Christian Louboutin v. Yves Saint Laurent: "Trademark Use" Stomps Its Red Heels on "Likelihood of Confusion"

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CHRISTIAN LOUBOUTIN V. YVES SAINT LAURENT: “TRADEMARK USE” STOMPS ITS RED HEELS ON “LIKELIHOOD OF CONFUSION”

I. INTRODUCTION

Fashion is an industry and an art form that warrants intellectual property protection for its aesthetic and economic value. The creativity and skill of fashion designers is akin to that of traditional artists and modern society widely recognizes the creative value of fashion. Yet fashion designs do not enjoy the kind of intellectual property protection that is widely granted to paintings and sculptures. Because the Copyright Act, which grants protection to artistic creations, seldom reaches fashion designs due to its useful article doctrine, the fashion industry relies mostly on trademark protection to safeguard its creative expression and economic investment.

In one of the latest cases involving the fashion industry’s attempts to secure intellectual property protection, Christian Louboutin filed suit against Yves Saint Laurent alleging trademark infringement of its notorious bright red lacquered outsole. The case was decided on appeal in the United States Court of Appeals

3. Gorman, supra note 1, at 394.
4. 17 U.S.C § 102(a) (2006) (copyright protection extends to works of authorship including literary, musical, dramatic . . . pictorial, graphic, sculptural . . . and architectural works).
5. Gorman, supra note 1.
for the Second Circuit, where the court ruled on the fate of single color marks in the fashion industry. Yves Saint Laurent designed and sold monochromatic, red high-heeled shoes with the bright red sole that is characteristic of the Louboutin brand. The district court found in favor of the defendant, formulating a per-se rule against the trademark of single colors in the fashion industry, and called for cancellation of the Louboutin mark. Louboutin appealed the decision and the Second Circuit overturned the district court’s finding, reasoning that colors can enjoy trademark protection when they have acquired secondary meaning.

This Note argues that single colors in the fashion industry should be afforded trademark protection in accordance with the Supreme Court’s decision in Qualitex and that the Second Circuit correctly reinstated the Louboutin Red Sole Mark. However, the Second Circuit erred in applying the trademark-use doctrine as a threshold issue in order to avoid engaging in a likelihood of confusion analysis. Louboutin, as owner of the Red Sole Mark, has the right to seek protection against potential infringers whose products might be confusingly similar. Such a finding requires the court to engage in a likelihood of confusion analysis. Presented with this fact specific inquiry on remand, the district court could have found in favor of Louboutin. Part II of this Note will introduce the background on trademark law in the United States, and more specifically, trademark protection of single color marks and the trademark-use doctrine. Part III will introduce the Christian Louboutin v. Yves Saint Laurent case and explain the findings of the district court and the decision of the Second Circuit. Part IV of the Note will discuss the Second Circuit’s analysis of the Louboutin Mark, its application of the aesthetic functionality doctrine and the secondary meaning it proved in order to earn trademark protection. Finally, Part IV will analyze the Second Circuit’s error in applying the trademark-use doctrine.

9. Id. at 458.
10. Louboutin, 696 F.3d at 226.
to the *Louboutin* case and the likely outcome of a fact specific infringement analysis of the Red Sole Mark.

II. BACKGROUND

To understand how the Second Circuit reached its decision it is necessary to understand the general background of trademark law and the policy reasons behind the protection it grants to mark owners. Because the court correctly concluded that the doctrine of aesthetic functionality did not undermine trademark rights in the Red Sole Mark, an understanding of functionality with respect to single color marks is important. Finally, keeping in mind trademark law’s objectives and the policy reasons for furthering its goals, the court’s decision raises a question as to the role of the trademark-use doctrine in assessing infringement cases.

Likelihood of confusion, as the most important analysis in trademark infringement cases, is undermined by the court’s reliance on aesthetic functionality and the trademark-use doctrine. Although the court’s decision with respect to functionality left ample room for likelihood of confusion analysis, the court completely usurped the factual findings of likelihood of confusion by relying on the trademark-use doctrine as a way to dismiss Louboutin’s infringement case.

A. *Trademark Law in the U.S.*

A trademark is a “any word, name, symbol, or device, or any combination thereof [used]. . .to identify and distinguish [goods or services] from those manufactured or sold by others and to indicate the source of the goods [or services].” 11 Trademarks tell the public about the source and quality of a certain product bearing a specific mark. 12 Trademarks also embody a company’s goodwill, the positive association that a consumer gives to the company and its products and the likelihood that the customer will be back in the

12. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §3.2 (4th ed. 2009).
future.13 Non-deceptive practices "reduce consumer search costs, improve economic efficiency, and protect producers' investments."14 Therefore, protecting a company’s mark from infringement benefits not only the company but also the consumers who purchase the company's products.

Federal trademark law is codified by the Trademark Act of 1946, commonly known as the Lanham Act.15 The Lanham Act allows for registration of trademarks that have become distinctive of the applicant’s goods in commerce,16 provided that the mark does not fall within any of the exceptions enumerated in the statute.17 In order to register a mark, an applicant has to prove that the mark is either inherently distinctive or has acquired distinctiveness, that it is used in commerce, identifies its source and is non-functional.18 Although federal registration gives the trademark prima facie validity19 and protection as of the date of application, marks do not have to be registered in order to gain protection under the Act.20 Unregistered trademarks receive common law trademark rights and protection under Section 43(a) of the Lanham Act, which forbids false designations of origin and false descriptions.21 Obtaining registration of a mark from the U.S. Patent and Trademark Office provides potential competitors with notice as to the rights of the registrant and may make the mark incontestable after five years of continuous use.22

16. See id. § 1052(f).
17. See id. § 1052(a) – (e) (for example, no trademark protection is granted to immoral, deceptive or scandalous matter, to goods that comprise a country's flag, or the name, portrait, or signature of an individual without his consent, or to a mark which so closely resembles a registered trademark or a mark already in use in the United States that it is likely to cause confusion).
18. See id. § 1127; see also Innwood Labs. Inc. v. Ives Labs., Inc., 456 U.S. 844, 850, n. 10 (1982).
19. See id. § 1065.
20. See id. § 1125.
22. See id. § 1065.
Since its passage in 1946, the Lanham Act has vastly broadened its reach. Over the years, it has become a source of intellectual property protection for an increasing variety of marks, including fashion designs. Courts have recognized the registration of shapes, sounds, moving images and smells as marks. Because of the wide scope of the Lanham Act and the few restrictions it places on registration of trademarks, the Supreme Court in Qualitex v. Jacobson Prods. Co. has extended trademark protection to single colors, provided that they meet the general trademark criteria.

