

# Intellectual Property

## Trademark Law

### Color

### *Christian Louboutin v. Yves Saint Laurent: Fashion and Functionality under Trademark Law*



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For the fashionable, a shiny red sole on the bottom of a woman's shoe is immediately recognizable as that of shoe designer Christian Louboutin. To put it more colorfully, as did the United States District Court for the Southern District of New York earlier this year, "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>1</sup>

Nevertheless, the court ruled in that case that Louboutin's Red Sole Mark was likely invalid, because "in the fashion industry color serves ornamental and aesthetic functions vital to robust competition," despite the fact that the red lacquered soles had

"gained enough public recognition in the market to have acquired secondary meaning."<sup>2</sup> Framing the central issue in the case as "whether there is something unique about the fashion world that militates against extending trademark protection to a single color," the court concluded, in a sweeping *per se* ruling, that since color is used in fashion "to advance expressive, ornamental and aesthetic purposes," it is inherently functional in that context, and thus not protectable by trademark law.<sup>3</sup>

As is explained below, the court's ruling in *Louboutin* is contrary to controlling precedent and to fundamental principles of trademark law, and should be reversed for improperly carving-out a broad exception to trademark law for the fashion industry. Yet the court reached the right result in denying Louboutin's request for preliminary injunction, because it is unlikely that Louboutin could prove a likelihood of confusion between its Red Sole Mark and Yves Saint Laurent's all-red shoes from its 2011 Cruise Collection. In the fashion industry, even where valid color and design trademarks exist, infringement will rarely be found outside of the counterfeit context, because the relevant consumers recognize the "expressive, ornamental and aesthetic purposes" of color and design, and are not easily confused by similar uses of such functional elements of fashion.

### The Court's *Per Se* Rule Against Color Trademarks in Fashion Is Contrary to Precedent and Misapplies Functionality Doctrine

It is clear that trademark law generally allows for the protection of colors when they are used as source-identifying indicators. The plain language of the Lanham Act defines "trademark" to include "any word, name, symbol, or device, or any combination thereof."<sup>4</sup> The Lanham Act further provides that "nothing . . . shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."<sup>5</sup> The Supreme Court has squarely addressed this issue and ruled

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that “sometimes, a color will meet ordinary legal trademark requirements. And when it does so, no special legal rule prevents color alone from serving as a trademark.”<sup>76</sup>

The court in *Louboutin* nevertheless set aside these general rulings (and the plain language of the Lanham Act), and determined that trademark uses of color are inapplicable to the fashion industry: “[W]hatever 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>77</sup>

In reaching its *per se* exception for color trademarks in fashion, the court invoked a kind of hybrid functionality doctrine, a mix of both utilitarian and aesthetic functionality principles. “Utilitarian functionality” prevents the use of trademark law to monopolize utilitarian features of a product that affect the cost or quality of the product, or are essential to the product’s use and purpose.<sup>8</sup> “Aesthetic functionality” prevents trademark protection of “ornamental features” where such trademark protection would “significantly hinder competition by limiting the range of adequate alternative designs.”<sup>9</sup> Drawing upon both types of functionality, the court observed that, in the context of fashion, color “plays a unique role” as an “ornamental or functional medium necessary for freest and most productive artistic expression by all engaged in the same enterprise.”<sup>10</sup> In fashion, the court reasoned, color “elementally performs a creative function; it aims to please or to be useful, not to identify and advertise a commercial source.”<sup>11</sup>

But the court faltered in its application of these functionality tests. Ignoring its own recognition of Louboutin’s Red Sole Mark as a powerful identifier of source, the court focused on the “nontrademark functions” of the red lacquered outsoles—namely, “to attract, to reference, to stand out, to blend in, to beautify, [and] to endow with sex appeal”—and found a danger to competition in preventing competitors’ similar uses of red for such nontrademark purposes.<sup>12</sup> Yet the court did not find (nor could it find) that the use of red on the outsole was “essential” to the “use and purpose” of a woman’s shoe. Given how easily the red lacquered paint wears off of the soles of Christian Louboutin shoes through ordinary wear and tear, it cannot seriously be argued that the use of the color red on the outsoles is even essential to the use and purpose of *Louboutin’s own* shoes. Nor could there be any dispute that competition has thrived among luxury designer shoe manufacturers. The court did consider, as an element of the functionality test, the color’s affect on the cost of the shoe—but the court inverted the relevance of that inquiry. The utilitarian functionality doctrine is intended to prevent a trademark over a feature that lowers the cost of a product; here, although the use of red lacquered soles *increases* the cost of production, the court still found it had a functional purpose—the creation of a more exclusive item.<sup>13</sup> Thus, through misapplication of the “functionality” doctrines, the court in essence determined, contrary to governing trademark law, that all fashion articles are works of art such that any use of color is necessarily functional and cannot serve a trademark purpose.<sup>14</sup>

