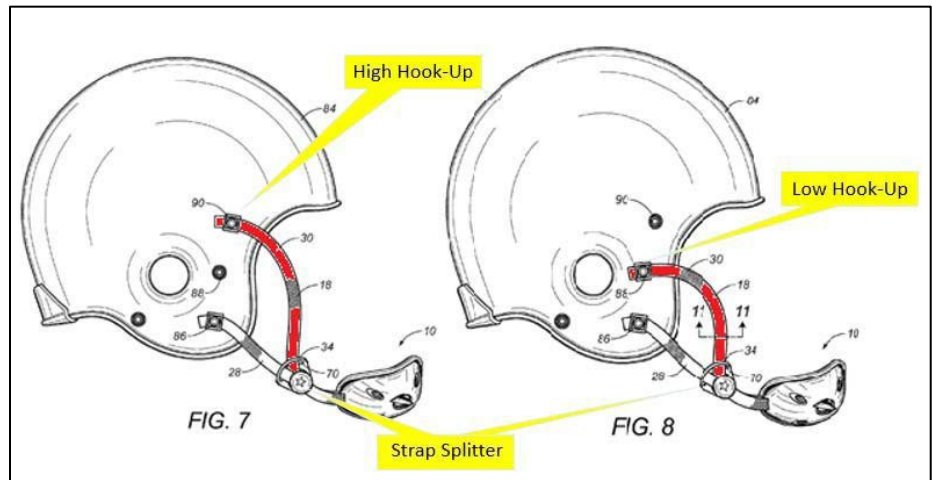
### **Federal Circuit Sacks SportStar Athletics' Football Helmet Patent Claims**

Recently, Wilson Sporting Goods Co. ("Wilson") withstood a relentless legal blitz by SportStar Athletics Inc. ("SportStar") and earned a hard-fought victory in a patent infringement suit over the design of certain chin straps for its football helmets. In an [order](#) handed down on November 1, 2018, the Federal Circuit denied SportStar's motion for an *en banc* rehearing of the court's September [decision](#) affirming a Texas district court's 2017 [ruling](#) that Wilson did not infringe on SportStar's patents. ([SportStar Athletics, Inc., v. Wilson Sporting Goods Co.](#), No. 18-1136 (Fed. Cir. Nov. 1, 2018)). The Federal Circuit's decision marks the

## Three Point Shot

end of a nearly three-and-a-half year legal battle in which both parties left everything out on the field.

Wilson was hit with the [suit](#) in May 2015, when SportStar filed a patent infringement suit in the United States District Court for the Southern District of Texas, alleging that Wilson's Hard Cup Football chin straps infringed SportStar's patented "strap splitter" technology (U.S. Patent Nos. [7,735,160](#) and [8,621,671](#)), which allows a chin strap to connect with a football helmet at four separate points, as opposed to only two. As seen below, there is a strap on either side of the chin guard which connects to the chin guard, passes through the strap splitter, then connects to the helmet.



Wilson also produces a chin guard apparatus that, upon first glance, is similar to SportStar's, as it involves a device that causes the chin straps to diverge from each other before connecting to high or low points on the player's helmet (however, Wilson's "strap divider" varies from SportStar's because it has three slots instead of two). [see images below]



In this match-up, the parties were essentially arguing over the scope of SportStar's invention (i.e., what is a "strap splitter") and whether Wilson's product infringed on SportStar's patent.

In the [complaint](#), SportStar tried every formation of patent infringement liability – bringing claims for monetary and injunctive relief under theories of direct, induced, and contributory infringement, as well as the doctrine of equivalents. To prevail on a claim of infringement, a plaintiff must prove by a preponderance of the evidence that the accused device infringes one or more claims of the patent either literally or under the doctrine of equivalents. Despite SportStar’s rush, it was Wilson’s stout defense that would ultimately prevail.

