

**SAVING SOLES: THE LIMITED PRACTICAL APPLICATION OF  
*CHRISTIAN LOUBOUTIN S.A. V. YVES SAINT LAURENT AMERICA  
HOLDING, INC.***

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*In 2011, the prominent women's shoe designer Christian Louboutin took fashion competitor Yves Saint Laurent to court to protect a trademark of Louboutin's red-lacquered shoe sole design. To the industry's surprise, the district court ruled that an entity in the fashion industry could never trademark a single-color feature because the use of a single color would always be functional in fashion. In 2012, the Second Circuit overruled the district court, stating that, in theory, a fashion designer could trademark a single-color feature. However, the court modified Louboutin's trademark to protect only red soles that contrast with the color of the remainder of the shoe, thus absolving Yves Saint Laurent's monochromatic design from the trademark infringement claim. This Recent Development analyzes the Second Circuit's ruling that left Louboutin's trademark intact for now but fell short of settling the issue of whether single-color trademarks in fashion can coexist with the aesthetic functionality doctrine.*

**I. INTRODUCTION**

In 1975, a young designer named Christian Louboutin saw an unusual image at a Paris art museum that would propel him into fashion fame and eventually into contentious trademark litigation.<sup>1</sup> The image was not a piece of artwork but a sign banning high

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<sup>1</sup> Lauren Collins, *Sole Mate: Christian Louboutin and the Psychology of Shoes*, THE NEW YORKER (Mar. 28, 2011), [http://www.newyorker.com/reporting/2011/03/28/110328fa\\_fact\\_collins?currentPage=all](http://www.newyorker.com/reporting/2011/03/28/110328fa_fact_collins?currentPage=all); *Designers: Christian Louboutin*, VOGUEPEDIA, [http://www.vogue.com/voguepedia/Christian\\_Louboutin](http://www.vogue.com/voguepedia/Christian_Louboutin) (last visited Feb. 25, 2013).

heels on the museum's mosaic floor.<sup>2</sup> The sign displayed a 1950s-style high heel marred by a red slash.<sup>3</sup> In 1992, Louboutin recreated the intensity of that prohibitive sign when he first adorned a women's high heel shoe with a red, lacquer sole to deepen the impact of the typically dull-colored shoe bottom.<sup>4</sup> He continued to use the red sole on his shoe designs and eventually trademarked the feature.<sup>5</sup> Louboutin and his red soles continued building a worldwide following,<sup>6</sup> but, in 2011, Louboutin's company suddenly saw its red sole trademark in jeopardy as a result of the legal battle it faced with Yves Saint Laurent ("YSL").<sup>7</sup>

At the start of this litigation, *The New Yorker* profiled the high fashion shoe designer, noting:

The sole of each of his shoes is lacquered in a vivid, glossy red. The red soles offer the pleasure of secret knowledge to their wearer, and that of serendipity to their beholder. Like Louis XIV's red heels, they signal a sort of sumptuary code, promising a world of glamour and privilege. They are also a marketing gimmick that renders an otherwise indistinguishable product instantly recognizable.<sup>8</sup>

Although the red sole's dual purposes to allure and to distinguish may not immediately appear incongruous, their divergent goals exemplify the complexity of the aesthetic functionality doctrine. The aesthetic functionality doctrine of trademark law allows a defendant in a trademark infringement case to assert that enforcement of the trademark would hinder competition because the feature's appearance adds value to the product.<sup>9</sup> Thus, while

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<sup>2</sup> Collins, *supra* note 1; *Designers: Christian Louboutin*, *supra* note 1.

<sup>3</sup> Collins, *supra* note 1; *Designers: Christian Louboutin*, *supra* note 1.

<sup>4</sup> *Designers: Christian Louboutin*, *supra* note 1.

<sup>5</sup> *Id.*

<sup>6</sup> Collins, *supra* note 1 ("Louboutin sells more than five hundred thousand pairs of shoes a year, at prices ranging from three hundred and ninety-five dollars, for an espadrille, to six thousand, for a 'super-platform' pump covered in thousands of crystals.").

<sup>7</sup> *Designers: Christian Louboutin*, *supra* note 1 (stating in its timeline of Christian Louboutin's life that, in July 2011, "YSL challenges the validity of Louboutin's trademark and monopoly on red-soled shoes").

<sup>8</sup> Collins, *supra* note 1.

<sup>9</sup> See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:79, 7-253 (4th ed. 2013).

trademark law supports efforts to distinguish a product and proclaim its source via “marketing gimmick[s],” such as Louboutin’s red soles,<sup>10</sup> it potentially opposes efforts to use a trademark to monopolize color’s functional ability to evoke emotions and concepts like prestige, glamour, and even romance.<sup>11</sup> The aesthetic functionality doctrine seeks to balance these conflicting interests and allow trademarks only for those distinguishing features which do not otherwise serve a function that unfairly impedes competitors.<sup>12</sup>

A New York federal district court reviewing the infringement claim against Louboutin’s red sole mark in the 2011 case *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.* (“*Louboutin P*”)<sup>13</sup> held that this aesthetic functionality doctrine could never

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<sup>10</sup> *Id.* at § 3:2, 3-3 to -4 (“In general, trademarks perform four functions that are deserving of protection in the courts: (1) To identify one seller’s goods and distinguish them from goods sold by others; (2) To signify that all goods bearing the trademark come from or are controlled by a single, albeit anonymous, source; (3) To signify that all goods bearing the trademark are of an equal level of quality; and (4) As a prime instrument in advertising and selling the goods.” (footnotes omitted)). Louboutin has elected not to alter the color of its shoe soles, presumably for branding purposes, even against pressure by philanthropists to feature a different colored sole for charities. *See Collins, supra* note 1 (“The one thing Louboutin does not tweak is the color of the sole, even though charities are always hounding him to do a pink one for National Breast Cancer Awareness Month, or a green one for Earth Day.”).

<sup>11</sup> *See* S. REP. NO. 79-1333, at 3 (1946) (asserting that trademarks are not intended to bestow monopolies but to increase competition). Louboutin has stated that “[m]en are like bulls . . . . They cannot resist the red sole,” highlighting the red sole’s ability to create passion. *Collins, supra* note 1. Louboutin also touts the romance-inducing quality of the red soles by noting that he “knows a couple who met, and married, after the man approached the woman about her red soles.” *Id.*

<sup>12</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. a (1995) (“In other instances the public interest in copying may conflict with the interest in preventing confusion as to the source or sponsorship of goods and services. The rule excluding functional designs from the subject matter of trademark law is an attempt to identify situations in which the public and private interest in avoiding confusion is outweighed by the anticompetitive consequences of trademark protection.”).

<sup>13</sup> 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

allow an entity in the fashion industry to trademark a single-color feature.<sup>14</sup> To protect its signature red soles, Louboutin sought appellate review of this district court decision in *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.* (“*Louboutin II*”).<sup>15</sup> While the Second Circuit<sup>16</sup> was responsive to Louboutin’s pleas to invalidate the *per se* rule against trademarking a color in the fashion industry, the court did not reach the question of whether Louboutin’s trademark could be challenged on aesthetic functionality grounds.<sup>17</sup> The aesthetic functionality doctrine, hence, remains complex and confusing for judges and laymen alike,<sup>18</sup> while still serving as an obstacle to those in the fashion industry wishing to trademark a single color.<sup>19</sup>

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<sup>14</sup> *Id.* at 457 (“[T]he Court cannot conceive that the Lanham Act could serve as the source of the broad spectrum of absurdities that would follow recognition of a trademark for the use of a single color for fashion items.”).

<sup>15</sup> *See* 696 F.3d 206 (2d Cir. 2012).

<sup>16</sup> The Second Circuit, which encompasses New York City, reviews decisions of the Southern District of New York, “arguably the most influential jurisdiction for fashion design in the country.” Brandy G. Barrett, Recent Development, *Contrasting Levi v. Abercrombie with Louboutin v. Yves St. Laurent: Revealing Appropriate Trademark Boundaries in the Fashion World*, 13 N.C. J.L. & TECH. ON. 1, 14 & n.95 (2011) (citing Emma Yao Xiao, Note, *The New Trend: Protecting American Fashion Designs Through National Copyright Measures*, 28 CARDOZO ARTS & ENT. L.J. 417, 418 (2010) (“Today’s fashion world has evolved into a massive industry with more than \$180 billion sales annually, of which approximately \$47 billion comes from the New York fashion business.”)).

<sup>17</sup> *Louboutin II*, 696 F.3d at 228.

<sup>18</sup> *See, e.g.*, Mark P. McKenna, *(Dys)functionality*, 48 HOUS. L. REV. 823, 824 (2011) (“The problem is not simply that courts do not understand or do not like the functionality doctrine, though there is reason to believe both of those conclusions are warranted.”); *see* discussion *infra* Part II.A.

<sup>19</sup> *See Louboutin II*, 696 F.3d at 219–25, 228 (discussing the aesthetic functionality doctrine but ultimately asserting “we need not—and should not—address . . . whether the modified Mark is functional”). *But see* Lisa Shuchman, *Louboutin Red-Shoe Decision Clarifies ‘Aesthetic Functionality’ IP Doctrine*, CORPORATE COUNSEL (Sept. 7, 2012), [http://www.law.com/corporatecounsel/PubArticleCC.jsp?id=1202570408982&Louboutin\\_RedShoe\\_Decision\\_Clarifies\\_Aesthetic\\_Functionality\\_IP\\_Doctrine&slreturn=20130119203330](http://www.law.com/corporatecounsel/PubArticleCC.jsp?id=1202570408982&Louboutin_RedShoe_Decision_Clarifies_Aesthetic_Functionality_IP_Doctrine&slreturn=20130119203330) (“The decision also shed some light on the often-confounding ‘doctrine of aesthetic functionality.’”).

Although the decision was heralded by the news media,<sup>20</sup> and in fashion circles,<sup>21</sup> *Louboutin II* failed to satisfy its aims of settling the validity of single-color trademarks in fashion.<sup>22</sup>

Unfortunately, the *Louboutin II* decision does not substantially advance the clarity of trademark law in fashion. This Recent Development will argue that *Louboutin II* results in uncertainty in the fashion industry because the decision provides no guidance for those analyzing the enforceability of single-color trademarks in the industry to determine whether a claimed trademark would survive an aesthetic functionality defense. This Recent Development will examine how *Louboutin II* leaves the state of trademark law in fashion design unclear. Part II surveys the origins of federal trademark law and how courts apply that law to color trademark claims. Part III summarizes the district court and circuit court opinions regarding Christian Louboutin's motion to enjoin YSL's use of Louboutin's trademarked red soles. Part IV explores the likely implications of these decisions regarding the viability of trademarking colors in fashion. Finally, Part V recommends legislation that would respond to the unique facets of the fashion industry, recognizing the industry's basis in aesthetics and trends

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<sup>20</sup> Benjamin Weiser, *Shoe Designer Can Protect Its 'Pop' of Red, Court Says*, THE N.Y. TIMES (Sept. 5, 2012), [http://www.nytimes.com/2012/09/06/nyregion/court-rules-louboutin-can-enforce-a-trademark-on-its-red-outsoles.html?\\_r=0](http://www.nytimes.com/2012/09/06/nyregion/court-rules-louboutin-can-enforce-a-trademark-on-its-red-outsoles.html?_r=0). Weiser states that, while scholars "may revel in [the opinion's] analysis" of the aesthetic functionality doctrine, "for many, the issue simply comes down to the color red." *Id.*

<sup>21</sup> Susan E. Hollander & Jocelyn M. Belloni, *Louboutin's Red Sole Shoe Mark: Trademark Protection for Single Colors in the Fashion Industry*, K&L GATES (Sept. 7, 2012), <http://www.klgates.com/louboutins-red-sole-shoe-mark-trademark-protection-for-single-colors-in-the-fashion-industry-09-06-2012> ("Trademark owners who claim protection in single color trade dress, especially in the fashion industry, should be pleased with the Second Circuit opinion because it affirms the possibility of such protection.").

<sup>22</sup> *See Louboutin II*, 696 F.3d at 211 ("The question presented is whether a single color may serve as a legally protected trademark in the fashion industry and, in particular, as the mark for a particular style of high fashion women's footwear.").

and balancing the industry's desires to promote competition and brand recognition.

## II. TRADEMARK LAW AND COLOR TRADEMARKING

The Lanham Act (“the Act”) protects trademarks and outlines trademarking procedure.<sup>23</sup> Subsequent to its enactment, courts, including the Supreme Court, have used the Lanham Act to protect single-color trademarks on particular items.<sup>24</sup> However, courts have rejected certain single-color trademark claims, asserting that allowing trademarking would hinder competition.<sup>25</sup> Courts have allowed fashion entities to trademark compilations of certain colors in their products,<sup>26</sup> but the *Louboutin* cases were the first to raise

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<sup>23</sup> See Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1141n (2006)); 1 MCCARTHY, *supra* note 9, § 5.4, at 5-16 (“For the first time, Congress had passed a law creating substantive, as well as procedural, rights in trademarks and unfair competition.”).