### The Court’s Underlying Policy Concerns Are Misplaced, Because Valid Color Trademarks in Fashion Will Be Rare and Narrow in Scope

In reaching its categorical ruling, the court seemed motivated, at least in part, by concerns over a “broad spectrum of absurdities” that would follow recognition of a trademark for the use of a single color for fashion items.<sup>15</sup> Among these, the court feared that “[p]lacing off limit signs on any given chromatic band by allowing one artist or designer to appropriate an entire shade and hang an ambiguous threatening cloud over a swath of other color 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>16</sup> The court also imagined that “[i]f Louboutin owns Chinese Red for the outsole of high fashion women’s shoes, another 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, like the world colonizers of eras past dividing conquered territories and markets, plant its flag on the entire heel for its Chinese Red. And who is to stop YSL, which declares it pioneered the monochrome shoe design, from trumping the whole footwear design industry by asserting rights to the single color shoe concept in all shades?”<sup>17</sup>

#### – Requirement of Secondary Meaning as a Source Identifier

These fears are not well grounded, however, because color trademarks are only recognized as valid and protectable where they have achieved secondary meaning as a source identifier. As the Supreme Court noted in *Qualitex*, “It 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 [principles of trademark law].”<sup>18</sup> The Supreme Court later re-emphasized the point with respect to color trademarks in *Wal-Mart Stores v. Samara Brothers, Inc.*:<sup>19</sup> “[O]ver time, customers may come to treat a particular color on a product or its packaging . . . as signifying a brand. Because a color, like a ‘descriptive’ word mark, could eventually ‘come to indicate a product’s origin,’ we concluded that it could be protected *upon a showing of secondary meaning*.”<sup>20</sup>

The court seems to have overlooked this principle in favor of a “fanciful” and inapposite analogy to fine art. In the court’s hypothetical, Picasso asserts a claim against Monet, asserting that Monet’s use of a particular shade of indigo in a painting of water lilies infringes Picasso’s “color of melancholy,” trademarked during his “blue period” for use in connection with portraying the color of water on canvas.<sup>21</sup> From this hypothetical, the court reasoned that “[n]o one would argue that a painter should be barred from employing a color intended to convey a basic concept because another painter, while using that shade as an expressive feature of a similar work, also staked out a claim to it as a trademark in that context.”<sup>22</sup>

The court’s point that “every painter and designer in producing artful works enjoys equal freedom to pick and choose color

from every streak of the rainbow” is ancillary to the inquiry.<sup>23</sup> Trademark significance for use of color is not achieved by the designer’s expressive choices—it is *conferred by consumer recognition as a source identifier*. Thus the court’s focus on the expressive needs of the designer “looks through the wrong end of the telescope,” focusing on the artist’s choice of mark and not the consumer’s ability to distinguish the source.<sup>24</sup> Designers cannot just decide to “scoop up all the colors; only public recognition can breathe life into another mark, whether it be a single color, several colors, or another design element.”<sup>25</sup>

Achieving the required secondary meaning to confer trademark rights on a particular use of color will be difficult to do, especially in the context of an industry in which color is used in so many non-trademark ways. As the Trademark Trial and Appeal Board has observed, “Where the use of colors is common in a field, an applicant has a difficult burden in demonstrating distinctiveness of its claimed color.”<sup>26</sup> Indeed, the leading trademark treatise identifies only four examples of “widely-known” color marks *in any field* that have been registered since the Supreme Court’s *Qualitex* decision, including the color brown applied to vehicles, identifying the delivery services of United Parcel Service, and Robin’s Egg Blue, representing Tiffany and Co.<sup>27</sup>

