



NEWSLETTER

A quarterly update on intellectual property topics.

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100 Years of Seeing RED – A Historical Perspective on the Second Circuit’s “Red-Sole Shoe” Mark Decision in *Louboutin v. Yves Saint Laurent*

The Color Red lives for another day. The recent Second Circuit Court of Appeals’ opinion in *Christian Louboutin S.A. v. Yves Saint Laurent Am. Inc.*, ___ F.3d ___, 103 USPQ2d 1937 (2d Cir. 2012), which considered designer Christian Louboutin’s claims for infringement of his high-fashion “red-sole shoes,” made no new or dramatic change to the law of single-color marks. Rather, it reflects a reasoned, fact-based decision on the subject. Louboutin had asserted the registration for his mark, described as “a lacquered red sole on footwear” for “women’s high fashion designer footwear” (the “Red Sole Mark”), against Yves Saint Laurent for its sale of monochromatic red shoes. The Second Circuit reversed the district court in part, upholding the right to protection granted by the Lanham Act for single-color trademarks, affirmed the lower court’s holding of non-infringement, and limited the Louboutin registration to cover only red-sole shoes with shoe “uppers” of a contrasting color. *Id.* at 1950-51.

The public policy issues raised over the right to protection of a single color as a mark have been debated for years. With issuance of the *Louboutin* decision, the U.S. jurisprudence of single-color trademarks not only spans more than a century dating to the Supreme Court decision in *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166 (1906), but interestingly, is bookended by cases involving The Color Red.

History of Single Color Trademarks – Red to Red and Many Colors In Between

In 1906, the U.S. Supreme Court issued its first decision considering the availability of protection for a single color trademark. In *Leschen*, the Court denied protection to The Color Red, holding that a claimed trademark for “a red ... distinctively colored streak applied to or woven in a wire rope,” was too indefinite to be the subject of registration under the Trademark Act of March 3, 1881. The Supreme Court wrote:

Whether mere color can constitute a valid trade-mark may admit of doubt. Doubtless it may, if it be impressed in a particular design, as a circle, square, triangle, a cross, or a star. But the authorities do not go farther than this.

201 U.S. at 171. Over time, that doubt has slowly been erased, gradually providing for greater protection of single color marks.

The Color Red was again rejected as a trademark in 1949 by the Third Circuit, during an era where the courts refused to protect marks under the “color depletion” theory that suggested that there were insufficient colors for all competitors. In *Campbell Soup v. Armour & Co.*, 175 F.2d 795, 798 (3d Cir.), *cert. denied*, 338 U.S. 847 (1949), the court refused to protect the red and white colors of Campbell Soup’s labels, fearing it might “monopolize red in all its shades.”

Nearly 80 years after *Leschen*, the Federal Circuit Court of Appeals issued its seminal decision of *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985), that established the modern law of single color trademarks and held a single-color, *per se*, registrable as a trademark. The court held that Owens-Corning’s claimed rights in The Color Pink for insulation was not barred from registration as a trademark on the basis of functionality and that it was registrable with a showing of secondary meaning. The court found that The Color Pink had no utilitarian purpose and did not deprive competitors of any reasonable right or competitive need, *Id.* at 1122, and that even if the color was ornamental, it would not prevent it from serving as a trademark. *Id.* at 1123.

Following *Owens-Corning*, a 2-2 split of circuits developed, with the Eighth Circuit following the Federal Circuit view, *Master Distributors, Inc. v. Pako Corp.*, 986 F.2d 219, 224 (8th Cir. 1993) (The Color Blue for splicing tape), and the Seventh and Ninth Circuits refusing to protect a single color alone, *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024, 1028 (7th Cir. 1990) (The Color Pastel Blue for sugar substitute packets); *Qualitex Co. v. Jacobson Products Co.*, 13 F.3d 1297 (9th Cir. 1994) (The Color Green-Gold for dry cleaning press pads).