In February 2017, Wilson countered SportStar’s complaint with a partial summary judgment [motion](#) that proved to be the X-factor in the case. In its motion, Wilson argued that the court’s [prior claim construction order](#) established that Wilson’s chin straps “do not have the required ‘strap splitter’ element with a second slot longer than a first slot” and “[f]or that reason alone, Wilson’s Accused Products cannot infringe SportStar’s patents.” SportStar countered that the court’s claim construction order was not a determination of infringement and that the claim limitation in its patent of having two slots is literally met, despite the Wilson device having three symmetrical slots.

In September 2017, the district court smothered SportStar’s drive, ruling in favor of Wilson on its motion for non-infringement and holding that no reasonable jury could conclude that Wilson’s three-slotted chin straps have two slots, with the second longer than the first (i.e., possess a “strap splitter” as the term had been defined by the court in its claim construction order). Piling on the judgment, a month later, Wilson then filed a motion for attorneys’ fees and costs, which the judge subsequently [denied](#). Following Judge Harmon’s September 2017 decision granting Wilson’s partial summary judgment motion of non-infringement, SportStar filed an appeal with the Federal Circuit. However, SportStar’s Hail Mary attempt was unsuccessful, as the Federal Circuit [affirmed Judge Harmon’s decision](#) in a one-sentence, nonprecedential order on September 17, 2018. With seconds left on the clock, SportStar was forced to attempt a low probability play – filing a motion with the Federal Circuit for an *en banc* rehearing. The request was [denied](#) the following month.

The Federal Circuit’s decision to deny rehearing of the ruling of non-infringement will go down as a win for Wilson. However, after clashing heads for years, both parties will likely feel that they took their share of bumps in this hard fought litigation.

### **Inaccurate Metadata Equals Meta-Confusion in Photo Licensing Dispute**

In the latest round of a licensing dispute between Getty Images (U.S.), Inc. (“Getty”) and Zuma Press, Inc. (“Zuma”), Getty is seeking repayment of millions in attorney’s fees after a New York district court dismissed Zuma’s copyright lawsuit against the heavyweight photo agency. ([Zuma Press, Inc. v. Getty Images \(US\), Inc.](#), No. 16-6110 (S.D.N.Y. Oct. 4, 2018)).

Zuma is an independent press agency that holds a collection of approximately 200,000 licensed sports photographs from various photographers. Getty is one of



the world's largest photo agencies. Zuma alleged that, starting in April 2016, Getty improperly copied at least 47,000 sports photographs that Zuma owned or exclusively licensed and made them available for licensing and sale on its website. In its October ruling, the district court found that Zuma's actions (or lack thereof) had caused Getty to confuse Zuma's images with other images that Getty had been authorized to use.

The confusion stemmed from a licensing arrangement entered into by Zuma in 2010 with an outside image licensing company, whereby Zuma granted the right to distribute its library for a fee. Sometime after entering into the licensing deal, Zuma apparently learned that it could receive a higher remittal rate from another distributor and entered into a new agreement to distribute the sports images. During the switchover to this new distributor, Zuma's ID was removed from the images' "Credit" line metadata and replaced with the name of the new distributor. This change to the "Credit" metadata effectively commingled Zuma's and the new distributor's collections. After the arrangement with the new distributor ended in 2013, Zuma sent multiple requests to certain parties to unwind the prior arrangement and switch the images back to Zuma's account but, despite a flurry of emails, the proper consents were never obtained.

In 2016, the sports images at issue and the library that housed them were acquired by a third party, which in turn entered into a licensing agreement with Getty to distribute the portfolio in the U.S. When the images were migrated onto Getty's system, the software looked to the existing "Credit" line metadata, which still ascribed them to Zuma's former distribution partner, not Zuma itself, even though Zuma was referenced in other metadata fields.

In May 2016, Zuma discovered its sports images were available for license on Getty's website and requested they be taken down. Although Getty complied with multiple Zuma requests, on August 1, 2016, Zuma [sued](#) Getty for copyright infringement and unauthorized licensing of its sports images, as well as claims under Section 1202(b) of the Digital Millennium Copyright Act (DMCA), 17 U.S.C. § 1202, for allegedly removing Zuma's copyright management information (CMI) from each image and replacing it with a watermark that read "Getty Images." The original complaint also included Lanham Act unfair competition claims and related New York state law claims, though these claims were dismissed in 2017 when the court [partially granted Getty's motion to dismiss](#).