#### – Likelihood of Confusion in the Fashion Market

Even where a designer is able, over time, to achieve secondary meaning in a use of color as a source identifier such that it acquires trademark protection, the scope of that protection will be relatively narrow. This is because it will be difficult to prove a likelihood of confusion to establish a claim of trademark infringement. The leading treatise author has noted that the question of the scope of exclusionary rights when the mark consists of a single color or a combination of colors is “[l]argely unexplored in the case law. . . . The test of infringement is: would the reasonably prudent customer be likely to be confused by the similar color as to source, sponsorship, affiliation or approval?”<sup>28</sup> In terms of the court’s fine art hypothetical, it is difficult to imagine a collector mistaking a Monet for a Picasso, or assuming that they originated from the same source because they both used the color blue.

Indeed, this issue was lurking behind the *Louboutin* court’s trademark validity and functionality analysis all along: “The larger question this conflict poses is how close to a protected single color used in an item of fashion can the next competitor approach without encountering legal challenge from the first claimant of a shade as a trademark.”<sup>29</sup> In the course of the litigation, Louboutin could not provide a satisfactory explanation as to why the red soles used by YSL on the shoes in question were confusingly similar, whereas previous YSL red-soled models were not.<sup>30</sup> Louboutin then proposed that the court deem forbidden to competitors a designated range of shades around the specific pantone shade claimed.<sup>31</sup> On the other hand, Louboutin attempted to limit the scope of its Red Sole Mark to high-heeled footwear—but such a limitation is inconsistent with Louboutin’s own trademark use of the red sole (which is used uniformly on all Louboutin shoes, including those with flat heels, wedge heels, and kitten heels).<sup>32</sup>

Louboutin’s argument was further damaged by designer Christian Louboutin’s deposition testimony, in which he responded to YSL’s inquiry as to whether a particular shoe infringed the Red Sole Mark by saying that he “will think about it.”<sup>33</sup>

The correct answer, as a matter of trademark law, is that a competitor’s use of red on the soles of shoes would only be objectionable where it is likely to cause consumer confusion—a test comprised of a number of factors, including but not limited to the similarity of the color.<sup>34</sup> The reason Louboutin could not adequately address this issue is because there probably is no likelihood of confusion between YSL’s all-red shoes and Louboutin’s Red Sole Mark. The court’s concern over functionality is misplaced for the same reason that Louboutin’s enforcement action against YSL is misplaced: even valid trademark uses of color in fashion will rarely be infringed (outside of the counterfeit context), because consumers are accustomed to seeing the various and ubiquitous creative uses of color extolled by the court and are not likely to mistake them for the particular trademark use of another where such use has achieved the required secondary meaning.

#### – Fair Use of Color in Non-Trademark Manner

Another protection against the concerns raised by the *Louboutin* court is that designer defendants making non-trademark (i.e., functional) use of color similar to the color used in a valid trademark will most often be able to rely upon the fair use defense. The “classic fair use” defense allows for non-trademark use by others of “descriptive” trademarks that have acquired secondary meaning as source-identifiers.<sup>35</sup> “A junior user is always entitled to use a descriptive term in good faith in its primary, descriptive sense other than as a trademark.”<sup>36</sup>

Courts, including the Second Circuit, have extended the fair use defense beyond words to the descriptive use of shapes. For example, in *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*,<sup>37</sup> Plaintiff asserted trademark rights in the pine tree shape of its auto air freshener and sued defendant for selling a pine-tree shaped plug-in air freshener during the Christmas holiday season. The court held that defendant’s use was a fair use because it described the pine scent of the air freshener, and a Christmas tree is traditionally a pine tree, widely used to denote the Christmas holiday season.<sup>38</sup>

The U.S. Supreme Court has pointed out that “non-word marks [such as shapes and designs] ordinarily have no ‘primary’ meaning.”<sup>39</sup> In the context of fashion, however, as the *Louboutin* court and Amici Law Professors have observed, color can have several primary, non-trademark meanings, such as evoking certain moods and design goals. Thus, for example, it should be fair use for a denim manufacturer to make a pair of all-red jeans, including the tab on the back pocket (even though Levi’s has acquired secondary meaning in the red tab on the back pocket of blue jeans), and for a shoe manufacturer to make a monochrome red shoe, including the sole (even though Christian Louboutin had acquired secondary meaning in a contrasting red sole).

