

November 19, 2015



# **SKECHERS Wins Favorable Ruling in Nike Lawsuit**

**The Chief Administrative Law Judge of the International Trade Commission Ruled that Skechers' Famous Twinkle Toes and BOBS Product Lines Do Not Infringe Converse's Chuck Taylor Design**

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)-- SKECHERS USA, Inc. (NYSE:[SKX](#)), a global footwear leader and the second largest athletic footwear brand in the United States, today announced that it has won an important ruling over Nike, Inc.'s wholly-owned subsidiary Converse Inc. relating to the Converse Chuck Taylor shoe.

In October 2014, Converse sued Skechers in federal district court and before the International Trade Commission ("ITC") alleging that the Company's famous Twinkle Toes and BOBS product lines infringed its Chuck Taylor midsole common law and registered trademarks. The case went to trial before the ITC in August 2015.

In a November 17, 2015 opinion, the Chief Administrative Law Judge of the ITC, the Honorable Charles E. Bullock, ruled that Skechers' Twinkle Toes and BOBS product lines do not infringe Converse's registered trademark for the Chuck Taylor midsole. In making his ruling, the Judge noted that both of the Skechers product lines feature prominent branding and that the Twinkle Toes line contains design features that "create enough differences that the shoes bearing them cannot be said to be similar to [the Chuck Taylor]." The Judge also stated that the survey evidence concluded that there was no likelihood that consumers would confuse the Skechers designs with those of Converse's Chuck Taylor designs.

"While we expected this result, we are still very pleased with the Judge's ruling on Twinkle Toes and BOBS," stated Michael Greenberg, president of Skechers. "Skechers is an ardent brander that spends more than \$100 million a year in advertising for the very purpose of distinguishing its brands and products from those of its competitors. Our investment in our distinctive designs and brand identity has helped build Twinkle Toes into the number one shoe line for young girls and both Twinkle Toes and BOBS into household names synonymous with Skechers – not with Converse or any other brand. The Judge's ruling recognizes this."

In addition, the Judge ruled that Converse has no common law trademark rights in the Chuck Taylor midsole because the design is not distinctive, not famous and has failed to acquire secondary meaning.

Skechers was represented in the matter by Morgan Chu, Samuel Lu, Lindsay Kelly, Melissa Rabbani and Jad Mills of Irell & Manella; Jeffrey Barker of O'Melveny & Myers; and Barbara Murphy of Foster, Murphy, Altman & Nickel.

## **About SKECHERS USA, Inc.**

SKECHERS USA, Inc., based in Manhattan Beach, California, designs, develops and

markets a diverse range of lifestyle footwear for men, women and children, as well as performance footwear for men and women. SKECHERS footwear is available in the United States and over 120 countries and territories worldwide via department and specialty stores, more than 1,200 SKECHERS retail stores, and the Company's e-commerce website. The Company manages its international business through a network of global distributors, joint venture partners in Asia, and 13 wholly-owned subsidiaries in Brazil, Canada, Chile, Japan, Latin America and throughout Europe. For more information, please visit [skechers.com](http://skechers.com) and follow us on Facebook ([facebook.com/SKECHERS](https://facebook.com/SKECHERS)) and Twitter ([twitter.com/SKECHERSUSA](https://twitter.com/SKECHERSUSA)).

*This announcement contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, the Company's future growth, financial results and operations, its development of new products, future demand for its products and growth across the Company's three main business channels and globally, its planned expansion and opening of new stores, advertising and marketing initiatives, and the conclusion of legal matters. Forward-looking statements can be identified by the use of forward looking language such as "believe," "anticipate," "expect," "estimate," "intend," "plan," "project," "will be," "will continue," "will result," "could," "may," "might," or any variations of such words with similar meanings. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in forward-looking statements. Factors that might cause or contribute to such differences include international economic, political and market conditions including the uncertainty of sustained recovery in Europe; entry into the highly competitive performance footwear market; sustaining, managing and forecasting costs and proper inventory levels; losing any significant customers; decreased demand by industry retailers and cancellation of order commitments due to the lack of popularity of particular designs and/or categories of products; maintaining brand image and intense competition among sellers of footwear for consumers; anticipating, identifying, interpreting or forecasting changes in fashion trends, consumer demand for the products and the various market factors described above; sales levels during the spring, back-to-school and holiday selling seasons; and other factors referenced or incorporated by reference in the Company's annual report on Form 10-K for the year ended December 31, 2014 and its quarterly report on Form 10-Q for the quarter ended September 30, 2015. The risks included here are not exhaustive. The Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time and the companies cannot predict all such risk factors, nor can the companies assess the impact of all such risk factors on their respective businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Moreover, reported results should not be considered an indication of future performance.*

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