

SEEING RED: A CRITICAL ANALYSIS OF *CHRISTIAN LOUBOUTIN S.A. v. YVES SAINT LAURENT AMERICA, INC.*

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INTRODUCTION

Imagine that you are a manufacturer who has come up with a creative and somewhat unconventional trademark to distinguish your product from others in the marketplace. You register the mark that you choose with the United States Patent and Trademark Office (USPTO), and it becomes synonymous with your brand over the next twenty years, as consumers instantly recognize products bearing that mark as yours. Then, one of your competitors uses a similar mark on a product in the same market, and in your view, there is a likelihood of confusion between your competitor's mark and your own.

One would think that this would be an easy case. Before *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*,¹ you might have prevailed in litigation against your competitor because the standard for trademark infringement is likelihood of confusion. The Southern District of New York, however, did not even allow Christian Louboutin² (Louboutin) to make it to that inquiry in the 2011 dispute between Louboutin and Yves Saint Laurent (YSL), a decision that was widely criticized.

Louboutin and YSL garnered much attention in connection with their battle over use of the color red on the soles of high-heeled shoes. For a time, it was a widely discussed case, receiving coverage from legal commentators and fashion media outlets.³ The case was thrust further into the spotlight following the district court's controversial decision, a sweeping ban of single-color trademarks in the fashion industry. The Second Circuit reined in the district court's holding,⁴ but as this Note will discuss, the court's opinion still was not entirely correct.

This Note seeks to explore this dispute and contends that both courts' treatment of Louboutin's Red Sole Mark was flawed, that the courts' reliance on the aesthetic functionality doctrine was problematic, and that the litigation will lead to negative consequences for Louboutin and the

1. 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *aff'd in part, rev'd in part*, 696 F.3d 206 (2d Cir. 2012).

2. *Christian Louboutin* refers to both the human designer and the high fashion company. Unless otherwise indicated, this Note will use *Christian Louboutin* and *Louboutin* to refer to the company.

3. See *Case Study: Louboutin v. Yves Saint Laurent*, LAW360 (Sept. 11, 2012, 4:36 PM), <http://www.law360.com/articles/376958/case-study-louboutin-v-yves-saint-laurent>; BoF Team, *Daily Digest: Louboutin vs YSL, LVMH Calms Investors, Bloggers Rising, Chanel Rescues Barrie, Sarah Doukas*, THE BUSINESS OF FASHION (Oct. 17, 2012), <http://www.businessoffashion.com/2012/10/bof-daily-digest-louboutin-vs-ysl-lvmh-calms-investors-bloggers-rising-chanel-rescues-barrie-sarah-doukas.html>.

4. On remand from the Second Circuit, the case was dismissed. *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, Civil Action No. 11-cv-2381(VM), 2012 WL 6761701 (S.D.N.Y. Dec. 27, 2012).

fashion industry. Part I gives a brief history of trademark law and its protection of color, including the traditional arguments against granting trademark protection to color alone and the seminal decisions that changed the way trademark law applies to single-color trademarks. Part II breaks down the dispute between Louboutin and YSL and walks through both the district court and circuit court decisions. Part III analyzes these decisions, explaining why the district court was completely wrong and why the Second Circuit's opinion was better but still not quite correct. Finally, Part IV discusses the limitations of the Second Circuit's opinion, and the conclusion considers implications the opinion has for the future.

I. HISTORY OF TRADEMARK LAW AND ITS PROTECTION OF COLOR

A. *Brief Overview of Trademark Law*

Congress enacted the first federal trademark act in 1870.⁵ Since this first act, trademark law has evolved, including a major renovation of the law in 1946 with the enactment of the Trademark Act of 1946 (popularly known as the Lanham Act), the current statute providing federal trademark protection.⁶ The Lanham Act defines a trademark as “any word, name, symbol, or device, or any combination thereof [used or intended to be used by a person] to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods.”⁷ The legislative history of the Lanham Act indicates that Congress intended the Act to confer broader trademark protection and to allow for more liberal registration of marks than previous acts had permitted.⁸ Three areas of trademark law are especially useful in examining the *Louboutin* litigation: acquisition of trademark protection, federal registration of trademarks, and infringement of trademarks.

1. *Acquisition of Trademark Protection*

One may acquire trademark protection in the United States only through use of the mark in commerce.⁹ Such use must be actual use in

5. Act of July 8, 1870, ch. 2, sec. 77–84, §§ 4937–4947, 16 Stat. 210; *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879), *superseded by statute*, Law of Feb. 20, 1905, ch. 592, §16, 33 Stat. 724, 728.

6. Trademark Act of 1946, Pub. L. No. 79-489, ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051–1141n (2006 & Supp. V 2011)).

7. 15 U.S.C. § 1127 (2006).

8. Congress delineated as one of the purposes of the Lanham Act “to simplify registration [of trademarks] and to make it stronger and more liberal.” S. REP. NO. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

9. 15 U.S.C. § 1051(a)(1) (requiring use in commerce for registration of a trademark on the principal register); 15 U.S.C. § 1127 (incorporating the phrase “use in commerce” into the definitions of

commerce; token or *de minimis* use is not sufficient.¹⁰ For example, in *Zazú Designs v. L'Oréal, S.A.*,¹¹ the Seventh Circuit found that Zazú's sale of a few bottles of hair product bearing the Zazú mark in its salon and the mailing of a few more bottles to friends in other states were insufficient use to establish trademark rights.¹² The court reasoned that Zazú's use was insufficient because it was not enough to put other producers on notice of its claimed ownership, nor was it enough to link the mark to Zazú's product in consumers' minds.¹³

Use in commerce is not the only requirement for trademark protection. The law also requires that a trademark be distinctive.¹⁴ Trademarks that are inherently distinctive receive the highest level of protection.¹⁵ These trademarks include arbitrary or fanciful marks and suggestive marks. An example of a fanciful mark is "Exxon" for gasoline because the mark is a word that the company made up to distinguish its products from those of other gasoline companies. Suggestive marks suggest the nature or characteristics of the product on which they are used.¹⁶ An example of this kind of mark is "Spray 'n' Vac" for a product that the consumer sprays on the carpet and vacuums up to clean it because the mark suggests the nature of the product. Descriptive marks merely describe the product for which they are used and can only receive trademark protection by acquiring secondary meaning.¹⁷ A mark that has acquired secondary meaning no longer carries its ordinary meaning in the minds of the public but instead indicates the source of a particular product.¹⁸ An example of this type of mark is "The Honey Baked Ham Company" for a company that sells honey

each type of mark that may be registered under the Lanham Act); DAVID C. HILLIARD ET AL., TRADEMARKS AND UNFAIR COMPETITION 32 (9th ed. 2012).

10. HILLIARD ET AL., *supra* note 9, at 32.

11. 979 F.2d 499 (7th Cir. 1992), *superseded by statute*, Trademark Law Revision Act of 1988, Pub. L. No. 98-620, Title I, § 103, 98 Stat. 3335.

12. *Id.* at 503.

13. *Id.*

14. 15 U.S.C. § 1052; 15 U.S.C. § 1127 (defining "trademark" as any mark used by a person "to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods."); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

15. *Two Pesos*, 505 U.S. at 768.

16. HILLIARD ET AL., *supra* note 9, at 60, 62.

17. *Id.* at 61.

18. *Id.* at 52. Courts generally consider between four and eleven factors in determining whether a product has acquired secondary meaning. The Eleventh Circuit uses four factors. *See, e.g.*, *Investacorp, Inc. v. Arabian Inv. Banking Corp.* (Investcorp) E.C., 931 F.2d 1519, 1525 (11th Cir. 1991). The Third Circuit uses eleven factors. *See, e.g.*, *E.T. Browne Drug Co. v. Cococare Prods., Inc.*, 538 F.3d 185, 199 (3d Cir. 2008). Courts may also consider consumer survey evidence, and some courts consider this evidence as one of the factors in the test for secondary meaning. *See Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc. (Louboutin II)*, 696 F.3d 206, 226 (2d Cir. 2012) (citations omitted) (including survey evidence as a factor in its test for secondary meaning); *Investacorp*, 931 F.2d at 1525 (noting that secondary meaning can be shown either through survey evidence or application of a four-factor test).

baked hams. The mark is not inherently distinctive because it simply describes the type of product the company sells; however, it has become distinctive in the minds of consumers because it has come to identify this particular company. Thus, it has attained secondary meaning and has earned trademark protection. Generic terms are simply the words used to refer to a product and can never acquire trademark protection.¹⁹ An example of a generic term is “water.”

