

When in Doubt, Wear Red: Understanding Trademark Law's Functionality Doctrine and Its Application to Single-Color Trademarks in the Fashion Industry

I. INTRODUCTION

Fashionistas will soon be able to snatch up a pair of solid red monochromatic shoes after the Second Circuit partially invalidated the Christian Louboutin trademark for a red-lacquered sole. The Southern District of New York had ruled against Louboutin in an August 2011 decision that denied Louboutin's claims of trademark infringement and threatened the future of Louboutin's exclusive signature soles.¹ If that decision had stood on appeal, Christian Louboutin would have needed to seek other ways to make up for lost revenue if demand decreased for his shoes—worn by celebrities like Angelina Jolie and Madonna and currently sold at high-end stores, like Neiman Marcus and Saks Fifth Avenue²—because of new competition from lower-priced brands that would be permitted to paint the bottom of their heels red, thus causing consumer confusion in the marketplace at the point of sale. Luckily, for the sake of high fashion, the Second Circuit declared the trademark still valid (with modification) and allowed for a single color to serve as a “legally protected trademark in the fashion industry.”³

Following the recent decisions in *Christian Louboutin S.A. v. Yves*

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1. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *aff'd in part, rev'd in part*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept. 5, 2012).

2. CHRISTIAN LOUBOUTIN RED SOLE, Registration No. 3,361,597.

3. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, at *1 (2d Cir. Sept. 5, 2012).

Saint Laurent America, Inc.,⁴ this Note asserts that courts need to place a higher value on a mark's acquired secondary meaning and reach a consensus on a cohesive determination of whether an aesthetic color is "functional" under the aesthetic functionality doctrine, and thus ineligible to receive a trademark.⁵ A trademark has established a secondary meaning when "in the minds of the public, the primary significance of a product feature or term is to identify the *source* of the product rather than the product itself."⁶ In the Southern District of New York's opinion in *Louboutin*, it determined that Christian Louboutin's red sole was functional and threatened competition in the fashion industry.⁷ The Second Circuit held that the sole had acquired limited secondary meaning as a distinctive symbol that identifies the Louboutin brand, but did not reach the question of whether the mark itself was functional.⁸

Part II of this Note surveys the history of trademark protection in the United States under the Lanham Act, including the rights of a trademark owner, the application process, and the appeal process. Part II then looks at the functionality doctrine, an affirmative defense under trademark law, which evaluates the features of a product to determine if it can be trademarked. Courts have evaluated functionality using two different theories, the identification theory and the competition theory.⁹ Part II evaluates two key Supreme Court trademark and functionality doctrine cases, *Qualitex Co. v. Jacobson Products Co.*¹⁰ and *TrafFix Devices, Inc. v. Marketing Displays, Inc.*¹¹ The *Qualitex* holding allowed trademark protection for a single-color mark, and the case established a three-step analysis for determining the validity of color trademark registrations.¹²

4. *Louboutin*, 778 F. Supp. 2d at 445.

5. *See To Red, or Not to Red*, LEGAL BISNOW (Aug. 18, 2011), <http://www.bisnow.com/dc-legal/2011/08/18/the-newest-practice> ("If the red sole is deemed functional rather than decorative, it can't function as a trademark. . . . So far, there is no cohesive test for whether an aesthetic feature is functional, so it's possible the Supreme Court will eventually take this case to rule on the issue."); *see also Louboutin*, 2012 WL 3832285, at *9 n.17 ("The doctrine of aesthetic functionality remains controversial in our sister circuits, which have applied the doctrine in varying ways (and some not at all).").

6. *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 851 n.11 (1982) (emphasis added).

7. *Louboutin*, 778 F. Supp. 2d at 457.

8. *Louboutin*, 2012 WL 3832285, at *12, *15.

9. Mitchell M. Wong, Note, *The Aesthetic Functionality Doctrine and the Law of Trade-Dress Protection*, 83 CORNELL L. REV. 1116, 1120 (1998).

10. 514 U.S. 159 (1995).

11. 532 U.S. 23 (2001).

12. *Qualitex*, 514 U.S. at 166; *see infra* text accompanying notes 77–80.

In *TrafFix*, the Court adopted the minority view among the circuit courts of the functionality doctrine—setting aside the widely used competition theory—ultimately creating confusion about the proper application of the functionality doctrine.¹³

Part III begins by analyzing *Louboutin*, in which the Southern District of New York refused to enforce Louboutin’s trademarked red-lacquered sole based on the color depletion theory and the supposed functionality of the shoe featuring a red sole, which the Second Circuit later refuted and revised.¹⁴ This Note then addresses a proposed application of the functionality doctrine in the fashion industry, using the competition theory of aesthetic functionality, which would provide trademarks intellectual property protection against infringement currently unavailable in the fashion industry.¹⁵ This Note goes on to debunk the color depletion theory and clarify the competitive cost analysis portion of the functionality doctrine.¹⁶ The functionality doctrine protects brand-identifying single-color trademarks, like Christian Louboutin’s red-lacquered sole. Finally, this Note explains how this added protection for trademarks aligns with public policy concerns for protecting the creativity and intellectual property of innovative designers, while following the original objectives of the Lanham Act to avoid consumer confusion.¹⁷

II. BACKGROUND

A. *The Lanham Act*¹⁸

“The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof” used to identify and distinguish goods, “including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”¹⁹ The Lanham Act codified trademark law in the United States.²⁰ The Act passed Congress in 1946, and has since been amended

13. See *infra* Part II.C.2.

14. See *infra* Part III.A.

15. See *infra* Part III.B.

16. See *infra* Part III.B.

17. See *infra* notes 22–23; Part III.C.

18. 15 U.S.C. §§ 1051–1129 (2006).

19. *Id.* § 1127.

20. *Id.* § 1051.

to fit modern business principles.²¹ When the Act passed, proponents of the bill argued that by protecting trademarks the bill protected sellers and consumers from fraud and misrepresentation.²² The Act gives a seller or producer the exclusive right to register a trademark, thus preventing competitors from also using the trademark.²³

The United States Patent and Trademark Office (PTO) issues trademarks.²⁴ The Lanham Act outlines the requirements for trademark registration, including verification by the trademark's owner that she is the rightful owner of the mark.²⁵ When applying for trademarks based on color, the application must contain a drawing of the mark in color and show how the color functions as a trademark for the product.²⁶ After a trademark is registered, the certificate of recognition is prima facie evidence of the owner's exclusive right to use the trademark in commerce and in connection with the goods specified on the certificate.²⁷

The Trademark Trial and Appeal Board reviews all trials and appeals related to trademarks. The Board was created by a 1958 amendment to the Lanham Act, which replaced the previous two-step administrative process.²⁸ The board conducts trials to resolve actions between parties in opposition to a trademark or regarding trademark cancellations, and serves as a review board for appeals of trademarks that the PTO refused to register.²⁹ If parties are not satisfied with the outcome at the Trademark Trial and Appeal Board, they may appeal their case to the

21. See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 5:4-5:11 (4th ed. 2011).

22. *Id.* § 5:4, at 5-15; see also Melissa E. Roth, *Something Old, Something New, Something Borrowed, Something Blue: A New Tradition in Nontraditional Trademark Registrations*, 27 CARDOZO L. REV. 457, 470 n.77 (2005) ("One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats." (quoting S. REP. No. 79-1333 (1946), reprinted in 1978 U.S.C.C.A.N. 1274, 1274)).

23. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (citing 15 U.S.C. §§ 1052, 1114(1) (1988 & Supp. 1993)).

24. 15 U.S.C. § 1057(a) (2006).

25. *Id.* § 1051(a)(1)-(3).

26. Roth, *supra* note 22, at 478.

27. 15 U.S.C. § 1057(b).

28. 1 MCCARTHY, *supra* note 21, § 5:6. Before 1958, the process was to contest challenges for both patents and trademarks to the Examiner of Interferences, and then appeal to the Commissioner of Patents or the Assistant Commissioner for Trademarks. *Id.* Congress deemed this process too burdensome for the Examiner of Interferences because of the caseload and therefore created the Trademark Trial and Appeal Board. *Id.*

29. *Id.*

United States Court of Appeals for the Federal Circuit.³⁰ Alternatively, parties may appeal to a federal district court for a *de novo* review of the case.³¹ Trademark owners can also seek relief for knowing infringement under the provisions of the Lanham Act in federal courts:

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided.³²

The language of the Lanham Act does not preclude granting trademark protection to a single color unless it is a functional mark.³³ For a court to step in and enforce a *per se* rule against granting single-color trademarks in a particular industry would “unilaterally and impermissibly rewrit[e] portions of the Lanham Act.”³⁴

30. 15 U.S.C. § 1071(a)(1).

31. 3 MCCARTHY, *supra* note 21, § 21:10.

32. 15 U.S.C. § 1114(1). See the remainder of § 1114 for details on specific types of infringement and remedies.

33. Brief for Tiffany (NJ) LLC and Tiffany & Co. as Amici Curiae Supporting Petitioners at 16–17, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept. 5, 2012), 2011 WL 5126167, at *11.

34. *Id.* at 17, 2011 WL 5126167, at *11.

B. *The Functionality Doctrine*

To prevent parties from using trademark law to “put a competitor at a significant disadvantage,”³⁵ a product feature cannot be trademarked if it is “functional.”³⁶ The functionality doctrine acts as an affirmative defense for parties accused of trademark infringement that claim the allegedly infringed feature as functional.³⁷ In *Inwood Laboratories v. Ives Laboratories*, the Supreme Court defined a feature as functional if “it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”³⁸ Thus, courts evaluate functionality by looking at either utilitarian features, or more amorphously, the aesthetic nature of the trademark. Traditionally, two theories arose under the aesthetic functionality doctrine, the identification theory and the competition theory.³⁹ Application and interpretation of the functionality doctrine, however, became more convoluted after *TrafFix* in 2001.⁴⁰

The identification theory is the original functionality doctrine theory.⁴¹ Protection of trademarks is fairly limited under this theory.⁴² If a feature has any function besides identifying the manufacturer or sponsor of the product, it is deemed functional.⁴³ Based on case law, courts have developed four interrelated tests to determine functionality under the identification theory: (1) indicia of source, (2) commercial success, (3) actual benefit, and (4) consumer motivation.⁴⁴ The indicia-of-source test evaluates if the feature is only used to identify the source or sponsor of the product, and, if so, it is nonfunctional and may be

35. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 169 (1995).

36. *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 863 (1982) (White, J., concurring) (“Reproduction of a functional attribute is a legitimate competitive activity.”).

37. *Louboutin*, 2012 WL 3832285, at *11.

38. 456 U.S. at 850 n.10. This was not a holding of *Inwood*, but the Court’s language was still an important part of the development of the functionality doctrine in trademark law. See Amy B. Cohen, *Following the Direction of TrafFix: Trade Dress Law and Functionality Revisited*, 50 IDEA 593, 634–35 (2010). The language, however, blurred the distinction between the competitive theory and old Restatement language, and if applied literally, “would render virtually all designs functional.” Mark Alan Thurmon, *The Rise and Fall of Trademark Law’s Functionality Doctrine*, 56 FLA. L. REV. 243, 284–85 & n.180 (2004).

39. See generally Wong, *supra* note 9 (“[T]his Note suggests that the Court’s definition [of functionality] is difficult to apply because it contains two divergent conceptions . . .”).

40. *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); see *infra* Part II.C.2.

41. Wong, *supra* note 9, at 1132.

42. *Id.* at 1133.

43. *Id.*

44. *Id.*

trademarked.⁴⁵ Under the commercial success test, the court evaluates if the particular feature is “an important ingredient in the commercial success of the product,” and if “the interest in free competition permits its imitation.”⁴⁶ If a feature has additional value or benefit other than to identify the source, such as a utilitarian feature, it is functional and cannot be trademarked.⁴⁷ The consumer motivation test looks at features to see if they could persuade a customer to purchase the product for reasons other than the source of the product.⁴⁸ Thus, if the product feature has actual benefits beyond source identification as determined under the four tests, it is a functional feature.⁴⁹

The competition theory denies trademark protection that would eliminate a competitive market for the product on which the trademarked feature appears.⁵⁰ This theory provides a wider scope of features and products that may be trademarked.⁵¹ Six tests from the case law implement the competition theory: “(1) comparable alternatives, (2) essentiality to usage, (3) relation to usage, (4) ease of manufacture, (5) effective competition, and (6) de facto/de jure functionality.”⁵² Although it is not the original functionality doctrine theory, the competition theory prevailed until *TrafFix*, in which the Court held that the competitive need definition of the functionality doctrine was incomplete.⁵³

Even with an understanding of these different theories of aesthetic functionality, courts divide on the application of the aesthetic functionality doctrine to protect the features of the trademark owner and the competitiveness of the marketplace.

[T]he problem focuses on ornamental features that have the potential to influence consumer behavior, but are neither essential nor helpful to the primary function of the product. In brief, the features which fuel the aesthetic functionality debate are the very features that lie in the unsettled terrain between

45. *Id.* at 1134–35.

46. *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952).

47. *Wong*, *supra* note 9, at 1136.

48. *Id.* at 1138.

49. *Id.* at 1141–42.

50. *Id.* at 1141.

51. *Id.* at 1143.

52. *Id.* at 1144 (internal quotation marks omitted).

53. 532 U.S. 23, 33 (2001). See discussion of *TrafFix* *infra* Part II.C.2.

the “identification” and the “competition” theories of functionality.

