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“Tale of Two Soles: Functionality Doctrine in High Fashion”

I. **Introduction**

The fashion world rarely enjoys any luxuries of intellectual property protection, and often for good reason. The rationale that fashion is often functional, serving some useful purpose to the wearer, bolsters the public policy argument for disallowing extensive copyright or trademark protection for fashion designers. In the United States much of fashion, namely garments, shoes and handbags, are sought to be purely useful to the public and therefore are not entitled to protection that could monopolize basic designs. However, there are some trademarks that exist in the fashion world, most notably word trademarks that protect the actual name of the designer or company. Often trademarks belong to high end designers, like Louis Vuitton’s monogram, in order to protect the source identifying mark.¹ Yet, for designers who do not use monogram labels trademark protection is scarce and usually an uphill battle. Christian Louboutin is one of those designers who chose not to use a monogram but rather a distinctive red-lacquered out-sole on his famous high heels to be a source identifying mark. Louboutin’s innovative red sole shoes have become the pinnacle of high fashion footwear and widely recognized by consumers as the trademark for “louboutin’s”.

Starting in 2011 Christian Louboutin had brought a trademark infringement action against a competing fashion house, Yves Saint Laurent.² However, despite the overwhelming association of the red-lacquered outsole to Louboutin, recent developments in the litigation have

¹ WEBSTER’S DICTIONARY (2012). (defining a monogram as a design of one or more letters, usually initials, used as a source identifying mark. A monogram differs from a word trademark in which a designer trademarks their entire name and not a specific design).

² Louboutin v. Yves Saint Laurent Am. Inc., 778 F.Supp.2d 445 (S.D.N.Y. 2011). Yves Saint Laurent, hereafter YSL, had introduced a line of monochromatic red shoes that became the crux of the suit.

brought forth the argument that the color of the out-sole is functional and therefore invalid as a trademark. This paper will explore the doctrine of functionality in trademark law and discuss whether the courts in dealing with the red-sole shoes have either incorrectly or incompletely applied the doctrine. After the analysis of the courts the paper will conclude that the red lacquered out-sole of the Louboutin shoe is not functional within the realm of trademark law and should therefore be protected as a valid registered trademark.

Part II of this paper will discuss the standing law of the functionality doctrine as an affirmative defense. This section of the paper will distinguish between utilitarian functionality and aesthetic functionality and the rationale behind the two doctrines.. Part III will take a look at previous decisions dealing with color trademarks, including those that the *Louboutin v. YSL* courts heavily cite.³ This case law is not strictly within the unique world of fashion law, but does shed a considerable amount of light on the issue of single color trademark protection. Part IV discusses the District Court's ruling in *Louboutin*⁴ and the court's application of the functionality defense, as well as its broad based conclusions. The next section, Part V, briefly analyzes the Appellate Court's decision and discussion of the functionality of the red sole. Part VI analyzes and critiques both court's decisions and applications of the functionality defense. Part VI will also argue that the red sole of Louboutin shoes is not functional, and therefore it shall remain a valid registered trademark in all circumstances. The final part of the paper is the conclusion which will summarize what is discussed in the paper.

II. **The Functionality Doctrine**

³ *Id.*

⁴ *Id.*

Under current trademark law the burden of proof of non-functionality is on the party seeking protection to show that there is a prima facie case for infringement.⁵ The functionality doctrine can be used by the opposing party as a rebuttal to show that the design which protection is sought is functional and therefore not protected.⁶ This section will explore the functionality doctrine, the rationale behind the doctrine, and how it is applied in trademark infringement actions. In trademark law the functionality doctrine has become a powerful rebuttal, especially in the fashion industry, ensuring that functional designs are not afforded unnecessary protection.

The analytical framework of a trademark infringement claim comes in two stages. First, a court will see whether the mark deserves protection. In order for a mark to merit protection it must be distinctive and not generic.⁷ Second, if the trademark is deemed to be distinctive and therefore valid, we must then consider whether the use a similar mark would likely cause consumer confusion.⁸ In this second stage, once a trademark has been deemed valid and that a competitor's mark is likely to cause confusion, the competitor can nevertheless prevail if they can prove that the mark is functional—a traditional rebuttal to a presumed trademark.⁹

The functionality doctrine, “prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.”¹⁰ The functionality doctrine was developed to prevent parties from using trademark law to achieve permanent monopolies of useful products

⁵ 15 U.S.C. §1125(a).

⁶ Many Courts and journal authors refer to the functionality doctrine as the functionality defense, however, it is not an affirmative defense but more appropriately a rebuttal to the opposing party's prima facie case of having a valid trademark. This paper will refer to the functionality doctrine as a doctrine and not a defense unless directly quoting language used by a court.

⁷ *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2^d Cir. 1997).

⁸ *Louis Vuitton Malletier v. Dooney & Burke, Inc.*, 454 F.3d 108, 115 (2^d Cir. 2006).

⁹ *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 974 (2^d Cir. 1987). (“the competitor can nevertheless prevail...by showing that the mark is functional—a traditional defense to the enforcement of a trademark”)

¹⁰ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

that instead should be protected by limited-term patents.¹¹ It is the role of patent law to encourage invention by granting a monopoly over a design for a limited period of time, after which competitors are free to use the design. The core of the functionality doctrine is the justifiable need of competitors to use a practical feature that is less expensive, of better quality, or more efficient to manufacture. The doctrine prevents trademark law from undermining its own objectives and patent law's pro-competitive goals by ensuring that competitors remain free to mimic *useful* product features.¹²

The functionality doctrine has developed into two tests established by the Supreme Court, both of which serve as a rebuttal to a trademark infringement claim.¹³ The first test, referred to as the traditional or utilitarian test, deems “a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”¹⁴ If the product feature is found functional according to the first test, it will ordinarily be deemed ineligible for protection. The second test, commonly called aesthetic functionality, is applied “when the aesthetic design of a product is itself the mark for which protection is sought, the mark may be functional if giving the markholder the right to use it exclusively would put competitors at a significant non-reputation-related disadvantage.”¹⁵ While aesthetic functionality has been routinely criticized, it is still applied in limited circumstances.

¹¹ *Id.* at 169. (stating that it is a “fundamental principle of trademark law that a trademark... does not grant a monopoly of production”); *See, e.g. Genesee Brewing Co.*, 124 F.3d at 145 n. 5

¹² Brief for Int'l Trademark Ass'n as Amici Curiae Supporting Appellants, *Louboutin v. YSL*, 2012 U.S. App. LEXIS 18663 (Jan. 24, 2012), 2011 WL 833570 at *17.

¹³ *Louboutin v. YSL*, 2012 U.S. App. LEXIS 18663, at *27 (Jan. 24, 2012). The court used the terminology affirmative defense.

¹⁴ *Qualitex*, 514 U.S. at 165 (discussing an issue on appeal in *Inwood* was whether the color of a name-brand prescription pill was functional, and therefore available for use by manufacturers of the drug's generic equivalent, because the color assisted the pharmacists in dispensing the correct prescription. (citing *Inwood Lab., Inc. v. Ives Lab. Inc.*, 456 U.S. 844, 850 n. 10 (1982))).

