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**LOUBOUTIN'S TRADEMARK SUIT AGAINST
YVES SAINT LAURENT: CREATING A COLOR WAR IN THE FASHION INDUSTRY**

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I. Introduction

In 1992 French designer Christian Louboutin unveiled his now signature red-soled women's shoes. His deviation from the industry custom of black or beige outsoles was meant to give his line of shoes energy and sex appeal, and he used the red sole on every pair of his shoes exclusively for over nineteen years. Widespread recognition of Louboutin's designs created an undeniable association between red-soled shoes and the luxurious Christian Louboutin brand. From Jennifer Lopez's immortalization of Louboutin shoes in the 2009 song "Louboutins," to Barbie's acquisition of doll-sized Louboutin heels, these red-soled shoes have permeated pop culture and made Christian Louboutin a household name.

In January 2008, Christian Louboutin S.A., Christian Louboutin L.L.C., and Christian Louboutin (hereinafter referred to as "Louboutin") obtained trademark protection for the now infamous "Red-Sole Mark" from the United States Patent and Trademark Office. The certificate of registration claimed protection over "the color(s) red..." and "...a lacquered red-sole on footwear."¹ After years of use in commerce, secondary meaning had been established and trademark protection of the "Red-Sole Mark" was granted.² Competitors attempted to duplicate Louboutin's red-soled shoes, but Louboutin actively policed the "Red-Sole Mark" to shut down

¹ Christian Louboutin S.A. v. Yves St. Laurent Am., Inc., 778 F. Supp. 2d 445, 448-49 (S.D.N.Y. 2011).

² Secondary meaning occurs when "in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself." Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 114 (1938).

copyists.³ In April 2011, after urging fellow designer Yves Saint Laurent (hereinafter referred to as “YSL”) to discontinue his production of red-soled shoes, specifically the Tribute, Tribtoo, Palais, and Woodstock models in YSL’s Cruise 2011 Collection, each bearing a bright red sole as part of a monochromatic design, Louboutin filed a trademark infringement suit against YSL asserting multiple claims under the Lanham Act and requesting a preliminary injunction.^{4,5} YSL responded with several counterclaims, including a request for cancellation of the “Red-Sole Mark.”⁶

In August 2011, the United States District Court for the Southern District of New York decided that the designer was not entitled to a preliminary injunction to enjoin Yves Saint Laurent from using a red outsole on its own shoe design.⁷ Although Louboutin presented substantial evidence that consumer confusion and irreparable harm were likely to occur, the court ruled that Louboutin could not demonstrate a sufficient likelihood that the “Red Sole Mark” merited protection, and refused to consider the customary elements for a preliminary injunction.⁸ In ruling that Louboutin’s “Red-Sole Mark” did not merit protection under the Lanham Act, the district court made it clear that it believed Louboutin’s “Red-Sole Mark” was ornamental and

³ Plaintiffs’ Reply Memorandum of Law in Support of Application for a Preliminary Injunction at 6, *Christian Louboutin S.A.*, 778 F. Supp. 2d 445 (No. 11 Civ. 2381 (VM)) [hereinafter Plaintiffs’ Reply Memorandum of Law]; *Christian Louboutin S.A.*, 778 F. Supp. 2d at 447.

⁴ The Lanham Act is the federal statute that governs trademarks, service marks, and unfair competition. The Lanham Act covers matters that include the procedures for federally registering trademarks, guidelines for when owners of trademarks may be entitled to federal judicial protection against infringement, and other directives and remedies for trademark owners. 15 U.S.C. §§ 1051-1141 (2006).

⁵ Louboutin asserted 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. Louboutin also sought a preliminary injunction preventing YSL from marketing during the pendency of this action any shoes that use the same or a confusingly similar shade of red as that protected by the Red Sole Mark. *Christian Louboutin S.A.*, 778 F. Supp. 2d at 449.

⁶ *Id.* YSL asserted counterclaims seeking (1) cancellation of the Red Sole Mark on the grounds that it is (a) not distinctive, (b) ornamental, (c) functional, and (d) was secured by fraud on the PTO, as well as (2) damages for (a) tortious interference with business relations and (b) unfair competition.

⁷ *Id.* at 458

⁸ *Id.* at 457.

functional and, if the issue of trademark cancellation had been decided, Louboutin’s “Red-Sole Mark” would have been cancelled as well.⁹ Louboutin swiftly appealed the district court’s decision and the case is currently pending before the United States Court of Appeals for the Second Circuit, to be reviewed de novo. For the time being, however, the New York District Court’s decision not to grant a preliminary injunction has left YSL and other shoemakers free to dilute the market with red-soled shoes, leaving Louboutin’s trademark and business vulnerable. An analysis of the decision reveals that the district court erred in its evaluation of Louboutin’s “Red-Sole Mark” by ignoring both the Lanham Act and controlling precedent in trademark law.

