
Fordham University Law School Functionality and Trademark Law

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Non-Traditional Trademarks Are Difficult to Register

- Are not inherently distinctive
- Must show acquired distinction; secondary meaning
 - Sales
 - Substantial Exclusivity
 - Unsolicited Media Coverage
 - Awards
 - Advertising

Louboutin vs. YSL

Louboutin Red Soled Shoes



YSL Red Soled Shoes



Enforcing Color Trademarks

- Registration affords rebuttable presumptions of validity, secondary meaning and enforceability; Does the color serve as a source indicator?
- Likelihood of confusion; Polaroid factors are usually applied;
- Survey is critical
- Expert Testimony critical

Defenses

- Color Depletion

- Weak after *In re Owens-Corning Fiberglas Corp.*, 774 F. 2nd 1116 (Fed. Cir. 1985); Lanham Act should be construed broadly to afford protection to wide variety of marks including color; color depletion argument unreasonable restriction on acquisition of trademark rights where no competitive need shown.
- Weakened further after *Qualitex v. Jacobson Prods. Cop.*, 514 U.S. 159, 161 (1995), “no special legal rule prevents color alone from serving as a trademark”
 - Court in *Louboutin* nonetheless applied the rule when stating, “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. 778 F. Supp 2d 445, 454 (S.D.N.Y. 2011)”
 - Court misconstrued the claim of *Louboutin*, characterizing it as a claim to the color red thus finding interference with creativity and stifling of competition when in fact claim was to color red shown in trademark registration, on particular products, in a particular location, treated in a particular fashion, e.g. lacquered
 - Court’s announcement of a *per se* bar to single color serving as a trademark in fashion industry is contrary to case law requiring case by case analysis; *See, Master Distribs. V. Pako Corp.* 986 F. 2d 219,222 (8th Cir. 1993); “We believe that not allowing manufacturers to protect color marks when all the traditional requirements have been met will actually promote inconsistency and confusion”
 - Scarcity rationale is erroneous

Defenses cont'd

- Shade Confusion- differences in shades are too difficult for trier of fact, also now not well recognized
 - *Qualitex* rejected theory holding no difference, finding courts often make difficult distinctions
 - Key flaws: Courts routinely permit color with words or symbols, why?
 - Claim that there will be confusion is without substance since all trademark cases ultimately turn on confusion
 - Nonetheless, *Louboutin* court also used this theory in holding in fashion it is much more difficult to make a “finer and more aesthetic call” without any evidence to support the distinction between fashion and other industries

Defenses: Fair Use

- Descriptive Fair Use:
 - defense to claim of infringement if the name, term or device charged to be an infringement is a use, otherwise than as a mark..of a...device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party...15 U.S.C. §1115(b)(4); example: micro used to describe something that is small

Fair use cont'd

- Nominative Fair Use; use in connection with a reference. Example: *Mattel Inc. v. MCA Records Inc.* 296 F, 3rd 894 (9th Cir. 2002) holding reference in song to a “barbie girl” fair use
- In Louboutin case defense has been raised that use of red sole by YSL is fair use by reason of monochromatic shoes involved and is not trademark use. Louboutin has contested. Court never reached because per se rule adopted stopped all further analysis.

Defenses cont'd; Functionality

■ Utilitarian Functionality

- A product feature is functional if it is found essential to the use or purpose of the article or if it affects the cost or quality of the article, *Inwood Labs v. Ives Labs*, 456 US 844, 851 (1982), *Qualitex*, at 164.
- *Kellogg Co. v. National Biscuit Co.* 305 U.S. 111(1938) held biscuit shape easier and cheaper to make thus functional
- *Dippin Dots Inc. v. Frosty Bites Distribution* 369 F. 3rd 1197 (11th Cir. 2004) ice cream shaped in form of small dots with particular colors; colors indicated flavor, thus not protected
- *Louboutin* court found functionality by focusing on the “color red” rather than the trademark on the actual product at hand
- Court found increased cost was affecting cost, contrary to law which says affecting cost is lowering cost to make goods
- Never reached quality although some evidence indicated quality is worse with red soles due to wear

Functionality cont'd

- Aesthetic Functionality; circuits well split but declining and narrowing in application generally
 - The premise of color as “essential to effective competition” began in 9th Cir, in 1982 but recent cases have narrowed application
 - Other courts have rejected the theory entirely reasoning all color marks will have some aesthetic appeal and doctrine is too broad to be applied, see, *Bd of Supervisors for La. State Univ. v. Smack Apparel Co.* 550 F.3rd 465 (5th Cir. 2008)
 - *Qualitex* adopted general rule if aesthetic benefit conferred cannot be duplicated by the use of alternative designs, then design is functional
 - *Louboutin* court did not reach examination of alternatives

Cases are uneven applying aesthetic functionality

- *Devon Designs v. Palliser* 25 USPQ2nd 1991 (M.D.N.C. 1992), 4th circuit declines to extend defense to aesthetic functionality
- *Au-Tomotive Gold vs. Volkswagen of America* 457 F.2nd 1062 (9th Cir. 2006), narrowed 9th cir. application of aesthetic functionality
- *Ferrari S.P.A. v. Roberts* 944 F.2nd 1235 (6th Cir. 1991) declined to extend doctrine
- *Fleischer Studios Inc. v. A.V.E.L.A.* 654 F.3rd 958 (9th Cir. 2011) court withdrew prior opinion and declined to use aesthetic functionality (Betty Boop on t-shirts)

But

- *Deere & Co. v. Farmhand Inc.* 560 F. Supp. 85 (S.D. Iowa 1982), defendant ok to use “John Deere green” because farmers preferred to match all equipment pieces underlying premise was court’s position that color could not be a mark; arguably no longer good law
- *Traffix V. Mktg. Displays*, 532 US. 159 (1995) quoting Qualitex invocation of competitive necessity test to determine aesthetic functionality of color (street signs had function in design and yellow color as warning)
- *Brunswick Corp. v. British Seagull* 35 F.3rd 1527 (Fed. Cir. 1994) black for outboard motors needed by consumers to match boats and perceived engine size reduced; more actual function than aesthetic but quoted for the latter by some

Louboutin court applied aesthetic functionality

- Court found that Louboutin had succeeded in creating a famous trademark in an odd location and that everyone associated the red sole with Louboutin, at page 447-448
- Court held color in designs used “primarily to advance expressive, ornamental and aesthetic purposes” at page 451, and found the red sole was aesthetically functional because it was attractive, had sex appeal, caught the eye
- Court created *sua sponte* a rule that single colors cannot be trademarks in the fashion industry
- Court did not analyze the evidence before it and did not measure the issue of competitiveness by the marketplace but rather by the needs of designers in a hypothetical situation
- As a result: Preliminary Injunction denied.
- Appeal taken. Argument heard on 24 January 2012. Decision awaited.

Thank You.