B. Aesthetic Functionality and Single Colors as Trademarks

Until federal courts began addressing the issue in 1985, it was accepted among lower courts that trademark protection could not be extended to single colors because they could never meet the requisite distinctiveness standard. As a result, colors were only protectable as part of a design, symbol or pattern. The beginning of the modern trajectory of single color protection under trademark law began in 1985, when the Federal Circuit in In re Owens-Corning Fiberglass Corp. found that the pink color of the glass insulation could enjoy trademark protection because it was not functional. For ten years following the court’s decision in...


24. For example, U.S. Broadcaster NBC has trademarked the sound of the chime used to identify a station break and 20th Century Fox Film Corporation has registered a trademark for its logo with floodlights trailing across the sky. The Mark Comprises the Musical Notes G, E, C, Played on Chimes, Registration No. 916,522. See also In re Clarke, 17 U.S.P.Q.2d 1238 (BNA) (T.T.A.B. 1990) (U.S. Patent and Trademark Office Appeal Board approved the trademark of a fragrance for thread and embroidery yarn).


26. Gorman, supra note 1, at 374.


Owens-Corning, there was inconsistency among circuits in the treatment of single colors under the Lanham Act.29

In 1995, the Supreme Court ruled on the issue of single color trademarks in Qualitex v. Jacobson Prods. Co.30 Qualitex and Jacobson were rivals in the business of producing and selling dry cleaning pads for presses.31 In 1991, Qualitex obtained trademark registration of the green-gold color that Jacobson had been using on its dry cleaning pads since 1989.32 Because Qualitex had been using that color on its pads since the 1950s, it filed a trademark infringement suit against Jacobson.33 In his opinion, Justice Breyer articulated that “[w]e cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained ‘secondary meaning’ and therefore identifies and distinguishes a particular brand.”34 He further elaborated that the functionality doctrine does not create an absolute bar to the use of a single color as a mark because color can serve purely as a symbol and have no further use or purpose.35

Qualitex has clearly extended trademark protection to single colors, but single colors used in the fashion industry present additional complications, which the Court in Qualitex acknowledged.36 Additional, case specific analysis is required where a color satisfies “the noble instinct for giving the right touch of beauty to common and necessary things.”37

The functionality doctrine serves as an affirmative defense to a trademark infringement claim. Its goal is to prevent producers

29. See Master Distribs. v. Pako Corp., 986 F.2d 219, 225 (8th Cir. 1993) (holding that colors that meet the trademark requirements warrant protection). But see NutraSweet Co. v. Stadt Corp., 917 F.2d 1024, 1027 (7th Cir. 1990) (holding that color can be trademarked only in connection with a symbol or design).
30. Qualitex, 514 U.S. at 161.
31. Id.
32. Id.
33. Id.
34. Id. at 163.
35. Id. at 165.
36. Qualitex, 514 U.S. at 170.
37. Id.
from gaining a monopoly over a product feature that is useful and that allows the producer to manufacture at a cost that is lower than its competitors’ production cost.\(^{38}\) Aesthetic functionality, more specifically, is a defense used when the aesthetic feature of a product is itself the mark that the company is seeking to protect.\(^{39}\) The test for aesthetic functionality, as outlined in \textit{Qualitex}, asks whether granting trademark protection to the design feature would put competitors at a significant non-reputation-related disadvantage.\(^{40}\)

The \textit{Qualitex} Court narrowed the scope of the aesthetic functionality doctrine by adopting the definition presented in the Restatement (Third) of Unfair Competition, which says that “a design is functional because of its aesthetic value only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs.”\(^{41}\) Under this definition, the focus of the analysis is not the aesthetic and expressive purpose of the design but the availability of alternative designs. The doctrine is based upon the premise that the visual appeal of a trademark must be free for all to imitate because it is an essential ingredient in the commercial success of a product, and restricting its use would hinder fair competition within the marketplace.\(^{42}\)

As the definition and application of the aesthetic functionality doctrine has changed over time, it has become a topic of debate among scholars in the field. Thomas McCarthy goes so far as to say that the doctrine of aesthetic functionality is an oxymoron and “an unwarranted expansion of the utilitarian functionality policy, carrying it far outside the . . . rationale that justifies the policy.”\(^{43}\) McCarthy argues that the doctrine undermines trademark protection because it overrides factual findings of likelihood of confusion.\(^{44}\) McCarthy suggests that the focus should not be on aesthetic functionality but rather a simple inquiry into whether a

\(^{38}\) Gorman, \textit{supra} note 1, at 382-83.

\(^{39}\) \textit{Louboutin}, 696 F.3d at 219-20.

\(^{40}\) \textit{Qualitex}, 514 U.S. at 165 (citing \textit{Inwood}, 456 U.S. at 850, n. 10).

\(^{41}\) \textit{RESTATEMENT (THIRD) OF UNFAIR COMPETITION} § 17, cmt. c (1995).

\(^{42}\) Gorman, \textit{supra} note 1, at 390.

\(^{43}\) MCCARTHY, \textit{supra} note 12 at §7.81.

\(^{44}\) \textit{Id}.
design is perceived by customers as a trademark rather than merely ornamental.\textsuperscript{45} Under a backdrop of uncertainty in the realm of trademark protection for colors in fashion designs, the \textit{Louboutin} court addressed the validity and scope of the Red Sole Mark.