<sup>24</sup> See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 170 (1995) (holding that a company could trademark green-gold dry cleaning pads because they were distinctive and not functional); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1128 (Fed. Cir. 1985) (holding that a company could trademark the pink color of insulation).

<sup>25</sup> See, e.g., *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532 (Fed. Cir. 1994) (holding that allowing a company to trademark the color black for outboard motors would hinder competition because the color has the functions of allowing increased coordination with the color of the boat and decreasing how large the motor appears in comparison to the boat); *Saint-Gobain Corp. v. 3M Co.*, 90 U.S.P.Q.2d (BNA) 1425, 1448 (T.T.A.B. 2007) (holding that a company could not trademark the color purple on sandpaper because it would hinder competitors, as certain colors are used in the manufacturing process, certain colors signify the level of abrasiveness, and dark colors best obscure imperfections).

<sup>26</sup> See, e.g., *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 118 (2d Cir. 2006) (holding that a company could claim a trademark in a multicolor monogram print if it proved a likelihood of consumer confusion between its bag and its competitor's bag on remand); *Burberry Ltd. v. Euro Moda, Inc.*, No. 08 Civ. 5781(CM), 2009 WL 1675080, at \*2, \*20 (S.D.N.Y. June 10, 2009) (endorsing a company's trademark in a colorful check mark pattern).

the question of whether a fashion entity could trademark a single color used on a fashion product.<sup>27</sup>

A. *The Lanham Act and Trademark Analysis in Courts*

Congress authored the Lanham Act in 1946 to create federal protection for trademarks.<sup>28</sup> Congress intended to protect consumers from products that appear to be familiar and trusted but are actually made by an unfamiliar entity.<sup>29</sup> Furthermore, Congress intended to reward companies for their efforts in creating a reputation against “misappropriation by pirates and cheats.”<sup>30</sup> Through the legislation, Congress sought to promote competition by giving consumers a way to identify the source of goods, rather than to create monopoly power.<sup>31</sup> Under the Act, a trademark is broadly defined to include “any word, name, symbol, or device, or any combination thereof . . . to identify and distinguish . . . goods . . . from those manufactured or sold by others and to indicate the source of the goods.”<sup>32</sup> The Supreme Court has interpreted the Act broadly to encompass a wide range of marks.<sup>33</sup> The Act also

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<sup>27</sup> *Louboutin II*, 696 F.3d at 212 (stating the validity of single-color trademark in the fashion industry was a “novel issue” in the Second Circuit).

<sup>28</sup> S. REP. NO. 79-1333, at 3 (1946).

<sup>29</sup> *Id.* (“This bill, as any other proper legislation on trade--marks, has as its object the protection of trade--marks, securing to the owner the good will of his business and protecting the public against spurious and falsely marked goods.”).

<sup>30</sup> *Id.*

<sup>31</sup> *See id.* (“Trade--marks are not monopolistic grants like patents and copyrights . . .”). Additionally, the report notes that “[t]rade--marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.” *Id.* at 4.

<sup>32</sup> 15 U.S.C. § 1127 (2006).

<sup>33</sup> *See* 1 MCCARTHY, *supra* note 9, § 7:44, at 7-114 (“[S]hapes, sounds, and even scents have been regarded as candidates for trademark status.”); *see also* *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (stating that “[t]he language of the Lanham Act describes that universe” of items that can qualify as a trademark “in the broadest of terms” and, because “human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive”). Additionally, the lower courts and the Trademark Trial and Appeals Board have permitted

creates a civil right of action against trademark infringers.<sup>34</sup> Additionally, under the Act, entities may register trademarks with the United States Patent and Trademark Office (“USPTO”).<sup>35</sup> If the USPTO approves an application for a trademark, it will register the trademark, and the entity owning the trademark will enjoy a presumption of validity if challenged.<sup>36</sup>

In court, even if a trademark is not registered with the USPTO, an entity will prevail in its trademark infringement claim by proving (1) that its mark is distinctive, such that it merits protection, and (2) that failing to enforce its trademark against the defendant would create a likelihood of consumer confusion.<sup>37</sup> Additionally, the entity must overcome the defendant’s attempt to prove that the disputed mark is functional.<sup>38</sup>

Under the first prong, a mark will be considered distinctive, so as to merit protection, if it is either inherently distinctive or has

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entities to trademark a wide range of marks from a star-shaped illustration containing a face, *In re Dairy Queen of Georgia, Inc.*, 134 U.S.P.Q. (BNA) 136, 136 (T.T.A.B. 1962), to the letter M in block format and decorated with a bird, *Monsanto Co. v. Milburn Bros.*, 167 U.S.P.Q. (BNA) 296, 299 (T.T.A.B. 1970), to the slogan “you are in good hands with Allstate,” *Allstate Ins. Co. v. Allstate Inc.*, 307 F. Supp. 1161, 1163–64 (N.D. Tex. 1969), to the ambiance of a restaurant, *Freddie Fuddruckers, Inc. v. Ridgeline, Inc.*, 589 F. Supp. 72, 78 (N.D. Tex. 1984), *aff’d sub nom. Freddie Fuddruckers v. Ridgeline*, 783 F.2d 1062 (5th Cir. 1986).

<sup>34</sup> 15 U.S.C. § 1125(a)(1) (creating liability for any person who uses trademarked items in commerce such that the use “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person”).

<sup>35</sup> 15 U.S.C. §§ 1115(a), 1057(b).

<sup>36</sup> *See id.*

<sup>37</sup> *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006); *see also* 15 U.S.C. § 1114(1)(a)–(b) (establishing that infringement occurs where the use of mark is “likely to cause confusion”); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (“In order to be registered, a mark must be capable of distinguishing the applicant’s goods from those of others.”).

<sup>38</sup> *See, e.g., Louboutin II*, 696 F.3d 206, 217 (2d Cir. 2012); *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991); *see also* 15 U.S.C. § 1115(b)(8) (establishing that it is a defense to an infringement claim “[t]hat the mark is functional”).

acquired a secondary meaning.<sup>39</sup> A mark qualifies as inherently distinctive if, “because of the nature of the designation and the context in which it is used, prospective purchasers are likely to perceive it as a designation that, in the case of a trademark, identifies goods or services” as coming from a particular source.<sup>40</sup> “Basic geometric shapes, basic letters, and single colors are not protectable as *inherently distinctive*,” but these marks may merit protection by achieving a *secondary meaning*.<sup>41</sup> A mark achieves secondary meaning when, “as a result of its use, prospective

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<sup>39</sup> *Two Pesos*, 505 U.S. at 768. The Court in *Two Pesos* based its holding—that inherently distinctive features need not also achieve secondary meaning—on the rationale that it would be unfair to allow competitors “to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.” *Id.* at 775.

<sup>40</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION, *supra* note 12, § 13(a). To determine if a product is inherently distinctive or has acquired a secondary meaning, courts place the feature in categories of distinctiveness: “(1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful.” Mark P. McKenna, *What’s the Frequency, Kenneth? Channeling Doctrines in Trademark Law*, in INTELLECTUAL PROPERTY AND INFORMATIONAL WEALTH 215, 218 (Peter Yu ed., 2007). Arbitrary or fanciful marks or suggestive marks are automatically regarded as inherently distinctive and are not subject to further inquiry. *Id.* Descriptive marks must achieve secondary meaning to merit protection. *Id.* Generic marks are not distinctive and do not merit trademark protection. *Id.* Because it is more difficult to determine “generally recognized meanings” with design features than with words, the Lanham Act and courts invoke the functionality doctrine to make “functional product features, even those with source significance . . . ineligible for trademark protection.” *Id.*

<sup>41</sup> *Louis Vuitton Malletier*, 454 F.3d at 116 (emphasis added). A mark achieves secondary meaning when the party claiming the trademark demonstrates “that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982); *see also* *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 213 (2000) (holding that product design features alone cannot be inherently distinctive but must achieve secondary meaning to merit protection because their purpose almost always goes beyond mere source identification); McKenna, *supra* note 40, at 220 & n.45 (asserting that “product design is incapable of being considered inherently distinctive” and equating this trait with color trademarks).

purchasers have come to perceive it as a designation that identifies goods, services, businesses, or members.”<sup>42</sup>

To analyze the second prong, likelihood of consumer confusion, Second Circuit courts consider a list of eight factors, known as the *Polaroid* factors.<sup>43</sup> These factors include an assessment of:

- 1) the strength of the plaintiff’s mark; 2) the similarity of plaintiff’s and defendant’s marks; 3) the competitive proximity of the products; 4) the likelihood that plaintiff will “bridge the gap” and offer a product like defendant’s; 5) actual confusion between products; 6) good faith on the defendant’s part; 7) the quality of defendant’s product; and 8) the sophistication of buyers.<sup>44</sup>

First, the analysis concerning the strength of the plaintiff’s mark evaluates whether the mark has acquired distinctiveness.<sup>45</sup> To compare the similarity of marks, the second factor, “[e]ach mark must be compared against the other as a whole.”<sup>46</sup> In the Second Circuit, courts analyze the similarity of the trademarked feature by comparing how the features would be perceived by a purchaser viewing each product individually, rather than comparing the features while viewing them simultaneously.<sup>47</sup> The third factor, competitive proximity of the products, assesses “whether the two products have an overlapping client base that creates a potential for confusion” based upon both the geographic regions in which the

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<sup>42</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION, *supra* note 12, § 13(b).

<sup>43</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (holding that the likelihood of consumer confusion should be analyzed by weighing eight different factors).

<sup>44</sup> *Gruner + Jahr USA Publ’g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993).

<sup>45</sup> *See Brennan’s, Inc. v. Brennan’s Rest., L.L.C.*, 360 F.3d 125, 130–31 (2d Cir. 2004) (holding that no likelihood of consumer confusion resulted from using “Brennan’s” as part of a restaurant name because it is common in the restaurant industry to use the chef’s name as part of the restaurant name).

<sup>46</sup> *Id.* at 133.

<sup>47</sup> *See Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 539 (2d Cir. 2005) (remanding the case to the district court to determine the likelihood of consumer confusion concerning the features of handbags “in the eyes of ordinary consumers encountering the products individually under typical purchasing conditions”).

products are used and whether the products are in “related areas of commerce.”<sup>48</sup> To determine whether the plaintiff is likely to “bridge the gap,” the fourth factor, courts review the plaintiff’s testimony about whether the plaintiff intends to enter the defendant’s market.<sup>49</sup> The fifth factor, actual confusion by consumers, requires the plaintiff to provide evidence that consumers actually confuse the source of the two products and that this confusion has a “potential or actual effect on consumers’ purchasing decisions.”<sup>50</sup> A court evaluates the sixth factor, good faith, by evaluating “whether the defendant adopted its mark with the intention of capitalizing on plaintiff’s reputation and goodwill and any confusion between his and the senior user’s product.”<sup>51</sup> The quality of the goods, the seventh factor, is typically relevant only where “there is an allegation that a low quality product is taking unfair advantage of the public good will earned by a well-established high quality product.”<sup>52</sup> The final factor, the

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<sup>48</sup> *Brennan’s, Inc.*, 360 F.3d at 134 (noting that, although trademark registration with the USPTO creates nationwide protection, consumer confusion was not likely where one restaurant using the name “Brennan’s” was in New York and the other was in New Orleans, even though the entities were in the same industry).

<sup>49</sup> *See Gruner + Jahr*, 991 F.2d at 1078–79 (“Gruner + Jahr expressed no intention to ‘bridge the gap’ and enter the market occupied by Meredith’s product.”); *see also* *Lang v. Retirement Living Publ’g Co.*, 949 F.2d 576, 582 (2d Cir. 1991) (“[E]ven if Lang does effectuate her expansion plans, she will not have ‘bridged the gap’ because the plans do not include the publication of either a magazine or any publication directed specifically to the interests of older adults.”).

<sup>50</sup> *See Lang*, 949 F.2d at 583 (holding that questions by consumers about the relationship between the two products are not sufficient to establish actual confusion); *see also Gruner + Jahr*, 991 F.2d at 1079 (“It was proper for the trial court to consider [testimony about phone calls from consumers asking about a connection between the products] not as evidence of actual confusion, but rather as showing only queries into the possible relationship between the parties’ publications.”).

<sup>51</sup> *Edison Bros. Stores v. Cosmair, Inc.*, 651 F. Supp. 1547, 1560 (S.D.N.Y. 1987) (holding that there was no lack of good faith and no likelihood of consumer confusion resulting from one company’s clothing bearing the word “Notorious” and another company’s perfume bearing the word “Notorious”).