Trademark law not only protects word marks but also can protect visual presentations of products.²⁰ This latter class of marks is referred to as trade dress.²¹ Like word marks, trade dress must be used to identify the product source, as opposed to merely serving aesthetic purposes, to qualify for trademark protection.²² Additionally, the trade dress cannot be functional,²³ a term, as the United States Supreme Court has explained, that means the mark is essential to the use or purpose of the product;²⁴ affects the cost or quality of the product;²⁵ or confers a non-reputation-related advantage on its owner.²⁶ Trademarks consisting of color alone, such as the one at issue in *Louboutin*, fall within the trade dress category and will be discussed more fully below.

2. Federal Registration of Trademarks

A trademark owner may choose to register his mark with the USPTO, although registration is not necessary to establish rights in the trademark.²⁷ Federally registered marks are placed on the Principal Register.²⁸ Registration with the USPTO constitutes nationwide constructive notice of the registrant’s claim of ownership of the mark.²⁹ Registration on the Principal Register is also prima facie evidence of the validity of the mark

19. HILLIARD ET AL., *supra* note 9, at 61.

20. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 8:1 (4th ed. 2012).

21. *Id.*

22. *Id.*

23. 15 U.S.C. § 1052(e)(5) (2006) (“No trademark . . . shall be refused registration on the principal register on account of its nature unless it . . . is functional.”). It is the province of copyright and patent law, not trademark law, to maintain monopolies over product features to encourage innovation. *See* EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopolos Inc., 228 F.3d 56, 64 (2d Cir. 2000). Trademark law is meant only to protect consumers from confusion or deception and to protect the good will and reputation that a manufacturer has built for himself. *Louboutin II*, 696 F.3d at 215; HILLIARD ET AL., *supra* note 9, at 5. *See infra* Part I.B.3 for further discussion on the functionality doctrine.

24. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982).

25. *Id.*

26. *Qualitex Co. v. Jacobson Prods. Co.*, (*Qualitex III*), 514 U.S. 159, 164 (1995).

27. 3 MCCARTHY, *supra* note 20, § 19:3.

28. 15 U.S.C. § 1051.

29. 15 U.S.C. § 1072.

and the registrant's ownership of it; however, evidence tending to show the mark's invalidity may rebut this statutory presumption of validity.³⁰ For example, if the mark is not inherently distinctive, evidence that the mark has not acquired secondary meaning would be evidence tending to show its invalidity because marks that are not inherently distinctive must acquire secondary meaning in order to be protected. Similarly, evidence showing that the mark is functional would also tend to show its invalidity because functional features cannot receive trademark protection.

3. *Infringement of Trademarks*

In determining whether a manufacturer has infringed upon another manufacturer's registered mark, courts must look to whether the registered mark is valid and whether there is a likelihood of confusion between the registered mark and the alleged infringing mark.³¹ If the trademark owner prevails on these two points, the alleged infringer may still prevail if it can show that the registered mark is functional.³² Defendants in trademark infringement cases also often counterclaim for cancellation of the plaintiff's registered mark,³³ as was the case in *Louboutin*, discussed below.³⁴

B. *Trademark Protection for Color Alone*

Throughout much of the history of trademark law, sellers could not trademark color alone. Colors could be protected only as part of larger schemes that included words, designs, symbols, or other distinguishing marks.³⁵ The traditional arguments employed against single-color protection are the color depletion theory, the shade confusion theory, and the functionality doctrine.³⁶

30. 15 U.S.C. § 1057(b); *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999).

31. *Louboutin II*, 696 F.3d 206, 216–17 (2d Cir. 2012).

32. *Id.* at 217.

33. *See Patsy's Italian Rest., Inc. v. Banas*, 658 F.3d 254 (2d Cir. 2011); *Angel Flight of Ga., Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200 (11th Cir. 2008); *ECASH Techs., Inc. v. Guagliardo*, 35 F. App'x 498 (9th Cir. 2002).

34. *See infra* Parts II & III.

35. *Life Savers Corp. v. Curtiss Candy Co.*, 182 F.2d 4, 9 (7th Cir. 1950), *abrogated by Qualitex III*, 514 U.S. 159 (1995); Jeffrey M. Samuels & Linda B. Samuels, *Color Trademarks: Shades of Confusion*, 83 TRADEMARK REP. 554, 554 (1993).

36. *Master Distribs., Inc. v. Pako Corp.*, 986 F.2d 219, 223 (8th Cir. 1993).

1. *Color Depletion Theory*

Proponents of the color depletion theory argue that a limited number of colors are available for manufacturers to use, and allowing manufacturers to trademark colors would deplete the pool of available colors and inhibit competition.³⁷ The theory broadly characterizes single-color protection as a monopoly on an individual color “in all of its shades”³⁸ and assumes that once all available colors have been used and trademarked within each industry, new competitors would be precluded from entering the market.³⁹ Opponents of the color depletion theory argue that, although the theory has strong roots,⁴⁰ it is no longer viable since the passage of the Lanham Act in 1946 because it conflicts with congressional intent favoring broad registration.⁴¹

2. *Shade Confusion Theory*

Proponents of the shade confusion theory, on the other hand, recognize that there are many shades of colors available for registration such that the pool of available colors would not be depleted. However, they argue that single-color protection would require judges to examine variations in disputed shades to determine whether a new shade is confusingly similar to an existing protected shade, which could present unnecessary problems.⁴² Opponents of this theory contend that “[d]eciding likelihood of confusion among color shades . . . is no more difficult or subtle than deciding likelihood of confusion where word marks are involved.”⁴³

3. *Functionality Doctrine*

The functionality doctrine holds that a product feature that is essential to the use or purpose of the product or affects the cost or quality of the

37. *Id.*; *In re Owens-Corning Fiberglas Corp. (Owens-Corning II)*, 774 F.2d 1116, 1120 (Fed. Cir. 1985).

38. *Life Savers*, 182 F.2d at 9; *Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795, 798 (3d Cir. 1949), *abrogated by Qualitex III*, 514 U.S. 159 (1995).

39. *Master Distribs.*, 986 F.2d at 220.

40. *Owens-Corning II*, 774 F.2d at 1120 (citing early cases in which the color depletion theory was applied).

41. *Id.* Section 2 of the Lanham Act provides that “[n]o trademark . . . shall be refused registration on the principal register on account of its nature unless it” falls within one of the narrow categories outlined in the section, none of which includes color. 15 U.S.C. § 1052 (2006).

42. *Qualitex Co. v. Jacobson Prods. Co.*, (*Qualitex II*), 13 F.3d 1297, 1302 (9th Cir. 1994), *rev'd*, 514 U.S. 159 (1995).

43. *In re Owens-Corning Fiberglas Corp. (Owens-Corning I)*, 221 U.S.P.Q. 1195, 1198 (T.T.A.B. 1984), *rev'd on other grounds*, 774 F.2d 1116 (Fed. Cir. 1985).

product may not be trademarked.⁴⁴ The prohibition against trademark protection for functional features is statutorily mandated⁴⁵ and reflects the constitutional mandate that monopolies be granted for innovation in science and the useful arts for only a limited time (the IP Clause).⁴⁶ It is the province of copyright and patent law to grant monopolies over product features to encourage innovation.⁴⁷ Granting trademark protection, which could theoretically last indefinitely, to such features would unconstitutionally extend the duration of the protection for which they are eligible.⁴⁸

Although the doctrine typically applies to utilitarian function (the utilitarian functionality doctrine), functionality may also be determined in light of aesthetic appeal when consumers buy the goods in question for their aesthetic value⁴⁹—fashion statement beach towels, for example.⁵⁰ When determining whether a feature is aesthetically functional, a court must still begin with the traditional functionality inquiry: whether the feature is essential to the use or purpose of the product or affects the cost or quality of the product.⁵¹ However, the United States Supreme Court added an additional factor for determining aesthetic functionality: a feature is functional “if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”⁵² The aesthetic functionality doctrine may bar trademark protection for a feature that is “necessary to compete in the [relevant] market.”⁵³ However, when the feature merely denotes a particular source or manufacturer, although that may be “a substantial factor in increasing the marketability of the goods[,] . . . if that is the entire significance of the feature, it is non-functional.”⁵⁴

The aesthetic functionality doctrine is much weaker than the utilitarian functionality doctrine, in that many circuits and scholars have rejected the

44. *Qualitex III*, 514 U.S. 159, 165 (1995).