¹⁵ *Louboutin*, 2012 U.S. App. at *26 (quoting *Inwood Lab.*, 456 U.S. at 850 n. 10).

The two tests within the functionality doctrine have been developed through case law, and dependent on public policy arguments. As previously discussed, it is not the role of trademark law to provide monopolies on useful designs. The development of the functionality doctrine has provided stronger guidelines for how and when it should be applied, making it a crucial factor in trademark infringement claims. Subsection A will discuss utilitarian functionality and supporting examples, while subsection B will discuss aesthetic functionality and its development.

A. Traditional or Utilitarian Functionality

The rebuttal of traditional or utilitarian functionality reiterates trademark law reasoning that functional products should not be given unlimited protection because it would keep those products from enriching the public domain. The basic test of utilitarian functionality, as stated previously, has been further defined over time by the courts. A product feature is essential if, it is dictated by the functions to be performed by the product.¹⁶ Any feature that merely accommodates a useful function is not sufficient.¹⁷ A product feature affecting the cost or quality of an article¹⁸ is one which permits the article to be manufactured at a *lower cost*¹⁹ or constitutes an improvement in the operation of the goods.²⁰

¹⁶ *Le Sportsac, Inc. v. K Mart Corp.*, 752 F.2d 71, 76 (2d Cir. 1985) (quoting *Warner Bros. Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 331 (2d Cir. 1983) (*Warner II*)). In *Le Sportsac*, K Mart challenged the trade dress of a backpack made of “parachute nylon and trimmed in cotton carpet tape with matching cotton-webbing straps. The zippers used to open and close the bags were color coordinated with the bags themselves, and usually were pulled with hollow rectangular metal sliders.” *Id.* at 74.

¹⁷ *Stormy Clime*, 809 F.2d at 975 (quoting *Warner II*, 724 F.2d at 331).

¹⁸ *Inwood Lab.*, 456 U.S. at 850 n.10.

¹⁹ *Stormy Clime*, 809 F.2d at 975 (quoting *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111 (1938) (holding that the pillow shape of shredded wheat biscuit functional as cost would be increased and quality lessened by other form.))(emphasis added).

²⁰ *Id.* (quoting *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980) (holding that the two-tier design of woodstove functional because improving the operation of the stove in three respects)).

One of the most notable examples of utilitarian functionality was discussed by the Second Circuit in *Stormy Clime*. Stormy Clime was in the business of designing and selling sportswear, including a waterproof rain jacket that became the purpose of the litigation.²¹ A competing company called ProGroup marketed a similar rain jacket, employing the same features that were once unique to Stormy Clime.²² The Second Circuit found that the features that Stormy Clime was claiming to have a trademark on²³ were essential to the product because it allowed the wearer to freely move and made the jackets manufactured at a low cost.²⁴ Accordingly, the court found that the utilitarian functionality doctrine was not appropriately applied because the jacket should have been deemed functional and the case was remanded.²⁵

Likewise, another example of utilitarian functionality came when the court found the design of a round beach towel to be functional.²⁶ In *Franek*, the round beach towel's purported use was not only to protect sunbathers from the sand but also to allow them to rotate without having to move the towel.²⁷ The court found that the round beach towel was in fact functional because the shape of the towel was essential to the function that Franek wanted to be performed.²⁸

The examples of utilitarian functionality expressly show that in order for the validity of a trademark to be rebutted, the product feature must be essential to the use or purpose as well as

²¹ *Stormy Clime*, 809 F.2d at 972. The rain jacket has distinctive features of three vents. They are designed to release sweat and heat while keeping the wearer dry.

²² *Id.* ProGroup's jacket consisted of two vents which closely resembled the Stormy Clime jackets, although they did not infringe on Stormy Clime's patent for tacking the vents.

²³ Stormy Clime claimed that the vents, as well as waterproof fabric and a hood were trademarked to their Cool-It jacket and therefore could not be used by ProGroup.

²⁴ *Id.* at 976. (discussing that the protection Stormy Clime is seeking for the jacket design would have provided a monopoly that their patent couldn't even extend.)

²⁵ *Id.* at 979.

²⁶ *Franek v. Wal-Mart Stores Inc.*, 2009 U.S. Dist. LEXIS 20361 (N.D. Ill. March 13, 2009). (holding that the round design proved to be the most efficient of designs for the intended use that was stated in the patent; allowing the sunbather to rotate without moving the towel. The court also found that the cost was not affected and neither was quality.)

²⁷ *Id.* at 51.

²⁸ *Id.* at 61.

affect the cost of the product. Without the utilitarian functionality rebuttal both of the products in the examples would have developed into monopolies. This is not the purpose of trademark law but rather patent law when specified time limits are set.

B. Aesthetic Functionality

In contrast to utilitarian functionality, aesthetic functionality is based on the foundation that the decorative appeal of a trademark may be essential to effective competition²⁹ or an important ingredient in the commercial success of the product³⁰ and must therefore be free for all to mimic to promote fair competition.³¹ A mark can be found to be aesthetically functional and ineligible for protection under the Lanham Act, where protection of the trademark considerably undermines competitor's ability to compete in the relevant market.³² In order to determine if a mark is aesthetically functional courts must avoid jumping to conclusions that a design is aesthetically functional merely because it denotes the product's source³³, and rather apply a fact-specific balancing test.³⁴ Courts must carefully weigh the benefits of protecting the source-identifying aspects of a mark against the benefits a competitor gets from using the mark.³⁵

Aesthetic functionality was most notably applied in the 1952 *Pagliero v. Wallace China Co.* decision, where the Ninth Circuit was the first court to use the theory to deny protection of a

²⁹ *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 80 (2d Cir. 1990).

³⁰ *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952). (“Functional in this sense might be said to connote other than trade-mark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright.”) (internal citations omitted)

³¹ Danielle E. Gorman, Note, *Protecting Single Color Trademarks in Fashion After Louboutin*, 30 *CARDOZO ARTS & ENT LJ* 369, 382 (2012)

³² *Knitwares, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1006 (2^d Cir. 1995) (linking aesthetic functionality to availability of alternative designs of children's fall sweaters)

³³ *Pagliero*, 198 F.2d at 343.

³⁴ *Louboutin*, 2012 U.S. App. LEXIS at *37. (discussing that the balancing test must consider both the markholder's right to enjoy the benefits of its effort to distinguish its product and the public's right to the vigorously competitive market protected by the Act) (Internal Citations omitted).

³⁵ *Id.* (citing *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 (2^d Cir. 1995)).

mark.³⁶ The court found that because the particular design feature is an important component in the commercial success of the product, the significance of free competition allows for its imitation in the absence of patent or copyright.³⁷ However, over the years the *Pagliero* decision has been greatly limited by the Ninth Circuit, and the Second Circuit declined to apply the test in deciding a nearly identical case in 1993.³⁸ Likewise, the Second Circuit began limiting the application of aesthetic functionality in 1990, stating that it would only deny trademark protection where such protection would *significantly* hinder competition by limiting sufficient alternative designs.³⁹ The Second Circuit held that in order to succeed on a claim of aesthetic functionality there must be a finding of foreclosures of alternatives.⁴⁰

The application of the aesthetic functionality defense is controversial throughout the circuits, and some courts have rejected or limited its application.⁴¹ The wide range of the application of aesthetic functionality lends itself to be unpredictable. To be applied correctly it must be highly fact intensive inquiry and narrowly tailored to only deny protection where competition would be significantly hindered.