<sup>52</sup> *Gruner + Jahr*, 991 F.2d at 1079.

sophistication of the buyers, considers the care and attention consumers employ in their purchasing decisions and the “degree of reliance by consumers on labels and trademarks[, which] vary from product to product.”<sup>53</sup> Courts generally assume that products with higher prices involve a more considered purchasing decision.<sup>54</sup>

Finally, to be eligible for a federal trademark, the trademarked item must be non-functional.<sup>55</sup> Functionality serves as a defense to a trademark infringement claim.<sup>56</sup> Generally, “a product 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.”<sup>57</sup> Features may be disqualified from trademark protection on the grounds that they are *aesthetically functional* “[w]hen aesthetic considerations play an important role in the purchasing decisions of prospective consumers.”<sup>58</sup> Although not all aesthetically appealing features would be considered functional, a design feature may be deemed aesthetically functional if it “substantially contributes to the aesthetic appeal of a product” and “ordinarily . . . when objective evidence indicates a lack of adequate alternative designs.”<sup>59</sup> The Supreme Court has recognized the doctrine of aesthetic functionality,<sup>60</sup> but some circuits interpret this as dicta.<sup>61</sup> There is a

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<sup>53</sup> *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1137 (2d Cir. 1979).

<sup>54</sup> *Id.*; see also *Edison Bros.*, 651 F. Supp. at 1561 (“Usually the price is a useful guideline to the care and thought put into a purchase . . .”). That the product is often purchased on impulse is not sufficient to show that the consumers are unsophisticated. See *Gruner + Jahr*, 991 F.2d at 1079.

<sup>55</sup> See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 853 (1982) (upholding a district court decision that a drug color was functional and could not be trademarked because it helped patients and medical personnel dispensing drugs identify which type of medicine a pill contained and “many elderly patients associate color with therapeutic effect”).

<sup>56</sup> McKenna, *supra* note 18, at 824.

<sup>57</sup> *Inwood Labs.*, 456 U.S. at 851 n.10.

<sup>58</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION, *supra* note 12, § 17 cmt. c.

<sup>59</sup> *Id.*

<sup>60</sup> See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995) (accepting the *Restatement (Third) of Unfair Competition* test for aesthetic functionality).

<sup>61</sup> McKenna, *supra* note 18, at 850 (“And despite the Supreme Court’s implicit endorsement of the doctrine, some courts maintain that there is no such

circuit split concerning the appropriate application of the doctrine, with at least one circuit declining to apply the doctrine at all.<sup>62</sup> Consequently, there is no settled interpretation of the applicability or the standard for aesthetic functionality.<sup>63</sup> The Second Circuit, however, employs the doctrine of aesthetic functionality in its trademark analysis.<sup>64</sup>

The aesthetic functionality doctrine recognizes that the appearance of some features alone adds value for consumers, making the appearance functional; protection of the innovative appearance and design fall, instead, under patent law.<sup>65</sup> A court will consider an item aesthetically functional if the feature satisfies the general test for functionality—(1) the feature is essential for the product’s overall use or purpose or (2) the feature affects the product’s cost and quality—and (3) if “the recognition of trademark rights would significantly hinder competition.”<sup>66</sup> Enforcement of a trademark significantly hinders competition “if

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thing as aesthetic functionality.” (footnote omitted)). The Fifth Circuit, for example, refuses to employ the aesthetic functionality doctrine. *Id.* at 850 n.114. The *Louboutin II* decision recognizes that some courts, like the Fifth Circuit, interpret the Supreme Court’s discussion of aesthetic functionality to be dicta. *Louboutin II*, 696 F.3d 206, 221 n.17 (2d Cir. 2012).

<sup>62</sup> McKenna, *supra* note 18, at 824, 848–50; *Louboutin II*, 696 F.3d at 221 n.17 (“For example, the Seventh Circuit has applied the doctrine of aesthetic functionality liberally, holding that ‘[f]ashion is a form of function.’ The Sixth Circuit recently discussed the doctrine, but made clear that it has not yet decided whether or not to adopt it. The Ninth Circuit has applied the doctrine inconsistently. The Fifth Circuit rejects the doctrine of aesthetic functionality entirely.” (citations omitted)).

<sup>63</sup> See McKenna, *supra* note 18, at 848–50. However, as McKenna notes, “[c]ourts that apply the aesthetic functionality doctrine today overwhelmingly rely on the test the Supreme Court endorsed in *Traffix* . . . asking whether exclusive use of the claimed feature put competitors at a significant non-reputation-related disadvantage.” *Id.* at 851.

<sup>64</sup> *Louboutin II*, 696 F.3d at 220–21 (“[O]ur Court has long accepted the doctrine of aesthetic functionality.”).

<sup>65</sup> 1 MCCARTHY, *supra* note 9, § 7:79, at 7-253 to -254.

<sup>66</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 170 (1995) (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1993)). “Competitive need . . . is relevant only in cases of aesthetic functionality.” McKenna, *supra* note 40, at 221.

exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”<sup>67</sup> The aesthetic functionality defense may be raised at any time during a proceeding.<sup>68</sup> If the trademark is registered, it enjoys a rebuttable presumption of non-functionality.<sup>69</sup>

### B. *Trademarking a Color*

The Supreme Court and lower courts recognize that entities may sometimes trademark a single color.<sup>70</sup> Before the 1946 Lanham Act, the law, at least in federal courts, was that “the single color of a product was not capable of protection as a trademark.”<sup>71</sup> Courts based this *per se* ban on color trademarking on the color depletion theory, the fact that “since there are so few colors

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<sup>67</sup> *Qualitex*, 514 U.S. at 165.

<sup>68</sup> McKenna, *supra* note 40, at 221.

<sup>69</sup> *Id.* (explaining that a party claiming a trademark of an unregistered mark bears the burden of proving that the relevant features are not functional).

<sup>70</sup> *See, e.g., Qualitex*, 514 U.S. at 162 (“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.”); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1123 (Fed. Cir. 1985) (holding that a company could trademark the pink color of insulation); *Wolf Appliance, Inc. v. Viking Range Corp.*, 686 F. Supp. 2d 878, 893 (W.D. Wis. 2010) (holding that a company infringed on another company’s trademark for red knobs on stove and grill ranges). Other courts have determined that entities may trademark the green body and yellow wheels of agricultural machines and the red stripe on bowling pins. 1 MCCARTHY, *supra* note 9, § 7:45, at 7-124. Additionally, the USPTO has permitted the United Parcel Service to trademark the color brown used on its delivery trucks, 3M to trademark the color canary yellow for its sticky notes, and Tiffany & Co. to trademark the robin’s egg blue color of its catalogs. *Id.* § 7:44.50, at 7-120. The *Qualitex* court suggests that the Lanham Act’s recognition of color as a feature that could be trademarked was solidified via the 1988 amendments to the Lanham Act because reports indicate that Congress intentionally left the statute’s language in a form that would encompass color and incorporated Congress’s knowledge about cases permitting entities to trademark a color. *Qualitex*, 514 U.S. at 172–73 (“At a minimum, the Lanham Act’s changes left the courts free to reevaluate the preexisting legal precedent which had absolutely forbidden the use of color alone as a trademark.”).

<sup>71</sup> 1 MCCARTHY, *supra* note 9, § 7:41, at 7-106.2.

available, in any given line of commerce, they would soon all be taken.”<sup>72</sup> Additionally, courts worried that “determination of infringement would degenerate into deciding questions of ‘shade confusion’ between closely similar color shades.”<sup>73</sup> However, in the 1985 case *In re Owens-Corning Fiberglas Corp.*,<sup>74</sup> the Federal Circuit allowed an insulation company to trademark the color pink on insulation to distinguish its product.<sup>75</sup> The court noted that this use of color did not have any functional purpose and did not pose any barriers to competitors in their attempts to produce and sell insulation by using alternative colors.<sup>76</sup>

Subsequently, the Supreme Court permitted Qualitex Company to trademark the color of its green-gold dry cleaning press pads because that use of color was distinctive and did not serve a function.<sup>77</sup> In doing so, the Court noted that color may achieve secondary meaning<sup>78</sup> and that “over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm’s insulating material or red on the head of a large industrial bolt) as signifying a brand.”<sup>79</sup> In sum, the Court rejected the argument that color could *never* overcome a functionality defense.<sup>80</sup>

Lower courts have, however, rejected some attempts to trademark color on the grounds that the entity’s use of color is

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<sup>72</sup> *Id.*

<sup>73</sup> *Id.*

<sup>74</sup> 774 F.2d 1116 (Fed. Cir. 1985).

<sup>75</sup> *Id.* at 1123.

<sup>76</sup> *Id.* at 1121–22.

<sup>77</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 174 (1995).

<sup>78</sup> *Id.* at 163–64 (holding that a color can achieve secondary meaning and become distinctive because it can serve to identify a product source in some cases). The court noted that “[i]t is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes.” *Id.*

<sup>79</sup> *Id.* at 163.

<sup>80</sup> *Id.* at 165 (holding that color may be trademarked, at least sometimes, because it will not always enhance the desirability of a product, alter the product’s cost or quality, or limit alternatives available to competitors).

functional.<sup>81</sup> The Supreme Court upheld a district court decision that a claimed color trademark of a drug was not sufficient to overcome a functionality defense in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,<sup>82</sup> despite the fact that the drug had no other distinguishing marks to identify its source.<sup>83</sup> Because they perceived the use of these colors to be functional and to restrict other entities' abilities to compete, other courts have rejected attempts to trademark the color green on farming equipment<sup>84</sup> and the color black on boat motors.<sup>85</sup>

Like federal district and appeals courts, the Trademark Trial and Appeal Board did not interpret *Qualitex* to endorse a broad acceptance of color trademarks.<sup>86</sup> In decisions shortly after the

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<sup>81</sup> See, e.g., *Publ'ns Int'l., Ltd. v. Landoll, Inc.*, 164 F.3d 337, 342 (7th Cir. 1998) (holding that the gold color of cookbook page edges was aesthetically functional because "[g]old connotes opulence" and that it could not be trademarked); *Warner Lambert Co. v. McCrory's Corp.*, 718 F. Supp. 389, 396–97 (D.N.J. 1989) (holding that the amber color of mouthwash was functional because it denotes that the mouthwash is not flavored and for medicinal purposes, as opposed to a green color which signifies mint flavor or a red color that signifies cinnamon flavor, and the color could not be trademarked).

<sup>82</sup> 456 U.S. 844 (1982).

<sup>83</sup> *Id.* at 853 (“[M]any elderly patients associate color with therapeutic effect; some patients commingle medications in a container and rely on color to differentiate one from another; colors are of some, if limited, help in identifying drugs in emergency situations; and use of the same color for brand name drugs and their generic equivalents helps avoid confusion on the part of those responsible for dispensing drugs.”).

<sup>84</sup> *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 96 (S.D. Iowa 1982) (holding that consumers like to match their green tractors to their green loaders, so, although other color alternatives are available, enforcing a trademark for green farm equipment would hinder competition).

<sup>85</sup> *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532 (Fed. Cir. 1994) (holding that the color black for outboard motors has the functions of allowing increased coordination with the color of the boat and decreasing how large the motor appears in comparison to the boat).

<sup>86</sup> See, e.g., *Saint-Gobain Corp. v. 3M Co.*, 90 U.S.P.Q.2d (BNA) 1425, 1448 (T.T.A.B. 2007) (holding that the color purple was functional and competitively necessary for coated abrasive products, like sandpaper, because certain colors are used in the manufacturing process, certain colors signify the level of abrasiveness, and dark colors best obscure imperfections); *In re Ferris Corp.*, 59

Supreme Court's 1995 *Qualitex* decision, the Board rejected several claimed trademarks on functionality grounds, for example:

In *In re Orange Commc'ns Inc.*, 41 U.S.P.Q. 2d (BNA) 1036 (T.T.A.B. 1996), the Board upheld the Trademark Office's refusal to register a bright orange color for pay phones, reasoning that the color was designed to be highly visible by passing motorists even in poor weather, and therefore was functional. Similarly in *In re Howard S. Leight*, 39 U.S.P.Q. 2d (BNA) 1058 (T.T.A.B. 1996), the Board held that the bright and highly visible coral color of safety plugs was functional.<sup>87</sup>

### C. Significant Fashion Industry Color Cases

The Second Circuit previously indicated approval of fashion entities trademarking color as part of a graphic in *Burberry Ltd. v. Euro Moda, Inc.*<sup>88</sup> and in *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*<sup>89</sup> In *Burberry*, the court strongly endorsed Burberry's trademark for a colorful check mark pattern, consisting of the colors tan, red, black, and white,<sup>90</sup> as an example of proper trademarking.<sup>91</sup> Additionally, in *Louis Vuitton*, the court indicated that it would uphold Louis Vuitton's trademark infringement claim concerning a multicolor monogram print on a handbag if Louis

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U.S.P.Q.2d (BNA) 1587, 1589–91 (T.T.A.B. 2000) (rejecting a trademark claim for the color pink in wound dressing because the color served the function of matching the color of Caucasian flesh, even though there was no evidence that competitors had yet attempted to use the pink color in their products). *But see* *Edward Weck Inc. v. IM Inc.*, 17 U.S.P.Q.2d (BNA) 1142, 1145 (T.T.A.B. 1990) (holding, before the *Qualitex* decision, that the color green was not functional as used in surgical equipment despite allegations that it eased eye strain because many alternative colors were available to competitors and the color did not reduce the product's cost).