45. 15 U.S.C. § 1052(e)(5) (“No trademark . . . shall be refused registration on the principal register on account of its nature unless it . . . is functional.”).

46. U.S. CONST. art. I, § 8, cl. 8; Trade-Mark Cases, 100 U.S. 82 (1879), *superseded by statute*, Law of Feb. 20, 1905, ch. 592, §16, 33 Stat. 724, 728 (noting that congressional authority to enact trademark legislation is not derived from the IP Clause of the Constitution).

47. *See* sources cited *supra* note 23.

48. *See* U.S. CONST. art. I, § 8, cl. 8.

49. RESTATEMENT (FIRST) OF TORTS § 742 cmt. a (1938).

50. *See Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855 (7th Cir. 2010) (finding no trademark in the circular shape of beach towels because the producer marketed them as a fashion statement, which is an aesthetic function).

51. *Qualitex III*, 514 U.S. 159, 165 (1995).

52. *Id.*

53. *Louboutin II*, 696 F.3d 206, 221 (2d Cir. 2012) (alteration in original) (citation omitted) (internal quotation marks omitted).

54. RESTATEMENT (FIRST) OF TORTS § 742 cmt. a (1938).

doctrine altogether or have been hesitant to apply it.⁵⁵ Further, although the Supreme Court has expressly recognized the doctrine, because the Court has never addressed aesthetic functionality as a dispositive issue in a case, some courts do not believe the Court's discussion of the doctrine in dicta requires them to "abandon our long-settled view rejecting recognition of aesthetic functionality."⁵⁶ Nevertheless, the doctrine is a viable defense to trademark infringement claims in the Second Circuit, and the Southern District of New York relied heavily on this doctrine in deciding *Louboutin*.⁵⁷

There are no arguments against the functionality doctrine as it applies to utility because of the unconstitutionality of granting trademark protection for utility, but many dispute the validity of the functionality doctrine as it applies to aesthetics.⁵⁸ Most litigation about color trademarks arising under the aesthetic functionality doctrine generally stems from whether the color serves some functional purpose or is merely a source identifier. The Supreme Court has ultimately concluded that the functionality doctrine is not an absolute bar to the registration of a trademark consisting of color alone.⁵⁹

C. *The Turning Point for Color Trademarks: The Owens-Corning and Qualitex Decisions*

1. *Stepping out on a Limb: The Owens-Corning Decision*

Despite the consensus among the circuits for decades that trademark law would not protect color alone, the United States Court of Appeals for the Federal Circuit took another approach in 1985 when it decided *In re Owens-Corning Fiberglas Corp.*⁶⁰ The Owens-Corning Fiberglas Corporation applied for registration of the color pink for the fiberglass it

55. See *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001) ("Nor has this circuit adopted the 'aesthetic functionality' theory, that is, the notion that a purely aesthetic feature can be functional."); *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 428 (5th Cir. 1984); *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981); 1 MCCARTHY, *supra* note 20, § 7:81 ("Aesthetic functionality is an oxymoron. Ornamental aesthetic designs are the antithesis of utilitarian designs." (internal quotation marks omitted)); Theodore C. Max, *Coloring Outside the Lines in the Name of Aesthetic Functionality: Qualitex, Louboutin, and How the Second Circuit Saved Color Marks for Fashion*, 102 TRADEMARK REP. 1081, 1092–93 (2012).

56. *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 488 (5th Cir. 2008).

57. *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc. (Louboutin I)*, 778 F. Supp. 2d 445, 450–51, 453–55 (S.D.N.Y. 2011).

58. See sources cited *supra* note 55.

59. *Qualitex III*, 514 U.S. 159, 165 (1995).

60. 774 F.2d 1116 (Fed. Cir. 1985).

manufactured in 1980, alleging use in commerce since 1956.⁶¹ The examining attorney denied registration, and the USPTO's Trademark Trial and Appeal Board (TTAB) affirmed.⁶² Owens-Corning appealed.

The Federal Circuit began by examining the Lanham Act and its purposes.⁶³ Upon finding that Congress intended the Lanham Act to confer broader protection and more liberal registration of trademarks than were available before, the court disregarded precedent advocating the per se ban on color trademarks, opting instead to analyze color trademarks in the same manner as any other trademark.⁶⁴ The court noted that "each case [must be] decided upon its facts."⁶⁵ The court addressed the color depletion theory, noting that it conflicts "with the liberating purposes of the [Lanham] Act."⁶⁶ It also addressed the shade confusion theory, noting that "[d]eciding likelihood of confusion among color shades . . . is no more difficult or subtle than deciding likelihood of confusion where word marks are involved."⁶⁷ The court further explained that the functionality doctrine did not apply to this case, as the pink color of the fiberglass had no utilitarian purpose.⁶⁸ The court reiterated that each case must be decided on its merits and, applying the test for determining whether a non-distinctive trademark has acquired secondary meaning,⁶⁹ held that Owens-Corning had established secondary meaning for the pink color of its fiberglass such that it could register the color pink as a trademark for its product.⁷⁰

2. *Cleaning up the Mess: The Qualitex Decision*

In the years following *Owens-Corning*, a circuit split developed over the issue of whether color could be trademarked. The Supreme Court resolved the split in *Qualitex Co. v. Jacobson Products Co.*⁷¹

Qualitex and Jacobson Products were competitors that manufactured dry cleaning supplies.⁷² In 1957, Qualitex began manufacturing and selling its SUN GLOW dry cleaning press pads, which are a unique green-gold

61. *Owens-Corning II*, 774 F.2d at 1118.

62. *Id.*

63. *Id.* at 1119–20.

64. *Id.* at 1120.

65. *Id.*

66. *Id.*

67. *Id.* at 1123 (quoting *Owens-Corning I*, 221 U.S.P.Q. 1195, 1198 (T.T.A.B. 1984)) (internal quotation marks omitted).

68. *Id.* at 1122.

69. See *supra* note 18 for a discussion of the tests for secondary meaning in different jurisdictions.

70. *Owens-Corning II*, 774 F.2d at 1127–28.

71. 514 U.S. 159 (1995).

72. *Qualitex II*, 13 F.3d 1297, 1300 (9th Cir. 1994).

color that was specially designed for Qualitex.⁷³ In 1989, Jacobson Products began manufacturing and selling a similar green–gold press pad under the name MAGIC GLOW.⁷⁴ Jacobson Products “admitted intentionally copying the overall look of Qualitex’s green–gold press pad.”⁷⁵

Qualitex filed suit against Jacobson Products in the United States District Court for the Central District of California in 1990, alleging, among other things, trademark infringement of its green–gold mark for press pads.⁷⁶ Jacobson Products asserted that Qualitex’s trademark was invalid because color alone could not be trademarked.⁷⁷ In support of this assertion, Jacobson Products provided three arguments: color was functional; no secondary meaning had attached to the green–gold color as a mark; and there was no likelihood of confusion between its pads and Qualitex’s.⁷⁸

The district court rejected all of these arguments, following the Federal Circuit’s lead and analyzing the green–gold mark as it would any other trademark, rather than employing a per se ban on trademarks based on color alone.⁷⁹ The court found that the green–gold color on the press pads had acquired secondary meaning, as consumers associated that color with Qualitex.⁸⁰ When ordering Qualitex pads, some consumers merely described their color,⁸¹ and in a survey of 199 people in dry cleaner shops in four cities, 39% of the participants thought the Jacobson pad was a Qualitex one because of the color.⁸² The court also found a likelihood of confusion based in part on the same survey.⁸³ Thus, the court held that Qualitex had a protectable mark and that Jacobson Products had infringed it.⁸⁴

On appeal, although the Ninth Circuit acknowledged that color is not explicitly excluded from protection under the Act, it refused to adopt the

73. Qualitex Co. v. Jacobson Prods. Co. (*Qualitex I*), No. CV 90 1183 HLH(JRX), 1991 WL 318798, *1 (C.D. Cal. Sept. 3, 1991).

