

Outline for November IP Roundtable

“The Red Sole: The Recognition of Non-Conventional Trademarks”

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1. Introduction: Everyone is familiar with traditional word and logo trademarks like “Google,” “McDonald’s,” and Nike’s “Swoosh.” But what protections are non-conventional trademarks such as color, smell and sound entitled to? Earlier this year, the Second Circuit held that high-end fashion designer Christian Louboutin’s lacquered red outsole—as applied to a shoe of an otherwise different color—is a distinctive symbol of Louboutin’s brand that qualifies for trademark protection. This IP Roundtable will focus on the impact of the Second Circuit’s recent decision on trademark law, as well as a discussion of how to acquire ownership in non-conventional trademarks (such as color, smell and sound) and the role of trademarks in fashion.

2. Background on Trademarks
 - a. A “trademark” is a designation used to identify and distinguish the goods of a particular seller. 1 McCarthy on Trademarks and Unfair Competition § 3:1 (4th ed.)
 - b. Sample Trademarks: McDonald’s, Google, Coca-Cola, Nike
 - c. Basic Requirements for Trademark (1 McCarthy on Trademarks and Unfair Competition § 3:1 to 3.2 (4th ed.)):
 - i. The tangible symbol: traditionally, a word, name, symbol or device or any combination of these.
 - ii. The type of use: actual adoption and use of the symbol as a mark by a manufacturer or seller of goods or services.
 - iii. The function: to identify and distinguish the seller’s goods from goods made or sold by others.
 - iv. The trademark is used to signify the goodwill that a business has built up, as well as a certain level of quality.
 - d. Critical Inquiries In Determining Whether a Protectable Mark Exists:
 - i. Inherent distinctiveness: contrast strong “fanciful” (*e.g.*, “Kodak” or “Xerox”) or “arbitrary” (*e.g.*, “Amazon” or “Apple”) marks with weak descriptive designations (which describe, for example, the intended purpose, function or use of the goods, or the nature of the goods or services).
 - ii. Secondary meaning
 1. Descriptive marks are only protected where secondary meaning has been established

2. Secondary meaning established when the mark used “has come to indicate that the goods in connection with which it is used are the goods manufactured by the [alleged owner]”; if the mark is “closely identified with the goods of one producer or has otherwise gained public recognition”; when “the public has learned to identify the name of the product with its source”; when the mark achieves “a meaning which suggests the company to the public at the very mention of the trade name”; when an “association in the minds of a substantial portion of the consuming public of the trademark with the product of the alleged proprietor” is created; or when “the primary significance of the term in the minds of the consuming public is not the product but the producer.” 2 McCarthy on Trademarks and Unfair Competition § 15:7 (4th ed.).

3. Background on Non-Conventional Trademarks: Color, Sound, and Smell

- a. Summary: courts have held that color, smell and sound can be trademarked in certain circumstances.
- b. Trademarking Color

i. *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985)

1. Background: Owens-Corning (OCF) appealed from the decision of the United States Patent and Trademark Office’s Trademark Trial and Appeal Board affirming the examining attorney’s denial of registration of the color “pink” as a trademark for its fibrous glass insulation for homes.
2. Holding: Color “pink” is entitled to trademark because (1) OCF’s use of the color “pink” performs no non-trademark function (*e.g.*, it has no functional relationship to production of fibrous glass insulation) and does not deprive competitors of any reasonable right or competitive need; and (2) OCF had established that the color “pink” had become distinctive of its insulation by virtue of exclusive and continuous use since 1956 and had acquired secondary meaning.

ii. *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300 (1995)

1. Background: Qualitex colored its dry cleaning press pads with a special shade of green-gold. Qualitex challenged rival’s Jacobson’s use of the green-gold color in its press pads.
 - a. Holding: Color can be registered as a trademark when it acts as a symbol that distinguishes a firm’s good and identifies its source, without serving any other significant function. The Court noted that a product’s color is unlike a “fanciful,” “arbitrary,” or “suggestive” mark, since it does not “almost automatically tell a customer that [it] refer[s] to

a brand,” 514 U.S. at 162-163, and does not “immediately ... signal a brand or a product ‘source,’ “ *id.*, at 163. However, “over time, customers may come to treat a particular color on a product or its packaging ... as signifying a brand.” *Id.* The Court recognized that Qualitex’s green-gold color “act[ed] as a symbol.” *Id.* at 159, 166. “Because customers identify the color as Qualitex’s, it has developed secondary meaning, and thereby identifies the press pads’ source. And, the color serves no other function” (noting that although it was important to use some color to avoid noticeable stains, there was no competitive need in the industry for the green-gold color, since other colors are equally usable). *Id.* Qualitex was therefore entitled to use color as a trademark (reversing Ninth Circuit decision that the Lanham Act does not permit registration of “color alone” as a trademark).

- iii. Examples: Tiffany blue (on boxes: 2,359,351); Home Depot orange (2,276,946).

c. Trademarking Smell

- i. Trademarks on smell are very rare.