The identification theory holds that such ornamental features are functional because they possess some quantum of value beyond the identification of their source. On the other hand, the competition theory maintains the opposite view—these features are not functional because they do not significantly endanger the competitiveness of their respective products’ markets.⁵⁴

These tests do not focus on what features may qualify for trademark protection; instead, they focus on what features may not be protected.⁵⁵ Ultimately, federal district courts appear uncertain or confused regarding the application of these two standards to determine if a product is functional.⁵⁶ Currently, the Second Circuit denies trademark protection only where such protection “would significantly hinder competition by limiting the range of adequate alternative designs,”⁵⁷ and reiterated this rule in its decision in *Louboutin*.⁵⁸ Thus, the Second Circuit appears to apply the competition theory of the aesthetic functionality doctrine.⁵⁹

C. *Key Trademark and Functionality Doctrine Supreme Court Decisions*

1. *Qualitex*

Qualitex is the leading case on the use of color in trademarks because it extended protection for single-color trademarks with secondary meaning.⁶⁰ *Qualitex* held that trademark protection for a

54. Wong, *supra* note 9, at 1153.

55. *Id.* at 1154.

56. See Thurmon, *supra* note 38, at 245 (explaining that within one year of *TrafFix*, the lower federal courts divided on the issue of what general functionality standard should apply).

57. Brief for Int’l Trademark Ass’n as Amicus Curiae Supporting Petitioners, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept. 5, 2012), 2011 WL 5833570, at *21 (quoting *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990)).

58. *Louboutin*, 2012 WL 3832285, at *10.

59. See *supra* notes 50–53 and accompanying text.

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

single color is possible.⁶¹ Ten years before *Qualitex*, the Court of Appeals for the Federal Circuit held in *In re Owens-Corning Fiberglass Corp.*⁶² that color could be trademarked, which “reverberated throughout the legal and business communities and was thought to represent a major change in the law.”⁶³ There, Owens-Corning filed a trademark registration application for the color pink for fibrous glass residential insulation.⁶⁴ The Federal Circuit held “that the color ‘pink’ has no utilitarian purpose, does not deprive competitors of any reasonable right or competitive need, and is not barred from registration on the basis of functionality.”⁶⁵ The color pink simply “serve[d] the classical trademark function of indicating the origin of the goods.”⁶⁶ Thus, *Qualitex* represented the Supreme Court’s alignment with the *Owens-Corning* holding in honoring protection for color trademarks.⁶⁷ *Qualitex* also resolved the split in the circuits between courts that recognized colors as valid trademarks and those that did not extend this protection to colors.⁶⁸

Qualitex manufactured pads for dry cleaners to use in the dry-cleaning process.⁶⁹ Since the 1950s, *Qualitex* had used a “special shade” of green-gold for its pads and sought protection for the mark after its competitor, Jacobson Products, started selling similar green-gold pads in 1989.⁷⁰ *Qualitex* registered the distinctive color of its pads as a trademark in 1991 and sued Jacobson for trademark infringement and unfair competition.⁷¹ After the California district court ruled in favor of *Qualitex*’s trademark protection, Jacobson appealed and the Ninth Circuit set aside the judgment.⁷² The Ninth Circuit ruled that the Lanham Act did not permit the registration as a trademark of “color alone” because of the possibility of companies monopolizing colors.⁷³

The Supreme Court, however, held that single colors may meet the

61. *Id.* at 166.

62. 774 F.2d 1116 (Fed. Cir. 1985).

63. Jeffrey M. Samuels & Linda B. Samuels, *Color Trademarks: Shades of Confusion*, 83 TRADEMARK REP. 554, 555 (1993).

64. *Owens-Corning*, 774 F.2d at 1118.

65. *Id.* at 1122.

66. *Id.* at 1123.

67. Sunila Sreepada, *The New Black: Trademark Protection for Color Marks in the Fashion Industry*, 19 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1131, 1140 (2009).

68. *See id.* at 1140 n.49.

69. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 161 (1995).

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.* (citing *Qualitex Co. v. Jacobson Prods., Co.*, 13 F.3d 1297, 1300, 1302 (9th Cir.1994)).

requirements for use as a registered trademark and, in light of the district court's findings of fact that Qualitex did meet the basic trademark requirements, Qualitex was entitled to trademark protection for the color of its dry-cleaning pads.⁷⁴ "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 [the] basic purposes" of a trademark.⁷⁵ The Court did not object to the use of color alone when it has attained a secondary meaning and identifies a particular source.⁷⁶

Jacobson argued that, because colors are in limited supply, if one of many competitors can trademark a color, they all will, depleting the supply of colors.⁷⁷ This argument failed to persuade the Court like it had the Ninth Circuit.⁷⁸ The Court brushed aside Jacobson's color depletion argument, ruling that the functionality doctrine could protect the color spectrum from depletion, if such a concern arose, and there was a need for access to a certain color among competitors.⁷⁹ After *Qualitex*, it appeared that the PTO was to apply a three-step analysis for color trademark registrations: (1) Is there a significant nontrademark function? (2) What is the effect on competition? and (3) Is there any secondary meaning of the color?⁸⁰

2. *TrafFix*

TrafFix, although not pertinent to color trademarks specifically, is key to understanding how the Court applies the functionality doctrine, which is the first part of the *Qualitex* test. Without clear application of the functionality doctrine, courts could continue to deprive brands of the protection they deserve. In *TrafFix*, the Supreme Court adopted a view of the functionality doctrine that five other circuits had rejected following the Tenth Circuit's decision in *Vornado Air Circulation Systems v. Duracraft Corp.*⁸¹ In *Vornado*, the Tenth Circuit imposed an additional limitation on the scope of trademark protection:

74. *Id.* at 174.

75. *Id.* at 164.

76. *Id.* at 163.

77. *Id.* at 168.

78. *Id.*

79. *Id.* at 169.

80. James L. Vana, *Color Trademarks*, 7 TEX. INTELL. PROP. L.J. 387, 394–95 (1999).

81. 58 F.3d 1498 (10th Cir. 1995); see Thurmon, *supra* note 38, at 317.

Where a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same invention, patent policy dictates that it enter into the public domain when the utility patents on the fans expire. To ensure that result, it cannot receive trade dress protection under section 43(a) [of the Lanham Act].⁸²

Vornado marked the first time that a court adopted a per se rule prohibiting trademark protection for features that were part of a patent.⁸³

TraFFix involved the design of temporary road signs typically used during road construction.⁸⁴ Marketing Displays had patented a flexible dual-spring design built to withstand large gusts of wind.⁸⁵ Marketing Displays asserted that its design was successful and led to customer recognition of the product.⁸⁶ After Marketing Displays' design patents expired, TraFFix Devices, a competitor, sent the signs overseas to be "reverse-engineered," i.e., copied.⁸⁷ TraFFix also marketed its product under a similar name, "WindBuster," whereas Marketing Displays' original product was called "WindMaster."⁸⁸

Marketing Displays sued TraFFix for trademark infringement based on the two products' similar names, trade dress infringement for TraFFix's design, and unfair competition.⁸⁹ Trade dress law generally protects designs or features on a product or packaging, which may include size, shape, color or color combinations, textures, and graphics.⁹⁰ While the district court and the Sixth Circuit agreed that TraFFix had infringed Marketing Displays' registered WindMaster trademark, the Sixth Circuit reversed the district court's trade dress decision on the origins of the sign's design, stating that the lower court should have considered alternatives for the product's design.⁹¹ Thus, while acknowledging the split in the lower courts, the Court unanimously

82. *Vornado*, 58 F.3d at 1500.