Understanding the intricacies of the functionality doctrine is crucial to a proper rebuttal. The doctrine is tailored to meet the goals and interests of trademark law by providing a safety net against products that are deemed functional. Applying either utilitarian or aesthetic functionality

³⁶ *Pagliero*, 198 F.2d. at 344-45 (finding that the defendant was entitled to copy the plaintiff's china designs, since the "attractiveness and eye-appeal of the design" were the primary selling feature of the china.)

³⁷ *Id.* at 344.

³⁸ *Gorman*, *supra* at note 31. *See, e.g.*, *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, 999 F.2d 619 (2nd Cir. 1993) (declining to apply the *Pagliero* test for aesthetic functionality to a case also dealing with high quality china.)

³⁹ Int'l Trademark Ass'n, *supra* at note 12, at 21. (citing *Wallace*, 916 F.2d at 81)(emphasis added).

⁴⁰ *Wallace*, 916 F.2d at 81.

⁴¹ For example, the Fifth Circuit has rejected the doctrine entirely in *Bd. Of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 487-88. (5th Cir. 2008) ("our circuit has consistently rejected the concept of aesthetic functionality... we do not believe that the Court's dictum in *TrafFix* requires us to abandon our long-settled view rejecting recognition of aesthetic functionality.") While the Ninth Circuit has applied the doctrine inconsistently (*see* 1 *McCarthy on Trademarks* §7:80 (4th ed.) (collecting cases)). The Sixth Circuit has not decided whether or not to adopt the doctrine, although it was recently giving the opportunity to decide. (*See* *Marker's Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 679 F.3d 410, 417-19 (6th Cir. 2012))

correctly is necessary before a trademark infringement claim can move forward. If either doctrine is applied incorrectly the trademark infringement action cannot continue and a product's trademark will be incorrectly taken away.

III. Earlier Trademark Protection for Color Marks that Were Not Deemed Functional

“A trademark is a word, name, symbol, device or other designation...that is distinctive of a person's goods or services and that is used⁴² in a manner that identifies those goods or services and distinguishes them from the goods or services of others.”⁴³ The broad language of the Lanham Act places very few restrictions on what can constitute a trademark. As such, the Supreme Court upheld in 1995 that “there is no rule absolutely barring the use of color alone as a trademark.”⁴⁴ A color mark can be a trademark as long as it meets the requirements of trademark law, “including use in commerce, acquired distinctiveness, indication of a source, and non-functionality.”⁴⁵

Trademark protection being sought for a color mark is not new, in the fashion world or any industry. Subsection A discusses two examples of color marks that have been held valid in the fashion industry. Both of these examples deal with marks that are multi-color or have a distinct pattern, however both were held to be non-functional. Subsection B discusses valid single color marks, much like the mark Louboutin has registered. The two cases used as examples are cited to heavily in both the District Court and Appellate Court's decision as they are landmark cases.

A. Distinctive Patterns and Shades

⁴² 15 U.S.C. § 1127. The 1988 Amendment broadened this definition to include trademarks “in which a person has a bona fide intention to use, which indicate the source of the goods, even if that source is unknown.”

⁴³ *Id.*

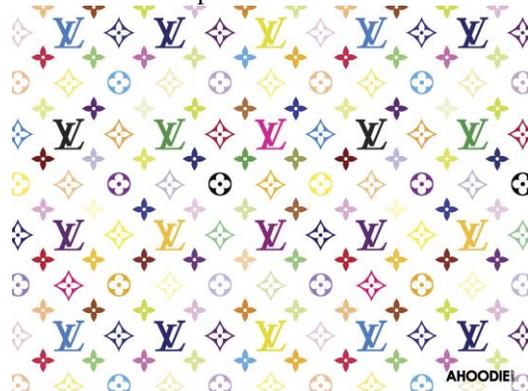
⁴⁴ *Qualitex*, 514 U.S. at 162.

⁴⁵ Gorman, *supra* at note 31, at 373. (quoting 15 U.S.C. § 1127)

As previously mentioned, many fashion houses do hold valid trademarks for monogram symbols. For instance, in 1896, Louis Vuitton, created its Toile Monogram.⁴⁶ Vuitton's Toile Monogram received an update in 2002 which incorporated the Toile Monogram in 33 colors on either a black or white bag.⁴⁷ The new mark, which was not registered, became the source of a trademark infringement claim in late 2005 when a competing handbag designer, Dooney & Bourke, introduced a new collection featuring the DB intertwined monogram in various colors against a white background.⁴⁸ While Vuitton did not claim that the colors alone were a trademark, the court found that Vuitton's multicolor mark is original in the market and inherently

⁴⁶ *Louis Vuitton Malletier*, 454 F.3d at 112. The Toile Monogram, “featuring entwined LV initials with three motifs: a curved diamond with a four-point star inset, its negative, and a circle with a four-leafed flower inset.”

⁴⁷ *Id.* at 115. See picture below.



⁴⁸ *Id.* at 113. The Dooney & Bourke “It-Bag” became a part of Dooney & Bourke’s signature series after a group of contest winning teenagers helped come up with the design after they visited Italy. The contest winners were photographed looking into a Louis Vuitton store where the handbags with the multicolor marks were on display. See picture below.



distinctive.⁴⁹ The Second Circuit found that the mark was protectable because it had acquired a secondary meaning and was inherently distinctive.⁵⁰ In relying on the District Court's findings, the multicolor mark was found to be inherently distinctive because Vuitton was able to show that consumers, for over a century, had associated the Toile Monogram with Louis Vuitton products.⁵¹ Additionally, the multicolor mark was created as a source-identifying mark, which became the symbol of Louis Vuitton in the new millennium.⁵²

Likewise, the District Court for the Southern District of New York held in 2009 that the Burberry checked pattern was protectable against copycats.⁵³ The Burberry check pattern was first introduced by the company in 1920 and was registered as a trademark with USPTO in 1983.⁵⁴ The court held that registration with the USPTO is prima facie evidence that the mark is registered and valid and that the registrant owns the mark giving the registrant the exclusive right to use the mark in commerce.⁵⁵

Similarly, Louboutin has a registered trademark for a lacquered red sole on footwear⁵⁶ giving Louboutin prima facie evidence that the red sole mark is valid. This puts the burden of rebuttal to show that the mark is functional upon YSL. Much like the Louis Vuitton decision, Louboutin's red sole was created to identify him as the source of the shoe. The previously discussed

⁴⁹ *Id.* at 116.

⁵⁰ *Id.*

⁵¹ *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 340 F.Supp. 2d 415, 457 (S.D.N.Y. 2004).

⁵² *Id.*

⁵³ *Burberry Ltd., et.al v. Euo Moda, Inc., et. Al*, 2009 U.S. Dist. LEXIS 53250 (S.D.N.Y. June 10, 2009). The court did not have to analyze whether the check pattern was functional because Burberry had provided a prima facie case that the trademark valid and enforceable. However, the trademark is nothing more than a specific pattern of colors and shapes that were enough to be the source identifying mark of Burberry.