\textbf{C. Trademark-Use Doctrine}

The trademark-use doctrine has been a hotly debated subject among scholars in the field of intellectual property.\textsuperscript{46} Many experts disagree not only on the definition of the doctrine but also its application within the context of infringement analysis.\textsuperscript{47} Trademark law seeks to foster competition by preventing consumer confusion about the source of products in the marketplace.\textsuperscript{48} It protects the interest of consumers, of producers who invested in the quality of their product, and of potential competitors.\textsuperscript{49} Proponents of the trademark-use doctrine claim that it tailors the infringement analysis “to ensure that it effectively serves its purpose – preventing interference with customers’ ability to rely on marks for product information – without interfering unduly with the free flow of useful marketplace information to consumers.”\textsuperscript{50}

A definitive and widely agreed upon definition of the trademark-use doctrine has not been articulated by judges or scholars but in general terms, the doctrine states that in order to be infringing, the use of a mark must be a source-designating use and that a threshold-use determination subordinates the inquiry into likelihood of confusion.\textsuperscript{51} Infringing trademark use under the doctrine must lead the public to believe that the source of the

\begin{itemize}
  \item \textsuperscript{45} \textit{Id}.
  \item \textsuperscript{47} \textit{Id}.
  \item \textsuperscript{48} MCCARTHY, \textit{supra} note 12 at §3.5 (citing Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968)).
  \item \textsuperscript{49} \textit{Id}.
  \item \textsuperscript{51} Dogan & Lemley, \textit{supra} note 46, at 1682.
\end{itemize}
product in question is the defendant, not the plaintiff. Proponents of the trademark-use doctrine believe that the doctrine is “designed to deliberately short-circuit claims of trademark infringement by avoiding the messiness of the confusion analysis – particularly its fact-specificity, which is said to make confusion analysis ‘ill-suited to early resolution of lawsuits.’”

In the context of an infringement case, courts typically apply the trademark-use doctrine as a threshold issue in order to determine first and foremost whether the defendant’s conduct constitutes use of the plaintiff’s mark. If the court is able to answer that question in the affirmative, it then engages in a likelihood of confusion analysis to determine whether the defendant’s conduct constitutes infringement. If, however, the court determines that the defendant’s conduct does not constitute use of the plaintiff’s mark, as the court in Louboutin did, the inquiry ends and no trademark infringement exists. Scholars such as Stacey Dogan and Mark Lemley argue that a contextual inquiry into the likelihood of confusion is meaningless unless the defendant is actually using the mark on its own product. Graeme Dinwoodie and Mark Janis, on the other hand, find that the doctrine is “a clumsy stratagem for rendering a priori judgments without the benefit of a contextual inquiry.” According to them, “indiscriminate immunity based on a formal notion of trademark use should not undermine confusion as the lodestar of trademark liability. Confusion should remain a central factor in assessing the context in which consumers experience marks.”

52. Barrett, supra note 50, at 375.
54. McKinney, supra note 13, at 289.
55. Id.
56. Id.
57. Dogan & Lemley, supra note 46, at 1678-79.
Courts have differed in their application of the trademark-use doctrine in the context of infringement analysis. However, with its decision in Rescuecom Corp. v. Google Inc., the Second Circuit shifted away from the strict threshold analysis of "trademark use" for the purpose of determining infringement toward a more contextual fact-specific analysis advocated by scholars such as Dinwoodie and Janis.

In Rescuecom, a computer repair company sued Google for trademark infringement, alleging that Google sold the Rescuecom trademark as a keyword to competitors who purchased advertising space from Google and made their own advertisements appear every time a user searched for the word "Rescuecom." Because the advertisements were not clearly distinguishable from the search results, Rescuecom argued that they were likely to cause confusion among consumers who may associate a competitor's advertisement with Rescuecom.

Although the Second Circuit reversed the district court's dismissal of Rescuecom's complaint, it did not engage in the strict step-by-step infringement analysis that requires determination of (1) use (2) in commerce, and (3) likelihood of confusion. Instead of analyzing the threshold "use" determination under the doctrine before reaching a discussion of the likelihood of confusion, the Court noted that an infringer's use of a mark cannot escape liability irrespective of how likely the use is to cause confusion in the marketplace. The court attached an appendix to its decision further asserting its opinion that Congress did not intend to apply the Lanham Act's definition of "use in commerce" in the context of infringement analysis to limit the type of conduct that could

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60. See 1-800 Contacts, Inc. v. WhenU.Com, Inc., 414 F.3d 400, 411-12 (2d Cir. 2005) (applying a strict interpretation of the trademark-use doctrine). But see Playboy Enters., Inc. v. Netscape Commc'ns Corp., 354 F.3d 1020, 1024 (9th Cir. 2004) (failing to expressly acknowledge or apply the trademark-use doctrine).
62. Id. at 125.
63. Id.
64. Id. at 131.
65. McKinney, supra note 13, at 305.
result in liability. However, the Court acknowledged that such an interpretation was reasonable and was previously adopted by the Second Circuit. As a result, the court ultimately left the trademark-use doctrine intact. However, its decision represents a shift away from the threshold "use" analysis and toward an analysis of "use" that includes considerations of likelihood of confusion.

III. CHRISTIAN LOUBOUTIN v. YVES SAINT LAURENT AMERICA HOLDINGS, INC.

A. Factual Background

Iconic French footwear designer Christian Louboutin ("Louboutin") is known around the world for the bright red lacquered outsole that identifies all his high heel designs. Louboutin brought action against its competitor Yves Saint Laurent ("YSL") alleging that YSL violated the Lanham Act by producing and selling high-heeled shoes with red lacquered outsoles.