83. Thurmon, *supra* note 38, at 316.

84. 532 U.S. 23, 25 (2001).

85. *Id.*

86. *Id.*

87. *Id.* at 26.

88. *Id.*

89. *Id.*

90. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)).

91. *TraFFix*, 532 U.S. at 27.

focused on the trade dress question related to Marketing Displays' expired patents.⁹²

The Court emphasized the fact that Marketing Displays had held utility patents on the dual-spring design of the signs, thus making the product feature seem utilitarian under the functionality doctrine.⁹³ The Court refused to look at the alternative designs proposal that the Sixth Circuit had discussed, stating that if Marketing Displays' design was effective, it was functional.⁹⁴ Ultimately, the Court held that Marketing Displays could not receive trade dress protection for its signs because it "cannot gain the exclusive right to produce sign stands using the dual-spring design by asserting that consumers associate it with the look of the invention itself."⁹⁵

The Court declined to apply the competitive need functionality standard, applying instead the minority per se rule from *Vornado* for utilitarian features to determine functionality from *Vornado*.⁹⁶ *TrafFix* eliminated the widely-used competition theory for functionality, declaring it "incorrect as a comprehensive definition,"⁹⁷ and reverted to the Court's pre-*Qualitex* standard from *Inwood*, namely that a feature is functional "when it is essential to the use or purpose of the device or when it affects the cost or quality of the device."⁹⁸ Following *TrafFix*, "the trademark bar and the lower federal courts probably let out a collective groan" because the Court had discarded the competition theory and reverted to the foggy *Inwood* standard for functionality.⁹⁹

3. Putting Together *Qualitex* and *TrafFix*

Before *TrafFix*, *Qualitex* seemed to nudge courts toward the application of the competition theory—which is more brand-friendly—and reconciled this theory with the *Inwood* standard, which was technically only dictum.¹⁰⁰ *Qualitex* continued the practice among lower courts of denying protection on functionality grounds only if the

92. *Id.* at 25, 27–28.

93. *Id.* at 29–30.

94. *Id.* at 33–34; see also *supra* notes 50–53 and accompanying text (discussing the competition theory of aesthetic functionality and comparable alternatives test).

95. *Id.* at 35.

96. Thurmon, *supra* note 38, at 323–24.

97. *TrafFix*, 532 U.S. at 33.

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

99. Thurmon, *supra* note 38, at 325.

100. *Id.* at 295 & n.241.

exclusive use of a feature put competitors at a significant disadvantage.¹⁰¹ But, *TrafFix* held that *Qualitex*'s language does not imply that a product feature's competitive necessity is an element of functionality.¹⁰² The confusion of standards is apparent in the following convoluted synthesis of case law on the functionality doctrine from the Ninth Circuit:

After *Qualitex* and *TrafFix*, the test for functionality proceeds in two steps. In the first step, courts inquire whether the alleged "significant non-trademark function" satisfies the *Inwood Laboratories* definition of functionality—"essential to the use or purpose of the article [or] affects [its] cost or quality." . . . If this is the case, the inquiry is over—the feature is functional and not protected. *In the case of a claim of aesthetic functionality, an alternative test inquires whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage.*¹⁰³

In *TrafFix*, the Court distinguished its ideas by stating that *Qualitex* applies only to aesthetic functionality, such as color.¹⁰⁴ This is where objections to *TrafFix* lie. There, the Court rejected the competition theory as the sole rule for determining functionality and replaced it with the *Inwood* standard, which the Court equated with the competition theory six years before in *Qualitex*.¹⁰⁵ As one scholar aptly put it:

Never mind that the *Qualitex* Court made no distinction between aesthetic and utilitarian functionality. Never mind that the *Qualitex* Court relied on the *Restatement (Third) of Unfair Competition*, which made no distinction between aesthetic and utilitarian functionality. The *TrafFix* Court needed a distinction, and it found one. The [*TrafFix*] Court

101. *Qualitex*, 514 U.S. at 165 (citing *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 850 n.10 (1982)).

102. *TrafFix*, 532 U.S. at 32–33.

103. *Cal. Bd. Sports, Inc. v. Vans, Inc.*, No. 06CV2365 IEG (AJB), 2007 WL 3276289, *7 (S.D. Cal. Nov. 6, 2007) (first alteration in original) (quoting *Au–Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006)).

104. *TrafFix*, 532 U.S. at 33.

105. Thurmon, *supra* note 38, at 325.

held the competitive need standard was fine for aesthetic functionality cases, but in utilitarian functionality disputes, the *Inwood* standard should be used.¹⁰⁶

Since *TrafFix*, however, some courts have opted to apply the *Qualitex* standard, favoring the competition theory and preserving the distinction made in *TrafFix*. The Sixth Circuit held that “[b]ecause the Supreme Court has never intimated that aesthetic functionality should be evaluated in a manner consistent with the identification theory and has repeatedly followed the competition theory’s approach in addressing the second form of functionality . . . we expressly adopt the competition theory of functionality.”¹⁰⁷ Similarly, in another decision supporting the competition theory’s application under aesthetic functionality, the Ninth Circuit held that “design decisions . . . made for aesthetic reasons—and not, for example, because they were the only, the cheapest, or the most efficient way to design a pool hall—is evidence of nonfunctionality.”¹⁰⁸ Indeed, it appears that the Southern District of New York applied the earlier *Inwood* standards for functionality in *Louboutin*.¹⁰⁹

III. ANALYSIS

A. *The Outcome of Louboutin*

1. Christian Louboutin’s Trademark

Christian Louboutin received a trademark for red-lacquered soles in 2008.¹¹⁰ He had used the color continuously as a feature of his shoes since 1992.¹¹¹ In Christian Louboutin’s application for a trademark, he stated that the red soles were a source-identifying mark with secondary meaning, rather than a utilitarian feature of the shoe.¹¹² Christian

106. *Id.* at 325–26.

107. *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 642 n.16 (6th Cir. 2002).

108. *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1262 (9th Cir. 2001).

109. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *aff’d in part, rev’d in part*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept. 5, 2012).

110. *Id.* at 448.

111. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, at *2 (2d Cir. Sept. 5, 2012).

112. *See* CHRISTIAN LOUBOUTIN RED SOLE, *supra* note 2, para. 3.

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Louboutin's trademarked red sole met all six elements used by the Second Circuit to evaluate secondary meaning: (1) advertising expenditures, (2) consumer studies linking the mark to the source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use.¹¹³ Louboutin attempted to deter any argument that the red soles are functional in the declaration attached to the trademark application:

The shiny red color of the soles has no function other than to identify to the public that the shoes are mine. . . . The red-soled shoes were an immediate sensation, and clients specifically came in to my stores looking for my red-soled shoes. The red sole quickly became my signature. My footwear is instantly recognizable by the immaculately lacquered red soles; upon seeing the red sole of the shoe, because it is so well known, people know that the shoes are designed by me.¹¹⁴

The trademark has been incredibly successful, generating demand and admiration across the fashion industry. “[Christian 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 at the high end of women's wear, a product visually so eccentric and striking that it is easily perceived and remembered.”¹¹⁵ While recognizing that the law applauds innovators and rewards trendsetters,¹¹⁶ the Southern District of New York in Louboutin's case against Yves Saint Laurent (YSL) blamed Louboutin's commercial success as the reason the trademark slipped by and received registration from the PTO.¹¹⁷

113. Reply Brief for Petitioners at 26–27, *Louboutin*, 2012 WL 3832285 (No. 11-3303-CV), 2012 WL 120569, at *18–19 (citing *Centaur Commc'ns, Ltd. v. A/S/M Commc'ns, Inc.*, 830 F.2d 1217, 1222 (2d Cir. 1985)).

114. CHRISTIAN LOUBOUTIN RED SOLE, *supra* note 2, para. 3.

115. *Louboutin*, 778 F. Supp. 2d at 448.

116. *Id.*

117. *See id.* (“[T]he United States Patent and Trademark Office . . . , perhaps swayed in part by the widespread recognition the red sole had already attained, invested Louboutin's brand with legal distinction in 2008 by approving registration of the mark.”).

2. The Alleged Infringement and the Southern District of New York's Holding

Christian Louboutin sued YSL on April 7, 2011, under the Lanham Act for trademark infringement and sought an injunction against further sales of YSL's monochromatic red shoes with a red sole, nearly identical to the shade of Louboutin's red lacquer.¹¹⁸ YSL included four different red styles as part of its spring 2011 cruisewear line.¹¹⁹ YSL claimed that its shoes were inspired by traditional Chinese lacquer and the monochromatic color trend.¹²⁰ The district court noted that to succeed on its claim for trademark infringement, Louboutin must prove that his trademark merited protection and that YSL's use of a similar mark would cause consumer confusion.¹²¹ The district court held that Louboutin's claim to the color red was overly broad and inconsistent with the Lanham Act's scheme of trademark registration.¹²² The court did not challenge the holding in *Qualitex*—and while it half-heartedly applied the rules from *Qualitex*, it ruled against Christian Louboutin largely under the theory of color depletion in the fashion industry.¹²³

The district court began its analysis in *Louboutin* with a “fanciful hypothetical,” proposing a legal battle between Monet and Picasso.¹²⁴ In this hypothetical, Picasso sought an injunction barring the sale or display of Monet's water lilies paintings because the color Monet used in the ponds was too similar to the shade Picasso used during his Blue Period.¹²⁵ On its face, the example seems trite and unrealistic because the two artists' styles are markedly different; nevertheless, the court used this hypothetical to draw a comparison to markedly *similar* fashion items produced by Louboutin and YSL:

If as a principle this proposition holds as applied to high art, it should extend with equal force to high fashion. The law should not countenance restraints that would interfere with creativity and stifle competition by one designer, while

118. *Louboutin*, 2012 WL 3832285, at *3.

119. *Louboutin*, 778 F. Supp. 2d at 449.

120. *Id.* at 454.

121. *Id.* at 450.

122. *Id.* at 454.

123. *See id.* at 451.

124. *Id.*

125. *Id.*

granting another a monopoly invested with the right to exclude use of an ornamental or functional medium necessary for freest and most productive artistic expression by all engaged in the same enterprise.¹²⁶

The district court failed to effectively explain how the creative connection between colors used in fashion and those used in art, which comparison justified invalidating protection of the color trademark, prevailed over the secondary meaning and source-identifying function reasoning, which had protected color trademarks in *Qualitex* and *Owens-Corning*.¹²⁷

3. The Second Circuit Saves Louboutin's Trademark and Quashes Infringement Claims

In the Second Circuit's analysis of Louboutin's red-sole mark, it evaluated the secondary meaning of the mark to determine whether it met the requisite "distinctiveness" to merit protection.¹²⁸ It held that the mark did merit protection as it had acquired "limited secondary meaning as a distinctive symbol" identifying the Louboutin brand.¹²⁹ However, the Second Circuit modified the trademark to allow competitors to have a red sole if it matched the red upper of the shoe.¹³⁰ Thus, the Second Circuit upheld the district court's decision that YSL's monochromatic design did not infringe Louboutin's trademark.¹³¹ The Second Circuit's reasoning wholly reflected the Supreme Court's reasoning in *Qualitex* that a color is "certainly capable of acquiring secondary meaning."¹³²

The Second Circuit relied on the district court's evidentiary record of Louboutin symbol's success to evaluate the secondary meaning claim,¹³³ and reviewed the question of distinctiveness as a matter of law based on the undisputed facts and those found by the district court.¹³⁴ The Second

126. *Id.* at 453.

127. *See supra* Part II.C.1.

128. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, at *12 (2d Cir. Sept. 5, 2012).

129. *Id.*

130. *Id.*

131. *Id.*

132. *Id.*

133. *Id.* at *13 (stating that the record contains "sufficient undisputed facts to resolve the question of distinctiveness").

134. *Id.*

Circuit's decision properly evaluated the evidence of secondary meaning in line with the Supreme Court precedent in *Qualitex*, and it lacked the disdain for single-color trademarks in the fashion industry that resonated throughout the district court's opinion. Instead, the Second Circuit apparently appreciated the brand's worldwide recognition and the deliberate efforts of Louboutin to tie the color red to his brand, to create instant recognition of the shoes' source.¹³⁵ However, the Second Circuit upheld the trademark's validity only where the red sole contrasts to the upper of the shoe to preserve the distinguishing symbol.¹³⁶

B. Proposed Application of the Functionality Doctrine to Color in Fashion

1. Current Intellectual Property Protection in the Fashion Industry

The fashion industry relies on trademark law to protect fashion items because current United States copyright laws provide little or no protection for fashion designers.¹³⁷ Proposed amendments to these laws that would buffer protections, such as the recently reintroduced and renamed Innovative Design Protection Act of 2012, have been ignored by Congress.¹³⁸

While fashion sometimes is called art,¹³⁹ this term is usually used when designers seek copyright protection for designs or styles that they consider "original works of authorship fixed in any tangible medium of expression."¹⁴⁰ A designer's two-dimensional sketch of an original

135. *Id.*

136. *Id.*

137. Kevin V. Tu, *Counterfeit Fashion: The Interplay Between Copyright and Trademark Law in Original Fashion Designs and Designer Knockoffs*, 18 TEX. INTELL. PROP. L.J. 419, 425 (2010) (noting that fashion designs receive little protection under copyright law because of the inherently utilitarian nature of clothing).