⁵⁴ *Id.* at *3.

⁵⁵ *Id.*

⁵⁶ *Infra* fn.66. The registration no. 3,361,597 states that "the mark consists of a lacquered red sole on footwear".

precedent for using color in fashion trademarks supports Louboutin's argument that his red-soled shoes have acquired a secondary meaning indicating him as the designer.⁵⁷

B. Single Color Marks

While valid color trademarks have been found in fashion, they are often part of a unique pattern as previously discussed. Single color trademarks are less common and are a relatively new phenomenon in the realm of valid trademarks. To understand protection for single color marks it is important to know its major case precedent, which both Louboutin courts heavily cite.

The modern trend in single color marks began in 1985 with the Federal Circuit's decision in *In re Owens-Corning Fiberglas Corp.*⁵⁸ Up until 1985 color was only protected as a trademark if it was part of a pattern with other colors, words or symbols.⁵⁹ In *Owens-Corning* the court found that the pink color of the fibrous glass insulation served no utilitarian purpose and sufficiently acted as a trademark.⁶⁰ The court noted that the color pink for the fibrous glass insulation did not violate any of the factors that determine functionality.⁶¹ The court also noted that the Lanham Act should be construed more broadly to afford more protection for marks,

⁵⁷ *Louboutin*, 778 F. Supp. 2d at 447. Leading designers, including YSL, along with consumers instantly recognize the "flash of a red sole" as a Louboutin shoe.

⁵⁸ *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985). (discussing whether the pink color of residential insulation could be trademarked.)

⁵⁹ *See, e.g., A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906) ("Whether mere color can constitute a valid trade-mark may admit of doubt. Doubtless it may, if it be impressed in a particular design...but the authorities do not go farther than this.") In later decades, the functionality defense often precluded color marks from being protected. In 1982 the color "John Deere Green" was not protectable because of the aesthetic functionality doctrine because evidence showed that farmers wanted to match the color of their tractors. *Deere & Co. v. Farmhand Inc.*, 560 F. Supp. 85 (S.D. Iowa 1982). In 1994 the Federal Circuit Court did not recognize trademark protection for a black boat motor because "the color black exhibits both color compatibility with a wide variety of boat colors and ability to make objects appear smaller." *Brunswick Corp. v. British Seagull*, 35 F.3d 1527, 1531 (Fed. Cir. 1994). However, this decision relied more upon the functionality doctrine than an outright ban on single color marks.

⁶⁰ *In re Owens-Corning Fiberglas Corp.*, 774 F.2d at 1119-20. (holding that the color pink of the insulation served no purpose other than to indicate that the insulation was made by Owens-Corning)

⁶¹ *Id.* at 1121. ("To the contrary, when the arbitrary color arrangement distinguishes the goods from other sources of the same product...courts have viewed this as evidence that such design features are primarily non-functional in nature.") internal citations omitted.

including color.⁶² The discord between the circuits that followed this decision was instrumental in the Supreme Court finally ruling on the controversial issue.

In 1995 the Supreme Court ruled that “no special legal rule prevents color alone from serving as a trademark.”⁶³ In *Qualitex*, the petitioner had used a specific shade of green-gold color dry cleaning pads that are sold to use on dry cleaning presses.⁶⁴ Qualitex had a registered trademark for the green-gold color on the press pads and thus filed an infringement action against respondent for using the same color on their pressing pads.⁶⁵ The Supreme Court also noted the broad language of the Lanham Act in stating that, “both the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark.”⁶⁶ The *Qualitex* decision was groundbreaking in that the Supreme Court took a position that there is no per se bar against a single color serving as a trademark because there is no “obvious theoretical objection to the use of color alone as a trademark.”⁶⁷

However, the Supreme Court also tackled whether there was a functionality doctrine objection.⁶⁸ After explaining when a product is deemed functional,⁶⁹ the Court held that,

⁶² *Id.* at 1119-20. The Federal Circuit upheld the Board’s observation that even if the color pink is considered ornamental, it does not prevent it from acting as a trademark. (“The line distinguishing between mere ornamentation and ornamentation which is merely an incidental quality of a trademark is not always clearly ascertainable, the application of legal principles to fit one situation or the other requires proper reflection upon the impression likely to govern the ordinary purchaser in the marketplace.”) *Id.* at 1122 (citing *In re Swift & Co.*, 42 C.C.P.A. 1048 (CCPA 1955)).

⁶³ *Qualitex*, 514 U.S. at 161.

⁶⁴ *Id.*

⁶⁵ *Id.* The trademark was filed in 1991 with registration No. 1,633,711.

⁶⁶ *Id.* at 162. (“The language of the Lanham Act describes that universe in the broadest of terms.”) *Id.* SCOTUS admitted that a product’s color is unlike a word but overtime “customers may come to treat a particular color on a product or its packaging as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—to indicate their source—much in the way that descriptive words on a product can come to indicate a product’s origin.” *Id.* at 163.

⁶⁷ *Id.* at 163. (explaining where the color has attained a secondary meaning it therefore identifies and distinguishes a brand.)

⁶⁸ *Id.*

Although sometimes color plays an important role in making a product desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality—indicates that the doctrine of functionality does not create an absolute bar to the use of color alone as a mark.⁷⁰

The Supreme Court rejected any per se rule that a single-color mark could never serve as a valid trademark as long as it meets the basic legal requirements for use as a trademark.⁷¹ Since the *Qualitex* decision various single color trademarks have been registered to companies such as United Parcel Service, 3M, and Tiffany & Co.⁷² Both courts in the Louboutin litigation rely on the precedent set forth in *Qualitex* and *Owens-Corning*. With the newly developed validity of a single color trademark, Louboutin sought to capitalize on the precedent and registered his lacquered red-sole mark.

IV. **District Court’s Ruling in Louboutin v. YSL**

The District Court presented a broad issue to be decided in *Louboutin v. YSL*, questioning whether there was something unique about the fashion industry that would bar a single color being a valid trademark.⁷³ This section will look at the various issues the court contemplated it reaching its decision. Each subsection highlights the concerns of the court if they upheld Louboutin’s infringement claim. The first subsection will explain the court’s application of the aesthetic functionality doctrine, where the court took the opinion that Louboutin’s trademark was aesthetically functional. The next subsection will discuss the non-trademark reasons that Louboutin had chosen a red sole to identify his shoes. The last subsection sheds light on the court’s concern that Louboutin’s shade of red would only foster further litigation. The District

⁶⁹ A product is functional and cannot serve as a trademark if “it is essential to the use or purpose of the article or if it affects the cost or quality of that article, that is, if exclusive use of the feature would put competitors at a significant non-reputation related disadvantage.” *Inwood Labs., Inc., supra* at 850 n. 10.

⁷⁰ *Qualitex*, 514 U.S. at 165. See *Owens-Corning*, 774 F.2d 1123.

⁷¹ *Id.*

⁷² Gorman, *supra* at note 31, at 375.

⁷³ *Louboutin*, 788 F.Supp.2d at 451.