## Conclusion

The *Louboutin* court's ruling on the functionality of color in fashion bends principles of trademark law (which require that only symbols recognized as source-identifiers be protected from similar symbols that are likely to cause confusion) in order to protect principles of artistic freedom (that no artist should be permitted to stake an exclusive claim to a shade or hue for conveying expressive ideas). In denying Louboutin's motion for a preliminary injunction, the court nevertheless reached the correct result in this case, because there is probably no likelihood of confusion between Louboutin's Red Sole Mark and YSL's all-red shoes. Christian Louboutin's Red Sole Mark is likely one of the few valid color trademarks in the fashion industry—having achieved a significant degree of fame and secondary meaning among relevant consumers—but this case was a strategically poor context in which to test it.

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<sup>1</sup> *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F. Supp. 2d 445, 448 (S.D.N.Y. 2011).

<sup>2</sup> *Id.* at 449.

<sup>3</sup> *Id.* at 451.

<sup>4</sup> 15 U.S.C. § 1127. See also *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995) ("Since 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").

<sup>5</sup> 15 U.S.C. § 1052(f).

<sup>6</sup> *Qualitex*, 514 U.S. at 161. See also *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212 (2000) ("Because a color, like a 'descriptive' word mark, could eventually 'come to indicate a product's origin' . . . it could be protected upon a showing of secondary meaning.") (citing *Qualitex*, 514 U.S. at 163).

<sup>7</sup> *Louboutin*, 778 F. Supp. 2d at 451.

<sup>8</sup> *Qualitex*, 514 U.S. at 164-65.

<sup>9</sup> *Wallace International Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990).

<sup>10</sup> *Louboutin*, 778 F. Supp. 2d at 453.

<sup>11</sup> *Id.* at 452.

<sup>12</sup> *Id.* at 454; see also *id.* ("Louboutin's claim would cast a red cloud over the whole industry, cramping what other designers could do, while allowing Louboutin to paint with a full palette.")

<sup>13</sup> *Id.* at 454. Amici Law Professors urge the court to apply aesthetic functionality to any feature or design that is dictated by consumer preferences and market expectations for the product at issue—such as making farm equipment green, motors for boats black, and strawberry-flavored ice cream pink. See Brief of Law Professors as Amicus Curiae in Support of Defendants-Counter-Claimants-Appellees, *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, No. 11-CV-03303 (2d Cir.) at 4-5. This is a logical approach, and would properly protect against claiming trademark protection for a feature that consumers would desire independently (whether for useful or aesthetic appeal). *Id.* at 7. But that is likely not the case here. As the court observed, Louboutin "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." To the extent that there now exists a particular appeal in a red lacquered sole, it is likely due to the glamour and luxury associated with the Christian Louboutin brand.

<sup>14</sup> In order not to disturb its blanket pronouncement against color trademarks in the fashion industry, the court explained away prior cases recognizing trademark rights in color combinations and designs, on the ground that those "distinct patterns or combinations of shades . . . manifest a conscious effort to design a uniquely identifiable mark embedded in the goods." *Louboutin*, 778 F. Supp. 2d at 451, citing *Louis Vuitton Malletier v. Dooney & Burke, Inc.*, 454 F.3d 108, 116 ("LV" monogram combined in a pattern of rows with

bright colors); *Burberry Ltd. v. Euro Moda, Inc.*, No. 08-CV-05781, 2009 BL 292967, at \*5 (S.D.N.Y. June 10, 2009) (registered Burberry check pattern). The court deemed these trademark uses of color "purposely intended to identify a source while at the same time serving as an expressive, ornamental or decorative concept," in a manner somehow distinct from the Louboutin's Red Sole Mark. *Louboutin*, 778 F. Supp. 2d at 451.

<sup>15</sup> *Louboutin*, 778 F. Supp. 2d at 457.

<sup>16</sup> *Id.* at 453.

<sup>17</sup> *Id.* at 457.

