

Much Ado About Shoe Designs – Favorable Rulings for Adidas on Summary Judgment in Skechers Trademark Dispute

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On August 3, 2017, the shoe manufacturer Adidas scored important legal victories in its long-running trademark dispute with the shoemaker Skechers. *Adidas America, Inc. et al. v. Skechers USA, Inc.* (D. Or. 2017) involved trademark infringement allegations by Adidas related to its iconic three-stripe logo, the trade dress of its “Stan Smith” shoe design and its Supernova word mark. In a [thorough 63-page opinion](#), Judge Marco A. Hernandez of the District of Oregon denied Skechers’ motion for summary judgment on Adidas’ trademark infringement claims and granted Adidas’ cross-motion for

summary judgment on Skechers’ affirmative defenses of genericness, functionality and fair use.

Adidas commenced the action in September 2015, alleging that: (1) Skechers’ Onix shoe infringed Adidas’ Stan Smith trade dress; (2) Skechers’ Cross Court shoe infringed Adidas’ well-known three-stripe mark; and (3) Skechers infringed Adidas’ Supernova word mark by selling a shoe also named Supernova. In February 2016, Judge Hernandez granted Adidas’ motion for a preliminary injunction prohibiting Skechers from selling its Onix and Cross Court shoes and from using the word “Supernova.”

Adidas’ Stan Smith Trade Dress and Skechers’ Onix Shoe

The court noted that Adidas’ “Stan Smith shoe was commonly worn by tennis players in the 1970s and gained its namesake from Stan Smith, who wore the shoe when he won Wimbledon in 1972.” The Stan Smith shoe has enjoyed considerable success, with total worldwide sales running to 40 million pairs and advertising expenditures in the tens of

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millions of dollars. In 2014, Skechers began designing its Onix shoe which, as the pictures below illustrate, shares many of the same design features with the Stan Smith shoe.

The Stan Smith Trade Dress



The Skechers “Onix”



A Rule 30(b)(6) witness testified that the Skechers CEO gave orders to produce a knock-off of the Stan Smith shoe, and the company used code words to mask its activities such as “Stan Smi\$h.”

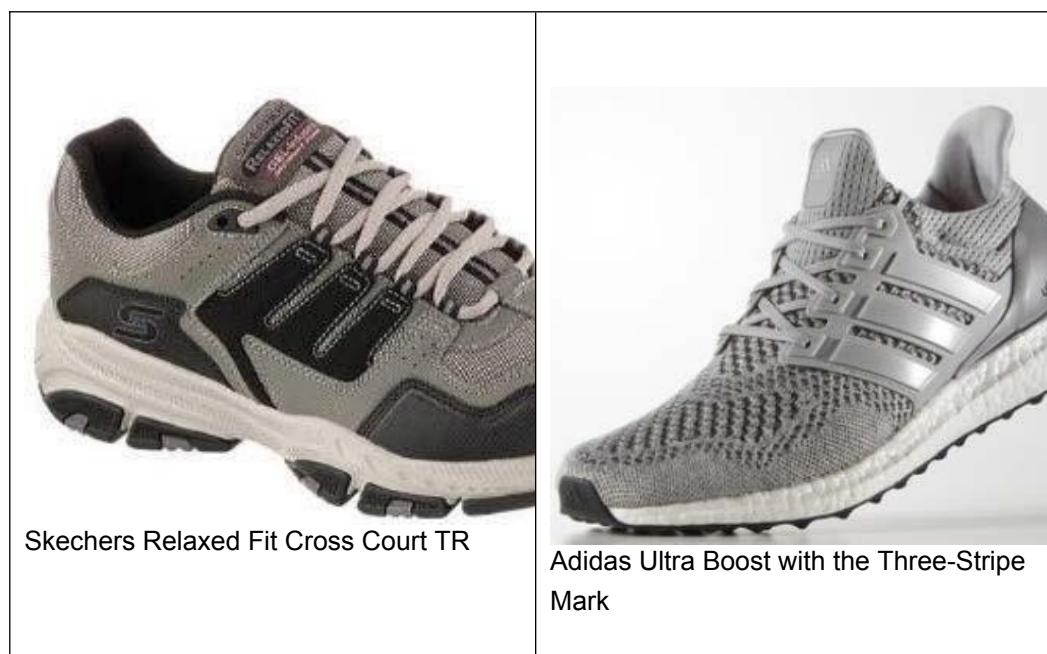
In support of its motion for summary judgment, Skechers argued that the Stan Smith trade dress: (1) is generic on the grounds that it is indefinite, overbroad and so common to the industry that it does not identify a particular source; and (2) is not distinctive because Adidas cannot establish secondary meaning.