Since 1992, Louboutin has been making high-heeled women's shoes that have come to be known in the world of high fashion by their bright red, lacquered outsoles. Over the years, Louboutin built a brand around the red sole and invested a considerable amount of capital to earn the reputation and notoriety it holds today. The bright red outsole became synonymous with the

66. Id.
67. Rescuecom, 562 F.3d at 131 (citing 1-800 Contacts, 414 F.3d at 408).
68. McKinney, supra note 13, at 304-05 ("The analysis . . . departed from prior Second Circuit decisions by actually entertaining considerations of confusion during its threshold use analysis . . . Product placement in a brick-and-mortar store 'escapes liability because it does not cause a likelihood of confusion [.]. . .not by reason of an absence of' a particular type of use." (quoting Rescuecom, 562 F.3d at 130)).
70. Id. at 449.
71. Id. at 447.
72. Id.
Louboutin name.\textsuperscript{73} In January 2008, the U.S. Patent and Trademark Office granted Louboutin a trademark that consisted of a red lacquered sole on footwear (the "Red Sole Mark").\textsuperscript{74} In 2011, YSL began marketing and selling a line of monochrome shoes in a series of colors including red.\textsuperscript{75} The all-red YSL high-heeled shoes had a red insole, heel, upper and, of course, a red outsole.\textsuperscript{76}

B. District Court Decision

In April, 2011 Louboutin filed an action in the Southern District of New York asserting claims under the Lanham Act for trademark infringement and counterfeiting, false designation of origin and unfair competition, and trademark dilution.\textsuperscript{77} The company sought further relief under New York state law for trademark infringement, trademark dilution, unfair competition and unlawful deceptive acts and practices.\textsuperscript{78} YSL in turn asserted counterclaims seeking cancellation of the Red Sole Mark and damages for tortious interference with business relations and unfair competition, claiming that the Red Sole Mark is ornamental and functional.\textsuperscript{79}

The district court held that single color trademarks in the fashion industry are likely invalid because color is inherently functional and ornamental.\textsuperscript{80} The district court reasoned that granting trademark protection to single colors would restrain artistic freedom and fair competition in a creative industry that is largely dependent on color.\textsuperscript{81} Louboutin filed an appeal arguing that the district court erred in its findings.

\begin{footnotesize}
\begin{enumerate}
\item[73.] Id. at 447-48.
\item[74.] Id. at 448.
\item[75.] Louboutin, 778 F. Supp. 2d at 449.
\item[76.] Louboutin, 696 F.3d at 213.
\item[77.] Louboutin, 778 F. Supp. 2d at 449.
\item[78.] Id.
\item[79.] Id.
\item[80.] Id.
\item[81.] Id. at 453.
\end{enumerate}
\end{footnotesize}
C. Second Circuit Opinion

On September 5, 2012 the United States Court of Appeals for the Second Circuit published a decision that amounted to a victory for both parties. In its opinion, the Second Circuit affirmed in part and reversed in part the lower court’s decision, holding that Louboutin’s trademark is valid but should be limited in scope and that YSL’s design was not a use of Louboutin’s narrowed mark.\(^82\) Relying on the Supreme Court’s decision in *Qualitex*, the Second Circuit rejected the lower court’s decision that single colors cannot enjoy trademark protection in the fashion industry.\(^83\) In rejecting this *per se* rule of functionality, the court acknowledged that Louboutin’s Red Sole Mark is eligible for protection because it has acquired the requisite distinctiveness as a red outsole that contrasts with the remainder of the shoe.\(^84\) Louboutin was able to prove that the red outsole has acquired secondary meaning as a symbol that the public associates with the Louboutin brand, but only insofar as the red sole is not part of a monochromatic design because “it is the *contrast* between the sole and the upper that causes the sole to ‘pop,’ and to distinguish its creator.”\(^85\) Having officially modified the scope of Louboutin’s Red Sole Mark, the court held that YSL’s monochromatic design was not a use of that Red Sole Mark.\(^86\) The court stopped short of engaging in trademark infringement analysis concluding that Louboutin could keep its Red Sole Mark and YSL could continue to market and sell its monochromatic shoes.\(^87\) Accordingly, the court affirmed in part and reversed in part the order of the district court and remanded for further proceedings with respect to YSL’s counterclaims.\(^88\)

82. *Louboutin*, 696 F.3d at 229.
83. *Id.* at 212.
84. *Id.*
85. *Id.* at 227.
86. *Id.* at 228.
87. *Id.* at 228.
88. *Louboutin*, 696 F.3d at 229.
IV. ANALYSIS

The Second Circuit’s decision in *Louboutin* seals the fate of single color marks within the fashion industry. Consistent with one of the main goals of trademark law, it allows Louboutin to protect its investment in reputation and keep its trademark of the iconic red outsole. At the same time, however, the narrowed trademark allows YSL to produce and market its monochrome red shoes despite the possible consumer confusion as to the source of the luxury high heels.

Part A of this section will argue that the Second Circuit’s reversal of the district court’s decision to adopt a *per-se* rule against granting trademark protection to single colors was proper. Part B will discuss the Second Circuit’s error in applying the threshold-use determination and Part C will engage in a likelihood of confusion analysis in order to show that YSL’s red sole on its monochromatic shoes could be confusingly similar to Louboutin’s trademarked red sole.