74. *Qualitex II*, 13 F.3d at 1300.

75. *Id.*

76. *Id.* Interestingly, Qualitex did not apply for trademark registration of the green-gold color until after it had already filed suit against Jacobson Products. It added the trademark infringement claim once the registration had issued. *Id.*

77. *Id.*

78. *Id.*

79. *Qualitex I*, No. CV 90 1183 HLH(JRX), 1991 WL 318798, *1, *4–5 (C.D. Cal. Sept. 3, 1991).

80. *Id.* at *1–2.

81. *Id.* at *2.

82. *Id.* at *4.

83. *See id.*

84. *Id.* at *5.

position of the minority of the circuits on this issue.⁸⁵ Instead, the Ninth Circuit ruled in line with the majority, holding that color alone is not protectable under the Lanham Act.⁸⁶

The Supreme Court granted certiorari to resolve the circuit split that had developed and sided with the minority, noting that the characteristic feature of a trademark is its “source-distinguishing ability . . . not its ontological status as color, shape, fragrance, word, or sign.”⁸⁷ The Court rejected all of the traditional arguments against the protection of color alone as a trademark,⁸⁸ noting that deciding differences between similar shades is no more difficult than deciding differences between similar words;⁸⁹ asserting that courts had already been distinguishing between shades of colors when trademarks consisted of color in a design,⁹⁰ observing that the depletion of colors generally would not be a problem;⁹¹ and stating that “the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality . . . indicates that the doctrine of ‘functionality’ does not create an absolute bar to the use of color alone as a mark.”⁹²

The Court discredited the precedent *Jacobson Products* pointed to in support of its position because the Supreme Court cases cited interpreted older trademark acts, and the lower court cases cited mistakenly construed dicta in those Supreme Court cases “as forbidding protection for color alone.”⁹³ Finally, and most importantly, the Court held that when color meets all of the requirements for trademark protection it may be registered as a trademark.⁹⁴ The Court subsequently explained that its holding in *Qualitex* meant that color alone can never be inherently distinctive;⁹⁵ the owner of a trademark consisting of color alone must always show

85. See *Master Distribs., Inc. v. Pako Corp.*, 986 F.2d 219, 224 (8th Cir. 1993) (declining to establish a sweeping ban on the registration of trademarks consisting of color alone); *Owens-Corning II*, 774 F.2d 1116, 1128 (Fed. Cir. 1985) (allowing registration of the color pink as a trademark for a fiberglass company).

86. *Qualitex II*, 13 F.3d 1297, 1302 (9th Cir. 1994).

87. *Qualitex III*, 514 U.S. 159, 164 (1995).

88. *Id.* at 164–65, 167–69.

89. *Id.* at 167–68.

90. *Id.*

91. *Id.* at 168. The Court faulted the color depletion theory, which argues that only certain colors are usable for particular products and that allowing color trademarks depletes the colors available in an industry, for “rel[ying] on an occasional problem to justify a blanket prohibition.” *Id.*

92. *Id.* at 165.

93. *Id.* at 170–71.

94. *Id.* at 161.

95. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 206 (2000). See *supra* Part I.A.1 for a discussion on inherent distinctiveness.

secondary meaning before the color can receive federal trademark protection.⁹⁶

II. PROGRESSION OF THE *LOUBOUTIN V. YVES SAINT LAURENT* LITIGATION

A. Facts

Designer Christian Louboutin began painting the soles of his high fashion shoes a bright red in 1992.⁹⁷ Virtually all of his women's shoes since then have featured red soles.⁹⁸ Louboutin wanted to give his shoes energy, and he chose the color red because it is “engaging, flirtatious, memorable and the color of passion, as well as sexy.”⁹⁹ Louboutin invested substantial amounts of money in building his brand and his reputation and in promoting the red sole as his signature in women's shoes.¹⁰⁰ From 1992 to the early 2000s, his company's sales grew steadily, with explosive growth since 2007.¹⁰¹ Louboutin shoes have come to “set industry standards for quality, value, performance, style and durability.”¹⁰² The red soles have become distinctive of the Louboutin brand such that his shoes are often referred to simply as “red bottoms” in popular culture.¹⁰³ No other designer has used red on the outsoles of shoes in the same way consistently,¹⁰⁴ although since the 1970s, YSL, another high fashion designer, has occasionally produced women's shoe lines that feature monochromatic¹⁰⁵ shoes, including entirely red shoes with red soles.¹⁰⁶

On January 1, 2008, the USPTO issued a trademark registration for Louboutin's lacquered red soles on “WOMEN'S HIGH FASHION

96. *Wal-Mart Stores*, 529 U.S. at 206; *Qualitex III*, 514 U.S. at 163.

97. *Louboutin I*, 778 F. Supp. 2d 445, 447 (S.D.N.Y. 2011).

98. Plaintiff's Amended Memorandum of Law in Support of Application for a Preliminary Injunction at 1, *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011) (No. 11 Civ. 2381(VM)) [hereinafter Plaintiff's Amended Memo].

99. *Louboutin I*, 778 F. Supp. 2d at 447 (citations omitted) (internal quotation marks omitted).

100. *Id.*

101. Plaintiff's Amended Memo, *supra* note 98, at 2.

102. *Id.* at 2.

103. See DJ KHALED FEAT. DRAKE, RICK ROSS & LIL WAYNE, *I'm On One*, on WE THE BEST FOREVER (We the Best Records 2011) (“The ones beneath me recognize the red bottoms I wear.”); JENNIFER LOPEZ, *Louboutins* (Epic Records 2009) (“I'm throwing on my Louboutins/Watch these red bottoms . . .”). In the DJ Khaled song, Rick Ross refers to Louboutin's men's shoe line, which was not at issue in this case.

104. Plaintiff's Amended Memo, *supra* note 98, at 1.

105. The upper, insole, outer sole, and heel of the shoe are all the same color.

106. Defendants/Counterclaim-Plaintiffs' Memorandum of Law in Opposition to Motion for Preliminary Injunction at 1, *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011) (No. 11 Civ. 2381(VM)). YSL contends that the monochromatic style is “a time-honored YSL style tradition often referred to as part of the ‘DNA’ of the brand.” *Id.* at 4.

DESIGNER FOOTWEAR” (the Red Sole Mark).¹⁰⁷ Louboutin approached YSL in 2011 regarding four shoes from YSL’s 2011 Cruise¹⁰⁸ collection, all-red shoes bearing red soles, which Louboutin thought used a red that was too similar to its Red Sole Mark.¹⁰⁹ After YSL refused to remove the challenged shoes from the market, Louboutin filed suit in the United States District Court for the Southern District of New York, alleging, among other things, trademark infringement in violation of the Lanham Act.¹¹⁰ Louboutin sought a preliminary injunction to prevent YSL from selling its red-soled shoes while the action was pending, and that preliminary injunction is the subject of the district court and circuit court opinions described below.¹¹¹

B. *The District Court’s Decision*

Against this background, the Southern District of New York decided *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.* The district court began by setting forth the well-established standard that Louboutin had to meet in order to obtain its preliminary injunction. First, Louboutin needed to establish that it would suffer “irreparable harm” if the court did not issue the preliminary injunction.¹¹² Then, it needed to show either “a likelihood of success on the merits” or “sufficiently serious questions going to the merits of its claims to make them fair ground for litigation, plus a balance of the hardships tipping decidedly in [its favor].”¹¹³

Next, the court set forth the requirements for Louboutin to succeed on its claim for trademark infringement. Louboutin needed to demonstrate that “its Red Sole Mark merits protection” and that “YSL’s use of the same or a sufficiently similar mark is likely to cause consumer confusion as to the origin or sponsorship of YSL’s shoes.”¹¹⁴

The district court began its inquiry with the validity of the Red Sole Mark. Despite an acknowledgment that Louboutin’s Red Sole Mark was statutorily presumed valid by virtue of its placement on the Principal Register¹¹⁵ and the finding that the Mark had acquired distinctiveness through secondary meaning,¹¹⁶ the court went on to distinguish the fashion

107. *Louboutin I*, 778 F. Supp. 2d 445, 448–49 (S.D.N.Y. 2011).