Court concluded that the statutory intent of the Lanham Act was not to serve as such a broad spectrum of protection.⁷⁴

The District Court for the Southern District of New York ruled on this case in August of 2011 after Louboutin had brought a trademark infringement action against Yves Saint Laurent.⁷⁵ From almost the creation of his shoe company Christian Louboutin began coloring the bottom of his high fashion women's shoes with a vivid red lacquered outsole.⁷⁶ While the source of inspiration for the red-soled shoes may never be truly known, Louboutin broke away from industry custom and investment a substantial amount of capital into building a reputation and good will promoting Louboutin's claim to its mark as "its signature in women's high fashion footwear."⁷⁷ The red outsole of a high heel has become closely associated with the Louboutin brand within social circles and commercial markets.⁷⁸ Louboutin sells approximately 240,000 pairs of shoes a year in the United States with a projected revenue of \$135 million for 2011.⁷⁹ In 2008 Louboutin was granted a trademark for his red sold shoe.⁸⁰ The basis for this suit came in 2011 when YSL introduced a new shoe collection which includes a monochromatic design.⁸¹ The challenged YSL model bears a bright red outsole, keeping in line with the monochromatic design of the line, in which the entire shoe is red.⁸²

A. Aesthetic Functionality

⁷⁴ *Id.* at 457. ("the Court cannot conceive that the Lanham Act could serve as the source of the broad spectrum of absurdities that would follow recognition of a trademark for the use of a single color for fashion items.")

⁷⁵ *Id.* at 448.

⁷⁶ *Christian Louboutin*. ENCYCLOPEDIA BRITANNICA. (Oct. 18, 2012)

<http://www.britannica.com/EBchecked/topic/1490559/Christian-Louboutin>

⁷⁷ *Louboutin*, 788 F.Supp.2d at 451

⁷⁸ *Id.* at 447-8. Leading designers, along with YSL, agree that the red sole mark has become closely associated with Louboutin.

⁷⁹ *Id.*

⁸⁰ *Id.* at 448. The Registration No. 3,361,597 states that "the mark consists of a lacquered red sole on footwear."

⁸¹ *Id.* at 449.

⁸² *Id.* The line is called the Cruise line and employs other colors for the monochromatic design including blue and yellow. Noteworthy, the all red version also appeared in YSL 2008 launch of the Cruise line.

The District Court presented the issue as whether the Lanham Act extends protection to a trademark composed of a single color used as an expressive and defining quality of an article of wear produced in the fashion industry.⁸³ From this point the court posed a hypothetical comparing fashion design to painting in that both a painter and a fashion designer are “devoted to appeal to the same sense in the beholder and wearer: aesthetics.”⁸⁴ The District Court reiterated the functionality doctrine as “forbidding the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is essential to the use or purpose of the article or affects its cost or quality.”⁸⁵ The court took the position that aesthetic appeal can be functional as we often value products primarily for their looks.⁸⁶

YSL had chosen the monochromatic design because it was part of the brand’s history.⁸⁷ The Court also noted that YSL had clothing in the same collection that coordinated with the shoes.⁸⁸ While the District Court did not explicitly say that this evidence proffered by YSL lends itself to the red sole being functional, the inference is there. Similarly, the Court held because the red outsole technically affected the cost of the shoe it met the second prong of the functionality doctrine.⁸⁹ The red outsole did cost more to produce, however because of the uniqueness of the high fashion culture the more expensive cost of production is sought-after because it makes the final product that much more exclusive and expensive.⁹⁰ The court held that even though the red

⁸³ *Louboutin*, 788 F.Supp.2d at 451. (“whether there is something unique about the fashion world that militates against extending trademark protection to a single color, although such registrations have sometimes been upheld in other industries.”)

⁸⁴ *Id.* at 452.(posing the hypothetical if Picasso filed an injunction against Monet’s water lilies because Monet used the distinctive indigo that Picasso claimed was the hallmark of his Blue Period.)

⁸⁵ *Id.* (citing *Qualitex*, 514 U.S. at 169)

⁸⁶ *Id.* (citing *Eco Mfg. LLC v. Honeywell Int’l Inc.*, 357 F.3d 649, 653 (7th Cir. 2003))

⁸⁷ *Id.* at 454.

⁸⁸ *Louboutin*, 788 F.Supp.2d at 451

⁸⁹ *Id.* (explaining that although the cost of the shoe was not affected the way that *Qualitex* had explained, it did make the shoe more expensive to produce therefore affecting the cost of production).

⁹⁰ *Id.*

outsole affected the cost by increasing it, it had efficiently affected the cost in terms of functionality.

The court continues to analyze the doctrine of functionality as to whether Louboutin's use of the color red as a brand⁹¹ would significantly hinder competition. Louboutin's trademark registration is for a lacquered red sole for women's high fashion designer footwear.⁹² The court found the lack of specificity in the mark to make Louboutin's claim "to the color red overly broad and inconsistent with the scheme of trademark law."⁹³ The court found that because YSL had numerous reasons for seeking to use the red lacquered outsole, including stylistic goals and garment coordination, if Louboutin was to succeed on claiming the color red as his trademark it would impermissibly hinder competition.⁹⁴ The broadness of Louboutin's mark that worries the court is the uncertainty that it will generate in the fashion industry.

As the court had previously discussed, the fashion industry is unique in its dependency on color and creative elements.⁹⁵

It is susceptible to taste, to idiosyncrasies and whims and moods, both of designers and consumers. Thus, at any moment when the market and the deities of design by whatever fancy they decide those things, proclaim that passion is in for a given season and must be expressed in reds in the year's various collections, 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.⁹⁶

The overreaching implications of Louboutin's claim would therefore significantly hinder competition in the fashion industry, due to the uniqueness of the industry and the ever

⁹¹ *Id.* (questioning whether red as a brand would permit Louboutin to interfere with legitimate competition through actual or potential exclusive use of an important product ingredient.)

⁹² *Id.*

⁹³ *Louboutin*, 788 F.Supp.2d at 451.

⁹⁴ *Id.* (noting the various reasons that YSL sought the color red for the outsole; including reference to traditional Chinese lacquer ware, to create a monochromatic shoe, to create a cohesive look among the shoes and coordinating garments.)

⁹⁵ *Id.* (explaining that the fashion industry is subject to change more than other traditional industries).

⁹⁶ *Id.*

changing environment. The dependence of the industry upon aesthetics and color makes it unique. Opinions change and fashion evolves constantly because fashion is grounded in creative elements, most notably color. Designers are expected to revamp their collections twice a year in which consumers are introduced to that seasons hot new color, pattern or theme.

B. Louboutin’s Non-Trademark Reasons for the Red Outsole

The District Court inquired into Louboutin’s other motives for the red outsole on his shoes that are significant, however nontrademark functions.⁹⁷ Louboutin stated that he chose the color because it gave his shoes energy and because it is engaging. Louboutin also acknowledged that the red bottom on his shoes is “sexy and attracts men to the women who where [his] shoes.”⁹⁸ The court elaborated on Louboutin’s statements adding that when the outsole of a shoe is coated in a bright, unexpected color it becomes decorative.⁹⁹ The nontrademark motives for the red outsole of the shoe led the court to conclude that that “color in turn elementally performs a creative function; it aims to please or be useful, not to identify and advertise a commercial source.”¹⁰⁰ The red lacquered outsole is intended to portray the idea of energy and flirtation that Louboutin, its creator, envisioned.