<sup>87</sup> McKenna, *supra* note 40, at 221 n.59.

<sup>88</sup> No. 08 Civ. 5781(CM), 2009 WL 1675080 (S.D.N.Y. June 10, 2009).

<sup>89</sup> 454 F.3d 108 (2d Cir. 2006).

<sup>90</sup> *See Trench Coats*, BURBERRY, <http://us.burberry.com/store/trench-coats> (last visited Feb. 20, 2013) (displaying images of trench coats with interior lining consisting of tan, black, red, and white check mark patterns).

<sup>91</sup> *Burberry*, 2009 WL 1675080, at \*2 (“The USPTO honored Burberry in 2008 by selecting it to participate as one of only 14 well-known brands in the USPTO's 2008 National Trademark expo.”).

Vuitton could prove that there was a likelihood of consumer confusion between its bag and the bag of a competitor.<sup>92</sup> However, when it approached the Louboutin-YSL dispute, the Second Circuit deemed the issue of whether a *single* color could serve as a trademark in the fashion industry a “novel issue,”<sup>93</sup> as previous decisions concerning the fashion industry had only considered whether entities could trademark colors as part of a graphic pattern.<sup>94</sup>

### III. THE LOUBOUTIN CASES

Fashion designer Christian Louboutin made a profitable<sup>95</sup> marketing decision in the early 1990s when he experimented by painting the black sole of a shoe with red nail polish.<sup>96</sup> Louboutin’s company first began to sell women’s high fashion shoes using its red sole branding feature in 1992.<sup>97</sup> Over the next two decades, fashionistas, socialites, and Hollywood elites,<sup>98</sup> purchased the shoes at prices of around a thousand dollars per

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<sup>92</sup> *Louis Vuitton*, 454 F.3d at 117–18 (remanding because the district court erred in its analysis of the likelihood of consumer confusion by only comparing the bags side-by-side rather than “when viewed sequentially in the context of the marketplace”).

<sup>93</sup> *Louboutin II*, 696 F.3d 206, 212 (2d Cir. 2012).

<sup>94</sup> *Louboutin I*, 778 F. Supp. 2d 445, 451 (S.D.N.Y. 2011) (“In the fashion industry, the Lanham Act has been upheld to permit the registration of the use of color in a trademark, but only in distinct patterns or combinations of shades that manifest a conscious effort to design a uniquely identifiable mark embedded in the goods.”). *Louboutin I* asserts that courts uphold the trademarks of graphic patterns based on “synergy” created by combinations of color, not the use of a single color, to achieve source recognition. *Id.*

<sup>95</sup> *See id.* at 448 (detailing that Louboutin had “revenues of approximately \$135 million projected for 2011”).

<sup>96</sup> Don Jeffrey & Cotton Timberlake, *Louboutin Wins Appeal Over Saint Laurent Red-Soles Shoes*, BLOOMBERG BUSINESSWEEK (Sept. 5, 2012), <http://www.businessweek.com/news/2012-09-05/louboutin-wins-appeal-over-saint-laurent-red-soles-shoes>.

<sup>97</sup> *Louboutin I*, 778 F. Supp. 2d at 447.

<sup>98</sup> *Id.* at 448 (noting that Louboutin sells approximately 240,000 pairs of shoes annually in the United States).

pair,<sup>99</sup> potentially due, in part, to the reputation Louboutin had built around his signature contrasting red lacquer sole.<sup>100</sup> As the district court for the case remarked:

When Hollywood starlets cross red carpets and high fashion models strut down runways, and heads turn and eyes drop to the celebrities' feet, lacquered red outsoles on high-heeled, black shoes flaunt a glamorous statement that pops out at once. For those in the know, cognitive bulbs instantly flash to associate: "Louboutin."<sup>101</sup>

Louboutin spent substantial sums protecting its brand and reputation around the world in both high fashion and discount brands,<sup>102</sup> including protecting its signature red sole.<sup>103</sup>

The USPTO granted Louboutin a trademark for its red sole on January 1, 2008.<sup>104</sup> The trademark applied to "women's high fashion designer footwear" and consisted of a trademark for "a lacquered red sole on footwear."<sup>105</sup> The trademark also included an illustration intended to show the placement of the trademarked item.<sup>106</sup> The illustration displays a high-heeled sandal with a red-shaded sole, but the remainder of the shoe, including the strapping and the heel, are not shaded in.<sup>107</sup>

Louboutin, seeking to defend its trademark, contacted YSL,<sup>108</sup> another high fashion women's designer, to air concerns about some

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<sup>99</sup> See LOUBOUTIN, [http://us.christianlouboutin.com/us\\_en](http://us.christianlouboutin.com/us_en) (last visited Jan. 15, 2013); Jeffrey & Timberlake, *supra* note 96 ("On the website of high-fashion department store Barneys New York Inc., Louboutin's red-soled high-heeled shoes are priced from \$625 to \$3,995 a pair.").

<sup>100</sup> See *Louboutin I*, 778 F. Supp. 2d at 447–48 ("[I]n the high-stakes commercial markets and social circles in which these things matter a great deal, the red outsole became closely associated with Louboutin.").

<sup>101</sup> *Id.* at 448.

<sup>102</sup> See *id.* at 456 (pointing out that Louboutin has previously pursued action not just against high fashion entities but also against "Zara France, S.A.R.L., which is not a high-end retailer").

<sup>103</sup> See *id.* at 447.

<sup>104</sup> Registration No. 3,361,597.

<sup>105</sup> *Id.*

<sup>106</sup> *Louboutin I*, 778 F. Supp. 2d at 448–49.

<sup>107</sup> Christian Louboutin, Registration No. 3,361,597.

<sup>108</sup> YSL's creative director has renamed the brand "Saint Laurent Paris." Jess Cartner-Morley, *Yves Saint Laurent to Be Renamed by Creative Director Hedi*

of YSL's shoes, which Louboutin believed infringed upon its trademarked red soles.<sup>109</sup> All of the allegedly infringing YSL shoes consisted of a red sole as part of a monochromatic shoe design and were part of a collection of monochromatic high heels that also included entirely blue and yellow shoes.<sup>110</sup> Louboutin and YSL were unable to resolve their disagreement outside of court,<sup>111</sup> so, after YSL denied requests to cease sales of the offending red-soled shoes, Louboutin alleged trademark infringement, among other claims,<sup>112</sup> and sought a preliminary injunction against YSL's sales of red-soled shoes.<sup>113</sup> YSL counterclaimed seeking "cancellation of the Red Sole Mark on the grounds that it is (a) not distinctive, (b) ornamental, [or] (c) functional," among other claims.<sup>114</sup> An image displaying a pair of each designer's shoes (Louboutin's, left, and YSL's, right) demonstrates the contested soles:

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*Slimane*, THEGUARDIAN (June 21, 2012, 10:16 AM), <http://www.guardian.co.uk/fashion/2012/jun/21/yves-saint-laurent-renamed>. To avoid confusion, this Recent Development refers to Saint Laurent Paris as YSL, its name at the initiation of the litigation with Louboutin.

<sup>109</sup> *Louboutin I*, 778 F. Supp. 2d at 449.

<sup>110</sup> *Id.* YSL claimed that "red outsoles have appeared occasionally in YSL collections dating back to the 1970s." *Id.*

<sup>111</sup> *Louboutin II*, 696 F.3d 206, 213 (2d Cir. 2012).

<sup>112</sup> *Louboutin I*, 778 F. Supp. 2d at 449. ("Louboutin filed this action asserting claims under the Lanham Act for (1) trademark infringement and counterfeiting, (2) false designation of origin and unfair competition and (3) trademark dilution, as well as state law claims for (4) trademark infringement, (5) trademark dilution, (6) unfair competition and (7) unlawful deceptive acts and practices.").

<sup>113</sup> *Id.*

<sup>114</sup> *Id.* YSL also sought "damages for (a) tortious interference with business relations and (b) unfair competition." *Id.*



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In *Louboutin I*, a district court denied Louboutin’s motion for a preliminary injunction against YSL.<sup>116</sup> Although noting that Louboutin had been ingenious in his design of the red sole and that Louboutin had achieved “the broad association of the high fashion red outsole with him as its source,”<sup>117</sup> the court nevertheless asserted that Louboutin should not have been granted a trademark<sup>118</sup> and that it would not grant Louboutin’s request for injunction.<sup>119</sup> The court acknowledged that *Qualitex* held that a single-color feature could be trademarked in some circumstances but still concluded that color would always be aesthetically

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<sup>115</sup> Industry Leaders Magazine, *Louboutin Wins Red Sole Fight with YSL; Yet YSL “Monochrome” Line Allowed*, INT’L BUS. TIMES (Sept. 10, 2012, 11:19 AM), <http://au.ibtimes.com/articles/382284/20120910/louboutin-wins-red-sole-fight-ysl-monochrome.htm#.UT1FWzC7Kn0>.

<sup>116</sup> *Louboutin I*, 778 F. Supp. 2d at 447.

<sup>117</sup> *Id.* at 448.

<sup>118</sup> *Id.* at 457 (“If a motion for summary judgment were brought, the Court’s conclusion that the Red Sole Mark is ornamental and functional in its fashion industry market would compel it to grant partial summary judgment in favor of YSL on YSL’s counterclaims seeking cancellation of Louboutin’s mark.”).

<sup>119</sup> *Id.* at 449–50 (“The Court therefore concludes that Louboutin has not established a likelihood that it will succeed on its claims that YSL infringed the Red Sole Mark to warrant [a preliminary injunction].”).

functional in the fashion industry.<sup>120</sup> In a lengthy comparison of fashion to painting, the court reasoned that fashion and painting both use color as a tool and, hence, that color is always functional to both painters and fashion designers.<sup>121</sup> It voiced concerns that allowing designers to trademark the red color of high fashion shoe soles would significantly hinder competition in fashion where color is a key part of the trends influencing and driving the industry.<sup>122</sup> Moreover, the court raised several practical concerns about the feasibility of trademarking colors for particular clothing and accessory components, including how to determine which exact shades would be off-limits and the potential for different entities to trademark nearly every color and component combination so as to stifle creativity and competition.<sup>123</sup>

Louboutin and his admirers were alarmed by the district court's decision and its potential to affect the Louboutin brand negatively.<sup>124</sup> Critics voiced concern that the district court's assertion that color could never be trademarked in the fashion industry would adversely affect other brands.<sup>125</sup> Tiffany & Co., for

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<sup>120</sup> *Id.* at 449 (“Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the Court finds that Louboutin is unlikely to be able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the market to have acquired secondary meaning.”).

<sup>121</sup> *See id.* at 451–53.

<sup>122</sup> *Id.* at 453 (“[A]llowing one artist or designer to appropriate an entire shade and hang an ambiguous threatening cloud over a swath of other neighboring hues, thus delimiting zones where other imaginations may not veer or wander, would unduly hinder not just commerce and competition, but art as well.”).

<sup>123</sup> *Id.* at 453–57.

<sup>124</sup> Ella Alexander, *YSL Closes Louboutin Court Case*, VOGUE (Oct. 16, 2012), <http://www.vogue.co.uk/news/2011/04/20/christian-louboutin-sues-yves-saint-laurent-for-red-sole-shoes>.

<sup>125</sup> *See, e.g.*, Danielle E. Gorman, Note, *Protecting Single Color Trademarks in Fashion After Louboutin*, 30 CARDOZO ARTS & ENT. L.J. 369, 371 (2012) (“This ‘per se rule’ is problematic because it is based on a generalized analysis of the fashion industry, and as such could erode trademark protection within fashion beyond just single color marks.”); Katie M. Morton, Note, “Sole” Searching: *Christian Louboutin’s Fight Against Yves Saint Laurent—and the Aesthetic Functionality Doctrine—to Own the Color Red*, 12 WAKE FOREST J.

example, submitted an amicus brief supporting Louboutin’s motion for the preliminary injunction due to its fear that its trademarks for jewelry boxes, catalogues, and shopping bags in robin’s egg blue might be invalidated if courts applied a *per se* rule against color trademarking in the fashion industry.<sup>126</sup>

*Louboutin II* criticized and overturned the district court’s proclamation that color could never be trademarked in fashion, stating that the Supreme Court precedent in *Qualitex* dictated that such a *per se* rule should not be applied in any industry.<sup>127</sup> The Second Circuit, in *Louboutin II*, gave a lengthy explanation of the doctrine of aesthetic functionality and determined that the doctrine would not serve as an absolute bar against color trademarking in fashion.<sup>128</sup> The court interpreted *Qualitex* to proscribe an industry-wide ban on single-color trademarks and to require a factual inquiry in all cases.<sup>129</sup> It then determined that Louboutin’s trademark is distinctive, so as to merit protection based upon its secondary meaning,<sup>130</sup> so long as the mark was modified to apply to only red soles that were in contrast to the “upper”<sup>131</sup> of the

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BUS. & INTELL. PROP. L. 293, 297 (2012) (“Simply put, some of fashion’s signature colors—Valentino red, Hermés orange and Tiffany blue—are likely to be compromised if the lower court’s broad ban on a single color trademark is upheld on appeal.” (footnotes omitted)).