II. The Lanham Act and the “Color Cases”

The Lanham Act is the federal statute governing trademark law in the United States.¹⁰ This comprehensive legislation sets forth procedures for the federal registration of trademarks and the rights and remedies of trademark owners. By preventing competitors from copying source identifying marks, trademark law assures consumers that an item with a specific mark is made by the same producer as other similarly marked items, ensuring that consumers get the quality of products they expect from the source they expect.¹¹ The Lanham Act also ensures that trademark owners, rather than an imitating competitor, reap the financial benefits associated with their desirable product and their company’s good will.¹²

According to the Lanham Act, a trademark, commonly referred to as a “mark” prior to registration, is any word, name, symbol, or device used by a person to identify and distinguish their goods from those manufactured or sold by others and to indicate the source of the product

⁹ *Id.*

¹⁰ 15 U.S.C. §§ 1051-1141 (2006).

¹¹ For example, the red sole on every pair of Louboutin shoes identifies them in the mind of consumers as a part of the Louboutin brand, ensuring the quality of the shoes based on the brand’s reputation for quality.

¹² *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

to consumers.¹³ The Lanham Act permits the registration of an unregistered mark if it has become distinctive of the applicant's goods in commerce.¹⁴ In order to register a mark, the applicant must make a prima facie showing that (1) the mark has become distinctive, as used on or in connection with the applicant's goods in commerce and (2) the applicant's use of the mark was substantially exclusive and continuous in commerce for the five years.¹⁵ This allows businesses that have exclusively and continuously used a mark in commerce for at least five years to obtain trademark protection based on the consumers' connection between the mark and the source. If the applicant is able to present prima facie evidence of the mark's distinctiveness as well as exclusive and continuous use for five years, the mark will be accepted for registration.

After registration of a trademark, a certificate of registration on the principal register serves as prima facie evidence of the validity of that trademark, the validity of the registration of the mark, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in commerce.¹⁶ While registration of a trademark does not preclude competitors from proving a legal or equitable defect, it does create a strong presumption that the trademark is valid because of the rigorous process the trademark application must go through during registration.¹⁷ The presumption of validity puts the burden of proving that the trademark registration is somehow defective on the alleging party. If a trademark owner alleges infringement of a registered mark, fair use can be asserted by the infringer as a defense if the mark was used fairly and in good faith.¹⁸

¹³ 15 U.S.C. § 1127.

¹⁴ A mark shall be deemed to be in "use in commerce" on goods when the mark is placed on the goods and the goods are sold or transported in commerce. *Id.*

¹⁵ *Id.* §§ 1052(f) , 1127. The Principal Register is the primary register of trademarks maintained by the United States Patent and Trademark Office. It is governed by Subchapter I of the Lanham Act.

¹⁶ *Id.* § 1057(b).

¹⁷ *Id.* § 1115(a).

¹⁸ *Id.* § 1115(b)(4).

The Lanham Act permits trademark registration of color when it is part of the design feature of a product. Color alone can meet the legal requirements for a trademark if it “acts as a symbol that distinguishes a firm’s goods and identifies its source, without serving any other significant function.”¹⁹ A color may also be protected as a trademark where that color has attained (1) secondary meaning and is (2) nonfunctional.²⁰ Secondary meaning occurs when, in the minds of consumers, “the primary significance of a mark is to identify the source of the product rather than the product itself.”²¹ When consumers are able to identify and connect a single source to a product based on the color mark used, that trademark becomes analogous to that brand, and secondary meaning is established. For example, the jewelry store Tiffany, L.L.C. and Tiffany and Company (hereinafter referred to as Tiffany), has used a signature blue color on merchandise, jewelry boxes, and shopping bags since 1837.²² When consumers see that particular shade of blue on those items, they are able to immediately identify the Tiffany brand. That particular color mark has become so recognizable that it is often referred to as Tiffany blue.²³ Consumers are able to make a connection between Tiffany’s signature color mark and the company’s quality and prestige, giving that color secondary meaning to the public.

A color is functional if it is “essential to the use or purpose of the product” or if it “affects the cost or quality of the product.”²⁴ A design feature, like color, is essential to the use or purpose of the product only if the feature is “dictated by the functions to be performed,” meaning that it is essential to the functional use and performance of the product.²⁵ A design feature affecting the cost or quality of an article is one which “permits the article to be manufactured at a

¹⁹ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995).

²⁰ *Id.* at 163; *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006).

²¹ *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 114 (1938).

²² *Tiffany Blue: A Color of Distinction*, TIFFANY & CO., <http://press.tiffany.com/ViewBackgrounder.aspx?backgrounderId=6> (last accessed May 19, 2012).

²³ *Id.*

²⁴ *Qualitex Co.*, 514 U.S. at 165.

²⁵ *LeSportsac, Inc. v. KMart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985).

lower cost or constitutes an improvement in the operation of the goods.”²⁶ Design features that reduce the cost of manufacturing or improve the functional use of the product are more desirable, and are not protected from fair use by competitors because of their functional benefits.

Finally, a color is deemed aesthetically functional when it is “an ornamental feature and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs.”²⁷ In the case of Tiffany, it created and utilized a widely-known single color trademark – robin’s-egg blue.²⁸ This trademark has been officially recognized and protected by the United States Patent and Trademark Office.²⁹ Tiffany’s signature blue color is not aesthetically functional because competitors have a wide range of alternative designs at their disposal and are not limited creatively because of Tiffany’s trademark. Consequently, the particular color of blue utilized by Tiffany’s can be afforded trademark protection. As will be discussed below, Louboutin’s “Red-Sole Mark” has likewise achieved secondary meaning and is not aesthetically functional, and should therefore be afforded trademark protection.