At the same time, YSL chose to use the color red on their outsoles to be consistent with the monochromatic theme in the Cruise collection.¹⁰¹ The coordinating effect that

⁹⁷ *Id.* at 453. (citing Mourot Decl. Ex. C (Docket No. 22-7)¶ 3))

⁹⁸ *Id.* (citing Mourot Decl Ex. C (Docket No. 22-12))

⁹⁹ *Id.* at 454. (“To attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal—all compromise nontrademark functions of color in fashion”)

¹⁰⁰ *Id.* at 452.

¹⁰¹ *Id.* at 453.

YSL was attempting to achieve is further support of the court’s opinion that color serves numerous, significant non-trademark functions. In the eyes of the court color satisfies non-trademark functions by “satisfying the noble instinct for giving the right touch of beauty to common and necessary things.”¹⁰²

The non-trademark reasons that Louboutin explains for his choice of the red lacquered outsole concern the court because they embody reasoning beyond being a source identifier. Louboutin admits that his choice of the red outsole was not only to identify his shoes as his own but also to give the shoes an energy and attractiveness. The court found this cause for concern because it lent itself to a conclusion that Louboutin had other motives for the red outsole other than a source identifier.

C. The Shade of Red

Louboutin asserts that the trademark registration is not for a blanket claim over the color red but rather for the color Pantone No.18-1663 TP¹⁰³ or Chinese Red as applied to the outsole of his shoes.¹⁰⁴ However, as the court points out the PTO registration cannot be changed by any representation made in the present litigation.¹⁰⁵ It is at this point the court finds another potential problem that comes with the trademark. Because color is absorbed differently depending on the material, the color may appear differently.¹⁰⁶ In the court’s opinion, a competitor may not know what shade of red Louboutin’s trademark

¹⁰² *Id.* at 454. (quoting G. Chesterton, *SIMPLICITY AND TOLSTOY* 61 (1912)).

¹⁰³ The shade of red that Louboutin referenced is part of the PANTONE TEXTILE color system. The system “assists designers in selecting and specifying color to be used in the manufacture of textiles and apparel. In 2003, the TEXTILE color system was replaced with the FASHION + HOME color system, and the suffix of each color was changed from TP to TPX.” *Id.* at 455 fn. 5

¹⁰⁴ *Id.* at 455.

¹⁰⁵ *Id.* Therefore, the shade of red that Louboutin points out is depicted in the registration drawing cannot be further amended.

¹⁰⁶ *Id.* (“The color as it manifests on paper would appear quite different—some lighter, some darker hues—on other mediums such as leather and cloth.”)

registration is for and therefore the competitor would not know what shade it could safely use.¹⁰⁷

The hypothetical posed by the court of a competitor not knowing what shade Louboutin has a claim over, arguably became the crux of this litigation. YSL states that they never used Pantone No. 18-1663 TP on its outsole.¹⁰⁸ However, Louboutin argues that the shade that YSL chose to use was too close to the shade Louboutin had registered and therefore would lead to consumer confusion. As the court notes, the obvious question then becomes how close to the protected shade can a competitor get?¹⁰⁹ Louboutin proposed having a range of shades above and below Pantone No. 18-1663 TP that would therefore be protected because they would cause confusion.¹¹⁰ This proposal would give Louboutin a range of approximately a dozen shades of red that competitors would not be able to use, effectively giving Louboutin a monopoly over red on the bottom of high fashion high heels.¹¹¹

The assumption by the court that Louboutin was trying to trademark the color red in all fashion contexts was worrisome. Moreso, because fashion in tales different fabrics the shade of red would be unpredictable. The confusion of what the exact shade of red the trademark covers and the litigation that could come out of this technical dispute seemed all to probable for the court.

V. Appellate Court's Ruling in Louboutin v. YSL

¹⁰⁷ *Id.*

¹⁰⁸ *Louboutin*, 788 F.Supp.2d at 451

¹⁰⁹ *Id.*

¹¹⁰ *Id.* (referencing *Olay Co. Inc., v. Cococare Prods. Inc.*, 218 U.S.P.Q. 1028, 1045 (S.D.N.Y. 1983) which issued an injunction requiring the infringer to use a discernibly different pink, at least 40% different in terms of the Pantone Matching System.)

¹¹¹ *Id.* at 456.

The Appellate Court's ruling was unofficially seen by both sides as a victory. The balanced approach to the problem that the court took left both parties happy. In its decision the court disagreed with the District Court's application of a per se ban of color marks in the fashion industry.¹¹² While the Appellate Court did not discuss in detail whether Louboutin's trademark was functional or not, the court did lay out a succinct legal framework of the doctrine.¹¹³ This section briefly explores the court's decision along with the limited discussion of Louboutin's red sole mark.

After the District Court's ruling in August, Christian Louboutin brought an interlocutory appeal to the Court of Appeals for the Second Circuit.¹¹⁴ The Appellate Court concluded that the District Court's holding was inconsistent with the Supreme Court's decision in *Qualitex*.¹¹⁵ Furthermore, the Appellate Court limited Louboutin's trademark to uses in which the red outsole contrasts with the remainder of the shoe¹¹⁶ and as modified is a valid trademark.¹¹⁷

In assessing the validity of Louboutin's mark, the court restates that registration with the PTO is prima facie evidence that the mark is valid and that the registrant owns

¹¹² *Louboutin*, 2012 U.S. App. LEXIS 18663 at*5. ("We conclude that the District Court's holding that a single color can never serve as a trademark in the fashion industry...is inconsistent with the Supreme Court's decision in *Qualitex* and that the District Court erred by resting its denial of Louboutin's preliminary injunction motion on that ground") (internal citations omitted)

¹¹³ *Id.* at *25-42. (discussing the functionality doctrine, utilitarian functionality, aesthetic functionality, the development of aesthetic functionality, the modern approach to aesthetic functionality and aesthetic functionality in the fashion industry.)

¹¹⁴ *Id.* at*5.

¹¹⁵ *Id.*

¹¹⁶ *Id.* (holding that the red lacquered outsole of the women's high fashion shoe had acquired secondary meaning as a distinctive symbol that identifies Louboutin as the brand. However, the Court found it necessary to limit the trademark to only include shoes that do not have a red "upper".) An upper being the top part of the shoe.

¹¹⁷ *Louboutin*, 2012 U.S. App. LEXIS 18663 at *6.

and has exclusive rights to use the mark.¹¹⁸ Once established by the court that Louboutin is afforded this prima facie evidence, the court continues its discussion with the applicability of the functionality doctrine.

After the Supreme Court's decision in *Qualitex*, a single color mark can act as a symbol that identifies a firm's goods and their source, without serving another significant function.¹¹⁹ *Qualitex* has giving rise to the modern formulation of the aesthetic functionality doctrine, in holding that "the ultimate test of aesthetic functionality...is whether the recognition of trademark rights [in an aesthetic design feature] would significantly hinder competition."¹²⁰ The court notes that it has not had the opportunity to apply the modern aesthetic functionality doctrine as detailed in *Qualitex*, however the court clearly finds that a mark would be aesthetically functional if protecting the mark would place competitors at a considerable non-reputation related disadvantage.¹²¹

Because aesthetic functionality is highly fact-specific, the Appellate Court made note that courts must refrain from jumping to conclusions that a design is aesthetically functional just because it denotes the product's desirable source.¹²² However, despite the fact specific analysis that should be proscribed to the aesthetic functionality doctrine, the District Court adopted a per se rule that color marks are functional in the fashion industry; this rule would effectively deny trademark protection to any use of a single

¹¹⁸ *Id.* at *19 fn10 (citing *Lane Capital Mgmt., Inc.*, 192 F.3d at 345)

¹¹⁹ *Id.* at *24.

