

SECOND CIRCUIT REVIEW

Expert Analysis

No Per Se Rule Governs Single-Color Trademarks in the Fashion Industry

This month, we discuss *Christian Louboutin v. Yves Saint Laurent*,¹ in which the U.S. Court of Appeals for the Second Circuit affirmed in part and reversed in part the district court's denial of a preliminary injunction against alleged trademark infringement. The court's opinion, written by Judge José Cabranes and joined by Judge Chester Straub and Judge Debra Livingston, considered whether a single color may be a legally protected trademark in the context of the fashion industry. Because the district court based its ruling on the premise that a single color could not serve as a valid trademark in the fashion industry, affirming the district court's judgment in its entirety would have created a per se rule in the Second Circuit denying protection for the use of a single color as a trademark.

Background

Since 1992, Christian Louboutin has designed high-fashion women's footwear and accessories often characterized by their most noticeable feature: a dramatic red outsole that almost always contrasts with the rest of the shoe. Over time, as Louboutin's shoes grew in popularity, the red outer sole became associated in popular culture with both the brand and with high-fashion affluence. In one example of the acquired recognition of Louboutin's red sole, the host of the 2007 Emmy Awards asked television star Eva Longoria to dis-



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play the striking red soles of her Louboutin shoes to the television audience. Moreover, in 2009, Jennifer Lopez released a single called "Louboutins" in which the singer abandons an unappreciative lover by declaring, "I'm throwing on my Louboutins, watch these red bottoms...watch me as I go."² Louboutin's promotion of the red lacquered soles was so successful that, according to the district court, "in the high-stakes commercial markets and social circles in which these things matter a great deal, the red outsole became closely associated with Louboutin."³

Louboutin applied for a trademark on this red outsole in March 2007, which was granted in January 2008. The trademark was for "women's high fashion designer footwear" and claimed as a feature of the mark "a lacquered red sole on footwear."⁴

In 2011, competing fashion house Yves Saint Laurent (YSL) developed a line of monochrome shoes in the colors purple, green, yellow, and red. The monochrome shoes were so called because the entire shoe was styled in the same color, including the insole, heel, upper, and outsole. Upon learning of YSL's red monochrome shoe, Louboutin requested that YSL remove the red shoes from the market to avoid infringing on Louboutin's red sole trademark. The two houses briefly entered into negotiations but could not arrive at an agreement

in time to avoid litigation.

Louboutin filed an action under the Lanham Act⁵ for trademark infringement and counterfeiting, false designation of origin and unfair competition, and trademark dilution, as well as state law claims for trademark infringement, trademark dilution, unfair competition, and unlawful deceptive acts and practices. Louboutin requested a preliminary injunction to prevent YSL from marketing any shoes with red outsoles. YSL asserted two counterclaims. First, YSL sought to cancel Louboutin's Red Sole Mark on the grounds that it is "ornamental," not "distinctive," that it is "functional," and that it was secured by fraud on the U.S. Patent and Trademark Office (PTO). Second, YSL requested damages for tortious interference with business relations and unfair competition.

On Aug. 10, 2011, after the district court conducted "limited and expedited discovery," the court denied Louboutin's injunction because the claim was unlikely to succeed on the merits.⁶ The court considered the "narrow question" of whether the Lanham Act can protect a single color trademark in the context of the fashion industry.⁷ Interpreting the Supreme Court's decision in *Qualitex*,⁸ the district court determined that, although a single color may meet the legal requirements for a trademark in other industries, the "expressive, ornamental, and aesthetic purposes" of the fashion industry "militate[] against extending trademark protection to a single color."⁹ The district court found

The Second Circuit considered whether a single color may be a legally protected trademark in the context of the fashion industry.

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that single-color marks in the fashion industry are inherently “functional” and likely invalid.¹⁰

Louboutin brought an interlocutory appeal from the order denying the motion for preliminary injunction.

The Second Circuit’s Decision

On appeal, Louboutin argued in part that the district court erred in holding that the Red Sole Mark was not entitled to trademark protection under the doctrine of “aesthetic functionality.” Louboutin also questioned the district court’s ruling that a single color on a fashion item can never be a valid trademark.

The Second Circuit began its analysis by discussing the purpose of trademark law. The panel cited the Supreme Court’s decision in *Qualitex v. Jacobson Prods.*, 514 U.S. 159 (1995), for the proposition that trademark law “easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”¹¹ In this way, the panel explained, trademarks allow a trademark holder to benefit from investment in the reputation of a brand. The panel noted that trademark law does not extend to product features that are useful in order to preserve competition in the market.

The panel then set forth a two-part analysis. First, it would consider the question of whether Louboutin’s mark merited protection. Second, if the mark merited protection, it would consider whether YSL’s monochrome shoes were likely to cause customer confusion and whether YSL could maintain an affirmative defense of functionality, primarily aesthetic functionality.

The Second Circuit focused on the question of the protectability of the trademark. To merit protection, a trademark must be distinctive and cannot be generic. The panel recounted the history of single-color trademarks, noting that single-color marks gained legal acceptance as courts came to recognize that color can acquire secondary meaning.