A. The Red Sole Mark Survives

The Second Circuit’s decision to grant Louboutin its Red Sole Mark was supported by precedent and its decision to limit the scope of the mark was appropriate given the facts in the record. The court rightly shied away from setting a precedent that single colors are inherently functional and therefore, never subject to trademark protection in the fashion industry. This finding was in line with the Supreme Court’s decision in *Qualitex*. The *Qualitex* Court refused to adopt a *per-se* rule denying trademark protection for colors holding that consumers may come to associate a color on a product with a particular brand and that color may therefore act as a mark. By staying in line with the precedent set in *Qualitex*, this court appropriately refused to carve out a specific

90. *Id.* at 170.
exception for products that enter the marketplace because of their desirability and not their functionality.91

In the fashion industry, trademark law should first and foremost protect consumers by reducing their search costs and producers by allowing them to reap the benefits of their financial investments. Simply because a mark is aesthetically appealing, like a red outsole on a high-heeled shoe, it does not mean that it cannot act as an indicator of source and quality and thus, warrant protection as a trademark.92 The desirability of a color does not undermine its validity as a trademark because an infinite number of colors exist for others to use, leaving the marketplace open to competition while at the same time protecting innovation.93 In fact, the court in Louboutin appropriately underscored the Second Circuit’s prior holding that aesthetic functionality “bars protection of a mark that is ‘necessary to compete in the relevant market.’”94

In its application of the aesthetic functionality doctrine, the district court in Louboutin did not consider the narrower definition set forth in Qualitex but rather reverted back to a broad understanding of the doctrine finding that the red sole functions to “attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal.”95 The district court did not examine the availability of alternative designs and how the Red Sole Mark would affect fair competition in the marketplace. Instead of asking whether companies competing in the luxury footwear market need to be able to use the color red on their outsoles in order to effectively compete, the district court broadly asked whether Louboutin should be entitled to claim the color red in general.96 Under this broad understanding of aesthetic functionality, fashion designs could never garner trademark protection because they all

92. Id. at 305.
93. Id.
94. Louboutin, 696 F.3d at 221 (citing Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc., 999 F.2d 619, 622 (2d Cir. 1993)).
95. Gorman, supra note 1, at 384.
96. Id. at 385.
have a visual appeal and their restriction under trademark law would adversely affect free competition.\textsuperscript{97}

The Second Circuit properly rejected the district court's broad application of the aesthetic functionality doctrine finding the color red, as used on the outsole of a shoe, is not \textit{necessary} for other designers to compete in the market of luxury high-heeled shoes. In fact, YSL's use of a blue, yellow or green outsole in the design and marketing of its monochromatic shoe was not at issue and it still allowed the company to create designs that would compete in the market of high-end women's shoes. In making their determination under the aesthetic functionality test, "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.'"\textsuperscript{98} As the \textit{Louboutin} court appropriately pointed out, the functionality defense does not guarantee a competitor the greatest range for his creative outlet, but only the ability to fairly compete within a given market.\textsuperscript{99}

The aesthetic functionality doctrine does not even need to be applied in this case in order to reach a fair finding. As McCarthy argues in his treatise on trademarks, the focus should not be on aesthetic functionality.\textsuperscript{100} The question in the \textit{Louboutin} case should be whether the red sole is purely ornamental or something that consumers perceive as a mark of the Louboutin brand. Under this framework, Louboutin should be given the chance to show that the red sole on its high heels is a widely recognized mark that identifies the source of the product rather than a simple ornamental feature.

The Supreme Court precedent set forth in \textit{Qualitex} requires a fact-based inquiry into the nature of the trademark and cannot be interpreted to allow for the development of a \textit{per-se}, industry specific rule. The \textit{Louboutin} court followed this holding in rejecting the district court's cancellation of the Red Sole Mark and

\textsuperscript{97} \textit{Id.}

\textsuperscript{98} \textit{Louboutin}, 696 F.3d at 222 (citing Fabrication Enters., Inc. v. Hygenic Corp., 64 F.3d 53, 59 (2d Cir. 1995)).

\textsuperscript{99} \textit{Louboutin}, 778 F. Supp. 2d at 452-53.

\textsuperscript{100} \textit{McCARTHY, supra} note 12 at §7.81.
engaged in an analysis of whether the mark merits protection.\textsuperscript{101} The court concluded that the Louboutin mark has acquired secondary meaning and thus, the requisite distinctiveness to merit protection under the Lanham Act.\textsuperscript{102} In its analysis the court said that although a color is almost never inherently distinctive, it can acquire secondary meaning when it “becomes a symbol, ‘the primary significance’ of which is ‘to identify the source of the product rather than the product itself.’”\textsuperscript{103} In the case of Louboutin’s mark, the red outsole does just that. It identifies the shoe as being designed and manufactured by Christian Louboutin and it sets an expectation of quality among consumers who participate in that marketplace.

In determining secondary meaning, the court looks to factors such as “(1) advertising expenditures, (2) consumer studies linking the mark to a 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.”\textsuperscript{104} In analyzing these factors, the court correctly found that Louboutin invested a great amount of money and effort into building good will and promoting its brand with a signature red outsole. In fact, the red outsole is the center of much media attention among the rich and famous and has a high level of notoriety in those circles.\textsuperscript{105} However, the court found that based on the consumer surveys and factual findings made by the district court, “the lacquered red outsole, as applied to a shoe with an ‘upper’ of a different color, has ‘come to identify and distinguish’ the Louboutin brand, and is therefore a distinctive symbol that qualifies for trademark protection.”\textsuperscript{106}

In performing its “secondary meaning” analysis the court concluded based on the facts that the red sole’s secondary meaning rested solely in its contrast with the upper, heel and insole. Louboutin submitted hundreds of pictures of its shoes for the record and only four of them were monochrome red. Moreover,

\begin{itemize}
\item 101. \textit{Louboutin}, 696 F.3d at 225.
\item 102. \textit{Id.} at 227.
\item 103. \textit{Id.} at 226 (citing \textit{Innwood}, 456 U.S. at 851 n. 11).
\item 104. \textit{Id.}
\item 106. \textit{Louboutin}, 696 F.3d at 227 (emphasis added).
\end{itemize}
surveys showed that consumers who saw a red monochrome shoe and misidentified it as Louboutin’s did so because of the red outsole, not because of its general red color. In light of this evidence, the Court limited the Red Sole Mark.

B. The Trademark-Use Doctrine Survives

Much to Louboutin’s chagrin, the court cut its analysis short. In its opinion, the Second Circuit stated that modification of the Red Sole Mark disposes of all claims brought by the two companies because “the red sole on YSL’s monochrome shoes is neither a use of, nor confusingly similar to, the Red Sole Mark.” Despite the Second Circuit’s holding in Rescuecom Corp. v. Google, Inc. only three years before, when the Louboutin court was presented with a similar question, it revived the threshold-use determination analysis and opted to end the inquiry before engaging in a likelihood-of-confusion analysis. However, the court’s application of the trademark-use doctrine in Louboutin was misplaced given that the theory itself is flawed and the Second Circuit shifted away from the threshold-use determination in its decision in Rescuecom.