108. “Cruise” refers to the fashion season between winter and spring. *Id.* at 449 n.3.

109. *Id.* at 449.

110. *Id.*

111. *Id.*

112. *Id.* at 450.

113. *Id.* (alteration in original).

114. *Id.*

115. *Id.*

116. *Id.* at 448.

industry from other industries in ultimately holding the Mark invalid.¹¹⁷ It noted that to that point, trademarks consisting of color alone had only been granted in industries outside of the fashion world.¹¹⁸ Drawing a distinction between the use of color trademarks in those industries as compared to the use of color trademarks in the fashion industry, the district court asserted that “the creativity, aesthetics, taste, and seasonal change” inherent in the fashion world are not conducive to trademarks consisting of color alone, as color in the fashion industry is expressive and inherently aesthetically functional, a recurring theme throughout this opinion.¹¹⁹ The court recognized that color had been protected in fashion trademarks in the past but noted that this protection had only been extended to color in specific designs or combinations, citing decisions concerning Louis Vuitton’s rainbow monogram and Burberry’s plaid check marks.¹²⁰

The district court next characterized Louboutin’s Mark as a claim to the color red and asserted that granting Louboutin a monopoly on the color would “impermissibly hinder competition among other participants” in the designer shoe market.¹²¹ The court drew a parallel between fashion designers and artists,¹²² declaring that both “integrally depend on creativity.”¹²³ It contended that no one would argue that Picasso could have enjoined Monet’s use of the specific indigo shade that was Picasso’s signature during his Blue Period¹²⁴ and that this proposition “should extend with equal force to high fashion.”¹²⁵

The court then turned to the question of whether a single color in the fashion industry is aesthetically functional, clinging to the language at the end of the Supreme Court’s holding in *Qualitex* that “color can meet the legal requirements for a trademark if it ‘act[s] as a symbol that distinguishes a firm’s goods and identifies their source, *without serving any other significant function.*”¹²⁶ Although the court acknowledged that the public had come to associate the Red Sole Mark with Louboutin’s shoes, it found that Louboutin’s Red Sole Mark also served “other significant

117. *Id.* at 448–49.

118. *Id.* at 450–51.

119. *Id.* at 451.

120. *Id.* (citing *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 116 (2d Cir. 2006); *Burberry Ltd. v. Euro Moda, Inc.*, No. 08 Civ. 5781, 2009 WL 1675080, at *5 (S.D.N.Y. June 10, 2009)).

121. *Id.* at 454. Note that this is the part of the inquiry the Supreme Court set forth for aesthetic functionality. *Qualitex III*, 514 U.S. 159, 165 (1995).

122. *Louboutin I*, 778 F. Supp. 2d at 451–53.

123. *Id.* at 452.

124. *Id.* at 451–53.

125. *Id.* at 453.

126. *Id.* at 450 (alteration in original) (quoting *Qualitex III*, 514 U.S. at 166).

function[s],”¹²⁷ bolstering this finding with the designer’s own statements regarding why he chose the color red,¹²⁸ which the court took to be an acknowledgement of “significant, nontrademark functions” that the Mark performs.¹²⁹ The court went on to quote the *Qualitex* decision, stating that the color served the nontrademark function of “satisfy[ing] the ‘noble instinct for giving the right touch of beauty to common and necessary things.’”¹³⁰ The court also found that the Red Sole Mark was functional because it affected the price of the shoes.¹³¹ It contended that applying the red lacquer was more costly and made the shoes more exclusive, increasing the cost of the shoes.¹³² These findings regarding the functionality of the Red Sole Mark were the crux of the district court’s analysis.

The district court denied Louboutin’s motion for preliminary injunction finding that there was no likelihood that it would succeed on its claims of trademark infringement under the Lanham Act because the Mark violated the aesthetic functionality doctrine.¹³³ Ultimately, the court adopted an unprecedented blanket rule, holding that single colors can never act as trademarks in the fashion industry, regardless of whether the color had acquired secondary meaning because color will always necessarily be functional in that industry.¹³⁴ In so holding, the court attempted to revive the now-defunct color depletion and shade confusion theories¹³⁵ and argued that recognition of the Red Sole Mark would lead to “fashion wars” over color.¹³⁶

Louboutin appealed to the Second Circuit, asserting that the “district court’s [d]ecision stray[ed] into legal error by announcing a *per se* rule that a single color on a fashion item may not act as a trademark.”¹³⁷ It further argued that neither the Lanham Act nor applicable case law supported the district court’s approach to determining the validity of the Red Sole Mark.¹³⁸

127. *Id.* at 450, 453.

128. Louboutin explained that he chose red to give his shoes energy and sex appeal. *Id.* at 453.

129. *Id.*

130. *Id.* at 453–54 (quoting *Qualitex III*, 514 U.S. at 170). The original quotation was taken from G. K. CHESTERTON, SIMPLICITY AND TOLSTOY 61 (1912).

131. *Id.* at 454.

132. *Id.*

133. *Id.* at 457.

134. *Id.*

135. *Id.* at 456–57.

136. *Id.* at 457.

137. Brief for Plaintiffs-Counter-Defendants-Appellants and Special Appendix at 33, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012) (No. 11-3303-cv).

138. *Id.* Unsurprisingly, Tiffany & Co., which holds three trademarks for the color robin’s egg blue on gift boxes, shopping bags, and catalog covers, filed an amicus curiae brief arguing that the district court’s blanket rule banning color trademarks for fashion items was inappropriate, unsupported

C. The Second Circuit's Decision

The Second Circuit correctly rejected the district court's sweeping holding that trademarks consisting of color alone are never valid in the fashion industry because this holding is at odds with the Supreme Court's holding in *Qualitex*.¹³⁹ The court spent a significant amount of time addressing the aesthetic functionality doctrine, devoting more than one-fourth (about six pages of twenty-three) of the opinion to discussion of the doctrine, because it found that the district court's erroneous holding was based upon an incorrect understanding of that doctrine.¹⁴⁰ Despite this treatment of the doctrine, however, the Second Circuit declined to apply the doctrine to the facts of the case. Ultimately, although the court reversed the district court as to its holding regarding color trademarks in the fashion industry, it partially upheld the district court's denial of Louboutin's preliminary injunction on other grounds, as discussed below.

The circuit court began, as the district court did, by setting forth the framework for deciding a trademark infringement claim. First, the court must determine whether the mark merits protection as one that is inherently distinctive or one that has acquired secondary meaning.¹⁴¹ Next, the court must consider whether there is a likelihood of consumer confusion between the plaintiff's mark and the alleged infringing mark.¹⁴² Finally, if the plaintiff clears both of those hurdles, the defendant may still prevail by showing that the plaintiff's mark is functional.¹⁴³

The Second Circuit's analysis ended with the first inquiry, as the court found that Louboutin's Mark did not merit protection in its present form.¹⁴⁴ The Mark of course was not inherently distinctive, as the Supreme Court already explained that color alone can never be inherently distinctive.¹⁴⁵ However, the Second Circuit also found that the Mark had only acquired secondary meaning as used on shoes with contrasting uppers¹⁴⁶ and

by the law, and beyond the scope of the case. Brief of Amicus Curiae Tiffany (NJ) LLC and Tiffany & Co. in Support of Appellant's Appeal Seeking Reversal of the District Court's Decision Denying Appellants' Motion for Preliminary Injunction at 9–11, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012) (No. 11-3303-cv).

139. *Louboutin II*, 696 F.3d 206, 228 (2d Cir. 2012); *see also* 514 U.S. 159, 162 (1995) ("Both the language of the [Lanham] Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark.").

140. *Louboutin II*, 696 F.3d at 218–24, 228.

141. *Id.* at 216.

142. *Id.* at 217.

143. *Id.*

144. *Id.* at 225.

145. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 206 (2000); *Qualitex III*, 514 U.S. 159, 163 (1995).