The panel considered and rejected the district court’s holding that single color marks were per se ineligible for trademark protection in the fashion industry. The panel corrected the district court’s interpretation of *Qualitex*. The panel interpreted *Qualitex* as expressly forbidding a per se rule of functionality that would deny trademark protection to single color marks. The panel rejected the district court’s reasoning that “there is something unique about the

fashion world that militates against extending trademark protection to a single color.”¹² Applying *Qualitex*, the panel identified the central question in determining aesthetic functionality as whether the trademark “significantly undermines” the ability of competitors to compete in a given market.¹³ The panel cautioned that a competitor does not need the maximum range of free creative expression and that the success of an aesthetic product feature should not destroy the trademark simply because it creates demand for that feature in the relevant market.

Even though the panel found that Louboutin’s mark had acquired secondary meaning as a brand identifier, the panel found that this secondary meaning was limited only to designs in which the outsole of the shoe contrasted in color with the rest of the shoe.

In the absence of a per se rule of functionality, the panel analyzed whether Louboutin’s mark could be considered “distinctive” and thus merit protection. The Second Circuit found that the Red Sole Mark had acquired secondary meaning as a symbol of the Louboutin brand. The evidentiary record before the district court demonstrated that Louboutin’s marketing efforts caused the lacquered red outsole to become associated with the Louboutin brand in the mind of the consumer. Using the language of *Qualitex*, the panel explained that Louboutin created a distinctive, identifying mark by placing a single color in an unusual context, i.e., on the bottom of a shoe.

Even though the panel found that Louboutin’s mark had acquired secondary meaning as a brand identifier, the panel found that this secondary meaning was limited only to designs in which the outsole of the shoe contrasted in color with the rest of the shoe. The Second Circuit determined that “it is the contrast between the sole and the upper that causes the sole to ‘pop,’ and to distinguish its creator.”¹⁴ The panel was not persuaded by four pictures of Louboutin shoes in monochrome red, noting that the vast majority of Louboutin shoes featured a red outsole against a contrasting shoe.

The panel also mentioned Louboutin’s customer surveys, which exposed consumers to images of YSL’s monochrome red shoe. These surveys revealed that, of consumers who misidentified the

YSL shoe as Louboutin-made, almost every person cited the red sole of the YSL shoe as the reason for the misidentification as Louboutin. Without explanation, the panel took this as evidence of the fact that Louboutin did not establish secondary meaning of the red sole itself, but only of the red sole on a contrasting shoe.

Because the Second Circuit determined that Louboutin’s mark only merited protection as modified, and because YSL’s monochrome shoes did not infringe on the modified mark, the panel concluded its analysis with the issue of protectability and did not reach the issues of consumer confusion and functionality.

In *Louboutin*, the Second Circuit held that no per se rule prevented a single color from meriting trademark protection. Applying the Supreme Court’s decision in *Qualitex*, the Second Circuit held that Louboutin’s Red Sole Mark was enforceable as modified, and limited Louboutin’s mark to the use of a red outsole against a contrasting shoe. Because YSL’s monochrome shoe did not infringe on the trademark as modified, the panel affirmed the District Court’s refusal to grant a preliminary injunction against YSL.

On Oct. 16, 2012, YSL filed a motion to dismiss voluntarily its counterclaims against Louboutin in light of its “conclusive victory in defeating Louboutin’s claims” before the Second Circuit.¹⁵ However, given the evidence on record demonstrating the identifiability of Louboutin’s mark, along with evidence from consumer surveys showing that such identifiability extends to uses in which a red sole is used against a red shoe, it is unclear whether Louboutin will pursue further legal action and make a focused case for the protectability of the original trademark, or whether the trademark will stand as modified.

1. Docket No. 11-3303-cv, 2012 WL 3832285 (2d Cir. Sept. 5, 2012).
 2. Jennifer Lopez, *Louboutins* (Epic Records 2009).
 3. *Christian Louboutin v. Yves Saint Laurent America*, 778 F.Supp.2d 445, 447-48 (S.D.N.Y. 2011).
 4. Id. at 448-49 (capitalization altered).
 5. 15 U.S.C. §1051 et seq.
 6. *Louboutin*, 778 F.Supp.2d at 449-50.
 7. Id. at 451.
 8. *Qualitex v. Jacobson Prods.*, 514 U.S. 159 (1995).
 9. *Louboutin*, 778 F.Supp.2d at 451.
 10. Id. at 457.
 11. *Qualitex*, 514 U.S. at 164.
 12. *Louboutin*, 778 F.Supp.2d at 451.
 13. 2012 WL 3832285 at *20.
 14. 2012 WL 3832285 at *29 (quoting *Louboutin*, 778 F.Supp.2d at 448).
 15. Brief for Defendants/Counterclaim-Plaintiffs at 1, *Christian Louboutin v. Yves Saint Laurent America*, No. 11-cv-2381 (S.D.N.Y. Oct. 16, 2012).