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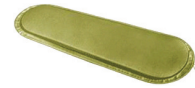
1906



1949



1985



1995



2012

The Supreme Court resolved the circuit split in its unanimous decision in *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995), adopting the *Owens-Corning* position. In an oft-quoted phrase, the *Qualitex* Court emphasized that “It is the source-distinguishing ability of a mark—not its ontological status as color ... – that permits it to serve these basic purposes.” *Id.* at 164. The Court rejected both concerns over shade confusion and the color depletion theory. *Id.* at 167-169. But, quoting the Restatement, the Supreme Court nevertheless left open the possibility of a bar to protection based on the controversial doctrine of “aesthetic functionality,” stating that the ultimate test of aesthetic functionality “is whether the recognition of trademark rights would significantly hinder competition.” [citations omitted]. 514 U.S. at 170.

Following *Qualitex*, the courts and TTAB reached varied results in assessing the use of single colors: *Mana Products, Inc. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063 (2d Cir. 1995) (denying protection); *L.D. Kichler Co. v. Davoil, Inc.*, 192 F.3d 1349 (Fed. Cir. 1999) (reversing holding of functionality); *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350 (3d Cir. 2007) (finding no secondary meaning); and *Saint-Gobain Corp. v. 3M Co.*, 90 USPQ2d 1425, 1448 (TTAB 2007) (finding The Color Purple functional for sandpaper).

Although not addressing a single color, the Fifth Circuit Court of Appeals handed down the most recent and significant pre-*Louboutin* case on color marks. In *Board of Supervisors For Louisiana State University Agricultural And Mechanical College v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008), the court rejected the aesthetic functionality doctrine altogether and ruled in favor of several universities in protecting their unregistered color schemes “and other indicia.” The stage was set for *Louboutin*.

Louboutin – Aesthetic Functionality Collides With the “Law” of Fashion

Perhaps no trademark decision has garnered as much attention in the fashion industry, coupled with disdain in the trademark bar, as the widely-criticized *Louboutin* district court opinion, which seemingly turned the law of single color marks back 100 years to the dictates of *Leschen*. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *aff’d in part, rev’d in part*, 103 USPQ2d 1937 (2d Cir. 2012).

In an effort to enforce its Red Sole Mark, Louboutin sued YSL over shoes that featured bright red outsoles as part of a monochromatic design in which the shoe was entirely red (in a line with shoes that were entirely red, entirely yellow, entirely green, etc.). YSL counterclaimed, *inter alia*, for cancellation of the Red Sole Mark registration as functional. The district court’s opinion detailed facts reflecting the fame (*i.e.*, secondary meaning) of the Louboutin shoes, including recognition in a Jennifer Lopez song, but framed the issue as whether “trademark protection should not have been granted to

[the] trademark registration.” 778 F. Supp. 2d at 448. Following its self-described “fanciful hypothetical” – envisioning Picasso seeking to enjoin Monet from use of a “distinctive indigo” for water as too close to Picasso’s Blue Period “color of melancholy” – the court concluded that art and fashion are essentially parallel in sharing the same “dependence on color as an indispensable medium.” *Id.* at 452.

The district court found no infringement by YSL of the Red Sole Mark and went on to invalidate Louboutin’s Red Sole Mark registration. The court applied the doctrine of aesthetic functionality, distinguishing *Qualitex* and *Owens-Corning* as relating to “industrial” marks, and held that color was used in designs primarily “to advance expressive, ornamental and aesthetic purposes” and was therefore functional in the fashion industry. The result not only denied protection of single-color marks to the entire broader fashion industry, but potentially to other industries. Louboutin appealed. The International Trademark Association, Tiffany’s (owner of The Color Robin’s Egg Blue for jewelry), and a group of professors filed *amicus* briefs.

In the highly-anticipated decision on appeal issued this fall, the Second Circuit Court of Appeals unraveled the district court’s overreaching opinion. *Christian Louboutin S.A. v. Yves Saint Laurent Am. Inc.*, ___ F.3d ___, 103 USPQ2d 1937 (2d Cir. 2012). The Second Circuit reversed, finding that the district court had abused its discretion by making “errors of law.” *Id.* at 1940, 1950. The court held that, to the extent the district court’s decision denied protection to any single color trademark in the fashion industry, it was inconsistent with *Qualitex*. *Id.* at 1938. The Second Circuit concluded that there was no *per se* rule barring color marks in the fashion industry, and that marks were entitled to registration and protection, subject to the traditional analysis of distinctiveness and functionality. *Id.* at 1947.