146. The upper of the shoe refers to the part of the shoe that covers the top and heel of the foot.

modified the Red Sole Mark to reflect this finding.¹⁴⁷ Because the court found that the Mark had only acquired secondary meaning as used on shoes with contrasting uppers, it is invalid as to shoes with matching uppers,¹⁴⁸ such as the monochromatic red shoes at issue in this litigation. Under this modification of its Mark, Louboutin's infringement claim was not likely to succeed on the merits because it failed the first prong of the test for infringement. Thus, issuance of a preliminary injunction would have been inappropriate.

To support its finding that Louboutin's Mark had only acquired secondary meaning as to shoes with contrasting uppers, the court relied upon a variety of evidence that suggests the distinction of the Mark is derived from contrast. First, the district court's findings emphasized the contrast of the upper with the unexpected, bright red sole.¹⁴⁹ Further, during the litigation, YSL's chief executive stated that, in the fashion world, "the 'distinctive signature' of the Mark is in its 'contrast with the general presentation of the [shoe], particularly its upper.'"¹⁵⁰ The circuit court's finding also hinged on the fact that only four of the hundreds of models of Louboutin shoes that Louboutin presented to the court were monochromatic red.¹⁵¹ Finally, the court found significant the fact that Louboutin's consumer surveys showed that when consumers misidentified YSL's shoe as a Louboutin, they "cited the red *sole* of the shoe, rather than its general red color."¹⁵² Each of these things, according to the Second Circuit, supported its finding that Louboutin's Mark is associated with contrast and has acquired no secondary meaning as to monochromatic shoes.

In light of its determination that Louboutin's Mark was only valid as to shoes with contrasting uppers, the Second Circuit found that YSL did not infringe Louboutin's Mark because the only shoes at issue in this litigation were monochromatic red styles.¹⁵³ Thus, the Second Circuit affirmed the district court's denial of an injunction for the use of red soles on monochromatic red styles but reversed the district court's denial of trademark protection for the Red Sole Mark as used on shoes with a contrasting upper.¹⁵⁴

147. *Louboutin II*, 696 F.3d at 227–28.

148. See *supra* Part I.A.1 for a discussion on secondary meaning as a requirement for trademark protection for certain marks.

149. *Louboutin II*, 696 F.3d at 227.

150. *Id.* (alteration in original).

151. *Id.* at 228.

152. *Id.*

153. *Id.*

154. *Id.* at 229.

III. FLAWS IN THE OPINIONS

It is clear that the Southern District of New York erred in deciding whether to grant Louboutin's preliminary injunction. Although the Second Circuit correctly reversed the district court's per se ban on color trademarks, the circuit court also erred in its determination of the validity of Louboutin's Red Sole Mark. This Note discusses the issues with both opinions more fully below.

A. The District Court

The district court misapplied the law in determining the validity of Louboutin's Red Sole Mark. The court improperly analyzed Louboutin's likelihood of success on the merits on its trademark infringement claim. It also misapplied the functionality doctrine by looking at the fashion industry as a whole rather than at the particular mark at issue. Further, the court mischaracterized the Red Sole Mark as a general claim to the color red, which allowed it to make some of the flawed arguments it did with respect to its validity. This Note addresses each in turn and discusses why the holding was unworkable in trademark law, especially within the fashion industry.

1. Improper Analysis of Louboutin's Likelihood of Success on the Merits of Its Trademark Infringement Claim

The district court began its opinion by setting out the requirements necessary for Louboutin to succeed on its motion for preliminary injunction, which included a likelihood of success on the merits of its trademark infringement claim.¹⁵⁵ As the court noted, in order to succeed on this claim, Louboutin needed to establish the validity of its Mark and a likelihood of confusion between its Mark and YSL's product.¹⁵⁶

Despite its acknowledgment that the Red Sole Mark had acquired secondary meaning¹⁵⁷ and that it was entitled to a presumption of validity because of its placement on the statutory register,¹⁵⁸ the district court nonetheless proceeded as if the presumption of validity were not established by equating the Mark with the simple color red. Further, in the Second Circuit, the registration of the Mark with the USPTO should have shifted the burden to YSL to "rebut the presumption of [the] mark's

155. *Louboutin I*, 778 F. Supp. 2d 445, 450 (S.D.N.Y. 2011).

156. *Id.*

157. *Id.* at 449.

158. *Id.* at 450; *see also* 15 U.S.C. § 1057 (2006).

protectibility by a preponderance of the evidence.”¹⁵⁹ Rather than showing proper deference to this statutory presumption of validity and considering evidence offered by YSL as to the invalidity of Louboutin’s Mark, the district court determined that the Red Sole Mark was invalid based off its own analogy to a hypothetical dispute between Picasso and Monet over the color indigo.¹⁶⁰ The analogy is inapt because neither artist ever claimed the color indigo as a trademark signifying the source of his paintings as Louboutin does here with its Red Sole Mark. Further, neither the Lanham Act nor controlling precedent supported the district court’s determination.

The district court also relied on antiquated theories in determining the validity of the Mark, suggesting that recognition of its validity would lead to color depletion and shade confusion.¹⁶¹ Because the Supreme Court laid these theories to rest in its *Qualitex* decision in 1995,¹⁶² the district court’s reliance upon them was wholly misplaced. Finally, the court misapplied the functionality doctrine and mischaracterized the Red Sole Mark, in deciding the validity of the Mark, as discussed more fully below. The purpose of trademark law is to protect the public from deceit and confusion and to protect producers’ right to enjoy the business they earn through building their reputations, and Louboutin’s Mark deserved to be protected.¹⁶³

2. *Flawed Analysis of the Red Sole Mark’s Functionality*

In determining the functionality of the Red Sole Mark, the court broadly analyzed the role of color in the fashion industry as a whole rather than the individual, fact-specific situation presented in the case.¹⁶⁴ As set forth above, a feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”¹⁶⁵ Had the court looked specifically at whether a red outsole “is essential to the use or purpose of [a shoe],”¹⁶⁶ rather than looking at whether the color red is essential to the fashion industry, it would have found that the Mark is not functional under that prong of the test.

Further, the court misconstrued the functionality doctrine in its analysis of the “affects the cost or quality” prong of the test, as it determined that the Red Sole Mark was functional because it made the shoe more

159. Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 192 F.3d 337, 345 (2d Cir. 1999).

160. *Louboutin I*, 778 F. Supp. 2d at 451–53.

161. *Id.* at 455–56.

162. *Qualitex III*, 514 U.S. 159, 167–68 (1995).

163. *Louboutin II*, 696 F.3d 206, 215 (2d Cir. 2012); HILLIARD ET AL., *supra* note 9, at 5.

164. *See, e.g., Louboutin I*, 778 F. Supp. 2d at 452–53.

165. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.10 (1982).

166. *Id.*

expensive.¹⁶⁷ The purpose of this prong of the functionality doctrine is to protect against one competitor gaining an unfair advantage by monopolizing a more cost-efficient way of producing its goods.¹⁶⁸ In determining that the Red Sole Mark is functional because it increases the cost of the shoe, the court conflated the public's willingness to pay more for the Louboutin brand, the source of which is signified by the Red Sole Mark, with Louboutin's production costs, as increased by the addition of the red lacquered sole. However, because a pair of Louboutins can cost as much as \$6,395, it is doubtful that the addition of the red lacquered finish affects the price point in any significant way.¹⁶⁹

As already mentioned, the aesthetic functionality doctrine is weak and confusing, and many circuits reject it.¹⁷⁰ Even if the doctrine were not so weak, Louboutin's Red Sole Mark meets the Supreme Court's test for aesthetic functionality: "whether the recognition of trademark rights would significantly hinder competition."¹⁷¹ Because the district court considered the effects of a broad trademark on the color red within the entire fashion industry, rather than a trademark on the color red in a particular place on a shoe, its analysis of the aesthetic functionality of the Red Sole Mark was flawed. Recognition of the Red Sole Mark would not "significantly hinder competition" because neither a red-colored sole nor a monochromatic red shoe is necessary or essential to competition in the designer shoe market, as the district court suggested.¹⁷² YSL's ability to compete in the designer shoe market effectively while only "occasionally" producing monochromatic red shoes demonstrates the lack of necessity.¹⁷³ Manufacturers generally want their product packages and marks to be aesthetically pleasing to attract customers; however, if one were to follow the district court's view of aesthetic functionality, none of these manufacturers would be able to attain trademark protection because their marks would now serve non-trademark purposes.¹⁷⁴

167. *Louboutin I*, 778 F. Supp. 2d at 454.