After two years of litigation, on October 4, 2018, the district court [granted Getty's motion for summary judgment](#), and Zuma's claims were over in a flash. The court held that Zuma was barred by the doctrine of equitable estoppel from suing Getty for copyright infringement. Equitable estoppel prevents a litigant from taking a position that is inconsistent with its previous behavior, which the defendant has relied on to its detriment. In reaching its decision, the court determined that Zuma "has nobody to blame but itself" for the images appearing on Getty's database without payment or attribution. According to the court, Zuma had "comingled" its images with a collection owned by another individual, Zuma knew that the metadata associated with the images was inaccurate and indicated a different licensor, and Zuma had not made sufficient efforts to retrieve the images after its

relationship with that distributor ended. As such, Getty had no way of knowing that it was displaying images that were part of an outside collection, and the court found that “Getty reasonably believed, because of Zuma’s actions, that it had the rights to use and license [the photographs at issue].” The court also rejected the claim that Getty had violated [DMCA Section 1202] by tampering with the CMI for Zuma’s images, holding that Zuma had not shown Getty had the requisite intent to remove or alter the CMI, since it had no knowledge Zuma’s images were comingled with the collection it licensed.

Weeks after the dismissal, Getty refocused and filed a [motion](#) seeking an award of \$2.87 million in attorney’s fees for Zuma’s “irresponsible and unnecessary litigation pursued solely in the hopes of securing a massive statutory damages windfall....” The motion specifies that Zuma’s “overly aggressive pursuit” supports an award of attorneys’ fees to deter parties that are unlikely to prevail from prolonging litigation and to compensate Getty for its defense of an action that should not have been brought. Getty’s motion also argues that Getty is entitled to reasonable attorneys’ fees for its defense of the Lanham Act claim, which the court had previously dismissed as duplicative of Zuma’s Section 1202 claim. In opposition, Zuma argued that the motion should be denied because its claims were objectively reasonable and involved unsettled questions about copyright law and digital content, and that its motivation for the suit was not meritless but was sought to vindicate legitimate licensing rights.

This case provides a lens into the potential inaccuracies of metadata. When thousands or millions of images are the subject of a licensing agreement, automatic processes must be employed. However, software applications may mistakenly alter fields for source information or important information may be placed in the wrong fields or not verified at the source agency before transmittal, especially when images have been previously distributed among several licensing agencies or libraries. If you are the owner of a similar portfolio, this case illustrates how important it is to remain vigilant and to ensure the accuracy of any metadata that travels with your images.

## Three Point Shot

---

Proskauer has more than 50 years of experience counseling the world's premier sports organizations on their most critical and complex matters.

For more information about this practice area, contact:

**L. Robert Batterman**

+1.212.969.3010 – rbatterman@proskauer.com

**Michael Cardozo**

+1.212.969.3230 – mcardozo@proskauer.com

**Robert E. Freeman**

+1.212.969.3170 – rfreeman@proskauer.com

**Howard L. Ganz**

+1.212.969.3035 – hganz@proskauer.com

**Wayne D. Katz**

+1.212.969.3071 – wkatz@proskauer.com

**Joseph M. Leccese**

+1.212.969.3238 – jleccese@proskauer.com

**Jon H. Oram**

+1.212.969.3401 – joram@proskauer.com

**Bernard M. Plum**

+1.212.969.3070 – bplum@proskauer.com

**Howard Z. Robbins**

+1.212.969.3912 – hrobbins@proskauer.com

**Bradley I. Ruskin**

+1.212.969.3465 – bruskin@proskauer.com

This publication is a service to our clients and friends. It is designed only to give general information on the developments actually covered. It is not intended to be a comprehensive summary of recent developments in the law, treat exhaustively the subjects covered, provide legal advice, or render a legal opinion.

Beijing | Boca Raton | Boston | Chicago | Hong Kong | London | Los Angeles | New Orleans | New York | Newark | Paris | São Paulo | Washington, D.C.

Proskauer.com

© 2018 PROSKAUER ROSE LLP. All Rights Reserved. Attorney Advertising.