Much of the court’s lengthy opinion outlined a detailed history of color marks, their protectability, and the defense of aesthetic functionality. In a fact-specific analysis, the Second Circuit then found that Louboutin had proven distinctiveness of red-sole shoes with contrasting shoe “uppers,” but that the record did not demonstrate distinctiveness of its red-sole shoes in “any” circumstance, such as in the case of monochromatic red shoes. *Id.* at 1950. The court therefore used its powers under the Lanham Act, 15 U.S.C. §1119, to modify the Louboutin trademark Red Sole Mark registration only to cover shoes with red soles when used with contrasting color shoe “uppers.” *Id.* Having determined that YSL had not “used” Louboutin’s mark at issue (as modified), the court concluded that it need not reach the issues of likelihood of confusion or functionality of the Red-Sole Mark. *Id.* It affirmed the district court’s order that declined to enjoin YSL’s red monochromatic shoe, but otherwise reversed the district court to the extent “it purposed to deny trademark protection to Louboutin’s use of *contrasting* red lacquered outsoles.” *Id.* at 1951.

Does The Louboutin Court's Analysis Square With Prior Law on Single Color Marks?

The Second Circuit's well-reasoned opinion restored equilibrium to the law of protection of single-color marks and reached a result generally viewed in the trademark bar as the "right" one on the facts. While not treating the fashion industry as deserving of unique treatment, the court recognized the importance of a factual analysis of the evidence of secondary meaning of the specific mark at issue and considerations of competitive necessity in any specific industry. Alas, the caché associated with the Louboutin brand for red-sole shoes remains in place for the "well-heeled." But the rest of single color mark holders can breathe a sigh of relief that the Second Circuit came to their rescue. The Second Circuit ultimately left open the question of how far the law should go in protecting colors, but it reached a rather practical – if not "fashionable" – end to a case that many in both the trademark and fashion communities believe would have been better left unfiled. All and all, the courts have come a long way in 100 years from *Leschen* to *Louboutin* to protect The Color Red.¹

– by Belinda J. Scrimenti

1. For a more in-depth analysis of single-color trademarks, see Ms. Scrimenti's paper at http://apps.americanbar.org/intelprop/spring2012/coursematerials/docs/late/The_Rise_and_Fall_and_Rise_A_Legal_Kaleidoscope.pdf.

JEREMIAH D. McAULIFFE IN MEMORIAM

(October 1, 1921 - August 8, 2012)

We are sad to announce that our firm's former senior partner Jeremiah McAuliffe passed away at the age of 92 on August 8, 2012. Jerry served as an officer in the U.S. Navy during World War II, in both the North Atlantic and Pacific Theatres, retiring with the rank of Commander. After the war, he attended Northwestern University School of Law, and graduated in 1948. He joined the Pattishall, McAuliffe firm, then named Rogers & Woodson, in 1952. At a time when the trademark and unfair competition field was little known or largely overlooked, Jerry recognized its growing global dimensions and importance and traveled abroad extensively to assemble the firm's network of international colleagues.

Jerry was a bar leader in professional IP associations, especially in international circles. He was a founding member and Member of Honor of ASIPI, the Inter-American Association of Intellectual Property. He was also very active in AIPPI, the International Association for the Protection of Intellectual Property, served as President of the AIPPI U.S. Group from 1983 to 1989, and received the AIPPI Award of Merit at the Association's Centenary in Vienna in 1997. He was a member of the INTA Board of Directors and received the INTA Award of Merit in 1973. In 1997 he served as a Member of the U.S. Delegation to UNCTAD, the United Nations Conference on Trade and Development, which dealt with the Role of the Industrial Property System and Transfer of Technology. Locally, he served on the Chicago Bar Association's Board of Managers from 1970 to 1972.

We will miss Jerry very much.



FIRM UPDATE

NEW ASSOCIATES

Jessica A. Ekhoff has joined the firm after working as a summer associate in 2011. Jessica received her J.D. from the University of Chicago Law School, where she served as President of the Intellectual Property Law Society and wrote her graduation paper about the impact of behavioral economics on trademark law. Jessica received her B.A., *summa cum laude*, from the University of Missouri in 2009, and was elected to Phi Beta Kappa. She majored in both political science and psychology and minored in journalism.