168. *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938) (finding National Biscuit Co.'s pillow shape for its shredded wheat cereal functional because it decreased the cost of producing the product); Danielle E. Gorman, Note, *Protecting Single Color Trademarks in Fashion after Louboutin*, 30 CARDOZO ARTS & ENT. L.J. 369, 383 (2012).

169. *See Christian Louboutin Daffodile 160 Crystal-Embellished Suede Pumps*, NET-A-PORTER, http://www.net-a-porter.com/product/178022?cm_mmc=ProductSearch_-_US_-_Pumps_-_Daffodile&gclid=COy8qNSI-rQCFQ4EnQodAgYAlw (last visited Jan. 20, 2013).

170. *See supra* Part I.B.3.

171. *Qualitex III*, 514 U.S. 159, 170 (1995) (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION §17 cmt. c (1993)).

172. *Id.*

173. *Louboutin I*, 778 F. Supp. 2d 445, 449 (S.D.N.Y. 2011).

174. *Id.* at 456.

3. *Overly Broad Characterization of the Red Sole Mark*

The district court also erred in characterizing the Mark as a “claim to ‘the color red,’” which is only one element of the Mark.¹⁷⁵ “[T]he presumption of validity is limited to the exact format of the mark as registered.”¹⁷⁶ The Red Sole Mark consisted of a (1) red, (2) lacquered finish, (3) placed on the soles of footwear.¹⁷⁷ The district court, however, mischaracterized the Mark as “Louboutin’s claim to ‘the color red,’” ignoring the placement of the color and its lacquered finish.¹⁷⁸ In so doing, the court asserted that Louboutin’s Mark was “overly broad and inconsistent with the scheme of . . . the Lanham Act,” when in actuality the court’s characterization of the Mark and sweeping holding fit this description.¹⁷⁹ The district court’s characterization of the Mark as a “claim to ‘the color red’” was “overly broad,” and its general ban on color trademarks in the fashion industry was “inconsistent with the scheme of . . . the Lanham Act,”¹⁸⁰ which confers broad protection on trademarks and allows for liberal registration.¹⁸¹ As the Second Circuit correctly noted, a *per se* ban on single-color trademarks in the fashion industry is inconsistent with Supreme Court precedent.¹⁸²

The district court’s mischaracterization of the Mark also allowed it to make broad policy arguments that were inapplicable to the situation at issue, citing stifled creativity in the fashion industry and a depleted palette for other designers as support for the invalidity of the Mark.¹⁸³ Although the court argued that recognition of Louboutin’s Mark would prevent other designers from creating a monochromatic red outfit,¹⁸⁴ nothing about the Mark would create such a bar. Designers could still create monochromatic red outfits, including red shoes; they could not, however, use red on the

175. *Id.* at 454.

176. 6 MCCARTHY, *supra* note 20, § 32:152; *see also* Estate of P. D. Beckwith, Inc. v. Comm’r of Patents, 252 U.S. 538, 545–46 (1920) (“The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail. For this reason it should be considered in its entirety.”).

177. *Louboutin I*, 778 F. Supp. 2d at 448–49.

178. *Id.* at 454.

179. *Id.*

180. *Id.*

181. 15 U.S.C. § 1052 (2006) (“No trademark . . . shall be refused registration on the principal register on account of its nature unless it” fits one of the exceptions in the Act.). Congress delineated as one of the purposes of the Lanham Act “to simplify registration [of trademarks] and to make it stronger and more liberal.” S. REP. NO. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

182. *Louboutin II*, 696 F.3d 206, 223 (2d Cir. 2012).

183. *Louboutin I*, 778 F. Supp. 2d at 454–55 (“Louboutin’s claim would cast a red cloud over the whole [fashion] industry, cramping what other designers could do, while allowing Louboutin to paint with a full palette. Louboutin would thus be able to market a total outfit in his red, while other designers would not.”).

184. *Id.*

outsole, a part of the shoe previously ignored and arguably made famous by Louboutin's well-known Mark.

Finally, because the district court mischaracterized the Red Sole Mark, its analogy to a hypothetical dispute between Picasso and Monet over the color indigo was even more inappropriate, as the comparison did not fit the context of this dispute. For the analogy to be more suitable to the Louboutin litigation, the court would have to modify its hypothetical to consider a dispute over the use of indigo in a specific context, say in depictions of the sky or water.

4. *Unworkable Holding in Trademark Law and the Fashion Industry*

As discussed above, the district court's decision was at odds with the Lanham Act and Supreme Court precedent. The Lanham Act calls for broader registration of trademarks than was previously available under other trademark regimes,¹⁸⁵ and the Supreme Court, in interpreting the Lanham Act, decided that nothing in the Act, or in trademark law in general, acts as a bar to color trademarks.¹⁸⁶ Further, the district court made an arbitrary distinction between the fashion industry and other industries, based on creativity and aesthetics, as if the fashion industry is the only industry in which those elements are necessary.¹⁸⁷ Finally, the far-reaching ban adopted by the district court was unnecessary and beyond the scope of the litigation before it. Because the language in the holding was broad enough to ban the use of color trademarks in the entire fashion industry, the holding threatened many other producers in the fashion industry who have long held their color trademarks, such as Guccio Gucci, S.p.A. (green-red-green stripe) and Tiffany (NJ) LLC (robin's egg blue boxes, bags, and catalogs).

B. *The Circuit Court*

The Second Circuit's rejection of the district court's sweeping ban on single-color trademarks in the fashion industry is wholly appropriate.¹⁸⁸ However, the court erred both in finding that Louboutin had not established secondary meaning for its Red Sole Mark as used on monochromatic red shoes and in modifying Louboutin's Mark to reflect this erroneous conclusion. A mark that is not inherently distinctive may gain the requisite

185. See *supra* note 181.

186. *Qualitex III*, 514 U.S. 159, 162 (1995).

187. *Louboutin I*, 778 F. Supp. 2d at 451.

188. See *supra* Part III.A.4.

distinctiveness by acquiring secondary meaning.¹⁸⁹ To establish secondary meaning, courts generally either accept consumer survey evidence or employ tests comprised of between four and eleven factors.¹⁹⁰ The Second Circuit uses six factors and includes consumer survey evidence as one of its factors: “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark’s use.”¹⁹¹ The circuit court found as a matter of law that Louboutin’s Mark had acquired secondary meaning as applied to shoes with contrasting uppers.¹⁹²

The Red Sole Mark’s use on monochromatic red shoes, however, gave the court pause. The Second Circuit relied on a generalized statement by the district court about Louboutin’s shoes on Hollywood’s red carpets; a remark made by YSL’s chief executive; Louboutin’s submissions of pictures of its shoes; and Louboutin’s survey evidence to conclude that Louboutin had not established secondary meaning for its Red Sole Mark as used on monochromatic red shoes. The “evidence” that “the Louboutin Mark is closely associated with contrast”¹⁹³ was weak at best, and some of it actually supported a broader conclusion: Louboutin’s Mark had acquired secondary meaning, regardless of the color of the shoe.

First, the district court’s general statement regarding Hollywood starlets wearing “high-heeled, black shoes” with red soles that pop was much like that court’s Picasso and Monet hypothetical—a fanciful creation of the judge’s mind.¹⁹⁴ This was hardly evidence of the Red Sole Mark’s close association with contrast. Further, YSL’s chief executive’s remark that “the ‘distinctive signature’ of the Mark is in its ‘contrast with the general presentation of the [shoe], particularly its upper’” would be much more persuasive if he were an unbiased party.¹⁹⁵ His statement was overshadowed by his position, however, as he had an incentive to bolster his company’s argument by weakening its adversary’s. Next, the proposition that only four of the pictures submitted by Louboutin were monochromatic red shoes said nothing about the distinctiveness of the Red

189. See HILLIARD ET AL., *supra* note 9, at 52.

190. The Eleventh Circuit uses four factors. See, e.g., *Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C.*, 931 F.2d 1519, 1525 (11th Cir. 1991). The Third Circuit uses a non-exhaustive list of eleven factors. See, e.g., *E.T. Browne Drug Co. v. Cococare Prods., Inc.*, 538 F.3d 185, 199 (3d Cir. 2008).