<sup>126</sup> Brief of Amicus Curiae Tiffany (NJ) LLC and Tiffany and Co. in Support of Appellants’ Appeal Seeking Reversal of the District Court’s Decision Denying Appellants’ Motion for Preliminary Injunction, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012) (No. 11-3303), 2011 WL 5126167 at \*2–4.

<sup>127</sup> See *Louboutin II*, 696 F.3d 206, 223 (2d Cir. 2012).

<sup>128</sup> *Id.* at 219–24 (“*Qualitex* requires an individualized, fact-based inquiry into the nature of the trademark, and cannot be read to sanction an industry-based *per se* rule.”).

<sup>129</sup> *Id.*

<sup>130</sup> *Id.* at 226–28 (holding that Louboutin’s placement of the color red on shoe soles was “unusual” so as to qualify as distinctive and that Louboutin had put forth sufficient efforts to establish the contrasting sole as part of its brand and reputation).

<sup>131</sup> *Id.* at 227 n.25. The court defined “upper” as “the visible portions of the shoe other than the outsole.” *Id.*

shoe.<sup>132</sup> Consequently, the court held that Louboutin's trademark was "valid and enforceable as modified."<sup>133</sup> Then, it explained that, because YSL's shoes were monochromatic and did not have contrasting uppers to go along with their red soles, the shoes did not infringe on Louboutin's trademark.<sup>134</sup> Because the amended trademark eliminated the infringement claim at issue, the court did not reach the questions of whether failure to enforce Louboutin's trademark would create a likelihood of consumer confusion or whether the use of red on soles was functional.<sup>135</sup>

#### IV. LOUBOUTIN II IMPLICATIONS

The *Louboutin II* decision seems to open the door for single-color trademarking in the fashion industry, leaving designers, like Louboutin, who have built their brand around such a feature relieved.<sup>136</sup> However, the Second Circuit merely stated that, in theory, color could overcome an aesthetic functionality defense and did not actually address the question of whether the *red soles specifically* would overcome that defense.<sup>137</sup> Based upon the *Louboutin II* decision, even Louboutin cannot be certain its single-color mark would withstand a challenge upon functionality grounds.<sup>138</sup> Consequently, uncertainty remains about how courts will decide on single-color trademarks in fashion if a defendant raises an aesthetic functionality defense.

*Louboutin II* has limited value for those wishing to protect or compete against a claimed single-color trademark in the fashion

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<sup>132</sup> *Id.* at 227–28.

<sup>133</sup> *Id.* at 228.

<sup>134</sup> *Id.*

<sup>135</sup> *Id.*

<sup>136</sup> See Alexander, *supra* note 124 (quoting a statement by Christian Louboutin in which he expressed satisfaction that the Second Circuit decided that "colour can and does serve as a trademark in the fashion industry").

<sup>137</sup> See *Louboutin II*, 696 F.3d at 228.

<sup>138</sup> Reanna L. Kuitse, Note, *Christian Louboutin's "Red Sole Mark" Saved to Remain Louboutin's Footmark in High Fashion, for Now . . .*, 46 IND. L. REV. 241, 260 (2013) ("Because the Second Circuit stopped short of considering the functionality doctrine, it is possible that Louboutin could still face challenges to his Mark, even as altered by the court.").

industry. Although the Second Circuit rejected the district court's *per se* rule against single-color trademarks in fashion,<sup>139</sup> this declaration will have minimal effect on future decisions regarding color trademarks in fashion and whether they can withstand an aesthetic functionality defense. Future decisions may not look to the *Louboutin II* decision to resolve questions about aesthetic functionality because *Louboutin II* did not offer sufficient explanation for its disallowance of a *per se* ban on single-color trademarking in fashion and because it was based upon an overly broad interpretation of the Supreme Court's decision in *Qualitex*. Additionally, the *Louboutin II* court's suggestion that color trademarking should be allowed because patent and copyright law do not properly protect innovation in fashion<sup>140</sup> is unlikely to gain traction with future courts reviewing single-color trademarks, as most courts recognize that the different types of intellectual property serve different purposes.<sup>141</sup>

The Second Circuit offered little explanation for its holding in *Louboutin II* that the district court erred in creating its "*per se* rule of functionality for color marks in the fashion industry," especially given the multiple arguments the district court raised in *Louboutin I*.<sup>142</sup> The *Louboutin II* court asserted "that the District Court's conclusion that a single color can never serve as a trademark in the fashion industry was based on an incorrect understanding of the doctrine of aesthetic functionality and was therefore error."<sup>143</sup> However, *Louboutin II* dismisses the district court's opinion and concerns without much elaboration about why the district court's understanding of the aesthetic functionality doctrine was flawed, despite the district court spending several pages of its opinion raising concerns about how trademarking colors in fashion could hinder competition.<sup>144</sup>

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<sup>139</sup> *Louboutin II*, 696 F.3d at 219–24.

<sup>140</sup> *Id.* at 223.

<sup>141</sup> See McKenna, *supra* note 40, at 215 ("Trademark law appears to be concerned with something entirely different than copyright and patent laws.").

<sup>142</sup> See *Louboutin II*, 696 F.3d at 223.

<sup>143</sup> *Id.* at 228.

<sup>144</sup> *Louboutin I*, 778 F. Supp. 2d 445, 452–57 (S.D.N.Y. 2011).

For example, the district court raised the concern that fashion is different from other fields, such as industrial manufacturing.<sup>145</sup> It noted that “whatever commercial purposes may support extending trademark protection to a single color for industrial goods do not easily fit the unique characteristics and needs—the creativity, aesthetics, taste, and seasonal change—that define production of articles of fashion.”<sup>146</sup> According to *Louboutin I*, fashion is distinguishable from other industries because it markets creativity by appealing to consumers’ aesthetic sensibilities,<sup>147</sup> and color is a tool used to achieve this appeal.<sup>148</sup> Ultimately, the district court concludes that “color in turn elementally performs a creative function; it aims to please or be useful, not to identify and advertise a commercial source.”<sup>149</sup>

*Louboutin II* acknowledges that “the fashion industry, like other industries, has special concerns in the operation of trademark law,”<sup>150</sup> but it provides no insight into how these special concerns might interact with the application of the aesthetic functionality doctrine. The court merely recited the rule from *Qualitex* and declared that “no *per se* rule governs the protection of single-color

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<sup>145</sup> *Id.* at 451 (“Steel bolts, fiber glass wall insulation and cleaning press pads, for example, are what they are regardless of which manufacturer produces them. The application of color to the product can be isolated to a single purpose: to change the article’s external appearance so as to distinguish one source from another.”).

<sup>146</sup> *Id.* (“The difference for Lanham Act purposes, as elaborated below, is that in fashion markets color serves not solely to identify sponsorship or source, but is used in designs primarily to advance expressive, ornamental and aesthetic purposes.”).

<sup>147</sup> *Id.* at 452 (asserting that the fashion industry “strive[s] to please patrons and markets by creating objects that not only serve a commercial purpose but also possess ornamental beauty”).

<sup>148</sup> *Id.* (“Color constitutes a critical attribute of the goods each form designs.”).

<sup>149</sup> *Id.* (suggesting that color may be useful for, among other functions, influencing particular moods).

<sup>150</sup> *Louboutin II*, 696 F.3d 206, 223 (2d Cir. 2012). The *Louboutin II* court also conceded that “the case on appeal is particularly difficult precisely because, as the District Court well noted, in the fashion industry, color can serve as a tool in the palette of a designer rather than as mere ornamentation.” *Id.*

marks in the fashion industry, any more than it can do so in any other industry.”<sup>151</sup>

Because fashion focuses more on beauty and appearance than other industries, the district court was concerned that any single-color trademark in the fashion industry would significantly hinder competition and innovation.<sup>152</sup> The *Louboutin I* court proclaimed that marks should not be enforced if they “would interfere with creativity and stifle competition by one designer, while granting another a monopoly.”<sup>153</sup> The *Louboutin II* court did not respond to these concerns by suggesting how creativity and competition would be sustained in the industry without the *per se* rule against single-color trademarks. The court did, however, admit that the effect on competition was the central focus of the Second Circuit’s inquiry into aesthetic functionality.<sup>154</sup> The court merely disputed *Louboutin I*’s assertions by stating that “the functionality defense does not guarantee a competitor ‘the greatest range for [his] creative outlet’ but only the ability to fairly compete within a given market.”<sup>155</sup> However, the *Louboutin II* court seems to take these statements out of context.<sup>156</sup> The *Louboutin I* court referred to the

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<sup>151</sup> *Id.* at 224.

<sup>152</sup> *Louboutin I*, 778 F. Supp. 2d at 453 (“Placing off limit signs on any given chromatic band . . . would unduly hinder not just commerce and competition, but art as well.”).

<sup>153</sup> *Id.* at 453.

<sup>154</sup> *Louboutin II*, 696 F.3d at 221 & n.18 (establishing that the Second Circuit did not use the test from the Ninth Circuit, the “important ingredient” test, because it “penalized markholders for their success in promoting their product,” and, instead, the Second Circuit inquired about how trademarking the feature might hinder competition).

<sup>155</sup> *Id.* at 223 (citation omitted) (quoting *Louboutin I*, 778 F. Supp. 2d at 452–53). The *Louboutin II* court also remarked that “[t]he trademark system, unlike the copyright system, aims to prevent consumer confusion even at the expense of a manufacturer’s creativity.” *Id.* at 224 n.20.

<sup>156</sup> The Second Circuit seemed concerned that minor interferences with competition would disallow valid trademarks if the district court’s decision stood. *Id.* at 222 (“In short, a mark is aesthetically functional . . . where protection of the mark *significantly* undermines competitors’ ability to compete in the relevant market.”). However, the *Louboutin II* opinion failed to demonstrate that the concerns the court raised in *Louboutin I* did *not* rise to the

“greatest range for creative outlet” while comparing one extreme (allowing designers to use any color they wish) with another (banning artists from utilizing an entire “chromatic band”).<sup>157</sup> The *Louboutin I* court did not apply a standard allowing fashion designers infinite freedom in their creativity.<sup>158</sup> Conversely, it analyzed the effect on competition not by evaluating whether a feature interfered with competition slightly but whether it “unduly hinder[ed] . . . commerce and competition”<sup>159</sup> and “significantly hinder[ed] competition,”<sup>160</sup> as the *Louboutin II* court instructs.<sup>161</sup>

Regarding the potential of single-color trademarks in fashion to hinder competition, the *Louboutin I* court focused on two issues: the concept of shade confusion<sup>162</sup> and a concept resembling color depletion.<sup>163</sup> The court raised concerns that enforcement of a single-color trademark would render other designers unable to use

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level of significant hindrances to competition, although it certainly would have been plausible to argue that shoe soles are such tiny and inconsequential features of apparel that they could not possibly significantly interfere with competition, especially since designers may still utilize other colors for soles.

<sup>157</sup> *Louboutin I*, 778 F. Supp. 2d at 452–53.

<sup>158</sup> *See id.* at 452–54. Although *Louboutin I* did state that “law should not countenance restraints that would . . . exclude use of an ornamental or functional medium necessary for freest and most productive artistic expression,” the standard it applied when deciding whether the red soles are aesthetically functional examined significant interference with competition, rather than guaranteeing designers “freest and most productive artistic expression.” *Id.* at 453.

<sup>159</sup> *Id.* at 453.

<sup>160</sup> *Id.* at 454. The *Louboutin I* court concluded, under the *Qualitex* standard for evaluating aesthetic functionality, that “components of the mark pose *serious* legal concerns as well as threats to legitimate competition in the designer shoe market.” *Id.* (emphasis added).

<sup>161</sup> *Louboutin II*, 696 F.3d at 224.

<sup>162</sup> *See Louboutin I*, 778 F. Supp. 2d at 455 (“A competitor examining the Louboutin registration drawing for guidance as to what color it applies to may therefore remain unable to determine precisely which shade or shades it encompasses and which others are available for it to safely use.”).

