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Second Circuit Holds That Christian Louboutin's Use of a Red Sole on Women's Footwear Is Eligible for Trademark Protection

On September 5, 2012, the United States Court of Appeals for the Second Circuit issued an important decision in *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, No. 11-3303-cv (2d Cir. Sep. 5, 2012), holding that 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.

Fashion designer Christian Louboutin sought a preliminary injunction against Yves Saint Laurent's use of a red sole on its high fashion women's footwear based on Louboutin's longstanding use of a red lacquered sole on its own high fashion women's shoes (the "Red Sole Mark"). The United States District Court for the Southern District of New York declined to enter a preliminary injunction based on its conclusion that a single color can never serve as a trademark in the fashion industry. The Second Circuit reversed this portion of the District Court's decision, but affirmed in part on other grounds.

The Second Circuit noted that the Supreme Court previously established in *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995), that "color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function." As the *Qualitex* decision suggests, even if a color is "distinctive" within the meaning of trademark law, it still may be "functional" and therefore ineligible for trademark protection. The Second Circuit found two forms of functionality to be relevant to its analysis: (1) "utilitarian" functionality, and (2) "aesthetic" functionality. The Court held that a color is functional in a utilitarian sense if it either is "essential to the use or purpose" or "affects the cost or quality" of the product at issue, and that if neither of those prongs is satisfied, a color may still be functional in an aesthetic sense if protecting the color as a trademark would significantly undermine competitors' ability to compete in the relevant market.

Because *Qualitex* requires an individualized, fact-based inquiry into the nature of the trademark, the Second Circuit concluded that there was no basis for a *per se* rule denying protection for the use of a single color as a trademark in the fashion industry (or in any other particular industry). Accordingly, the Court held that the District Court erred in concluding that a single color can never serve as a trademark in the fashion industry.

The Second Circuit then turned its analysis to whether the Red Sole Mark at issue is a distinctive mark that merits trademark protection. The Court observed that "a single color, standing alone, can almost never be inherently distinctive," but that such a mark

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can become distinctive by acquiring “secondary meaning.” In other words, a single color can, over time, come to identify and distinguish a product’s origin in the mind of consumers. Reviewing the record before the District Court, the Second Circuit found “extensive evidence” that the Red Sole Mark has gained secondary meaning that “causes it to be ‘uniquely’ associated with the Louboutin brand,” including advertising expenditures, media coverage and sales success. Thus, the Court held that the red lacquered sole has come to identify and distinguish the Louboutin brand and is therefore a distinctive symbol that qualifies for trademark protection.

The Second Circuit limited its holding, however, to Louboutin shoes in which the “upper” portion of the shoe—the visible portions of the shoe other than the sole—are a different color. That is, the Court found, based on the record before it, that Louboutin had not established secondary meaning “in an application of a red sole to a red shoe, but only where the red sole contrasts with the ‘upper’ of the shoe,” and thus the Court instructed the U.S. Patent & Trademark Office to limit the registration of the Red Sole Mark to only those situations. Accordingly, the Court affirmed the District Court’s order insofar as it declined to enjoin Yves Saint Laurent’s use of a red lacquered sole as applied to a monochrome red shoe.

Based on this limitation of the Red Sole Mark, and the fact that the Yves Saint Laurent footwear at issue consisted solely of red shoes with matching red soles and red “uppers,” the Second Circuit concluded that it “need not—and should not—address either the likelihood of consumer confusion or whether the modified [Red Sole] Mark is functional.”

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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