The court rejected Skechers’ “divide and conquer” approach of dissecting individual elements of the Stan Smith trade dress, instead taking a “holistic” approach that led to a finding that Skechers had failed to meet its burden that the trade dress was either indefinite or in common use as a whole in the industry. Applying the six-factor test for secondary meaning set forth in *Adidas-Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1207 (D. Or. 2002), the court further held that, notwithstanding the lack of consumer survey evidence proffered by Adidas, the Stan Smith shoe had acquired distinctiveness through secondary meaning, in part due to Adidas’ significant marketing efforts. The court acknowledged 9th Circuit precedent holding that survey evidence can provide the most persuasive evidence of secondary meaning, but held that Adidas had otherwise “produced strong circumstantial evidence” that purchasers associated the Stan Smith trade dress with a single source. Further, the evidence of Skechers’ “meticulous efforts to copy the Stan Smith shoe” weighed in favor of a finding of secondary meaning.

Finally, the court granted Adidas' motion for summary judgment on Skechers' functionality defense, again rejecting Skechers' "divide and conquer" approach. The court held that Skechers failed to show the Stan Smith design as a whole (and not just individual parts) was functional. Interestingly, Adidas also took the position that while the Stan Smith shoe design might have been considered a "performance" tennis shoe when it was first created in 1972, "times have changed over the course of forty-five years" such that the shoe design no longer yielded any utilitarian advantage. In other words, even if the features were functional at inception, they no longer remained so and instead performed a source-identifying function.

The Three-Stripe Mark and the Cross Court Shoe

The court then turned to Skechers' motion for summary judgment with respect to Adidas' infringement allegations based on its three-stripe mark. Adidas has used its famous (and actively enforced) three-stripe mark on shoes, storefronts, packaging, and advertisements since at least 1952. In the court's words, "[the three-stripe mark] is widely recognized and consumers strongly associate the [it] with adidas." Over the past twenty years, Adidas has sued Skechers multiple times for infringing the mark; each time, the parties reached a settlement in which Skechers agreed to stop selling the allegedly infringing footwear. In 2015, Adidas learned that Skechers was producing a Cross Court shoe featuring an "E" shaped design that Adidas claimed is confusingly similar to the three-stripe mark (see comparison photos below).



Denying Skechers' motion for summary judgment on Adidas' three-stripe mark infringement claims, the court concluded that at least some of the factors in the multi-part likelihood of confusion analysis favored Adidas, such as the strength of the three-stripe mark and the relatedness of the products. Adidas did not present any survey evidence of actual confusion, and argued that none was necessary to prove a likelihood of confusion. Skechers conducted its own survey, purportedly showing a low level of 6.1% post-sale confusion. Adidas attacked Skechers' survey as flawed on several grounds.

On this record, the court determined that the actual confusion factor in the likelihood of confusion analysis favored Skechers, as Adidas did not present its own survey and its criticisms of the Skechers survey did “not relieve it of its own burden under this factor of producing evidence of actual confusion.” Turning to the dilution claim, the court likewise concluded that since at least some of the relevant factors favored Adidas, summary judgment was not appropriate.

The Supernova Mark

Adidas has produced, sold, and promoted footwear bearing the Supernova mark since the late 1990’s. It alleged that Skechers infringed Adidas’ mark by selling a shoe also named Supernova. Skechers asserted a descriptive fair use affirmative defense, contending that it used the Supernova mark to describe the shoe’s “cosmic” color scheme. It also argued that the word only appeared in small lettering on the shoebox UPC sticker labels and in website listings and that its prominent use of source-identifying trademarks minimized the risk that Supernova would be understood in a trademark sense. The court granted Adidas’ motion for summary judgment on the fair use affirmative defense, holding that Skechers had used the term Supernova as the shoe’s name and therefore as a trademark. Skechers also offered no evidence showing that consumers understood Supernova to *describe* the shoe rather than as the *name* of the shoe.

The court then addressed certain remedy-related summary judgment motions, granting two of Adidas’ motions (one in part), reserving ruling on another, and denying Skechers’ motion.

In sum, Adidas was a clear winner in this decision - just as it was at the preliminary injunction stage in 2016. As any seasoned litigator will tell you, however, litigation is a marathon and not a sprint – this case is far from over. We at The TMCA will continue to monitor this action and keep you updated.