<sup>163</sup> *Id.* at 457 (“[A]nother designer can just as well stake out a claim for exclusive use of another shade of red, or indeed even Louboutin’s color, for the insole, while yet another could . . . plant its flag on the entire heel for its Chinese Red.”).

not only Louboutin's color of red on their soles but also other shades that may be "a shade confusingly too close to Chinese Red" and that other designers do not know how close to Louboutin's red they can tread without infringing its trademark.<sup>164</sup> Previously, *Olay Co. v. Cococare Products, Inc.*<sup>165</sup> had identified a solution to similar concerns of shade confusion for the color pink on Olay product packaging: denoting a range of colors on the Pantone scale which would be confusingly close.<sup>166</sup> The *Louboutin I* court, however, declined to apply the *Olay* solution for shade confusion, stating that it was inapplicable because it addressed a color in conjunction with a graphic, rather than color alone.<sup>167</sup> *Louboutin I* also did not find *Olay's* solution helpful "because . . . varying absorption and reflection qualities of the material to which [the lacquer] is applied" might affect which color the lacquer ultimately appears, meaning competitors could not know in advance whether their chosen shade would be confusingly close to Louboutin's.<sup>168</sup> Furthermore, the district court rejected suggestions by Louboutin—that other designers could ask for its permission to determine if a shade is confusingly close or seek a court's opinion—as too burdensome and beyond a court's expertise in deciding matters of taste and aesthetics.<sup>169</sup> In addition to the concept of shade confusion, the court suggested that designers could trademark all different colors and shades on all different parts of apparel if Louboutin's trademark was upheld.<sup>170</sup> This

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<sup>164</sup> *Id.* at 455.

<sup>165</sup> 218 U.S.P.Q. (BNA) 1028 (S.D.N.Y. 1983).

<sup>166</sup> *Id.* at 1045.

<sup>167</sup> *Louboutin I*, 778 F. Supp. 2d at 455–56.

<sup>168</sup> *Id.* at 455.

<sup>169</sup> *Id.* at 456 ("The other options Louboutin's claim would leave other competitors are no more practical or palatable."). The district court stated this despite noting that "*Qualitex* points out that in trademark disputes, courts routinely are called upon to decide difficult questions involving shades of differences in words or phrases or symbols." *Id.* The *Louboutin I* decision asserted that the fashion industry posed unique problems based upon its particular reliance on color as a tool which represented "finer qualitative and aesthetic calls." *Id.*

<sup>170</sup> *Id.* at 457.

argument invokes the concern about color depletion raised in *Qualitex*.<sup>171</sup>

The Second Circuit, however, did not mention these concerns, even though precedent offers responses to most of these issues.<sup>172</sup> *Qualitex*, for example, addressed the difficulty of deciding whether a single-color trademark is confusingly close to another by stating that judges already have to make similarly difficult decisions with other types of trademarks.<sup>173</sup> It noted that “courts already have done so in cases where a trademark consists of a color plus a design.”<sup>174</sup> This reasoning would seem to extend to the fashion industry because courts have already decided on likelihood of confusion questions between trademarks of color graphics.<sup>175</sup> Additionally, *Qualitex* responded to concerns about color depletion, suggesting that “[w]hen a color serves as a mark, normally alternative colors will likely be available for similar use by others.”<sup>176</sup> Furthermore, *Qualitex* noted that the inquiry about hindering competition can account for the issue of color depletion when colors begin to be depleted and to interfere unduly with competition.<sup>177</sup> Lastly, the Trademark Trial & Appeal Board has noted that:

Refusals to protect rights or to grant registrations for color marks based on the color depletion theory—that there are only a limited number of colors and that it is unwise to permit protection and thereby deplete the reservoir—have become fewer as courts “have declined to perpetuate

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<sup>171</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 168–69 (1995).

<sup>172</sup> *See Louboutin II*, 696 F.3d 206, 223–24 (2d Cir. 2012).

<sup>173</sup> *Qualitex*, 514 U.S. at 168.

<sup>174</sup> *Id.*

<sup>175</sup> *See Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 117–18 (2d Cir. 2006) (remanding to determine the likelihood of consumer confusion concerning multicolor monograms on handbags because the district court erred in its analysis).

<sup>176</sup> *Qualitex*, 514 U.S. at 168–69.

<sup>177</sup> *Id.*

[the theory's] *per se* prohibition which is in conflict with the liberating purposes of the [Lanham] Act.”<sup>178</sup>

*Louboutin II* disserves fashion entities with a vested interest in determining whether single-color trademarks hinder competition because it does not address whether previous courts' responses to shade confusion and color depletion issues apply to the fashion industry.

Secondly, the *Louboutin II* court did not elaborate on why it disagreed with the district court's view that color serves important functions in the fashion industry, such as influencing emotions,<sup>179</sup> complementing other apparel,<sup>180</sup> and bestowing ordinary things with beauty.<sup>181</sup> Essentially, the district court applied a basic form of the *Qualitex* test<sup>182</sup> for aesthetic functionality to the entire fashion industry and determined that “[t]o attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal—all comprise non-trademark functions of color in fashion.”<sup>183</sup> The Second Circuit in *Louboutin II* did not comment on whether it considered any of those purposes or traits functional, nor on whether, if those traits were functional, any single-color features in the fashion industry avoid serving those functions. It did remark that placing the color red on the shoe sole was “[a] context [that]

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<sup>178</sup> Edward Weck Inc. v. IM Inc., 17 U.S.P.Q.2d (BNA) 1142, 1145 (T.T.A.B. 1990) (quoting *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1120 (Fed. Cir. 1985)).

<sup>179</sup> See *Louboutin I*, 778 F. Supp. 2d 445, 453 (S.D.N.Y. 2011) (“[Louboutin] stated that he chose the color to give his shoe styles ‘energy’ and because it is ‘engaging.’”).

<sup>180</sup> *Id.* (“The shoes also coordinate with clothing items offered in the same collection.”).

<sup>181</sup> *Id.* at 454 (“The outsole of a shoe is . . . a pedestrian thing. Yet coated in a bright and unexpected color, the outsole becomes decorative, an object of beauty.”).

<sup>182</sup> See *Qualitex*, 514 U.S. at 165, 170. The *Qualitex* test evaluates a claimed trademark to determine if the feature (1) is needed to serve the product's overall use or purpose or (2) affects the product's cost and quality, and whether enforcing the trademark would serve as a substantial hindrance to competition. *Id.*

<sup>183</sup> *Louboutin I*, 778 F. Supp. 2d at 454.

seems unusual,”<sup>184</sup> but this statement occurred in its discussion of distinctiveness, not aesthetic functionality.<sup>185</sup> The *Louboutin II* court did not suggest that *Qualitex* had included the unusual nature of the context of the feature as part of its ultimate test for aesthetic functionality.

To the extent that *Louboutin II* fails to address the practical concerns raised in *Louboutin I*, its holding seems to be less helpful to solving the “novel issue”<sup>186</sup> raised in the fashion industry of single-color trademarking than that of *Louboutin I*. The district court may have been incorrect in creating the *per se* rule against single-color trademarking in fashion. However, the Second Circuit provided no rationale about why the district court’s *per se* prohibition is incorrect (save its arguments that *Qualitex* bars such a rule),<sup>187</sup> even though just one example of a single-color trademark in fashion that would overcome an aesthetic functionality defense would prove the district court’s *per se* rule was unfounded.<sup>188</sup> Consequently, other than knowing that it could not completely write off an entity’s claim of a color trademark in the fashion industry, a subsequent court turning to *Louboutin II* would find no instructive precedent to address whether a single-color trademark

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<sup>184</sup> *Louboutin II*, 696 F.3d 206, 227 (2d Cir. 2012) (quoting *Qualitex*, 514 U.S. at 162).

<sup>185</sup> *See id.*

<sup>186</sup> *See id.* at 212.

<sup>187</sup> *Id.* at 223.

<sup>188</sup> Had it wished to further clarify the application of the aesthetic functionality doctrine to single-color trademarks in fashion, the Second Circuit could have even applied *Qualitex*’s test to Louboutin’s trademarked red soles. Although this would be dicta, it could be influential nonetheless. Commentators have argued that Louboutin’s trademark should overcome an aesthetic functionality defense so as to be protected by federal trademark law. *See, e.g.*, Lauren Elizabeth Luhrs, Note, *When in Doubt, Wear Red: Understanding Trademark Law’s Functionality Doctrine and Its Application to Single-Color Trademarks in the Fashion Industry*, 61 U. KAN. L. REV. 229, 252 (2012) (“Awarding one participant in the designer shoe market a ‘monopoly’ on the color red—only on the soles of the shoes—does not impermissibly hinder competition among other participants.”); Morton, *supra* note 125, at 308 (noting that Louboutin’s mark did not significantly hinder competition because “YSL can adopt any other outsole color option, as long as it is not the registered Chinese Red shade”).

can survive an aesthetic functionality defense. This is especially unfortunate given the widespread confusion about how the aesthetic functionality doctrine should be applied.<sup>189</sup> The sheer uncertainty about the doctrine's application itself may hinder competition because entities will fear the costs of litigation on an unsettled issue.<sup>190</sup>

The *Louboutin II* decision also fails to clarify any confusion surrounding the aesthetic functionality doctrine and how it pertains to the fashion industry because the court grounded its ruling on a problematic interpretation of *Qualitex*. The court's rationale for rejecting the district court's rule was based on its interpretation that *Qualitex* bars such an industry-wide prohibition on single-color trademarking.<sup>191</sup> *Louboutin II* states:

[T]he Supreme Court specifically forbade the implementation of a *per se* rule that would deny protection for the use of a single color as a trademark in a particular industrial context. *Qualitex* requires an individualized, fact-based inquiry into the nature of the trademark, and cannot be read to sanction an industry-based *per se* rule.<sup>192</sup>

However, *Qualitex* does not explicitly proscribe a *per se* rule within particular industries, such as fashion.<sup>193</sup> *Qualitex* merely asserted "that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark"<sup>194</sup> and that "the doctrine of 'functionality' does not create an absolute bar to the use of color alone as a mark."<sup>195</sup> It never mentions the concept of an industry-wide *per se* rule against trademarking in fashion, so as to ban such a rule.<sup>196</sup> *Qualitex* simply stands for the proposition that there is no

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<sup>189</sup> See McKenna, *supra* note 18, at 824.

<sup>190</sup> See Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 214 (2000) ("Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit.").

<sup>191</sup> See *Louboutin II*, 696 F.3d. at 223.

<sup>192</sup> *Id.*

<sup>193</sup> See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165–66 (1995).

<sup>194</sup> *Id.* at 166.

<sup>195</sup> *Id.* at 165.

<sup>196</sup> In *Warner Lambert Co. v. McCrory's Corp.*, a pre-*Qualitex* court analyzed the hindrance to competition of a single-color trademark by evaluating its effect on an industry, remarking that "amber color has taken on a particular

all-encompassing prohibition on trademarking a color across all industries.<sup>197</sup>

*Louboutin II* bases its contention that *Qualitex* disallows an industry-wide color trademarking ban<sup>198</sup> on *Qualitex*'s assertion that "sometimes, a color will meet ordinary legal trademark requirements," and "no special legal rule prevents color alone from serving as a trademark."<sup>199</sup> However, this hardly seems to serve as a mandate that courts analyze functionality on a case-by-case basis and should disallow a practical industry-wide decision that color in an industry would always be aesthetically functional. *Qualitex*, in fact, notes that single colors cannot be trademarked in all cases, acknowledging that "sometimes color plays an important role (unrelated to source identification) in making a product more desirable."<sup>200</sup> Color still may only be enforced as a trademark where it "is not essential to a product's use or purpose and does not affect cost or quality"<sup>201</sup> and where "exclusive use of the feature would [not] put competitors at a significant non-reputation-related disadvantage."<sup>202</sup> Thus, *Qualitex* does disallow a general rule

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significance in the mouthwash industry." 718 F. Supp. 389, 396 (D.N.J. 1989) (emphasis added). Although it predated *Qualitex*, *Warner Lambert* still assessed the effects of a trademark on competition similarly to the standard *Qualitex* later adopts and illustrates that examining a trademark's effect on competition often, if not always, involves an inquiry into the characteristics of the industry that might affect the use of color within that industry. See *Qualitex*, 514 U.S. at 164–66.

<sup>197</sup> See *Qualitex*, 514 U.S. at 166.

<sup>198</sup> See *Louboutin II*, 696 F.3d 206, 223 (2d Cir. 2012).

<sup>199</sup> *Qualitex*, 514 U.S. at 161. *Louboutin II* may also base its view that *Qualitex* requires a case-by-case analysis on a quote from *Qualitex* that courts should not use an "occasional problem to justify a blanket prohibition." *Id.* at 168. However, *Louboutin II* did not demonstrate that issues with single-color trademarks in fashion would only be occasional. Additionally, *Qualitex* commented about "blank prohibition[s]" when addressing the issue of color depletion, not single-color trademarking as a whole. *Id.*

<sup>200</sup> *Id.* at 161.