Jessica A. Ekhoff

Andrew R.W. Hughes received his J.D. from Harvard Law School, *magna cum laude*, in 2011, and then clerked for Chief Justice Dana Fabe of the Alaska Supreme Court. During law school, he served as an Executive Editor of the *Harvard Civil Rights-Civil Liberties Law Review* and was named a Dean's Scholar in Copyright. Andrew received his B.A. with honors from the University of Chicago in 2008, majoring in U.S. history.



Andrew R.W. Hughes

APPOINTMENTS

Jonathan S. Jennings has been appointed to the Intellectual Property Owners Association's U.S. Trademark Law Committee for the 2012-2013 term.

Robert W. Sacoff was elected to the AIPPI Communications Committee at the AIPPI 43d World Intellectual Property Congress in Seoul, Korea.

PRESENTATIONS

Phillip Barengolts spoke at an INTA Webcast entitled "Can They Be Stopped? Parallel Imports and Gray Market Goods Under U.S. Law," on September 12, 2012.

Thad Chaloeintiarana spoke at the 2012 Midwest Intellectual Property Institute in Minneapolis on "Settlement Trends in Trademark Cases" on September 20, 2012.

Jessica A. Ekhoff spoke on "Careers in Intellectual Property Law" at the University of Chicago Law School on October 18, 2012.

Jonathan S. Jennings will speak on "International Implications for the Right of Publicity" at the Chicago Bar Association, on December 11, 2012.

Janet A. Marvel spoke on "Do's and Don't's of International Trademarks" at a joint meeting of the Chicago Bar Association, Young Lawyers Section, and the Trademark and International Committee, on October 3, 2012. **Janet** will speak on "Understanding the Trademark License" at Practising Law Institute's "Understanding the Intellectual Property License" Conference in Chicago on November 8, 2012.

PUBLICATIONS

Janet A. Marvel authored "Brand Planning: Protect Your Trademarks and Intellectual Property," which has been published in the October 2012 issue of *TDmonthly*.

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FIRM UPDATE

HONORS AND AWARDS

David C. Hilliard has been named one of the best lawyers in United States in the practice areas of Litigation - Intellectual Property and Trademark Law. **David** has also been named in *Best Lawyers' 2013 Chicago Trademark Law* "Lawyer of the Year" in the same practice areas.

Robert M. Newbury, David C. Hilliard, Robert W. Sacoff, Joseph N. Welch II, Brett A. August and Jonathan S. Jennings have been named "Top Business Lawyers in Intellectual Property Law in Illinois" by *Leading Lawyers Magazine, Business Edition*, July 2012.

The 2012 edition of Chambers USA recognized **Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP** as a "brand protection specialist firm that focuses on trademark matters and a range of related issues such as trade secrets and unfair competition" and having a practice that "includes USPTO proceedings, as well as appearing before the ITC ... and international case management and multicountry trademark filing." It singled out **David Hilliard** as "a trial lawyer with extensive experience in matters ranging from anticounterfeiting to false advertising to brand protection."

NOTEWORTHY

Jonathan S. Jennings and **Phillip Barengolts** advised BP on intellectual property issues involved in the \$2.5 billion sale of its Texas City refinery to Marathon Petroleum.

Our client Robert Bosch LLC was awarded judgment of over \$13 Million by default on its claims of counterfeiting, infringement, unfair competition, and false advertising after nearly three years of litigation and "extensive and cumbersome discovery" in *Robert Bosch LLC v. A.B.S. Power Brake, Inc.*, Case No. 09-cv-14468 (E.D. Mich. August 2, 2012) (J. Duggan). **Belinda Scrimenti, Bradley Cohn, Thad Chalomentiarana, and Jeffrey Wakolbinger** represented Bosch in this litigation over products infringing Bosch's HYDRO-BOOST and HYDRO-MAX brand hydraulic vehicle braking systems. The court enjoined not only sales of the counterfeit and infringing products, but also defendants' future use of Bosch's marks on remanufactured, reconditioned or rebuilt Bosch products, and ordered the defendants to destroy all infringing products and promotional materials.

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