III. Defending the “Red-Sole Mark”

Louboutin’s trademark claims included federal claims for trademark infringement, counterfeiting, false designation of origin, unfair competition, and trademark dilution.³⁰ It also alleged state claims for trademark infringement, trademark dilution, unfair competition, and unlawful deceptive acts and practices.³¹ To succeed on claims for trademark infringement and unfair competition under the Lanham Act, Louboutin needed to demonstrate that (1) its “Red-Sole Mark” merited protection and (2) YSL’s use of the same or a sufficiently similar mark was

²⁶ *Id.*

²⁷ *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990).

²⁸ *Tiffany Blue: A Color of Distinction*, *supra* note 22.

²⁹ *Id.*

³⁰ *Christian Louboutin S.A. v. Yves St. Laurent Am., Inc.*, 778 F. Supp. 2d 445, 449 (S.D.N.Y. 2011).

³¹ *Id.*

likely to cause consumer confusion as to the original sponsorship of YSL's red-soled shoes.³² When a party holds a certificate of registration for a mark from the United States Patent and Trademark Office, as Louboutin does for its "Red-Sole Mark," that registration constitutes prima facie evidence of the registration, validity, ownership, and exclusive rights to use the mark in commerce.³³ Louboutin's registration constituted prima facie evidence that the "Red-Sole Mark" was valid and therefore merited protection, leaving the burden of proof on YSL to rebut the presumption of validity.³⁴ Along with the presumption of validity, Louboutin would have also been able to provide proof of the likelihood of confusion due to the prominence of the "Red-Sole Mark," the proximity of Louboutin and YSL's goods in the marketplace, the similarity of the high end red-soled shoes, as well as survey evidence showing actual confusion by consumers.³⁵ Based on these factors, Louboutin had a strong case for trademark infringement against YSL. However, Louboutin's infringement suit against YSL was halted by the Southern District Court of New York.³⁶

In anticipation of protracted litigation, Louboutin filed a motion seeking a preliminary injunction to prevent YSL's continued production of red-soled shoes.³⁷ To prevail on the motion for a preliminary injunction, Louboutin needed to establish "(1) irreparable harm and (2) either (a) a likelihood of success on the merits, or (b) sufficiently serious questions going to the merits of its claims to make them fair ground for litigation, plus a balance of the hardships tipping decidedly in favor of the moving party."³⁸ However, the district court failed to consider these factors, instead finding that Louboutin's trademark was invalid after adopting an unprecedented

³² Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 192 F.3d 337, 344 (2d Cir. 1999).

³³ 15 U.S.C. § 1115(a) (2006).

³⁴ Lane Capital Mgmt., Inc., 192 F.3d at 345.

³⁵ Plaintiffs' Reply Memorandum of Law, *supra* note 3, at 3; *see Christian Louboutin S.A.*, 778 F. Supp. 2d at 451.

³⁶ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 447.

³⁷ *Id.*

³⁸ *Monserrate v. N.Y. State Senate*, 599 F.3d 148, 154 (2d Cir. 2010).

per se rule against trademark protection of a single color used in any “fashion item,” even where the color had achieved secondary meaning and was associated with a single brand.³⁹

A. Threat of Irreparable Harm

Louboutin argued that the threat of irreparable harm to its goodwill and ultimate future as a business clearly outweighed the potential economic harm to YSL.⁴⁰ Issuing the preliminary injunction to protect the “Red-Sole Mark” would have kept it safe from use by third party competitors, ensured the protection of Louboutin’s goodwill pending litigation, and would have only minimally affected YSL.⁴¹ Louboutin maintained that if a preliminary injunction was not issued, the company would likely lose control over the “Red-Sole Mark,” resulting in damage to the company’s goodwill, market prominence, fame, and ultimately threatening its entire business.⁴² According to the Second Circuit, “[h]arm to the plaintiff’s property interest has often been characterized as irreparable in light of possible market confusion,”⁴³ and the production and sale of red-soled shoes by high end competitors and even mid-range companies would undoubtedly cause substantial consumer confusion. The dilution of the mark, loss of goodwill, and inability to control the brand reputation that would result from red-soled imitations flooding the market demonstrate a clear threat of irreparable harm.⁴⁴ The failure of the district court to enjoin YSL and other competitors from using the “Red-Sole Mark” could result in a windfall for competitors at the price of Louboutin’s business by creating substantial market confusion. When balancing the hardships of the parties, Louboutin’s mark is clearly in need of protection based on the substantial risk of harm that could result from lack of procedural safeguards. The district

³⁹ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 457.

⁴⁰ Plaintiffs’ Reply Memorandum of Law, *supra* note 3, at 6; *Christian Louboutin S.A.*, 778 F. Supp. 2d at 450.

⁴¹ *Monserate*, 599 F.3d at 154.

⁴² Plaintiffs’ Reply Memorandum of Law, *supra* note 3, at 6.