<sup>201</sup> *Id.* at 165.

<sup>202</sup> *Id.* It will not be enough to satisfy this portion to claim that the trademarked item is not "competitively necessary." *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001).

against color trademarking in all industries, but not necessarily in specific industries.<sup>203</sup>

*Louboutin II* was correct to note that the test for aesthetic functionality outlined in *Qualitex* is “fact-intensive.”<sup>204</sup> The Second Circuit stated that “[b]ecause aesthetic function and branding success can sometimes be difficult to distinguish, the aesthetic functionality analysis is highly fact-specific.”<sup>205</sup> It thus instructed courts applying the doctrine of aesthetic functionality to weigh an entity’s rights in source identification and the public’s interest in competition “which an overly broad trademark might hinder.”<sup>206</sup> Nothing in this standard, however, is undermined by applying the inquiry to an entire industry, should all products in that market share the same characteristics which make them functional.<sup>207</sup> *Qualitex* started its analysis about the possibility of a single color serving as a trademark with an inquiry into whether there was “a principled objection to the use of color as a mark in the important ‘functionality’ doctrine of trademark law.”<sup>208</sup> Because it did not identify such “a principled objection” across all industries, it then evaluated whether the district court was correct to decide that the claimed trademark did not significantly hinder competition in that case.<sup>209</sup> If *Qualitex* could ask whether there

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<sup>203</sup> See *Qualitex*, 514 U.S. at 161.

<sup>204</sup> *Louboutin II*, 696 F.3d 206, 220 (2d Cir. 2012).

<sup>205</sup> *Id.* at 222.

<sup>206</sup> *Id.*

<sup>207</sup> The Second Circuit previously noted that the relevant industry may dictate how a court analyzes the likelihood of consumer confusion. *Brennan’s, Inc. v. Brennan’s Rest., L.L.C.*, 360 F.3d 125, 133 (2d Cir. 2004). *Brennan’s, Inc.* held that the use of the word “Brennan’s” in a restaurant name was not likely to cause consumer confusion because “[i]n the restaurant industry, it is not uncommon to name a restaurant after its chef.” *Id.* *Brennan’s, Inc.* held that the industry was determinative because consumers have different expectations for the use of trademarks in different industries, which is directly relevant to the issue of likelihood of consumer confusion. *Id.* A court could extend this reasoning to conclude that the particular industry would also affect the degree to which the use of a trademark hinders competition, which is directly relevant to the issue of aesthetic functionality.

<sup>208</sup> *Qualitex*, 514 U.S. at 164.

<sup>209</sup> *Id.* at 164–66.

was “a principled objection” to single-color trademarks across *all* industries, it follows that a court could determine whether the functionality doctrine offers principle objections to the use of a single-color trademark in a *single* industry.

Additionally, to defend its invalidation of an industry-wide prohibition on single-color trademarks, the *Louboutin II* court noted that “the fashion industry . . . has special concerns in the operation of trademark law; it has been argued forcefully that United States law does not protect fashion design adequately.”<sup>210</sup> This appears to advocate for allowing fashion designers attempting to claim a trademark greater leeway with functionality so that trademark law can compensate for the deficiencies in patent and copyright law as applied to the fashion industry. However, the different types of intellectual property are hardly interchangeable. *Qualitex* warns:

It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time after which competitors are free to use the innovation. If a product’s functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).<sup>211</sup>

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<sup>210</sup> *Louboutin II*, 696 F.3d at 223. *But see* McKenna, *supra* note 40, at 215 (“The normative goals of trademark law have expanded beyond passing off, and producers have sought to protect with trademark law a variety of product designs and creative content formerly protected by patent and copyright.”). McKenna notes that the intellectual property regimes leave room for “significant overlap in terms of the economic consequences of protection” by allowing entities to apply different intellectual property protections to different features of a single product or item. McKenna, *supra* note 40, at 216. He argues that courts and lawmakers should recognize this potential for overlap where branding can achieve virtually the same economic effects as patents and copyrights, without similar time limitations, so that courts and lawmakers can correctly “calibrate the level of protection.” *Id.* at 216, 227–28.

<sup>211</sup> *Qualitex*, 514 U.S. at 164–65 (citation omitted). The Supreme Court cautions against “trademark law serving as an alternative form of protection for subject matter copyright and patent laws deal with specifically,” meaning that the Court aims to avoid use of one type of intellectual property protection when Congress intended another type to protect that category of content. McKenna,

Although Louboutin may have been innovative in his red sole design,<sup>212</sup> the purpose of trademark law is not to protect invention, as the *Louboutin II* decision itself warns.<sup>213</sup> Such an aim would detract from trademark law's goal of increasing competition.<sup>214</sup> Hence, *Louboutin II*'s implication that courts should review functionality less stringently because other intellectual property laws provide fashion designers insufficient protection does not accord with precedent and is not likely to be influential to future courts.<sup>215</sup>

The shortcomings of *Louboutin II* in addressing the issue of "whether a single color may serve as a legally protected trademark in the fashion industry,"<sup>216</sup> although disadvantageous, were not necessarily the result of legal error. The Second Circuit's basic conclusion that the YSL shoes did not truly erode Christian Louboutin's brand and reputation or cause difficulties for consumers in identifying the source of the shoes was correct.<sup>217</sup>

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*supra* note 40, at 225 (referring to *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), in which the Supreme Court refused to apply trademark doctrines to protect an entity's product when its copyright on a television series had lapsed and another entity produced and sold the series without attribution).

<sup>212</sup> See *Louboutin I*, 778 F. Supp. 2d 445, 448 (S.D.N.Y. 2011) ("No doubt then, Christian Louboutin broke ground and made inroads in a narrow market. He departed from longstanding conventions and norms of his industry, transforming the staid black or beige bottom of a shoe into a red brand with worldwide recognition at the high end of women's wear, a product visually so eccentric and striking that it is easily perceived and remembered.").

<sup>213</sup> *Louboutin II*, 696 F.3d at 216; see McKenna, *supra* note 40, at 215 ("Trademark law appears to be concerned with something entirely different than copyright and patent laws. . . . Courts traditionally protected trademarks solely for the purpose of preventing one producer from passing off its products as those of another, while copyright and patent laws protected creative works and useful inventions for the purpose of encouraging their development and dissemination.").

<sup>214</sup> See S. REP. NO. 79-1333, at 3 (1946).

<sup>215</sup> See McKenna, *supra* note 40, at 225.

<sup>216</sup> *Louboutin II*, 696 F.3d at 211.

<sup>217</sup> *Id.* at 228 ("[T]he red sole on YSL's monochrome shoes is neither a use of, nor confusingly similar to, the Red Sole Mark.").

Thus, the court correctly modified the trademark to consist of only red soles which contrast with the remainder of the shoe.<sup>218</sup> Louboutin itself portrays the chief feature of the shoe to be the “flash” of color on the sole,<sup>219</sup> and the court was logical in concluding that the color of the sole will be more likely identified as red and associated with the Louboutin brand when the sole is a different color than the upper of the shoe.<sup>220</sup> Once the court altered the trademark, YSL’s shoes no longer infringed because the red upper and red sole did not contrast.<sup>221</sup>

The Second Circuit then had no obligation to comment on whether a single-color trademark of a feature would survive an aesthetic functionality defense. Any comments it made about the viability of single-color trademarks under an aesthetic functionality defense in fashion would have been dicta and would not have been binding on future courts. For those in the fashion industry hoping to settle conclusively the issue of aesthetic functionality’s effect on single-color trademarks, this was not the right case.<sup>222</sup>

## V. RESOLVING THE *LOUBOUTIN* PROBLEM

The issue of how the aesthetic functionality doctrine applies to the fashion industry is hardly trivial for the Second Circuit; the fashion industry employs a large portion of New Yorkers and “has

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<sup>218</sup> *See id.*

<sup>219</sup> *See, e.g.*, Christian Louboutin (@LouboutinWorld), TWITTER (Oct. 24, 2013, 9:33 AM), <https://twitter.com/LouboutinWorld/status/261143264223195136> (“Be Naughty: Flash your Red Sole.”); Christian Louboutin (@LouboutinWorld), TWITTER (Feb. 17, 2013, 9:43 AM), <https://twitter.com/LouboutinWorld/status/303197934445527040> (“#SpotTheLoubies A flash of Red Sole at Jonathan Saunders #LFW <http://instagr.am/p/V10PWBAWMf>”).

<sup>220</sup> *Louboutin II*, 696 F.3d at 227 (“[I]t is the *contrast* between the sole and the upper that causes the sole to ‘pop,’ and to distinguish its creator.”).

<sup>221</sup> *See id.* at 228.

<sup>222</sup> *See* Shuchman, *supra* note 19 (“[F]or Louboutin, which was looking for a flat-out affirmation of its mark, ‘this probably wasn’t the best test case.’” (quoting attorney Michelle Mancino Marsh)).

huge economic importance.”<sup>223</sup> To resolve the issue raised in *Louboutin I* and *II* about “whether a single color may serve as a legally protected trademark in the fashion industry”<sup>224</sup> with finality, the Second Circuit or the Supreme Court must take on a case in which an entity is infringing on a single-color trademark in the fashion industry and is asserting an affirmative defense that the trademarked feature is aesthetically functional.<sup>225</sup> To examine such a claim, the reviewing court would first need to determine whether the *Qualitex* standard should be at all modified to respond to unique aspects of the fashion industry.<sup>226</sup>

The standard laid out in *Qualitex* to evaluate whether a trademarked feature is aesthetically functional is whether the relevant feature either (1) “is . . . essential to a product’s use or purpose” or (2) “affect[s the product’s] cost or quality,” such that enforcing trademark rights in the feature “would put competitors at a significant non-reputation-related disadvantage” by allowing exclusive use.<sup>227</sup> An affirmative answer to either of the first two inquiries coupled with a finding of a significant, non-reputation-related hindrance to competitors renders a feature unsuitable for trademarking.<sup>228</sup> Such a test will interact differently with trademarks and infringement claims in industries centered on aesthetics, such as art, fashion, and architecture, than it will with industries more concerned with utilitarian effectiveness than

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<sup>223</sup> See C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1152 & n.15 (2009) (“Fashion is the third-largest employer in New York, after health care and finance.”).

<sup>224</sup> *Louboutin II*, 696 F.3d at 211.

<sup>225</sup> See Kuitse, *supra* note 138, at 260 (suggesting that Louboutin’s trademarked red soles could be challenged via an aesthetic functionality defense by “a designer who wishes to use the color red on the outsole of a pair of shoes in a design collection where each pair of shoes has a different color outsole, such that all pairs in a line would make up the colors of the rainbow”).

<sup>226</sup> See Luhrs, *supra* note 188, at 254 (“Courts need to reach a consensus on a cohesive test to determine whether an aesthetic color is functional and thus ineligible to receive a trademark.”).

<sup>227</sup> *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995).

<sup>228</sup> *Id.*

appearance.<sup>229</sup> Applying this test to the fashion industry raises several issues about each of the three inquiries. First, a color may be “essential to a product’s use or purpose” based on the moods and emotions the colors might generate.<sup>230</sup> Thus, an entity could argue that it needed to evoke passion in an attempt to prove that the color red is necessary to the use or purpose of its product.<sup>231</sup>

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<sup>229</sup> See Hemphill & Suk, *supra* note 223, at 1152 n.16 (arguing that fashion is distinguishable even from industries such as cuisine, magic, and stand-up comedy because it “exemplif[ies the innovation] of more paradigmatic creative industries such as art, literature, and music” and that copyright protection should be extended to fashion “that runs parallel to that now granted to buildings and architectural plans” due to similarities in the two fields); *see also* Susan Scafidi, *Intellectual Property and Fashion Design*, in INTELLECTUAL PROPERTY AND INFORMATIONAL WEALTH 115, 121 (Peter Yu ed., 2007) (“Enforcement of [intellectual property rights in fashion], like in other creative industries, nevertheless remains a challenge.”). Furthermore, “[c]olor marks used in the fashion industry are distinguishable from marks that have arisen in many other contexts because the aesthetic appeal of the design, particularly the color, often drives sales, and because the industry is driven by trend cycles.” Sunila Sreepada, *The New Black: Trademark Protection for Color Marks in the Fashion Industry*, 19 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1131, 1155 (2009).

<sup>230</sup> See *Publ’ns. Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 342 (7th Cir. 1998) (holding that the gold color of book page edges for cookbooks was aesthetically functional because it gave off an aura of opulence); *Doeskin Prods., Inc. v. Levinson*, 132 F. Supp. 180, 184 (S.D.N.Y. 1955) (holding that pastel colors for facial tissues are functional because they “create a mental impression that the tissues are soft as baby’s or baby skin and soft enough for use upon infants and children; and if so soft, then certainly soft enough for milady’s face”); *see also* Sreepada, *supra* note 229, at 1145 (“Colors generate specific associations in the minds of consumers that can be harnessed by sellers to influence decision making in the marketplace.”).