¹²⁰ *Id.* a *33 (citing *Qualitex*, 514 U.S. at 170)(internal citations omitted)

¹²¹ *Id.* at *34 (internal citations omitted)

¹²² *Louboutin*, 2012 U.S. App. LEXIS 18663 at *37. (discussing how courts must consider the markholder's right to enjoy the perks of its effort to distinguish its product and the public's right to the vigorously competitive market protected by the Lanham Act, which an overly broad trademark might hinder) (internal citations omitted).

color in an item of clothing.¹²³ Rather, the Appellate Court took the opinion that the Supreme Court's ruling in *Qualitex* specifically forbade any per se rule that would deny a single color mark trademark protection.¹²⁴

The Appellate Court acknowledged that the fashion industry has special concerns, however, it is not unique in this respect.¹²⁵ Nevertheless, the uniqueness of the industry should not have influenced the analysis of the aesthetic functionality doctrine. The functionality defense does not guarantee the greatest range for creative outlet but rather the ability to fairly compete within a given market.¹²⁶

The Appellate Court, in modifying the trademark protection, did not have to analyze much further into the functionality doctrine. Louboutin was unable to convince the court that the non-contrasting shoes also have secondary meaning therefore the Court did not see a reason to address whether the red sole was function in terms of the modified trademark protection.¹²⁷

VI. Criticisms and Analysis of the Courts' Application of the Functionality Doctrine

¹²³ *Id.*

¹²⁴ *Id.* at *38 (holding that the Supreme Court specifically forbade the implementation of a per se rule that would deny single color marks in any particular industry.) (citing *Qualitex*, 514 U.S. at 161)

¹²⁵ *Id.* Rather the fashion industry has argued that U.S. intellectual property law does not afford nearly enough protection for the fashion industry. While the issue has become controversial some commentators propose working within the current IP law while others propose that fashion may be appropriate for sui generis statutory protection. However, other commentators have opined that IP protection for fashion would be detrimental to the industry. It has been argued that in this instant matter the more appropriate course of action would have been for a copyright over the red sole mark rather than a trademark. *See, e.g., Kieselstein-Cord v. Accessories by Pearl Inc.*, 632 F.2d 989, 993-94(2nd Cir. 1980)

¹²⁶ *Id.* at *41 (“it is a first principle of trademark law that an owner may not use the mark as a means of *excluding* competitors from a market.” (citing *Wallace Int'l Silversmiths, Inc.*, 916 F.2d at 81)).

¹²⁷ *Louboutin*, 2012 U.S. App. LEXIS 18663 at *45. (concluding that the red sole mark could not preclude competitors' use of the red sole in all situations, but rather when the mark is contrasting it has acquired the requisite distinctness and secondary meaning, however YSL's mark is on a monochromatic red shoe and therefore the court found it did not infringe on Louboutin's mark.)

While the Appellate Court described in length the background and modern approaches to the doctrine of functionality, the court chose not to apply the doctrine as it did not find a need. However, the District Court's approach to the functionality doctrine was inconsistent with the Supreme Court in adopting a per se bar against single color marks in the fashion world. The District Court carved out an exception to the protections granted to single color trademarks by the Supreme Court and the Lanham Act in holding that a single color for fashion items is never subject to protection.¹²⁸ By generalizing the analysis of Louboutin's mark to the use of color in the entire fashion world, the District Court incorrectly analyzed the trademark validity.

According to the leading trademark treatise just because a symbol is attractive and decorative, does not necessarily mean that the symbol cannot also serve as a trademark.¹²⁹ The treatise goes on to discuss that marks that combine visual attractiveness with the objective of serving as identification of source and quality are normally the best marks.¹³⁰ Although, the District Court found that Louboutin's mark did in fact achieve both of these goals, the court's sweeping conclusion that any single color as used on any fashion item can never serve as a source-identifier precluded an accurate analysis.¹³¹

As discussed by the Appellate Court, whether a single color trademark is valid is a highly fact intensive analysis. Therefore the District Court's blanket assertions hindered

¹²⁸ Brief for Tiffany and Co., as Amici Curiae Supporting Appellants, *Louboutin v. Yves Saint Laurent*, 2012 U.S. App. LEXIS 18663 (2nd Cir. Sept. 5, 2012) (No. 11-3303) at *15.

¹²⁹ 1 MCCARTHY §7:24 at 7-56. ("recognizing that a strictly ornamental baroque design pattern on silverware can simultaneously serve to identify the source of the goods" (citing *Wallace Int'l Silversmiths*, 916 F.2d at 81-81)).

¹³⁰ McCarthy, *supra* note at 131, at 7-57.

¹³¹ Brief for Tiffany and Co., as Amici Curiae Supporting Appellants, *Louboutin v. Yves Saint Laurent*, 2012 U.S. App. LEXIS 18663 (2nd Cir. Sept. 5, 2012) (No. 11-3303) at *18-19.

any analysis that followed because the generalization of the fashion industry would not allow for the highly fact specific analysis.

A. Utilitarian Functionality

As previously discussed, the functionality defense is broken down into utilitarian and aesthetic. In the utilitarian sense, the purpose of the functionality defense is to prevent manufactures from using a trademark to obtain a monopoly over a useful product feature that should rather be protected by patent law.¹³² While the District Court did correctly state the test for utilitarian functionality, it was not correctly applied.

Under the essential to the use or purpose prong the analysis should be whether the red sole is essential to the use or purpose of the Louboutin shoes. The design feature of the red lacquered outsole is essential to the use or purpose of the shoe “only if the feature is dictated by the functions to be performed; a feature that merely accommodates a useful function is not enough.”¹³³ The District Court did not analyze whether the red sole mark is essential to the use or purpose of the Louboutin shoes. Rather, the court made a sweeping generalization of the fashion industry—concluding that color *in general* is a critical attribute and an indispensable medium.¹³⁴ It is this generalization of the fashion industry that leads to the per se rule that the District Court appears to have adopted. The court’s analysis would therefore appear to conclude that the use of a single color for fashion items is per se essential to the use and purpose of fashion and thus is per se

¹³² *Qualitex*, 514 U.S. at 164-65. (stating the basic test is whether the design feature is essential to the use or purpose of a particular product and whether it lowers the cost of production.)

¹³³ *Stormy Clime*, 809 F.2d at 975 (“The true test of functionality is not whether the feature in question performs a function, but whether the functionality is dictated by the functions to be performed by the product at issue” (internal citations omitted)); See 1 MCCARTHY §7:69 at 7-196.