138. Last year the Innovative Design Protection and Piracy Protection Act was introduced in mid-July 2011, referred to the House Committee on the Judiciary, and then to the Subcommittee on Intellectual Property, Competition, and the Internet in late August 2011. See H.R. 2511, 112th Cong. (2011). The law was presented before Congress at the exact time it was trying to solve the country's debt crisis, so it was largely overlooked. It was also introduced in 2010 but did not pass. See *Innovative Design Protection and Piracy Prevention Act: Hearing on H.R. 2511 Before the Subcomm. on Intellectual Prop., Competition, and the Internet of the H. Comm. on the Judiciary*, 112th Cong. (2011) for discussion of the bill.

139. See *supra* notes 123–27 and accompanying text (explaining that the judge in *Louboutin* compared the protection for colors in a Picasso painting to Louboutin's trademark for red-lacquered soles).

140. See Aya Eguchi, *Curtailing Copyright Couture: The Merits of the Innovative Design Protection and Piracy Protection Act and a Licensing Scheme for the Fashion Industry*, 97

couture creation is protected under copyright law, but the actual three-dimensional garment is not because it is considered a utilitarian design.¹⁴¹ Most goods in the fashion industry are considered utilitarian, unless there is a separable artistic element, like a sculpture, carving, or pictorial representation that could be protected by a copyright.¹⁴² This separability criterion challenges courts to determine how an element can be “separate from its useful functions.”¹⁴³

The best argument for allowing trademark protection for colors is that a color mark only excludes competitors from using the mark in the same way as the mark’s owner. If that color mark is inherently source identifying, the color trademark deserves protection.¹⁴⁴ A case from the home decorating industry provides a useful comparison. In *L.D. Kichler Co. v. Davoil, Inc.*,¹⁴⁵ the Federal Circuit Court of Appeals considered the competitive need to use a particular color.¹⁴⁶ The court examined functionality—as did the court in *Louboutin*—of a color used on Kichler’s light fixtures.¹⁴⁷ The Federal Circuit reversed the district court’s ruling that Kichler’s signature color was functional, holding instead that its light fixtures’ “Olde Brick” color would be considered functional only if other competitors needed to use the color under the competition theory.¹⁴⁸ A competitor could demonstrate this need by showing that Kichler’s Olde Brick color is “one of a few colors that are uniquely superior for use in home decorating.”¹⁴⁹ This home decorating case provides a stronger, more tangible analogy for protecting single-color trademarks in the fashion industry than the Picasso and Monet hypothetical that the district court in *Louboutin* used to justify not

CORNELL L. REV. 131, 139 (2011) (quoting 17 U.S.C. § 102(a) (2006)).

141. Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1745–46 (2006).

142. *Id.* at 1748 (quoting 37 C.F.R. § 202.10(c) (1959)).

143. See Laura C. Marshall, *Catwalk Copycats: Why Congress Should Adopt a Modified Version of the Design Piracy Prohibition Act*, 14 J. INTELL. PROP. L. 305, 315–17.

144. See Sreepada, *supra* note 67, at 1164–65 (arguing that upon a showing of secondary meaning, colors in the fashion industry should be afforded trademark protection).

145. 192 F.3d 1349 (Fed. Cir. 1999).

146. *Id.*; see Sreepada, *supra* note 67, at 1152 (noting in 2009 that, as courts had not yet specifically considered the competitive need for a particular color in the fashion industry, they should use the standards set forth in *L.D. Kichler* because of the similarities in the fashion and interior design industries).

147. *L.D. Kichler*, 192 F.3d at 1351.

148. *Id.* at 1353.

149. *Id.*

protecting single-color trademarks, based on the doomsday color-depletion reasoning.

2. Potential Area for Protection of Color Trademarks After *Louboutin*

a. Application of the Competition Theory of Aesthetic Functionality

The application of the functionality doctrine and competition theory—the standard prior to the confusion among the circuit courts from *TrafFix*—is appropriate in color trademark cases.¹⁵⁰ Courts should look at the six tests used to evaluate the competition theory: “(1) comparable alternatives, (2) essentiality to usage, (3) relation to usage, (4) ease of manufacture, (5) effective competition, and (6) de facto/de jure functionality.”¹⁵¹ Courts should apply a blend of this standard, proposed in *Qualitex*, in the fashion industry to both protect the consumer from confusion and to protect the innovative designer’s ideas in a fast-moving marketplace.

The Second Circuit has previously relied on the competition theory to determine the validity of registered trademarks and similar trade dress cases.¹⁵² “Thus, in order for a court to find a product design functional, it must first find that certain features of the design are essential to effective competition in a particular market.”¹⁵³ In *Louboutin*, the Second Circuit noted that courts “must carefully weigh ‘the competitive benefits of protecting the source-identifying aspects’ of a mark against the ‘competitive costs of precluding competitors from using the feature.’”¹⁵⁴ The Southern District of New York failed to adhere to the controlling case law precedent for aesthetic functionality in its circuit,¹⁵⁵ which held that courts would deny trademark protection only where such protection

150. The Second Circuit did not appear to be “confused” by *TrafFix*, as discussed *infra* at Part II.C.3, and applied the aesthetic functionality doctrine from *Qualitex* with *TrafFix*’s application of the doctrine to recognize whether the trademark “would put competitors at a significant non-reputation-related disadvantage.” *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, at *9 (2d Cir. Sept. 5, 2012) (quoting *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32–33 (2001)).

151. *Wong*, *supra* note 9, at 1144 (internal quotation marks omitted).

152. See Brief for Int’l Trademark Ass’n, *supra* note 57, at 30–32, 2011 WL 5833570, at *21–23 (citing cases decided in the Second Circuit under the aesthetic functionality doctrine).

153. *Landscape Forms, Inc. v. Columbia Cascade Co.*, 70 F.3d 251, 253 (2d Cir. 1995).

154. *Louboutin*, 2012 WL 3832285, at *9 (quoting *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 (2d Cir. 1995)).

