

October 17, 2019



# Skechers® Wins Another Resounding Victory Over Nike in Converse Lawsuit

- *Judge finds no violation of Chuck Taylor trademark by any of the Skechers styles in case*
- *Judge further rules that Chuck Taylor trademark is not valid as to Skechers*

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)-- SKECHERS USA, Inc. (NYSE:SKX), a global footwear leader and the third largest lifestyle athletic footwear brand in the United States, today announced that it has won yet another major victory over Nike, Inc. in a case relating to Nike's wholly-owned subsidiary Converse Inc. The Chief Administrative Law Judge of the International Trade Commission ("ITC"), the Honorable Charles E. Bullock, found no violation of Converse's Chuck Taylor midsole trademark by Skechers' Twinkle Toes® and BOBS® from Skechers product lines or by any of the other Skechers product lines accused in the case. Judge Bullock further ruled that the midsole trademark is not valid as to Skechers because the trademark had not acquired secondary meaning at the time that Skechers began using its designs back in 2001.

This is the third time that Skechers has won a victory in this case against Converse since Converse sued Skechers in 2014, alleging that Skechers' well-known Twinkle Toes and BOBS from Skechers product lines, in addition to Skechers' Daddy's Money and Hydee Hy-top® product lines, infringed Converse's Chuck Taylor midsole trademark.

In November 2015, Judge Bullock ruled that Skechers' Twinkle Toes and BOBS product lines do not infringe Converse's Chuck Taylor midsole trademark. In so 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 Skechers' Twinkle Toes and BOBS from Skechers designs with those of Converse's Chuck Taylor designs.

In June 2016, the full ITC found that Converse's trademark rights in the Chuck Taylor midsole design are invalid; that Skechers' Twinkle Toes and BOBS shoes would not infringe Converse's claimed trademark rights, even if the trademark rights were valid; and that Skechers can continue importing and selling its Twinkle Toes and BOBS from Skechers shoes in the United States.

Converse appealed the ITC's June 2016 decision to the United States Court of Appeals for the Federal Circuit, and in October 2018 the Federal Circuit remanded the case back to the ITC for further proceedings, resulting in Judge Bullock's October 9, 2019 ruling, which was a complete victory for Skechers.

"We are pleased that Judge Bullock recognized that Skechers has been using these designs long before Converse acquired any trademark rights in them," stated Michael Greenberg, president of Skechers. "We are also pleased that multiple decisions repeatedly recognized that the Twinkle Toes and BOBS from Skechers designs are distinctively different from the Chuck Taylor design, and that there is no likelihood that consumers would ever confuse either Twinkle Toes or BOBS products with the Converse design. These rulings validate Skechers investment in its distinctive designs and brand identity, an investment that has helped build Twinkle Toes into a number one shoe line for young girls, and build both Twinkle Toes and BOBS into household names synonymous with Skechers – not with Converse or any other brand."

Skechers is represented in the matter by Morgan Chu and Samuel Lu of Irell & Manella; and Barbara Murphy of Foster, Murphy, Altman & Nickel.

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

Based in Manhattan Beach, California, Skechers 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 170 countries and territories worldwide via department and specialty stores, more than 3,170 Skechers Company-owned and third-party-owned retail stores, and the Company's e-commerce websites. The Company manages its international business through a network of global distributors, joint venture partners in Asia, Israel and Mexico, and wholly-owned subsidiaries in Canada, Japan, India, and throughout Europe and Latin America. For more information, please visit [about.skechers.com](http://about.skechers.com) and follow us on [Facebook](#), [Instagram](#), and [Twitter](#).

*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, Skechers' future domestic and international growth, financial results and operations including expected net sales and earnings, its development of new products, future demand for its products, its planned domestic and international expansion, opening of new stores and additional expenditures, and advertising and marketing initiatives. 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 challenging consumer retail markets in the United States; 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, especially in the highly competitive performance footwear market; 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 Skechers' annual report on Form 10-K for the year ended December 31, 2018, and its quarterly report on Form 10-Q for the three months*

*ended June 30, 2019. The risks included here are not exhaustive. Skechers 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.*

Jennifer Clay  
SKECHERS USA, Inc.  
[jennnc@skechers.com](mailto:jennnc@skechers.com)  
310.937.1326

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