The Other Shoe Drops: Appeals Court Saves But Trims Louboutin Red Sole Trademark

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There shouldn't be a special rule limited to the fashion world barring the use of single colors as trademarks, the **U.S. Court of Appeals for the Second Circuit** held in its much-anticipated decision of the **Christian Louboutin "red sole" trademark** case on September 5.¹ The 31-page opinion by Judge Jose A. Cabranes saved Louboutin's red "outsole" trademark but restricted it to situations where a color contrast exists between the red outsole and the shoe's upper. The **Second Circuit** also directed the **U.S. Patent and Trademark** office to limit the Louboutin trademark registration accordingly. The YSL monochromatic shoe - red upper, red outsole - over which the lawsuit originally had been brought and against which Louboutin had tried and failed to get a preliminary injunction, therefore won't infringe the trimmed-down trademark.

That headline snippet dominated the coverage of the decision, particularly during **New York Fashion Week**. From a broader perspective, however, perhaps the most significant aspect of the decision for the fashion and accessories world is its clarification of something called "aesthetic functionality." As a general rule, features are deemed functional if they are necessary to make the product work or to achieve competitive cost or quality characteristics. The district court's decision² had found that color is inherently functional for fashion items and therefore ruled fashion designers should be prohibited from ever claiming a color as a trademark, no matter how widely associated with the product. The district court reasoned that the choice of color enhances the appearance, and therefore the commercial appeal, of the fashion design, making the hue "aesthetically functional." As the district judge wrote colorfully:

If Louboutin owns Chinese Red for the outsole of high fashion women's shoes, another designer can just as well stake out a claim for exclusive use of another shade of red, or indeed even Louboutin's color, for the insole, while yet another could, like the world colonizers of eras past dividing conquered territories and markets, plant its flag on the entire heel for its Chinese Red. And who is to stop YSL, which declares it pioneered the monochrome shoe design, from trumping the whole foot wear design industry by asserting rights to the single color shoe concept in all shades?³

The Second Circuit opinion rejects this special rule for fashion. Looking back to the **U.S. Supreme Cour's** decision in **Qualitex Co. v. Jacobson Products Corp.**,⁴

the appeals court concludes such a per se rule in a particular industrial context is forbidden.⁵ Moreover, it concludes that a single color trademark is not off-limits to a fashion designer just because using a particular color may enhance the design, provided that it does not significantlyrestrict the ability of others to compete. This stops short of the monopoly that a patent or copyright confers, but also avoids "jumping to the conclusion that an aesthetic feature is functional merely because it denotes the product's desirable source.⁶ But it would be prudent to regard that only as a yellow light, not a full-speed-ahead green signal, for registering a color as a trademark. Most would-be users of single-color trademarks will not be able to make out the exceptionally strong showing of secondary meaning that Louboutin could (and did). As the Second Circuit said, "We think it plain that Louboutin's marketing efforts have created what the able district judge described as 'a... brand with worldwide recognition."²

Finally, the opinion also reminds us of fashion design's lonely position outside most intellectual property protection and pushes designers to a greater reliance on trademark protection. The court also notes the so far unsuccessful efforts to create a federal design right for fashion.⁸

/www.ca2.uscourts.gov/decisions/isysquery/8a711951-095b-4a1b-8ebc-9248ae64a274/1/hilite/(last viewed September 5, 2012).

2 Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc., 778 F.Supp.2d 445 (S.D.N.Y. 2011).

3 Christian Louboutin S. A. v. Yves Saint Laurent America, Inc., 778 F. Supp. 2d 445, 457 (S.D.N.Y. 2011).

4 514 U.S. 159 (1995).

5 Slip op. at p. 22.

6 Slip op. at p. 21.

7 Slip op. at p. 28.

8 Slip op. at p. 22, n.19.

¹ Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc., Dkt. No. 11-33030cv (September 5, 2012), available at<u>http://www.ca2.uscourts.gov/decisions/isysquery/8a711951-095b-4a1b-8ebc-9248ae64a274/1/doc/11-3303_opn.pdf#xml=http://</u>

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