191. *Louboutin II*, 696 F.3d 206, 226 (2d Cir. 2012) (citation omitted).

192. *Id.* (“Where, as here, the record contains sufficient undisputed facts to resolve the question of distinctiveness . . . we may do so as a matter of law.” (citation omitted)).

193. *Id.* at 227.

194. *Id.* (emphasis omitted).

195. *Id.*

Sole Mark on those shoes.¹⁹⁶ This, too, was weak evidence of the Mark's lack of distinctiveness on monochromatic red shoes.

Finally, the most damaging evidence to the Second Circuit's position was Louboutin's consumer survey information.¹⁹⁷ Consumers were shown the YSL monochromatic red shoe and asked to identify its source. Of those consumers who misidentified the shoe as a Louboutin, "nearly every one cited the red *sole* of the shoe, rather than its general red color."¹⁹⁸ The Second Circuit contended that this evidence shows that the Red Sole Mark had not acquired secondary meaning as to monochromatic red shoes, but it actually supported the exact opposite conclusion.¹⁹⁹ The Second Circuit's argument as to Louboutin's survey evidence would make sense if Louboutin were claiming monochromatic red shoes as its trademark. However, Louboutin claimed the red sole of the shoe as a source identifier. The fact that consumers misidentified the YSL shoe as a Louboutin because of the red sole illustrates that the Red Sole Mark is a source identifier, whether the shoe is red or some other color.

Because the evidence shows that the Red Sole Mark had acquired secondary meaning as to monochromatic red shoes the Second Circuit should have continued its inquiry and determined the likelihood of confusion between YSL's shoe and Louboutin's Red Sole Mark. The Second Circuit previously considered survey evidence on the likelihood of consumer confusion and accepted evidence of fifteen to twenty percent consumer confusion as corroboration of a finding of likelihood of confusion.²⁰⁰ Without specific numbers from Louboutin's survey, it is hard to tell how likely consumer confusion was in the present case. Still, there was a chance that Louboutin could have prevailed on its motion for preliminary injunction against YSL's sale of the allegedly infringing shoes.

IV. LIMITATIONS OF THE SECOND CIRCUIT'S OPINION

Although the Second Circuit's opinion cleaned up the mess that the district court made, it left many unanswered questions and has some limitations. First, the Second Circuit's finding that the Red Sole Mark does not apply to monochromatic red shoes gives other designers court approval to profit from Louboutin's reputation and gain a free ride on its signature without liability. Initially, Louboutin only had YSL to worry about, but now the market may be flooded with shoes that feature red soles and red

196. *Id.* at 228.

197. *Id.*

198. *Id.*

199. *Id.*

200. *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1061 (2d Cir. 1979).

uppers. It seems likely that consumers would be confused. It also seems likely that at least some of those shoes would be of lesser quality than Louboutin's or YSL's shoes, which could lead to post-sale confusion. Post-sale confusion refers to the confusion that potential Louboutin consumers may experience if they see a lesser-quality shoe bearing a red sole. These potential consumers may be turned off from buying Louboutin shoes because they equate this lesser-quality shoe bearing a red sole with the Louboutin brand, damaging Louboutin's reputation. This kind of confusion is actionable, even if the consumers who actually buy the lesser-quality shoes know at the point of sale that they are not Louboutin shoes.²⁰¹ Because trademark law is supposed to protect consumers from deception and confusion, the Second Circuit should have been more reluctant to modify the Red Sole Mark to cover only shoes with contrasting uppers.

Next, the court never addressed the district court's concerns over the broad applicability of the Red Sole Mark, even as it modified the Mark to only cover shoes with red soles and contrasting uppers. Is the Mark valid as to shoes with matte red soles and contrasting uppers? The trademark registration specifically references red lacquered soles, so theoretically, a designer may design a shoe with a matte red sole and contrasting upper and escape liability. Does it apply to shoes that are not high heels? Louboutin claimed in the lawsuit that the Mark applies only to high heels, but the registration simply says "footwear." Does the Mark apply to all shades of red or only to the Chinese Red shade that Louboutin claimed in litigation that it applies to? Again, the registration simply says "red" without specification as to a particular shade. These unanswered questions will likely land Louboutin back in court to defend its modified Mark in the future.

Finally, the Second Circuit's treatment of the district court's functionality analysis is most troubling. The circuit court never addressed the district court's incorrect analysis of utilitarian functionality, leaving this analysis open to adoption by other courts in the Second Circuit. Further, the court's discussion of aesthetic functionality was unhelpful, as the court discussed the history of the aesthetic functionality doctrine and set forth a test for aesthetic functionality in the Second Circuit but gave no guidance as to its application, declining to apply the test to the facts of this case. The court also never made an express finding that the red sole on Louboutin

201. See, e.g., *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235 (6th Cir. 1991) (finding that although there was no confusion at the point of sale of Ferrari-shaped body kits for non-Ferrari cars, the replicas could damage Ferrari's reputation with the rest of the public). In 1962, Congress amended the Lanham Act, which originally only prohibited likelihood of confusion, mistake, or deception of "purchasers as to the source of origin of such goods or services," by deleting the quoted phrase, thereby expanding the likelihood-of-confusion test to encompass non-purchasers. *Id.* at 1244; HILLIARD ET AL., *supra* note 9, at 355.

shoes with contrasting uppers was not aesthetically functional, as the district court found, or that the red sole on shoes with red uppers was aesthetically functional, although this was the implicit holding of the decision. The discussion of aesthetic functionality served no purpose other than to affirm that the doctrine is a valid defense to allegations of trademark infringement in the Second Circuit.

The aesthetic functionality doctrine is not defined enough to allow for consistent and predictable results in application, which is why it is weak and not heavily endorsed by many circuits.²⁰² The doctrine does nothing to protect against the issue that the functionality doctrine was originally meant to protect against, namely the unconstitutional extension of protection for useful features beyond the time allowed under patent law.²⁰³ Further, producers should not be punished merely because their trademarks are aesthetically pleasing when those trademarks still function as source identifiers as they are supposed to. Ultimately, the aesthetic functionality doctrine should be laid to rest just as the color depletion and shade confusion theories were because it does not fit with the liberal protection scheme afforded by modern trademark law.

CONCLUSION

The resolution of this litigation has both positive and negative implications for the future. First, the uncertainty surrounding the particularities of Louboutin's Red Sole Mark, even as modified, could mean that this likely is not the last time Louboutin will be in court to protect its Mark. Second, the enduring vitality of the unpredictable aesthetic functionality doctrine in the Second Circuit (and other circuits) leaves more producers in the fashion industry vulnerable to attack on their trademarks when they have no other avenue of intellectual property protection.²⁰⁴ Finally, the fact that this dispute occurred at all may lead to increased specificity requirements for registering trademarks with the USPTO, especially with regard to trademarks that consist of a single color like the Red Sole Mark.

In any event, Louboutin's Red Sole Mark was valid as originally formulated, and the company should have been allowed to proceed to the likelihood-of-confusion inquiry in determining whether it could obtain a preliminary injunction against YSL's marketing of its monochromatic red shoes. The Second Circuit has temporarily restored peace to the fashion

202. See *supra* Part I.B.3.

203. See *supra* Part I.B.3.

204. See Ashley Marshall, *Free Fashion*, 17 MARQ. INTELL. PROP. L. REV. 123 (2013). See generally Lisa J. Hedrick, *Tearing Fashion Design Protection Apart at the Seams*, 65 WASH. & LEE L. REV. 215 (2008). Efforts to enact legislation to protect fashion have failed so far.

world in overruling the district court's expansive ban of color trademarks in the fashion industry, but Louboutin has lost a piece of its company with the circuit court's determination regarding the validity of its Mark. Christian Louboutin will be seeing red for a long time—on the bottoms of other designers' shoes.

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