In their article, Dinwoodie and Janis present strong arguments against the application of the trademark-use doctrine. They reject the theory on two grounds. It is too malleable because it often becomes a proxy for the application of other doctrines needed to resolve the infringement issue. At the same time, when strictly applied, the theory becomes too restrictive to be useful in the resolution of a wide range of trademark disputes. In rejecting the trademark use theory, Dinwoodie and Janis argue that trademark use is not grounded in the statutory language of the Lanham Act and it is inconsistent with the major goals of trademark law.

107. Id. at 228.
108. Id.
109. Rescuecom, 562 F. 3d at 123.
110. Dinwoodie & Janis, supra note 59, at 1662.
111. Id.
112. Id.
Proponents of the doctrine, such as Margreth Barrett, find support for the trademark-use doctrine in the definition of "use in commerce" under section 45 of the Lanham Act, and argue that the definition was intended to apply in connection with the registration of a trademark and in the context of infringement analysis.\textsuperscript{113} However, Dinwoodie and Janis point to a discrepancy in the trademark registration and infringement provisions of the Act to show that the definition of "use in commerce" under section 45 (acquisition of trademark rights) may not apply to trademark infringement cases under section 32.\textsuperscript{114} Section 32 contemplates that the use of a mark in advertising might lead to liability under the Act, whereas the definition in section 45 provides that advertising of a good is not sufficient to acquire trademark rights.\textsuperscript{115}

Other scholars, such as Dogan and Lemley, believe that the trademark-use doctrine is a common law principle that is not specifically codified in the Lanham Act but is nonetheless implicitly incorporated therein.\textsuperscript{116} As Dinwoodie and Janis aptly point out, such an interpretation would have to be supported both by evidence that there was a common law trademark-use doctrine and that since then, there have been no developments in the law that would negate the theory.\textsuperscript{117} However, even if the former assertion can be supported, there are provisions in the Lanham Act that are at odds with the application of a threshold trademark use analysis.\textsuperscript{118} Applying the trademark-use doctrine as a dispositive threshold issue would render inapplicable section 33(b)(4) of the Act, which provides defenses to infringement for a good faith use, otherwise than as a mark, in order to describe a good or service.\textsuperscript{119}

The goal of trademark law is to identify the source of a product in order to avoid confusion and reduce search costs for consumers, while at the same time rewarding producers for their financial

\textsuperscript{114} Dinwoodie & Janis, supra note 59, at 1611 (citing Barrett, supra note 50, at 383).
\textsuperscript{115} Id. (discussing 15 U.S.C. §§ 1114, 1127).
\textsuperscript{116} Id. at 1617
\textsuperscript{117} Id.
\textsuperscript{118} Id.
investment and goodwill.\textsuperscript{120} The trademark-use doctrine, however, does not promote these goals because its application precludes the likelihood of confusion analysis that is so central to trademark law. "Since the presence or absence of consumer confusion impacts trademark law's end goals, allowing courts to analyze confusion is a necessary predicate to determining whether particular conduct promotes or hinders trademark law's central objectives."\textsuperscript{121} Non-confusing practices reduce consumer search costs, improve economic efficiency and protect producers' investments.\textsuperscript{122}

As the record clearly showed, Louboutin made substantial monetary investments building a brand and good will that centers around its signature Red Sole Mark.\textsuperscript{123} Consumers should be able to know that when they see a red sole, it will bear the Louboutin name and the quality that comes along with it. Further, Louboutin should be able to profit from the name and reputation that it built through a guarantee that consumers who want to be seen wearing a red-soled shoe will purchase a Louboutin product.

While the trademark-use doctrine can be too restrictive by allowing courts to dispose of infringement cases without engaging in fact specific analysis, it can also be so malleable as to become ineffective. According to Dinwoodie and Janis, not only should courts engage in likelihood of confusion analyses regardless of the use requirement, it is the case that most courts do.\textsuperscript{124} Dinwoodie and Janis refer to recent U.S. cases to show that the trademark use requirement is difficult to detach from the confusion issue.\textsuperscript{125}

\textsuperscript{120} McCarthy, supra note 12 at § 3.5.
\textsuperscript{121} McKinney, supra note 13, at 316.
\textsuperscript{122} Id.
\textsuperscript{123} Louboutin, 778 F. Supp. 2d at 447.
\textsuperscript{124} Dinwoodie & Janis, supra note 59, at 1649.
\textsuperscript{125} Id., (citing Interactive Prods. Corp. v. a2z Mobile Office Solutions, Inc., 326 F.3d 687, 695 (6th Cir. 2003) (finding that defendant's use of plaintiff's mark in the post-domain name path of URL did not require a likelihood of confusion analysis because it was non-trademark use that did not identify the source of the product); Bosley Med. Inst. v. Kremer, 403 F.3d 672, 676-77 (9th Cir. 2005) (finding that defendant did not infringe plaintiff's mark when using it in its domain name because the Lanham Act's infringement provision has a trademark use requirement, insisting that the defendant's use be a "use in commerce.").
doctrine "is so malleable that it can readily morph into any form that may suit judges' predispositions."126 Although the Louboutin court shied away from engaging in this analysis, most courts, like the court in Rescuecom, inevitably address the issue of likelihood of confusion when discussing trademark use and the "analysis of use [becomes] in effect an assessment of confusion conducted without any rigor."127 The Louboutin court should have followed this trend and taken advantage of the flexibility of the use requirement instead of applying it as a dispositive issue.