⁴³ *Salinger v. Colting*, 607 F.3d 68, 81 (2d Cir. 2010).

⁴⁴ *N.Y. City Triathlon, L.L.C. v. NYC Triathlon Club*, 704 F. Supp. 2d 305, 325 (S.D.N.Y. 2010).

court made no substantial effort to balance the hardships of the parties and barely considered the prodigious effect that denying the preliminary injunction could have on Louboutin's business.

B. Likelihood of Success on the Merits

Louboutin presented substantial evidence of its likelihood of success on the merits of the trademark infringement case. Louboutin's registration of the "Red-Sole Mark" with the United States Patent and Trademark Office constitutes prima facie evidence of the registration, validity, ownership, and exclusive rights to use the mark in commerce.⁴⁵ Because the "Red-Sole Mark" is a federally registered mark, there is also a presumption that it is inherently distinctive.⁴⁶ The "Red-Sole Mark" has strong secondary meaning due to substantially exclusive use over nineteen years, extensive media coverage, advertising, market success, and consumer survey evidence.⁴⁷ Louboutin was also able to prove that, in the minds of the public, the primary significance of the "Red-Sole Mark" was to identify the Louboutin brand as the source of the shoes.⁴⁸ Even YSL conceded "a strong association, between red-soles and Louboutin," and that the red-sole is the signature of the Louboutin brand.⁴⁹

C. Functionality

The "Red-Sole Mark" has no utilitarian functionality because the red sole is merely a source identifier. A color is functional if it "is essential to the use or purpose of the product" or if it "affects the cost or quality of the product."⁵⁰ A design feature is essential to the use or purpose of the product only if the feature is "dictated by the functions to be performed;" a feature that

⁴⁵ 15 U.S.C. § 1115(a) (2006).

⁴⁶ *Id.* § 1057(b).

⁴⁷ Plaintiffs' Reply Memorandum of Law, *supra* note 3, at 1.

⁴⁸ *Id.* at 6; *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 114 (1938).

⁴⁹ Defendants/Counterclaim-Plaintiffs' Memorandum of Law in Opposition to Motion for Preliminary Injunction at 14, *Christian Louboutin S.A.*, 778 F. Supp. 2d 445 (No. 11 Civ. 2381 (VM)); *Christian Louboutin S.A.* 778 F. Supp. 2d at 448.

⁵⁰ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995).

merely accommodates a useful function is not enough.⁵¹ The district court failed to analyze functionality; specifically, it failed to evaluate whether the “Red-Sole Mark” was essential to the use and purpose of Louboutin’s shoes. If the court had examined the issue, it is unlikely that it would have found the color essential, as a shoe serves the same function regardless of the color of its sole. Instead, the district court adopted the rule that the use of a “single color” for “fashion items” is *per se* essential to the use and purpose of fashion items, and thus, is *per se* functional.⁵² It further concluded that color in general is a “critical attribute” and an “indispensible medium” in the fashion world and the law cannot exclude the “use of an ornamental or functional medium necessary for the freest and most productive artistic expression by all engaged in the same enterprise.”⁵³

The district court also failed to properly analyze how the “Red-Sole Mark” affected the cost of the product, and completely ignored how it affected the quality. “A design feature affecting the cost or quality of an article is one which permits the article to be manufactured at a lower cost or constitutes an improvement in the operation of the goods.”⁵⁴ Instead, the district court concluded that the “Red-Sole Mark” affected the cost of the shoe because adding the red lacquered finish to the plain leather sole made the production of the shoe more expensive.⁵⁵ Increased expense should have indicated to the court that the design feature, the color red, is not a functional element necessary for fair competition, but rather a costly and unnecessary feature. Again, the district court failed to apply the correct legal standards to determine utilitarian

⁵¹ *LeSportsac, Inc. v. KMart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985).

⁵² *Christian Louboutin S.A.*, 778 F. Supp. 2d at 452-53.

⁵³ *Id.*

⁵⁴ *Qualitex Co.*, 514 U.S. at 165.

⁵⁵ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 454.

functionality of the “Red-Sole Mark” and instead adopted the rule that the use of a single color as a trademark on fashion items is *per se* functional.⁵⁶

Additionally, the “Red-Sole Mark” is not aesthetically functional because there is no evidence that YSL needed to copy Louboutin’s design to compete in the relevant market. The “Red-Sole Mark” does not prevent competitors from using other colors on their products, including other shades of red, nor does it hinder competition because the red sole provides no functional advantage. The Second Circuit has adopted a clear test to determine when a characteristic that is aesthetically functional should be denied protection. Specifically, there is no trademark protection “where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs.”⁵⁷ Louboutin’s red sole design feature was not necessary for “effective competition” in the market where there are endless color and style alternatives YSL could have utilized instead of copying Louboutin’s trademarked design.⁵⁸ The “Red-Sole Mark” protects a specific red outsole, but does not keep competitors from using a broad spectrum of colors on their outsoles, or even Louboutin’s red color on other parts of the shoe.⁵⁹ However, the district court failed to analyze the “Red-Sole Mark’s” aesthetic functionality and instead relied on sweeping generalities about the fashion industry. The court concluded that the use of a single color in fashion is *per se* aesthetically functional because protection of a single color would “cramp what other designers could do” in an industry that is “susceptible to taste, to idiosyncrasies and whims and moods, both of designers and consumers.”⁶⁰ The court’s failure to apply the correct legal standard to determine the aesthetic functionality of the “Red-Sole Mark” by instead adopting a

⁵⁶ *Id.*

⁵⁷ *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990).