155. See Brief for Int’l Trademark Ass’n, *supra* note 57, at 32, 2011 WL 5833570, at *23.

“would significantly hinder competition by limiting the range of adequate alternative designs.”¹⁵⁶

b. The District Court’s Improper Reliance on the Color Depletion Theory

In *Louboutin*, an adequate alternative design for YSL could have been simply a different shade of red that is not confusingly similar to the shade Christian Louboutin uses on his trademarked red sole.¹⁵⁷ The district court’s reliance on the color depletion theory is extreme and not in line with the Court’s more realistic view of color trademarks from *Qualitex*. If a color is nonutilitarian and has adopted a secondary meaning, it should be protected. This is the theory used outside of the fashion industry in cases like *Qualitex*,¹⁵⁸ *Owens-Corning*,¹⁵⁹ and *Minnesota Mining & Manufacturing Co. v. Beautone Specialties, Co.*,¹⁶⁰ and now applied in *Louboutin*.¹⁶¹ The Supreme Court reinforced its position on the importance of secondary meaning and colors in *Wal-Mart Stores, Inc. v. Samara Bros.*¹⁶²

Generally, to determine whether a color trademark has a secondary meaning, courts may consider such evidence as customer surveys; exclusivity, length, and manner of use; amount and type of advertising; media coverage; and sales volume and market share.¹⁶³ The Second Circuit considered many of these factors in its determination that Louboutin’s red sole had acquired secondary meaning.¹⁶⁴ Further, in accordance with European law, the PTO should protect trademark registrations by requiring the use of a commercial color code, which

156. *Forschner Grp. v. Arrow Trading Co.*, 124 F.3d 402, 409–10 (2d Cir. 1997) (quoting *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990)); see *supra* notes 52–53 and accompanying text.

157. Reply Brief for Petitioners, *supra* note 113, at 21, 2012 WL 120569, at *13 (noting that no evidence shows that YSL lacks adequate alternative designs).

158. 514 U.S. 159, 166 (1995).

159. 774 F.2d 1116, 1123 (Fed. Cir. 1985).

160. 82 F. Supp. 2d 997, 1002–03 (D. Minn. 2000) (noting that substantial evidence existed that the canary yellow of 3M Post-It notes had gained a secondary meaning before the defendants began using the color).

161. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, at *12 (2d Cir. Sept. 5, 2012).

162. 529 U.S. 205, 211–12 (2000) (“Indeed, with respect to at least one category of mark-colors—we have held that no mark can ever be inherently distinctive. . . . We held that a color could be protected as a trademark, but only upon a showing of secondary meaning.”).

163. *Minn. Mining & Mfg. Co.*, 82 F. Supp. 2d at 1003.

164. *Louboutin*, 2012 WL 3832285, at *13–14.

could thwart confusion between brands about what color is “theirs.”¹⁶⁵ Louboutin claims that designers of women’s high-fashion footwear are only restricted from using “Louboutin red,” which competitors could quickly identify and avoid by referring to a proposed commercial color code.¹⁶⁶

c. Understanding the Effects of Costs on the Functionality Defense

While the district court in *Louboutin* placed too much significance on the color depletion theory, it also misapplied the *Inwood* standard by assuming that if there is a competitive cost to the trademark feature—the red-lacquered sole in this case—the feature is functional.¹⁶⁷ The district court noted in *Louboutin* that the red soles affect the cost and quality of the shoe;¹⁶⁸ but that stretches the *Qualitex* holding too far. The cost considerations come into play when competitors would be at a non-reputation-based disadvantage for not getting the same cost savings or advantages from a functional use of that particular color.¹⁶⁹ “[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 one which constitutes an improvement in the operation of the goods.”¹⁷⁰ Using the color red on shoes does not affect manufacturing costs or provide Christian Louboutin’s shoes with any utilitarian advantage over shoes with black soles. Simply that Louboutin generates higher profits than other high-fashion shoe companies because of the demand generated by its shoes does not by any means make the cost of a red-lacquered sole functional.

The Second Circuit did not actually analyze whether Louboutin’s red sole is functional. It declared that it would not enforce any per se rule of functionality for single-color trademarks that would deny protection to

165. Roth, *supra* note 22, at 480.

166. Reply Brief for Petitioners, *supra* note 113, at 20–21, 2012 WL 120569, at *12–13.

167. See *supra* note 98 and accompanying text (quoting *Inwood*’s rule for when a product feature is functional).

168. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011), *aff’d in part, rev’d in part*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept 5, 2012).

169. See *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1531 (Fed. Cir. 1994) (finding the color black functional because of its color compatibility and because it gives engines a smaller appearance); *Deere & Co. v. Farmhand, Inc.*, 721 F.2d 253, 253 (8th Cir. 1983) (per curiam) (finding “John Deere Green” functional because of consumers’ aesthetic preference).

170. *Stormy Cline Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 975 (2d Cir. 1987) (internal quotation marks omitted) (emphasis added), *abrogated by* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

“any deployment of a single color in an item of apparel.”¹⁷¹ The desirability and exclusivity of a Louboutin shoe does not allow for the conclusion that an appealing aesthetic feature, like a symbolic red sole that makes the product more desirable than its competitors, is functional.¹⁷² The Second Circuit laid out the trademark-infringement test to evaluate Louboutin’s original trademark infringement claim against YSL: (1) whether the mark “merits protection” and (2) whether the allegedly infringing use of the mark creates consumer confusion.¹⁷³ The issue of functionality is an affirmative defense considered only after the test is satisfied.¹⁷⁴ Because the Second Circuit determined that the red sole merits protection, and that there was no trademark infringement issue, it did not reach the issue of functionality nor attempt to apply the aesthetic functionality test to the mark.¹⁷⁵

The district court’s logic regarding the functionality of a shoe would damage trademarks in the fashion industry. For example, Tiffany & Co. has trademarks for the particular shade of blue it uses on its catalogs, gift bags, boxes, and jewelry.¹⁷⁶ Tiffany filed an amicus curiae brief with the Second Circuit because of the potential impact of the “sweeping and unprecedented *per se* rule against granting trademark protection to *any* single color that is used on *any* ‘fashion item.’”¹⁷⁷ Tiffany charges a premium for its products based on its craftsmanship, legacy, and reputation in the jewelry industry.¹⁷⁸ Tiffany’s higher price for its products does not mean that the trademarks it possesses are strictly functional. Tiffany is able to charge \$25 more for a key necklace pendant featuring Tiffany Blue enamel compared to a competitor’s key pendant of the identical design because of the recognition and popularity of the brand’s signature color.¹⁷⁹ It is unrealistic for courts to interfere

171. *Louboutin*, 2012 WL 3832285, at *10, *11.

172. *Id.* at *10.

173. *Id.* at *11.

174. *Id.*

175. *Id.* at *12.

176. 1 MCCARTHY, *supra* note 21, § 7:44.50 (citing examples of single-color registrations for widely known marks since 1995).

177. Brief for Tiffany (NJ) LLC and Tiffany & Co., *supra* note 33, at 9, 2011 WL 5126167, at *3.

178. See *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 472 (S.D.N.Y. 2008) (noting that Tiffany’s has high standards for its jewelry’s quality and craftsmanship as well as the integrity of its trademark).