<sup>18</sup> *Qualitex*, 514 U.S. at 164.

<sup>19</sup> 529 U.S. 205 (2000).

<sup>20</sup> *Id.* at 212 (emphasis in original).

<sup>21</sup> *Louboutin*, 778 F. Supp. 2d at 451.

<sup>22</sup> *Id.* at 453.

<sup>23</sup> *Id.*

<sup>24</sup> Brief of Petitioner-Appellant at 41, *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, No. 11-CV-03303 (2d Cir. October 17, 2011).

<sup>25</sup> *Id.* at 57.

<sup>26</sup> *In re Howard S. Leight and Associates Inc.*, 39 U.S.P.Q.2d 1058, 1060 (T.T.A.B. 1996) (brightly-colored reddish-orange hue of safety earplugs had not acquired secondary meaning because safety earplugs come in many colors).

<sup>27</sup> 1 McCarthy on Trademarks and Unfair Competition § 7:44.50 (4th ed. 2011).

<sup>28</sup> See McCarthy 7:45.70 (4th ed. 2011); *Regal Jewelry Co., Inc. v. Kingsbridge Intern., Inc.*, 999 F. Supp. 477 (S.D.N.Y. 1998) (rejecting plaintiff's argument that because the colors of the two parties are both shades of 'gray', confusion is likely, and finding plaintiff's position overly broad); *Clam Corp., Inc. v. Innovative Outdoor Solutions, Inc.*, 89 U.S.P.Q.2d 1314 (D. Minn. 2008) (no infringement of registered color for blue ice fishing shelters by use of different shades of blue with other colors).

<sup>29</sup> *Louboutin*, 778 F. Supp. 2d at 455.

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

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 456.

<sup>33</sup> *Id.* at 456 n.7.

<sup>34</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

<sup>35</sup> McCarthy § 11:45; 15 U.S.C.A. § 1115(b)(4).

<sup>36</sup> McCarthy § 11:45; see also McCarthy § 11:48. Amici Law Professors argue that "a feature may be functional for particular uses, even when non-functional in other instances," citing as an example the use of "apple" for consumer electronics (nonfunctional) and for fruit (functional). Brief of Law Professors, *Louboutin*, 11-CV-03303 at 21. This argument would be more appropriately described as the fair use doctrine. A trademark itself is either valid or not, and the rights extend only to those goods and services on which it is used and related goods and services—it is the defendant's use of it that changes the context. Apple is certainly a valid trademark for electronics; others are still free to use the term in its descriptive, non-trademark sense to refer to fruit. That is a classic fair use example. Amici also use as an example of "functional" use of an otherwise trademarked design the use by Terracycle of a Coca-Cola bottle as a recycled container to sell fertilizer. *Id.* at 21-22. This is known as "nominative fair use," which permits defendant's use of plaintiff's trademark to describe plaintiff's products in a way that does not create confusion as to association, affiliation or sponsorship. See generally McCarthy § 11:45, 23:11.

<sup>37</sup> 70 F.3d 267 (2d Cir. 1995).

<sup>38</sup> See *id.* at 270 ("There is no indication that [defendant] uses its tree shape as a mark."). See also *Shakespeare Co. v. Silstar Corp. of Am.*, 906 F. Supp. 997, 1015-16 (D.S.C. 1995) (finding that there was a fair use of trade dress in the design of a fishing rod tip because defendant "merely seeks, in good faith, to use the clear tip on its rods only in a descriptive sense and not as a means of source identification"); *International Stamp Art Inc. v. U.S. Postal Service*, 78 U.S.P.Q.2d 1116 (N.D. Ga. 2005) (Sale of greeting cards bearing images of stamps by U.S. Postal Service is a fair use of plaintiff's registered mark for a perforated border for note and greeting cards.)

<sup>39</sup> *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211, n.\* (2000) ("The phrase 'secondary meaning' originally arose in the context of word marks, where it served to distinguish the source-identifying meaning from the ordinary, or 'primary,' meaning of the word. 'Secondary meaning' has since come to refer to the acquired, source-identifying meaning of a non-word mark as well. It is often a misnomer in that context, since non-word marks ordinarily have no 'primary' meaning").