<sup>231</sup> See Barrett, *supra* note 16, at 1 (arguing that the *Louboutin I* court properly recognized the competitive needs of those in the fashion industry in creating its *per se* rule against single-color trademarks in the fashion). Barrett notes that:

Louboutin testified that he chose the color red because it gives his shoe styles “energy” and because it is “engaging.” Louboutin also mentioned that the color red is “sexy” and “attracts men to the women who wear my shoes.” Understandably, other designers would have similar reasons for choosing to use the color red in their designs—perhaps even on the soles of shoes; thus, putting other designers at a significant disadvantage.

Secondly, the color of an item may indicate that it is of better quality.<sup>232</sup> Lastly, aesthetic features are more likely to put competitors at a non-reputation-related disadvantage in the fashion industry where that color or even just “pops” of color in

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*Id.* at 14 (footnotes omitted). *But see* Sreepada, *supra* note 229, at 1166 (“Since trends have become more fleeting and more colors are available, colors meanings have become less influential, and should not be relied upon to determine the functionality of a color used in fashion designs.”).

<sup>232</sup> See *Louboutin I*, 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011) (explaining that “the use of red outsoles . . . affects the . . . quality of the shoe” because it takes the sole beyond being “a pedestrian thing” and makes it “an object of beauty”). Moreover, in *Louboutin I*, the court suggests that “[t]he red outsole also affects the cost of the shoe, although perhaps not in the way *Qualitex* envisioned. Arguably, adding the red lacquered finish to a plain raw leather sole is more expensive, not less, than producing shoes otherwise identical but without that extra ornamental finish.” *Id.* However, this analysis is likely flawed, as the implication in previous decisions discussing functionality is that cost is relevant only if the feature brings the cost of a product down. See, e.g., *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 122 (1938) (“The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.”); *Warner Bros. v. Gay Toys, Inc.*, 724 F.2d 327, 331 (2d Cir. 1983) (“[A] design feature ‘affecting the cost or quality of an article’ is one which permits the article to be manufactured at a lower cost.”); see also Luhrs, *supra* note 188, at 251–52 (“It is unrealistic for courts to interfere with the commercial success of a particular brand or trademark by asserting that because [an entity] . . . generates higher profits as a result of the exclusivity and popularity of the trademark, its trademarks are functional.”). Nonetheless, the district court’s contention that a higher price may make an object more desirable in high fashion circles does not seem meritless. *Louboutin I*, 778 F. Supp. 2d at 454 (“[F]or high fashion designers . . . the higher cost of production is desirable because it makes the final creation that much more exclusive, and costly.”); see *Hemphill & Suk*, *supra* note 223, at 1156 (“According to [the status theory], fashion is adopted by social elites for the purpose of demarcating themselves as a group from the lower class.”). Additionally, the red lacquer soles may serve another cost-affecting purpose: to shorten the lifespan of the shoe because the red lacquer easily wears off, potentially encouraging more frequent purchases. See *Collins*, *supra* note 1 (“Part of the genius of the red sole is that it is beautiful. The other part is that it requires a lot of refreshing: Louboutins, which look horrible scuffed, start to depreciate the day you walk them off the lot.”).

unexpected places may come to be in vogue at certain times.<sup>233</sup> In this sense, granting single-color trademarks in fashion has a greater tendency to hinder competition than does the use of pink insulation or green-gold dry cleaning pads. Additionally, the effect of the trademark on competition may affect competitors differently at different times.<sup>234</sup> For example, the color red may be the trendy color in Fall 2013 but not Spring 2014.<sup>235</sup> Such an issue of timing is not likely to affect other industries in the same manner as it does with the ever-changing trends in fashion.<sup>236</sup> Because a trademark is given in perpetuity, trademark law is limited in its ability to adapt to fluctuations in the needs of competitors over time.<sup>237</sup>

Considering the difficulties faced by courts in resolving the issues of single-color trademarks in fashion, Congress could choose to act, instead of waiting for the right case to arise to settle these issues. The *Louboutin I* district court responded to the unique aspects of the fashion industry<sup>238</sup> by establishing a formal

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<sup>233</sup> See Hemphill & Suk, *supra* note 223, at 1155 (“Fashions change. Styles emerge, become fashionable, and are eventually replaced by new fashionable styles.”); Sreepada, *supra* note 229, at 1146 (“Top designers often choose their color story [for each season] based on their inspiration, but mainstream designers tend to draw at least part of their color stories from trend forecasts to ensure that their lines are within fashion’s mainstream.” (footnotes omitted)).

<sup>234</sup> See *Louboutin I*, 778 F. Supp. 2d at 452 (“Items fall in and out of fashion in all nuances of the word, conveying not only currency but seasonality and transience.”). The *Louboutin I* court also remarks that:

[Fashion] is subject to temporal change. It is susceptible to taste, to idiosyncrasies and whims and moods, both of designers and consumers. Thus, at any moment when the market deities of design, by whatever fancy they decide those things, proclaim that ‘passion’ is in for a given season and must be expressed in reds in the year’s various collections, Louboutin’s claim would cast a red cloud over the whole industry.

*Id.* at 454.

<sup>235</sup> See, e.g., Scafidi, *supra* note 229, at 126 (noting that fashion has a “seasonal nature”).

<sup>236</sup> See Sreepada, *supra* note 229, at 1147 (“Colors cycle in and out of fashion.”).

<sup>237</sup> See McKenna, *supra* note 40, at 216 (asserting that “trademark rights can last indefinitely, as long as the mark continues to signify source”).

<sup>238</sup> The *Louboutin I* court rephrased the issue in the case to turn on the uniqueness of the fashion industry. See *Louboutin I*, 778 F. Supp. 2d at 451

rule against single-color trademarking,<sup>239</sup> which the *Louboutin II* court then rejected without substituting another rule in its stead.<sup>240</sup> The better approach to respond to the differences in fashion would be to create a more flexible standard for addressing how enforcing single-color trademark affects the level of competition in the fashion industry at particular times and in particular industry conditions.<sup>241</sup>

Congress should pass a statute wherein the USPTO oversees a short-term review process for single-color trademarks in fashion. Competitors would petition the USPTO in advance of or during a particular season in fashion when the trademarked feature is on trend. The USPTO would then decide whether to cease enforcement of the trademark against infringers temporarily for that particular season.<sup>242</sup> The trademark holder would, however, retain the trademark for the long-term. The standard of review

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(“[T]he Court must decide whether there is something unique about the fashion world that militates against extending trademark protection to a single color, although such registrations have sometimes been upheld in other industries.”).

<sup>239</sup> See *id.* at 457.

<sup>240</sup> See *Louboutin II*, 696 F.3d 206, 223 (2d Cir. 2012).

<sup>241</sup> The Trademark Trial and Appeal Board “has held that functionality is not necessarily a permanent status of a design.” 1 MCCARTHY, *supra* note 9, § 7:63, at 7-178.4 to 178.5. For example, in *In re Zippo Manufacturing Co.*, the Board determined that the shape of a cigarette lighter was no longer functional. 50 U.S.P.Q.2d (BNA) 1852, 1855 (T.T.A.B. 1999) (“We recognize that in *Zippo Manufacturing Company*, the Court found that the lighter configuration which applicant seeks to register was functional. However, it appears that the circumstances have changed significantly . . . we now have evidence of several alternative designs which shows that other lighter manufacturers can apparently compete effectively without adopting applicant’s design.”). However, the Board has not yet issued a decision recognizing that a previously non-functional feature can become functional. 1 MCCARTHY, *supra* note 9, § 7:63, at 7-178.4 to -178.5.

<sup>242</sup> In previously considered legislation to create enhanced intellectual property protection for fashion, Congress proposed giving copyright protection to fashion designs for only three years, less than the timespan for most other items and industries. See Scafidi, *supra* note 229, at 126 (“[T]he shorter term of years for fashion reflects its seasonal nature, as well as a desire to respect designers’ interest in their own creations while stopping short of full inclusion in the copyright system.”).

would still center on whether enforcing the trademark would unduly hinder competition but would only look at the effect on a particular season. Thus, the USPTO could recognize that a feature used to indicate source and establish reputation would hinder competition too much at particular times but would also recognize the value to the trademark holder of the source identification over the long-term.

The USPTO's inquiry could also examine the good faith of those seeking to use the mark during a particular time period to ensure that their goal is not to erode the trademark holder's reputation and brand image.<sup>243</sup> Furthermore, the USPTO could decide whether to allow an entity to participate in this short-term review system based upon whether the feature in which it claims a trademark is more amenable to protection via copyright or patent, were it available, to ensure that trademark law is serving its proper function.<sup>244</sup>

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<sup>243</sup> This inquiry could be modeled after the sixth *Polaroid* factor in which a court evaluates whether the alleged infringer acted in good faith, assessing "whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product." *Edison Bros. Stores v. Cosmair, Inc.*, 651 F. Supp. 1547, 1560 (S.D.N.Y. 1987). Although it might seem difficult for a trend to arise that would necessitate the use of a trademarked item without other designers intentionally infringing upon that trademark, the *Zeitgeist* theory of fashion recognizes that fashion trends are not dictated by individuals but arise via "collective process." *See Hemphill & Suk, supra* note 223, at 1157 ("On this theory, fashion emerges from a collective process wherein many people, through their individual choices among competing styles, come to form collective tastes that are expressed in fashion trends. The process of trend formation begins vaguely and then sharpens until a particular fashion is established."). Moreover, for designers, "shared influences [such as current events, forecasting services, social changes, celebrities, and available supplies] promote convergence around a trend." *Id.* at 123. Thus, designers individually may have little control over what they must create to compete.

<sup>244</sup> The *Louboutin II* court noted that "[i]t is arguable that, in particular circumstances of this case, the more appropriate vehicle for the protection of the Red Sole Mark would have been copyright rather than trademark." *Louboutin II*, 696 F.3d at 223 n.19. Such an inquiry could have appropriate channeling functions so that entities whose marks might be consistently threatened in such a

This approach has the advantage of responding to the unique features of the fashion industry, especially its temporal nature,<sup>245</sup> while also acknowledging that surviving an aesthetic functionality defense is particularly difficult in an industry based around how apparel appears.<sup>246</sup> This temporary enforcement review process would also appropriately balance the goals of promoting competition (by allowing use of the mark when competitively necessary) and brand recognition (by allowing entities to maintain the trademarked features for source identification over the long-term). Additionally, any uncertainty about the enforcement of single-color trademarks would be limited to short time periods.

However, a significant problem with such a structure could be increased legal costs for entities having to periodically argue that their trademark should continue to be enforced and increased costs of operation for the USPTO in having to periodically review such claims.<sup>247</sup> Moreover, the short-term review process would not clarify any confusion about the appropriate legal standards to apply to single-color trademarks in fashion; still, it would mitigate the effects of such confusion by rendering court decisions less consequential due to the limited timespan of their effectiveness.

## VI. CONCLUSION

Ultimately, the courts handling the *Louboutin* cases left more questions than answers. After the conclusion of the cases, even an attorney for YSL indicated that YSL had elected not to pursue further action “to ensure that the Court will not make any further rulings that put at risk the ability of fashion designers to trademark

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process might seek a copyright instead. *See McKenna, supra* note 40, at 216, 221. “Channeling” refers to rules and policies which attempt to guide “certain types of subject matter into particular intellectual property regimes.” *Id.* at 216.

<sup>245</sup> *See Sreepada, supra* note 229, at 1165 (“[F]ashionable colors change season to season much like any other fashion trend.”). Additionally, Sreepada notes that “[t]rends are becoming increasingly short-lived.” *Id.*

<sup>246</sup> *See id.* at 1153 (“[C]onsumer choices [in fashion] tend to be based on aesthetics.”).

<sup>247</sup> *See Barrett, supra* note 16, at 27 (“Increased legal costs for the fashion industry eventually translate into increased costs for consumers.”).

colour in appropriate cases.”<sup>248</sup> *Louboutin II* established that a claimed color trademark could sometimes satisfy the requirement of establishing secondary meaning in the fashion industry.<sup>249</sup> Still, the time is ripe for a decision determining whether a single-color trademark could overcome a defense of aesthetic functionality in fashion. Such an opinion would offer designers a better idea of whether their claimed trademarks will be enforced and give competitors an idea of which methods they may legally use to innovate and compete. Additionally, lawmakers should consider enhanced and tailored statutory approaches to respond to the issue of single-color trademarking in fashion. Such a scheme should consider the trend-based nature of the fashion industry and its use of color as a tool.

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<sup>248</sup> Alexander, *supra* note 124.

<sup>249</sup> *Louboutin II*, 696 F.3d at 227.