⁵⁸ *Villeroy & Boch Keramische Werke K.G v. THC Sys., Inc.*, 999 F.2d 619, 621 (2d Cir. 1993).

⁵⁹ Plaintiffs’ Reply Memorandum of Law, *supra* note 3, at 4.

⁶⁰ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 454.

rule that the use of a single color as a trademark on fashion items is *per se* aesthetically functional is inconsistent with both the Lanham Act and trademark jurisprudence.

D. Likelihood of Confusion

Louboutin demonstrated a strong likelihood of confusion due to the strength of the “Red-Sole Mark,” the proximity of Louboutin and YSL’s products, and the similarity of the high-end designer shoes. The “Red-Sole Mark” is strong and prominent in the market, both Louboutin and YSL produce high end fashion footwear, and YSL used the identical color as Louboutin on its infringing shoes, creating the likelihood that both point-of-sale and post-sale confusion will occur. Consumers shopping in stores or seeing red-soled shoes worn by others could mistake the YSL shoes for Louboutin, knowing that Louboutin shoes always have been the only shoe with red soles. In support of this contention, Louboutin demonstrated actual confusion by consumers with undisputed survey evidence from Klein Research. The survey found a high likelihood of confusion among respondents: 47.1% thought a YSL shoe with a red outsole came from Louboutin and 96% of those respondents said the red sole showed it was a Louboutin shoe, proving actual confusion.”⁶¹ Although Louboutin presented substantial evidence of likelihood of confusion, the district court failed to consider this issue after simply deciding that Louboutin’s “Red-Sole Mark” did not merit protection.⁶²

E. Dilution

The fame of the “Red-Sole Mark” supports Louboutin’s original infringement claim for dilution. Undisputed evidence provided by Louboutin proves that the mark has become widely recognized by the general public, that there is a strong retail and advertising presence, and

⁶¹ Plaintiffs’ Reply Memorandum of Law, *supra* note 3, at 5.

⁶² *Christian Louboutin S.A.*, 778 F. Supp. 2d at 457.

extensive media coverage.⁶³ Because Louboutin's "Red-Sole Mark" is famous, it qualifies for protection under a federal dilution claim.⁶⁴ There are six factors to consider when determining whether there is dilution by blurring: (1) the degree of similarity between the mark or trade name and the famous mark, (2) the degree of inherent or acquired distinctiveness of the famous mark, (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, (4) the degree of recognition of the famous mark, (5) whether the user of the mark or trade name intended to create an association with the famous mark, and (6) any actual association between the mark or trade name and the famous mark.⁶⁵

YSL's use of a red outsole constitutes blurring because it impairs the distinctiveness of Louboutin's "Red-Sole Mark." Louboutin's famous "Red-Sole Mark" and YSL's infringing mark are identical as they are both a distinct shade of red on the outsole of high end women's footwear. Louboutin has shown substantial evidence of distinctiveness and has a valid trademark registration for the "Red-Sole Mark." Louboutin engaged in substantially exclusive use of the "Red-Sole Mark" for over nineteen years and during that time became a household name because of the distinct and immediately recognizable "Red-Sole Mark." As a shoe manufacturer, YSL was assuredly aware that an association would be made between the two marks and, more likely, that consumer confusion would be likely to happen because of the proximity of the two high end footwear designs. Finally, Louboutin proved with survey evidence that consumers were associating YSL's red-soled shoe with the Louboutin brand because of the red soles. The evidence in favor of Louboutin regarding the dilution claim speaks directly to the likelihood of success on the merits in the infringement suit. Thus, even if the district court had not been

⁶³ Plaintiffs' Reply Memorandum of Law, *supra* note 3, at 5.

⁶⁴ *Id.* at 6. The court did not undertake an analysis of the dilution claim because it found that the "Red-Sole Mark" did not warrant protection. *Christian Louboutin S.A.*, 778 F. Supp. 2d at 457.

⁶⁵ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 105, 106 (2d Cir. 2009).

sufficiently convinced of Louboutin's likelihood of success on the merits, Louboutin presented serious questions going to the merits of its claims and the district court should have undergone further inquiry in order to protect the interests of both parties pending further litigation.

VI. Creating a Color War

A. Painting with a Full Palette

The district court explained its position on Louboutin and YSL's dispute by comparing the two designers to classic painters. The court rationalized that Louboutin's registration of the "Red Sole Mark" allowed the designer to claim ownership over the red sole to the detriment of competitors, which would be like forbidding Monet from using a specific shade of blue in his Water Lilies series because Picasso had used it first in paintings from his Blue Period.⁶⁶ From a lay perspective, the district court's analysis and subsequent decision might seem fair. Artists, whether painter or designer, need a full palette from which to create. Limiting their artistic freedom by allowing other artists to appropriate a specific shade on the color spectrum would unduly hinder imagination, competition, and creation. However, when the district court extended this principle from high art to the high fashion industry and adopted a *per se* rule that a single color can never constitute a protectable trademark when used on any fashion item, it failed to consider the special circumstances of Louboutin's "Red-Sole Mark." In doing so, the district court relied upon an illogical analogy between art and industry which simply does not have justification in statute or trademark jurisprudence.