¹³⁴ See *Louboutin*, 778 F. Supp. 2d at 452-53.

functional.¹³⁵ The proper analysis would not have been to generalize color as a whole but rather to look at the specific context of Louboutin's mark. Louboutin's mark is for a specific color applied to a very specific part of a shoe. Therefore the analysis should have been whether the function performed by Louboutin's footwear dictates that their soles be covered in a red lacquer finish.¹³⁶ A red lacquered outsole does not dictate that the shoe provides protection to the wearer nor does it dictate any other conceivable function of footwear. The red sole is not essential to the function of footwear and therefore would not be considered functional under this prong.

The next prong, in which the feature cannot affect the cost and quality of the product, was also incorrectly applied by the District Court. As previously held, "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."¹³⁷ The District Court ignored this precedent in holding that Louboutin's mark affected the cost of the shoe because the red lacquered finished that was added to the outsole made the shoe *more expensive*.¹³⁸ This analysis circumvents the purpose of this prong. If the use of the trademarked design feature makes a product *more expensive*, then the feature would *not* be a functional element that competitors would need.¹³⁹ In concluding that Louboutin's mark was functional the District Court incorrectly applied the standing legal precedent. By only analyzing whether the mark affected the cost of the

¹³⁵ Brief for Tiffany and Co., as Amici Curiae Supporting Appellants, *Louboutin v. Yves Saint Laurent*, 2012 U.S. App. LEXIS 18663 (2nd Cir. Sept. 5, 2012) (No. 11-3303) at *22.

¹³⁶ *Id.*

¹³⁷ *Stormy Clime*, 809 F.2d at 975. (emphasis added)

¹³⁸ *Louboutin*, 788 F.Supp. 2d at 454. (emphasis added)

¹³⁹ Brief for Tiffany and Co., as Amici Curiae Supporting Appellants, *Louboutin v. Yves Saint Laurent*, 2012 U.S. App. LEXIS 18663 (2nd Cir. Sept. 5, 2012) (No. 11-3303) at *25.

shoe rather than analyzing whether the mark lowered the cost to manufacture, the Court could not come to a proper conclusion.

A proper analysis would hinge on whether the red lacquered outsole made the shoe *less* expensive to produce. Because the production of a red lacquered outsole makes the product more costly to produce it demonstrates that the feature is not a functional element that competitors need in order to compete.¹⁴⁰

B. Aesthetically Functional

The aesthetic functionality test turns on whether the design feature could be deemed functional because the features are essential to effective competition.¹⁴¹ In the Second Circuit the controlling case on aesthetic functionality is *Wallace Int'l Silversmiths*, in which the Second Circuit rejected the broad view of aesthetic functionality. Rather, the Second Circuit adopted a clear and limited test for when defense applies: “where an ornamental feature is claimed as a trademark and trademark protection would *significantly hinder competition* by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection.”¹⁴² According to this legal standard, there must be a finding of foreclosure of alternatives¹⁴³ if trademark protection were granted to an aesthetic design. Accordingly, if there is no evidence that a defendant has to copy a design to compete in the market, the defense will not bar trademark protection.

¹⁴⁰ Gorman, *supra* note 31, at 383.

¹⁴¹ *Wallace*, 916 F.2d at 80. (rejecting the Ninth Circuit’s adaptation because the commercial success of an aesthetic feature should not automatically destroy the originator’s trademark interest in the mark.)

¹⁴² *Id.* at 81 (emphasis added)

¹⁴³ *Id.* See 1 MCCARTHY §7:80 at 7-246

However, the District Court did not analyze whether YSL needed to copy Louboutin's red sole mark in order to compete in the market. In doing so, the District Court did not properly analyze whether affording protection to the mark would foreclose competitors from developing alternative, non-infringing patterns for the soles of competing shoes.¹⁴⁴ The court reverted to a broad construal of aesthetic functionality. Again the District Court relied on sweeping generalizations rather than conducting a proper analysis. Based on these generalizations the court concluded that a single color in fashion is per se aesthetically functional because it would limit what other designers could do.¹⁴⁵ The court's speculations and generalizations about the fashion industry are not the correct way to analyze aesthetic functionality in the Second Circuit. Not only is the District Court's per se rule against single color marks devastating to the fashion industry, it would be detrimental to nearly every color mark. The rationale of the District Court would threaten, for example, the color protection that Owens Corning enjoys.¹⁴⁶ The court automatically found a threat to legitimate competition without examining the availability of alternative designs.

The aesthetic functionality inquiry poses a limited question; whether designers of competitive shoes need to use red soles to compete effectively, not whether designers in general need to be able to use colors on unspecified products.¹⁴⁷ Therefore, a proper analysis would be to see if YSL needed to copy the lacquered red sole mark in order to compete in the market. Further analysis may determine whether the red outsole forecloses

¹⁴⁴ Brief for Tiffany and Co., *supra* at note 130, at 27.

¹⁴⁵ *Louboutin*, 778 F.Supp.2d at 454.

¹⁴⁶ Gorman, *supra* at note 31, at 385.

¹⁴⁷ Brief for Tiffany and Co., *supra* at note 130, at 27.

competitors from developing non-infringing attractive patterns.¹⁴⁸ Presently, most consumers purchase footwear for one of two reasons; practicality or fashion. As to the practical element shoes are worn for a variety of reasons, including but not limited to, protection and comfort. When shoes are bought for fashion it is the upper part of the shoe that coordinates with the entirety of an outfit that is the determining factor. The color of the outsole, for consumer purposes, serves as a brand indicator. Therefore, Louboutin's red outsoles do not hinder competition anymore than any other trademark.

VII. Conclusion

The functionality doctrine is an important and useful rebuttal to prevent products from receiving trademark protection. The test for utilitarian functionality is strongly rooted in precedent and has been applied consistently throughout the courts. However, the District Court incorrectly applied the utilitarian test for functionality in ignoring that the design must make the product less expensive. The court did not effectively analyze whether the red sole mark is essential to the use or purpose of Louboutin's shoe. In its failure to correctly apply the utilitarian functionality test, the District Court allowed for broad assertions in its loose analysis of the aesthetic functionality test. While the aesthetic functionality test is hotly debated and inconsistently applied throughout the courts, the District Court again incorrectly applied the test. Reverting back to a previously rejected construal of aesthetic functionality, the District Court relied on broad assumptions about the fashion industry.

¹⁴⁸ Brief for Tiffany & Co., *supra* at note 130, at 20. (arguing that the District Court improperly applied the functionality doctrine by not analyzing whether Louboutin's mark limited the field of alternative designs.)

On appeal the Second Circuit did not truly address the issue of functionality because they amended the trademark to only include contrasting uppers and therefore YSL's monochromatic use of the red sole would not infringe on the modified mark. While the Appellate Court did reject the District Court's per se rule against color marks in the fashion industry, the court did not delve into its own analysis of the functionality of Louboutin's mark. However, based upon the functionality doctrine's precedent in the Second Circuit, Louboutin's mark should not be deemed functional. The red sole mark is neither essential to the use or purpose of the shoe nor does it make the shoe less expensive to make. As far as aesthetics go, further analysis is necessary in order to definitively decide if the red sole mark foreclosed all other competition. Louboutin, through ingenuity and investment, has created a brand that is recognized by the red lacquered sole, and in such should be protected rightfully as Louboutin's trademark.