179. See generally Nicole Giabarrese, *The Look for Less: A Survey of Intellectual Property Protections in the Fashion Industry*, 26 *TOURO L. REV.* 243, 272 (2010) (citing the popularity of the brand as the reason the company increased prices 20–32% on “Return to Tiffany” collection items).

with the commercial success of a particular brand or trademark by asserting that because Tiffany—or other well-known brands like Christian Louboutin—generates higher profits as a result of the exclusivity and popularity of the trademark, its trademarks are functional.

C. Public Policy Concerns for Single-Color Trademark Protection in Fashion

1. Advocating for Innovation and Design

The Southern District of New York's *Louboutin* decision failed to recognize and protect the intellectual property rights of the designer. Courts and the PTO should continue to allow designers protection of their multi-million dollar ideas when those ideas identify their own products and do not hinder a competitor's entry into the marketplace. "Color has the power to make a design stand out in the marketplace and to define a brand."¹⁸⁰ Awarding one participant in the designer shoe market a "monopoly" on the color red—*only* on the soles of the shoes—does not impermissibly hinder competition among other participants.¹⁸¹ While competitors have legitimate reasons to use color in their shoe designs, it is unlikely that a designer would paint green, purple, pink, yellow, or any other color of lacquer on just the soles of her shoes. Christian Louboutin's decision to paint his shoes' soles red was so innovative and fresh that allowing the trademark to stand does not lead to color depletion in the industry, because other designers do not want to be accused of simply copying a successful and iconic idea. That source-identifying mark, a red-lacquered sole, is already trademarked, and Christian Louboutin has used it for almost two decades.¹⁸² Although the Second Circuit modified the trademark to only allow protection when the red sole contrasts from the upper of the shoe, it also pointed out that this sharp contrast is "nearly always" present in Louboutin's designs.¹⁸³

from 2002 to 2004).

180. Sreepada, *supra* note 67, at 1133.

181. *Contra* Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011), *aff'd in part, rev'd in part*, No. 11-3303-CV, 2012 WL 3832285 (2d Cir. Sept 5, 2012).

182. *See supra* Part III.A.1.

183. Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., No. 11-3303-CV, 2012 WL 3832285, at *1 (2d Cir. Sept. 5, 2012).

In the fast-paced fashion industry, other designers strive to innovate their own multi-million dollar idea, instead of just copying. “[T]he sales of the copy substitute for and hence reduce sales of the original. . . . Either way, the profits of the original designer can be much reduced.”¹⁸⁴ Mass copying of a single idea, such as lacquering the soles of shoes, may also affect the entire “direction of innovation.”¹⁸⁵

Designers unprotected against design copying see a disproportionate effect on their profitability, and hence are discouraged from innovating—indeed, from entering in the first place. Designers who are protected by trademark and trade dress innovate in ways that play to these legal advantages. The resulting effect on the direction of innovation is to favor innovation by designers who already enjoy existing protection by other aspects of intellectual property law, over innovation by designers . . . who are not thus protected.¹⁸⁶

2. Avoiding Consumer Confusion in the Marketplace

Allowing other shoe designers to use red soles would have propagated confusion among consumers, frustrating one of the major objectives of the Lanham Act.¹⁸⁷ In the case of *Louboutin*, the designer shoe market is small enough that all of the consumers who can afford shoes that cost at least \$400 can readily identify a Christian Louboutin shoe.¹⁸⁸ The Second Circuit, however, did not discuss consumer confusion in *Louboutin*, as the court established that there was no infringement so it did not need to evaluate any potential confusion.¹⁸⁹ The Second Circuit analyzes the likelihood of consumer confusion using criteria established by Judge Friendly’s 1961 decision in *Polaroid Corp. v. Polarad Electronics Corp.*¹⁹⁰ The key factors from that decision are

184. C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1175–76 (2009).

185. *Id.* at 1175.

186. *Id.* at 1176–77.

187. *See supra* notes 22–23 (explaining the purposes behind the Lanham Act).

188. Secondary meaning can be determined by looking at just a segment of consumers. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, No. 11-3303-CV, 2012 WL 3832285, *13 n.23 (2d Cir. Sept 5, 2012).

189. *Id.* at *12; *see supra* note 173 and accompanying text (discussing the trademark-infringement test).

190. 287 F.2d 492 (2d Cir. 1961).

(1) the strength of the mark, (2) the degree of similarity between the marks at issue, and (3) the competitive proximity of the products.¹⁹¹ Louboutin's trademark is strong enough to lead to consumer confusion both prior to the sale and post-sale,¹⁹² and while confusion must be proven to establish trademark protection, confusion in the marketplace significantly frustrates the fundamental policy interest of trademark law.¹⁹³ Customer confusion is commonly associated with confusion that occurs at the point of sale, but it also includes post-sale confusion that can occur when the product is presented without labeling or trade dress features, such marketing, or, in the case of footwear, the name on the inside of the shoe.¹⁹⁴ “[S]eeing a ‘flash of red’ walking by on the street would cause consumers’ ‘cognitive bulbs [to] instantly flash to associate [the red outsoles with] ‘Louboutin.’”¹⁹⁵ Finally, another harm that may arise without protection for Louboutin's mark is “dilution by blurring,” which is an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”¹⁹⁶

IV. CONCLUSION

Courts need to reach a consensus on a cohesive test to determine whether an aesthetic color is functional and thus ineligible to receive a trademark, while recognizing and valuing any secondary meanings of the mark. Color depletion is just a theory, yet judges can, and have, applied it inappropriately to deny protection to colors used by designers in a signature, brand-identifying fashion—although the Second Circuit's reversal of the district court's holding will hopefully diminish the usefulness of the theory or its application to the fashion industry. The Second Circuit applied the functionality doctrine from *Qualitex*, thus overruling a per se rule of functionality and preventing any discretionary application of functionality to single-color trademarks in the fashion industry. Such an application of the doctrine protects source-identifying,

191. Reply Brief for Petitioners, *supra* note 113, at 30, 2012 WL 120569, at *22 (citing Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 258 (2d Cir. 1987)).

192. *Id.* at 30–31, 2012 WL 120569, at *22–23.

193. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986).

194. *See, e.g., id.* at 870 (finding that Levi jeans can be easily identified in the post-sale setting).

195. Reply Brief for Petitioners, *supra* note 113, at 34, 2012 WL 120569, at *26 (second and third alterations in original).

196. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 111 (2d Cir. 2010) (quoting 15 U.S.C. § 1125(c)(2)(b)(i)–(vi)).

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nonfunctional trademarks like Christian Louboutin's red-lacquered soles. This protection aligns with public policy concerns for promoting creativity and innovation, and follows the original objectives of the Lanham Act, namely to avoid misrepresentation and consumer confusion.