Contrary to what the district court seemingly holds, the "Red-Sole Mark" protects a specific color of red outsole on women's shoes, but does not keep competitors from using a broad spectrum of other colors on their outsoles, or even using Louboutin's red color on other parts of the shoe. The importance of Louboutin's red sole in identifying the shoe's source cannot

⁶⁶ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 451.

be overlooked and the history of the mark coupled with the very narrow protection it allows for differentiates it from the court's comparison to Picasso's use of the color blue. A painting which makes use of a specific color of blue does not immediately signify that it is a Picasso; conversely, the particular Louboutin shade of red on a particular part of woman's shoe clearly identifies it as a Louboutin. Contending that creativity will be hindered by disallowing other designers from using the *exact* shade of red in the same manner and place as Louboutin assumes that such designers have little creativity to hinder in the first place.

In addition, federal and common law have allowed trademark protection of single color marks.⁶⁷ Such laws should have been given far more weight than the court's hypothetical analogy. The district court's analysis and blanket prohibition on protection for single color marks in fashion exceeded the scope of the issues before the court. Even then, the artistic nature of the fashion industry does not bar trademark protection for fashion designers regardless of the court's analogous view of fashion and art.

The district court nevertheless acknowledged single color trademark protection in industrial goods, but posited that the purpose of that protection does not fit the "unique characteristics and needs – the creativity, aesthetics, taste, and seasonal change, that define production of articles of fashion."⁶⁸ The district court explained that a distinction exists between industrial markets and fashion because, in industrial markets, the design, shape, and general composition of the goods are relatively uniform and color can be used solely as a source-identifying feature.⁶⁹ However, in fashion markets, although color *can* be used as a source identifier, it is primarily used to advance expressive ornamental and aesthetic purposes.⁷⁰ Like

⁶⁷ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995).

⁶⁸ *Christian Louboutin S.A.*, 778 F. Supp. 2d at 451.

⁶⁹ *Id.*

⁷⁰ *Id.* (emphasis added).

the court's analogy to art, this explanation is inconsistent with the Lanham Act and controlling case law, as color marks have been valid and registerable regardless of the industry.⁷¹

The district court recognized that the use of color in a trademark within a distinct pattern or combination of shades has been protected when the use of color manifests a conscious effort to design a uniquely identifiable mark embedded in the goods.⁷² These cases are meant to apply to the arrangement of colors creating a distinct and recognizable image on fashion items, not to single and specific shades. The issue of single color marks in the fashion industry is one of first impression; yet, the rule of law created in other fashion color mark cases can and should be considered when examining Louboutin's "Red-Sole Mark." Like Louis Vuitton Malletier's pattern of brightly colored "LV" monograms and Burberry's distinctive white, red, beige, and black plaid pattern, Louboutin's red sole is purposely intended to be a source identifier as well as an expressive and decorative design. While a single color mark should not always be registerable in the fashion industry, Louboutin's red outsole is just as distinctive as Burberry's plaid pattern and identifies the source of the product just as clearly. Protection of Louboutin's famous "Red-Sole Mark" is unlikely to cause a wave of designers attempting to take ownership of every color in the spectrum. Yet, even if it did, the United States Patent and Trademark Office reviews every application for trademark protection based upon trademark law articulated in the Lanham Act and case law. Louboutin's "Red-Sole Mark" was protected only after showing years of substantially exclusive use and the establishment of secondary meaning.

Just like Louboutin's shoes, this case is distinctive. If, on rare occasion, a designer's nonfunctional color mark becomes famous and consumers connect that specific color in that specific design to one particular brand, that designer should have the ability to protect that source

⁷¹ *Qualitex Co.*, 514 U.S. at 163.

⁷² *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 116 (2d Cir. 2006).

identifier and the accompanying goodwill. Creating a *per se* rule prohibiting single color marks in the fashion industry is not the proper way to evaluate these trademark issues. Instead, a case-by-case analysis is necessary to protect those using color marks in their businesses that are successful enough to acquire distinctiveness.

B. Protecting Fashion’s Signature Color Marks

Trademark protection under the Lanham Act is intended to protect against consumer confusion regarding the source of goods or services in the marketplace and to encourage businesses to maintain the quality of their goods or services by protecting the goodwill they have developed with their trademarks. These safeguards are essential to fair business practices in any market, including fashion. Because of the fashion industry’s ever-changing artistic, ornamental, and aesthetic nature, only the most unique, prominent, and enduring single color trademarks would even be eligible for registration. It is only those widely-known and long lasting single color marks, like the “Red-Sole Mark,” that deserve trademark protection.