Proponents of the doctrine advocate that its application provides more certainty and decreases the costs of litigation.128 They claim that applying the likelihood-of-confusion test does not promote early resolution of lawsuits and leads to prolonged and expensive litigation.129 However, as we have seen, the doctrine is often used as a proxy for other factors, such as confusion.130 Moreover, in cases such as Louboutin, where the application of the doctrine does in fact lower the cost of litigation, it does so at the expense of promoting goals that are at the very core of trademark law. In the framework of trademark infringement analysis,

[c]ontext matters. Analysis of confusion is inherently contextual, while trademark use, if it is to achieve the goals set for it by its proponents, is a formalistic monolith. A contextual analysis, of course, is somewhat messier, as context requires parties to develop a greater range of facts. But that is what allows trademark law to adapt and deal comprehensively with the range of commercial settings to which it applies in the modern economy.131

126. Dinwoodie & Janis, supra note 59, at 1650.
127. Id. at 1649.
128. Dogan & Lemley, supra note 46, at 1696.
129. Id. at 1695.
130. Dinwoodie & Janis, supra note 53, at 1714.
A contextual approach that allows courts to engage in fact specific analysis promotes the development of trademark law through an analysis of competing rationales and a balancing of possible defenses.\textsuperscript{132} Courts should be more willing to undertake this task as it confers a benefit on trademark law in general and on the parties involved on a case-by-case basis.

Despite the flaws of the trademark-use doctrine, the \textit{Rescuecom} court did not completely do away with the "use" determination requirement. Rather, it shifted away from a strict threshold analysis that does not take into consideration likelihood of confusion and applied the doctrine in its malleable form.\textsuperscript{133} The court in \textit{Louboutin} should have engaged in a likelihood of confusion analysis before disposing of all claims simply under the premise that YSL’s red monochrome shoe did not constitute use.\textsuperscript{134} In fact, the court even made reference to consumer surveys that were submitted by Louboutin showing that some consumers identified the YSL-made red monochrome shoe as a Louboutin product because of the red sole.\textsuperscript{135} The court referred to these surveys and used them as evidence to show that the Red Sole Mark should be limited to a red sole that contrasts with the rest of the shoe.\textsuperscript{136} However, the court then refrained from using this evidence as proof that the use of a red sole in a monochrome shoe causes confusion among consumers as to the source of the product. In the fashion industry, and more specifically in the highly competitive women’s luxury footwear market, where the consumers’ main focus is the product’s brand name, likelihood of confusion should play a major role in infringement analysis.

The Second Circuit’s decision to grant Louboutin its Red Sole Mark but narrow its scope should not preclude the analysis of the likelihood of confusion. Whether the YSL shoe causes confusion among consumers as to the source of the good is a separate issue from whether Louboutin has a valid trademark that consists of a red sole or a valid trademark that consists of a contrasting red sole.

\textsuperscript{132} \textit{Id.} at 1662.
\textsuperscript{133} See sources cited supra note 68 and accompanying text.
\textsuperscript{134} See \textit{Louboutin}, 696 F.3d at 228.
\textsuperscript{135} \textit{Id.}
\textsuperscript{136} \textit{Id.}
Louboutin, as the owner of a trademark, should have the ability to seek protection against potential infringers whose products might be confusingly similar.\(^{137}\) In light of this, the Second Circuit should have remanded the case so that the district court could determine whether there was a likelihood of confusion. Had they done so, it is possible that Louboutin would prevail.

### C. Likelihood of Confusion

YSL’s monochrome shoes do not have the kind of secondary meaning that Louboutin’s red sole footwear carries and consumers, even those who participate in the high-end luxury shoe market, would likely not recognize them as a YSL product. A red sole clearly identifies and distinguishes the Louboutin brand in the fashion world.\(^{138}\) A likelihood of confusion analysis in this case not only would have been appropriate based on the Second Circuit’s decision in *Rescuecom* but would have, based on the facts, possibly resulted in a finding in favor of Louboutin.

In order to determine if there is a “likelihood of confusion,” courts in the Second Circuit look to the *Polaroid* factors which include: (1) the strength of the mark; (2) the degree of similarity between the two marks; (3) the competitive proximity of the products; (4) the likelihood that the prior owner will bridge the gap between the products; (5) actual confusion; (6) the defendant’s good faith in adopting its own mark; (7) the quality of defendant’s product; and (8) the sophistication of the buyers.\(^{139}\) Each *Polaroid* factor must be considered in the context of the other factors, and no single factor is dispositive of the likelihood of confusion.\(^{140}\)

As to the first factor, the “strength of the mark” refers to its ability to identify the source of the good being sold.\(^{141}\) In evaluating this factor, courts look to the distinctiveness of the

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140. *Id.*
mark, both its inherent distinctiveness and the distinctiveness it acquired in the marketplace. The court acknowledged the mark's distinctiveness in its secondary meaning analysis and noted that the mark is recognized by consumers who participate in the women's luxury footwear market, and has thereby acquired the requisite distinctiveness worthy of trademark protection under the Lanham Act.

The degree of similarity between the mark and the infringing product turns on the answer to two separate questions: (1) whether the similarity is likely to cause confusion and (2) what effect the similarity has upon purchasers. While the YSL shoes are monochromatic, there is an obvious similarity between the Louboutin and YSL shoes: the red outsole. Beyond that obvious similarity, both designers have placed the red outsole on high-end women's heels and both outsoles are an identical or nearly identical shade of the color red. The two products create a similar impression on the consumer, thereby contributing to a likelihood of confusion.

The third factor, proximity in the marketplace, refers to the extent to which the two products compete with each other in the marketplace. This factor weighs highly in favor of Louboutin. Both Louboutin and YSL are luxury women's fashion designers whose target market is affluent women, including celebrity consumers. The price of their products, and more specifically their shoes, is comparable thereby making their target consumer the same wealthy, fashionable woman.

The likelihood that the prior owner will bridge the gap between the products involves a determination of the likelihood that the plaintiff, in this case Louboutin, will enter the defendant's business and that prospective customers are aware of this intention. In the present case, this factor does not come into play, simply because

142. Id. at 130-131.
143. Louboutin, 696 F.3d at 227.
145. Id. at 555.
146. Id. at 556.
the two designers are already engaged in the same luxury women's footwear market that targets the same customer base.

