

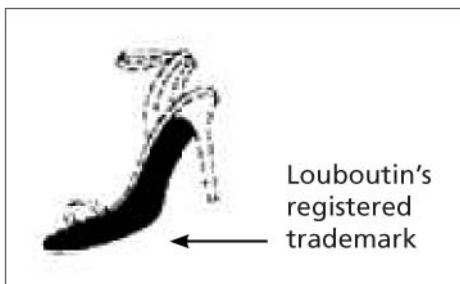
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Win-Win Ruling Protects Coloring the “Sole” of the Fashion Industry

The Second Circuit, home to the epicenter of the fashion industry in the United States according to many, issued a decision Wednesday with the potential to knock the socks off the industry. Reversing a district court’s decision that engendered much critical comment for its categorical denial of trademark protection in single-color marks in the fashion context, the appellate Court’s decision held that such a *per se* rule was contrary to Supreme Court precedent, and that in fact red *could* be monopolized in this case.

At issue are the red lacquered soles found on the shoes of designer Christian Louboutin. Louboutin’s shoes have been characterized by a brightly-colored, red outsole since their introduction in 1992.



In 2008, Louboutin obtained a Federal trademark registration claiming “a lacquered red sole on footwear.” Then in 2011, Louboutin learned that Yves Saint Laurent (“YSL”), another high end women’s shoe designer, was marketing a line of monochromatic shoes in which the entirety of the shoe - insole, heel, upper, and sole - featured the same color. One pair in the line was red.

Seeing red, Louboutin sued, and sought a preliminary injunction.

In denying the preliminary injunction, the district court adopted a *per se* rule of “functionality” for single-color marks in the fashion industry. Essentially, the court found that color is a “unique” feature to the fashion industry, and that permitting trademark protection for a single color on an item of apparel would significantly hinder competition; removing that color from the palette of everyone else was thus beyond the scope of trademark protection.

The Second Circuit reversed the broad sweeping *per se* rule, finding it contrary to Supreme Court precedent that requires an individualized, fact-based inquiry into the nature of a single-color trademark. The Second Circuit decision confirms that the aesthetic functionality defense is alive in that Circuit (to be contrasted with other Circuits, such as the Ninth Circuit’s inconsistent approach and the Fifth Circuit’s outright rejection). “Aesthetic functionality” is a very strange and counter-intuitive doctrine: in essence it asks are people buying the product because they like the “look” of the trademark feature, or because of the trademark (e.g., indicating a source of origin or sponsorship)? As the Second Circuit acknowledged, “how can the purely aesthetic be deemed functional, one might ask?”

Well, it can if recognizing color as a mark “would put competitors at a significant non-reputation-based disadvantage.” Who could ask for a clearer standard than that (certainly not the Supreme Court, from whence that nugget of jurisprudence has actually tumbled)? We are cautioned, however, “to avoid jumping to the conclusion that an aesthetic feature is functional merely because it denotes the product’s desirable source.” More helpful wisdom.

Interestingly though, after wandering around in the murk of aesthetic functionality, and contributing more to that murkiness, the Second Court just dives into the distinctiveness of the mark: that is, is there “secondary meaning” showing that the red

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sole really operates as a trademark at all? This was the easy part of the decision, because the district and appellate Courts held that using the red sole in an unusual way that contrasted the upper portion of the shoe caused the sole to “pop”, making it “instantly recognizable, to those in the know, as Louboutin’s handiwork.” The evidence was literally overwhelming that the “flash of the red sole” meant Louboutin.

The Second Circuit then did something very interesting. It divided the use of the mark into two separate situations: 1) when the sole contrasts with the upper portion of the shoe, and 2) when the sole and upper portion are the same color. The actual trademark registration, and Louboutin’s position on its mark, made no such differentiation. So the Second Circuit literally split the baby, saying the evidence failed to demonstrate a red sole in conjunction with a red upper had acquired secondary meaning, but that the red sole with a contrasting upper was protectable. Accordingly, the Court *modified* Louboutin’s trademark on the spot to use of a red sole in contrast with the upper portion of the shoe. Louboutin therefore has a valid trademark, which of course Yves Saint Laurent did not infringe (with its one-color red shoe).

The Second Circuit provides us with a decision yielding little to no more clarity on aesthetic functionality, but certainly will provide much litigation within the fashion industry, where branding of many designers is centered on a single color (think, Tiffany’s blue and Hermes orange). That shoe has not yet dropped, but it will.

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