Like Louboutin, Tiffany has created and utilized a widely-known single color trademark. After using the same color mark since 1837, Tiffany registered its distinctive shade of blue with the United States Patent and Trademark Office in 1998 and received both a trademark and service mark registration for the robin’s-egg blue color, as used on boxes, shopping bags, and the covers of catalogs.⁷³ That specific shade of blue is often referred to as “Tiffany blue” and has been given its own Pantone number on the Pantone Matching System.^{74,75} Like Louboutin’s red soles, consumers are able to instantly associate the well known blue color with the Tiffany brand.

⁷³ *Tiffany Blue: A Color of Distinction*, *supra* note 22.

⁷⁴ *Id.*

⁷⁵ The Pantone Matching System is a standardized color matching system and is known worldwide as the standard language for color communication from designer to manufacturer to retailer to customer. *About Us: What We Do*, PANTONE, <http://www.pantone.com/pages/pantone/pantone.aspx?pg=19295&ca=10> (last accessed May 19, 2012).

The district court’s broad declaration that single color marks cannot be protected in the fashion industry prompted Tiffany to file an amicus curiae brief to the United States Court of Appeals for the Second Circuit in support of Louboutin’s appeal seeking reversal of the district court’s ruling. Tiffany argued that the district court adopted a sweeping and unprecedented *per se* rule against granting trademark protection to *any* single color that is used on *any* “fashion item,” even where the color has achieved secondary meaning and is associated with a single brand.⁷⁶ In its brief, Tiffany asked the Second Circuit to reject the district court’s adoption of this sweeping *per se* rule concerning the protectability and functionality of single colors in the fashion industry and instead reaffirm the Supreme Court and Second Circuit standard of evaluating secondary meaning and functionality on a case-by-case basis.⁷⁷ Tiffany argued that, in conducting its analysis of whether Louboutin’s “Red-Sole Mark” was a valid trademark, the district court failed to apply the correct legal standards.⁷⁸ In doing so, the court primarily erred when it looked at the “fashion world” generally and adopted a *per se* rule that a single color can never constitute a protectable trademark when used on any article of wear produced in the fashion industry.⁷⁹ This ruling was overbroad, inconsistent with the Lanham Act and common law, and was unnecessary to decide the issue of the preliminary injunction. In conducting its analysis of whether Louboutin’s mark was functional, the district court failed to apply the correct legal standards and again relied on generalities about the “fashion industry” to analyze whether the use of a single color is “functional” when used on fashion items.

⁷⁶ Brief of Amicus Curiae Tiffany (NJ) LLC and Tiffany and Company in Support of Appellants’ Appeal Seeking Reversal of the District court’s Decision Denying Appellants’ Motion for Preliminary Injunction at 10, *Christian Louboutin S.A.*, 778 F. Supp. 2d 445 (No. 11 Civ. 2381 (VM)).

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ *Id.*

V. Implications

The district court's denial of Louboutin's preliminary injunction and its allusion to cancellation of the mark in the future has put Louboutin's "Red-Sole Mark" in jeopardy regardless of the decision on appeal. The decision has left YSL and third party shoemakers free to dilute the market with red-soled shoes pending the outcome of Louboutin's case, leaving the designer unprotected from infringement on its famous "Red-Sole Mark." Louboutin's business was built on its red-soled shoes, which have become an integral part of the Louboutin brand. Only after nineteen years of use and public recognition of the red sole's exclusive association to the Louboutin brand was protection merited. If YSL and other competitors are free to use red soles on their shoes, then the most distinctive and recognizable design component of Louboutin's brand, one which clearly identifies Louboutin as the source of the shoes, is in serious jeopardy. Even if Louboutin prevails on appeal, the production and sale of red-soled shoes by high end competitors and mid-range companies allowed by the district court's decision will have already caused substantial consumer confusion. The inability to preserve its reputation if red-soled imitations flood the market could potentially devastate the Louboutin brand.

Although the district court pointed to the changeable nature of the fashion industry when creating this rule, all industries are subject to changes in taste of both designers and consumers. As a result, this restriction could easily be applied to every conceivable type of business. The inevitable expansion to other industries would quickly destroy legal precedent in the field of color marks, essentially prohibiting single color trademarks completely. Not only would fashion entities like Louboutin and Tiffany lose their trademark protection, so would companies in other industries like UPS, Qualitex, and many others that rely on a specific color as part of their

business. Affirming the district court's decision would result in a tremendous shift in the world of trademark protection, making it virtually impossible for a company to benefit from the goodwill that their color choice has made by protecting against copyists. The resulting consumer confusion would have a significant negative effect on the marketing and sales of their brands.

