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Louboutin's Red Sole Shoe Mark: Trademark Protection for Single Colors in the Fashion Industry

By Susan E. Hollander and Jocelyn M. Belloni

Should fashion designers be entitled to trademark protection for single color trade dress of fashion articles? On September 5, 2012, the Second Circuit held in the affirmative. The Second Circuit found 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 in error. The Second Circuit held that Louboutin's trademark in its red soled shoes was valid and enforceable. The Second Circuit overturned in part the District Court's denial of a preliminary injunction against Yves Saint Laurent ("YSL") for its sale of red soled shoes. The decision is a victory for trademark owners claiming protection of single color trademarks, particularly in the fashion industry.

Background

Christian Louboutin sued YSL for trademark infringement and other claims related to YSL's sale of shoes with a red outsole. Louboutin claims to have been using a red outsole on its shoes as a source identifier or trademark since 1992. In 2008 Louboutin obtained a trademark registration from the United States Patent and Trademark Office for trade dress described as "lacquered red sole on footwear" (Louboutin's "Red Sole Mark"), as shown here:



The District Court Opinion

Louboutin asked the United States District Court for the Southern District of New York to preliminarily enjoin YSL from selling shoes with an outsole confusingly similar to the shade of red of Louboutin's Red Sole Mark during the pendency of the action. In order to obtain a preliminary injunction, Louboutin had to establish irreparable harm and either likelihood of success on the merits or sufficiently serious questions going to the merits of its claims to make them fair ground for litigation, plus a balance of the hardships decidedly tipping in its favor.

On August 10, 2011 the District Court denied the preliminary injunction, permitting YSL to continue selling its shoes during the pendency of the action. The District Court's decision suggested that trademark protection should never obtain for single color marks in the fashion industry, because the court believed that in the fashion industry color serves aesthetic and ornamental functions vital to robust competition. The functionality doctrine forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is essential to the use or purpose of the article or affects its cost or quality. The District Court stated that "awarding one participant in the designer shoe market a monopoly on the

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color red would impermissibly hinder competition among other participants.” *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

Louboutin's Arguments on Appeal

On appeal, Louboutin argued that the District Court erred in (1) holding, based on the doctrine of “aesthetic functionality,” that the Red Sole Mark was not entitled to legal protection; (2) applying the doctrine of aesthetic functionality to hold that a single color on a fashion item could not act as a trademark; (3) failing to give weight to the statutory presumption of validity deriving from the Red Sole Mark’s registration; (4) applying an improper analysis of trademark infringement and dilution; (5) ignoring allegedly undisputed proof of likelihood of confusion and irreparable harm; and (6) announcing a per se rule of functionality in a manner that violated Federal Rule of Civil Procedure 52.

The Amici

Due to the high stakes of the issues being decided, several parties filed amicus curiae briefs with the Second Circuit.

Tiffany and Company submitted an amicus curiae brief arguing that the Second Circuit should reject the District Court’s adoption of per se rules concerning the protectability and functionality of single colors in the fashion industry and instead endorse a case-by-case approach. Tiffany uses a distinctive shade of robin’s egg blue on its packaging and in advertising.

The International Trademark Association (“INTA”) also filed an amicus curiae brief asking the Second Circuit to vacate and remand the case for proper consideration and analysis of the issues of the validity of Louboutin’s mark and aesthetic functionality. INTA also argued that the District Court failed to recognize the statutory presumption of validity conferred by Louboutin’s trademark registration in the Red Sole Mark.

Finally, a group of law professors led by Rebecca Tushnet of Georgetown University Law Center filed an amicus curiae brief. The professors argued that the District Court’s decision should be upheld based on principles of unfair competition. The professors argued that single color claims in fashion markets are inherently suspect, and expressed a concern that granting Louboutin a monopoly on red colored outsoles would put competitors at a disadvantage.

The Second Circuit Decision

The Second Circuit heard oral arguments on January 24, 2012 and issued a decision on September 5, 2012. The panel consisted of Judges Cabranes, Straub, and Livingston, with Judge Cabranes writing the opinion.

First, the Second Circuit held that single colors are protectable as trademarks, both generally and in the fashion industry. Single color trademarks have been held valid in industries other than the fashion industry. *E.g.*, *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 160 (1995) (green-gold for pads used on dry cleaning presses); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1123 (Fed. Cir. 1985) (pink for fibrous glass insulation). It was a novel question whether to uphold protection of a mark consisting solely of a single color covering a portion of an article of apparel. The Second Circuit found that single color marks in the fashion industry can be valid, and the District Court’s opinion to the contrary was inconsistent with *Qualitex*. 514 U.S. 159.

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Second, the Second Circuit found that the lower court had misapplied the doctrine of aesthetic functionality, and held that a single color mark is not necessarily functional in the context of the fashion industry. Under the doctrine of aesthetic functionality, the aesthetic design of a product is not protectable as a trademark if giving the markholder the right to use it exclusively “would put competitors at a significant non-reputation-related disadvantage.” *Qualitex*, 514 U.S. at 165. The Second Circuit noted that the aesthetic functionality test was highly fact specific, and for this reason, rejected the lower court’s belief as to a per se rule of functionality for color marks in the fashion industry.

Third, the Second Circuit held that Louboutin’s Red Sole Mark is valid and enforceable insofar as it applies to red lacquered outsoles that contrast with the color of the shoe upper because the mark has developed “secondary meaning” in the public eye. Louboutin’s marketing efforts had created a brand with worldwide recognition, which was shown in part through extensive consumer surveys. Accordingly, the court reversed the order of the lower court insofar as it purported to deny trademark protection to Louboutin’s use of *contrasting* red lacquered outsoles.

The Second Circuit, however, found no secondary meaning in monochrome red shoes, and therefore limited the Red Sole Mark to *contrasting* red lacquered outsoles. Therefore, the Second Circuit held that YSL may continue to sell monochrome red shoes.

Having limited the Red Sole Mark, the Second Circuit did not address the likelihood of consumer confusion or whether the modified Red Sole Mark is functional. The Second Circuit remanded for further proceedings with regard to YSL’s counterclaims.

Implications of the Opinion

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. If you would like assistance in developing strategies for protecting trade dress, including the protection of color trade dress, please contact one of our attorneys.

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