While actual confusion need not be shown to prevail, evidence of actual confusion is highly probative of the likelihood of confusion. In its opinion, the court discusses the consumer surveys submitted by Louboutin that prove actual confusion among consumers. The court refers to the surveys in order to explain its decision to narrow the Red Sole Mark, noting that the consumers who thought a YSL shoes was Louboutin-made did so because of the signature red sole. The court, however, errs in not considering this evidence and not engaging in a likelihood of confusion analysis because evidence of actual confusion is "highly probative" and would have weighed heavily in favor of Louboutin.

The next factor considers the defendant's bad faith "attempt to exploit the goodwill and reputation of a senior user by adopting the mark with the intent to sow confusion between two companies' products." There is no evidence in this case that YSL intended to create shoes that were confusingly similar to Louboutin's. In fact, YSL made a whole line of monochromatic shoes, the red ones being just one of the colors designed and sold. In addition, the record shows that YSL has been making a line of monochromatic shoes since the 1970s, before Louboutin established its brand notoriety and came to be known for its Red Sole Mark. However, a red outsole has only occasionally appeared on YSL shoes and the last time YSL marketed an all-red shoe was in its 2008 collection. YSL did not have a recognizable red sole mark any time before Louboutin obtained trademark protection for its mark and consumers did not associate a red outsole with the YSL brand. However, there is no evidence that YSL used the red sole with the intent to sow confusion and exploit Louboutin's good will. As a

147. Id.
148. Louboutin, 696 F.3d at 228. Controversy surrounding survey evidence is beyond the scope of this article.
149. Id.
151. Louboutin, 696 F.3d at 213.
152. Louboutin, 778 F. Supp. 2d at 449.
result, this factor remains neutral in the likelihood of confusion analysis.

The factor concerned with the quality of the defendant’s product looks to whether the plaintiff’s reputation can be jeopardized because the defendant’s product is of inferior quality. The record shows in this case that both parties’ products are of high quality, they both produce and sell luxury women’s footwear and they both charge a great amount of money for their product. In addition, both companies carry a reputation among consumers for manufacturing high quality products. In the present case, this factor does not weigh in favor of either party.

The final element of the likelihood of confusion analysis is the sophistication of the buyers. In their analysis of this factor, courts generally find that the more sophisticated the consumer, the less likely they are to be misled by the similarity of the two products. In the case of Louboutin, the consumer of both parties’ products is generally sophisticated and knowledgeable in the high-end women’s designer footwear marketplace. However, given that both parties participate in this marketplace and produce similar products, allowing YSL to use the red outsole on its shoes makes the two high quality, luxury products difficult to distinguish from each other, even for consumers who are sophisticated and familiar with the brands. Although in general, in a market with such sophisticated consumers, this factor could weigh in favor of YSL, in this case there is potential for the court to find that it favors Louboutin. The sophisticated consumer who can easily see the difference between an original and an infringing product may not be able to make that distinction in a case where both products are luxury high heels of high quality and high notoriety.

If a court had engaged in this analysis to determine whether there could be a likelihood of confusion even after it limited the Red Sole Mark, it may well have come to the conclusion that YSL’s use of the red outsole on its monochrome shoe was infringing conduct. Many of the factors considered in the analysis could weigh in favor of Louboutin and could have led to a different outcome in this case.

154. Id.
A policy that places conduct beyond trademark law’s reach irrespective of whether that conduct creates confusion increases consumer search costs.\textsuperscript{155} Trademark laws that prevent confusion make it easier and cheaper for consumers to locate products with desired qualities, thereby promoting competition in the marketplace.

V. Conclusion

In \textit{Louboutin}, the Second Circuit properly reversed the lower court’s finding that colors are not subject to trademark protection under the Lanham Act. Colors can be trademarked because they can acquire secondary meaning and acquire the requisite distinctiveness that warrants trademark protection. Based on the evidence presented to the lower court, the \textit{Louboutin} court found that Louboutin’s red sole had acquired secondary meaning insofar as the outsole contrasts with the rest of the shoe.

However, the court then erred by concluding that YSL’s monochrome red shoe did not constitute use of the Red Sole Mark and was therefore not infringing. The Second Circuit, in its decision in \textit{Rescuecom}, had shifted from a threshold trademark use analysis with respect to infringement. The court said that likelihood of confusion determinations should be considered in conjunction with the use analysis. The \textit{Louboutin} court, however, simply ignored the likelihood of confusion that could result from YSL’s use of the red sole on its monochrome red shoe. The Second Circuit’s reinstatement of the Red Sole Mark, even after its narrowing of the scope, should not affect the full range of protections to which Louboutin is entitled under trademark law. Infringement analysis is a separate question that should be addressed through a likelihood of confusion analysis. Had the Second Circuit remanded, and the district court entertained an analysis of all the factors, it could easily have found that YSL’s product was infringing the Red Sole Mark.

The Second Circuit’s decision marks a victory for the fashion industry in its struggles to secure intellectual property protection. The court’s rejection of the \textit{per-se} rule against single color

\textsuperscript{155} McKinney, \textit{supra} note 13, at 316.
trademarks allows producers to garner protection for distinctive designs that have acquired secondary meaning and promotes the ultimate goals of trademark laws. Designers such as Hermes, Valentino and Tiffany's can hold on to the trademark registration of their signature colors and can continue to enforce their rights on the use of those colors. However, the more broad implications of the Second Circuit's decision create a nebulous future for the trademark-use doctrine and its application in infringement analyses. Despite the Second Circuit's prior shift away from the threshold-use analysis toward a more contextual and fact specific likelihood of confusion determination in Rescuecom, in Louboutin, the court has revived the threshold trademark use determination as a way to quickly dispose of claims and avoid the important, contextual, and fact specific examination.

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