The outcome of Louboutin's case may also alter the functionality doctrine as it currently stands. A color mark is considered to have utilitarian functionality if it "is essential to the use or purpose of the product" or if it "affects the cost or quality of the product."⁸⁰ If the case is affirmed, all single color marks with any utilitarian appeal will be deemed functional, as the district court adopted a *per se* rule that the use of a single color for fashion items is *per se* essential to the use and purpose of fashion, and, thus, is *per se* functional. Any color mark either decreasing or increasing the cost of the design in any way would also create an inference of functionality, regardless of precedent holding that a design feature affecting the cost or quality of an article is considered one "which permits the article to be manufactured at a *lower cost*."⁸¹

If the district court's decision is affirmed, the test for aesthetic functionality will be altered as well. The use of single color marks in fashion will be *per se* aesthetically functional because designers need to use the full color palette due to the changing nature of designers and consumers. Not only did the district court create its own rules regarding functionality, it failed to fully analyze and consider the controlling case law in this area. Furthermore, the rules the district court adopted in regards to functionality can once again be expanded to single color trademarks across all industries, abolishing the functionality doctrine and putting in its place unclear and overly broad rules. The district court's decision has created confusing and expansive new rules that are entirely inconsistent with the Lanham Act and trademark precedent. If the Second

⁸⁰ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995).

⁸¹ *Id.*

Circuit was to affirm the district court's decision as a whole, every single color trademark owner in every industry would be at serious risk of losing their trademark protection due to the far-reaching implications of the district court's adopted rules.

If the Second Circuit does not affirm the district court's decision, but does agree that the "Red-Sole Mark" should be cancelled, there would still be serious implications for other single color trademark holders in the fashion industry. The cancellation of Louboutin's mark may limit the ability of other designers to register and enforce rights for single color marks in any fashion item. Cancellation could also seriously weaken single color trademarks in the fashion industry by creating a procession of infringers and subsequent court actions where the Louboutin cancellation is used as evidence that single color marks in fashion are invalid and unprotectable. While the Second Circuit's analysis could find that Louboutin's "Red-Sole Mark" is invalid for many different reasons, the cancellation of the mark could be used to support the subsequent cancellation of marks in similar situations. If the Second Circuit found cancellation appropriate because Louboutin's mark did not merit protection, this case would provide support for others requesting cancellation of a mark for lack of secondary meaning or nonfunctionality. Likewise, if the Second Circuit found cancellation appropriate because YSL's use of the similar mark was not likely to cause consumer confusion, it would provide support for others requesting cancellation of a mark for lack of consumer confusion.

The cancellation of the "Red-Sole Mark" and third party competitors' use of red soles on their designs would be devastating for Louboutin's brand because they are almost as recognizable as the designer's name. If the "Red-Sole Mark" was cancelled, Louboutin would be helpless in keeping YSL and other competitors from using a red sole on their designs. While Louboutin could still use the red sole on its own designs, the market would be so diluted with

red-soled shoes that the Louboutin brand would no longer be distinctive or recognizable by appearance. The resulting consumer confusion will render Louboutin's "Red-Sole Mark" meaningless. Cancellation of the mark would seriously affect Louboutin's ability to distinguish itself from other high fashion, mid-priced, or low-priced footwear, inevitably making Louboutin's high-end customers indistinguishable from those who paid far less for a similar red-soled shoe. Instant recognition of the cost and quality of Louboutin shoes is important to this target market because the red-soled shoes have become a symbol of status for customers. Cancellation of the mark would result in loss of that status symbol and inevitable loss of customers.

If the Second Circuit overturns the district court's decision, it may have equally broad implications for the future of color marks in fashion and other industries. A reversal, and subsequent validation of Louboutin's mark, would establish a favorable precedent for other designers seeking to register or enforce rights for single color marks in fashion design. Tiffany and other single color mark holders in the fashion industry could be certain that the district court's overly broad and confusing rules would not be considered controlling law and a case-by-case analysis of trademark claims would be reinstated. Louboutin's victory on appeal would also be a favorable indication that its color mark is valid and protectable, bolstering its ability to police for infringement and enforce its trademark rights. Depending on whether or not the Second Circuit decides to approve the preliminary injunction, a reversal could potentially bar YSL and other competitors from using the color red on the soles of women's shoes. Even if the Second Circuit did not enjoin YSL's use of red soles on their designs, a reversal is an indicator to YSL and third party competitors that they should not yet begin mass production of red-soled shoes, as infringement claims would be likely.

IV. Conclusion

The Second Circuit's decision on appeal has the potential to endorse or negate single color trademarks across the board. Affirming the district court's decision would significantly alter the rules for functionality analysis in fashion, essentially abolishing the functionality doctrine and putting in its place unclear and overly broad rules, which could quickly spread to color trademark cases in other industries. The district court's argument for the fashion industry's need for a full palette of colors could be adopted by other industries as well, potentially causing widespread cancellation of single color marks in every industry. Reversing the district court's decision would strengthen single color marks in fashion and all other industries and would allow designers to register and enforce their rights to protect their mark.

It seems clear that the district court erred in its analysis of Louboutin's "Red-Sole Mark" and exercised far too much discretion in reaching a decision that ignored both the Lanham Act and controlling precedent in trademark law. Whether or not the "Red-Sole Mark" retains trademark protection, it is unlikely that the district court's per se rules regarding single color marks in fashion will stand. Without the district court's overly broad edict that single color marks are not protectable in fashion items, Louboutin has a strong claim for exclusive use of its "Red-Sole Mark". After all, "that a trademark is desirable does not... render it unprotectable," regardless of the industry.⁸²

⁸² Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co, 550 F.3d 465, 488 (5th Cir. 2008).