- ii. Example:

1. In 1990, it was held that a plumeria rose scent served as a trademark for “sewing thread and embroidery yarn.” *In re Clarke*, 17 U.S.P.Q.2d 1238 (TTAB 1990) (“[W]e see no reason why a fragrance is not capable of serving as a trademark to identify and distinguish a certain type of product. It is clear from the record that applicant is the only person who has marketed yarns and threads with a fragrance”).
2. Fragrances such as perfume are considered functional and cannot be trademarked. *Id.*

d. Trademarking Sound

- i. Marks can be represented by a series of musical notes or tones, with or without words, and words accompanied by music. *See, e.g., Oliveira v. Frito-Lay, Inc.*, 251 F.3d 56, 61 (2d Cir. 2001) (“The fact that musical compositions are protected by the copyright laws is not incompatible with their also qualifying for protection as trademarks . . . We can see no reason why a musical composition should be ineligible to serve as a symbol or device to identify a person’s goods or services.”).

- ii. Examples:

1. NBC chimes (US Reg. No. 0,916,552)—the mark consists of a sequence of chime-like musical notes in the key of c and sound the

notes g, e, c, the “g” being the one just below middle c, the “e” the one just above middle c, and the “c” being middle c.

2. MGM lion’s roar (US Reg. No. 1,395,550)—the mark consists of the sound of a lion roaring.
3. Yahoo yodel (US Reg. No. 2,442,140)—the mark consists of the sound of the human voice yodeling “Yahoo.”

4. Louboutin v. YSL

- a. Facts: Louboutin has a registered trademark on red outsoles for women’s high fashion designer footwear. Since 1992, Louboutin has consistently sold high-end shoes of various designs with red outsoles. Most of those red-soled shoes have upper soles and heels of a different color (*e.g.*, a black upper sole and heel with a red outsole). In 2011, Louboutin sued another fashion house, Yves Saint Laurent (YSL), for, *inter alia*, trademark infringement and dilution relating to four shoes from YSL’s 2011 collection (Tribute, Tribtoo, Palais, Woodstock). Each of the challenged YSL models bears a bright red outsole as part of a monochromatic design in which the shoe is entirely red (*e.g.*, red upper sole and heel with a red outsole). Louboutin sought a preliminary injunction to prevent YSL from marketing any shoe that used the “same or a confusingly similar shade of red” as the mark.
- b. District Court Decision, 778 F.Supp.2d 445 (SDNY Aug. 10, 2011):
 - i. The Court denied Louboutin’s request for a preliminary injunction, finding that Louboutin had not established a likelihood that it would succeed on its claims that YSL infringed its mark because Louboutin’s use of lacquered red outsoles likely did not merit trademark protection.
 - ii. The Court recognized that “[c]olor alone sometimes may be protectable as a trademark, where that color has attained secondary meaning and therefore identifies and distinguishes a particular brand.” *Id.* at 450 (citations omitted). But, the Court noted, color “may not be protectable where it is ‘functional,’ meaning that the color is essential to the use or purpose of the product, or affects the cost or quality of the product.” *Id.*
 - iii. The Court reasoned that, in the fashion industry, color plays a “unique role,” *id.* at 452, because it is “used in designs primarily to advance expressive, ornamental and aesthetic purposes,” *id.* at 451. Giving one designer a monopoly and barring all other designers from using a particular color would interfere with creativity and stifle competition. *Id.* at 453.
 - iv. The Court recognized that Louboutin’s red outsoles “departed from longstanding conventions and norms of his industry” and were widely recognized, *id.* at 448-9, but noted that the red outsole was “functional” in that it generated “aesthetic appeal” and because it affected the cost of the shoe (making it more expensive), *id.* at 452-4.

- v. “Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the court finds that Louboutin is unlikely to be able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the market to have acquired secondary meaning.” *Id.* at 449.
- c. Plaintiff Louboutin appealed the denial of the preliminary injunction to the Second Circuit rather than pursue a trial in the district court. For commentary from Plaintiff’s attorney, see http://www.law360.com/ip/articles/387004?nl_pk=e8afd55a-de96-4ad8-9b1b-479637d6c740&utm_source=newsletter&utm_medium=email&utm_campaign=i
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- d. Second Circuit Decision, 2012 WL 3832285 (Sept. 5, 2012)
 - i. The Second Circuit affirmed in part the order of the District Court declining to enjoin the use of a red lacquered outsole as applied to a monochrome red shoe, but reversed in part the order insofar as it purported to deny trademark protection to Louboutin’s use of *contrasting* red lacquered outsoles.
 - ii. The Second Circuit reasoned that the District Court rule would “effectively deny trademark protection to any deployment of a single color in an item of apparel.” *Id.* at 10. The Supreme Court “specifically forbade the implementation of a per se rule that would deny protection for the use of a single color as a trademark in a particular industrial context.” *Id.*
 - iii. The Second Circuit also noted that “[a] mark is aesthetically functional, and therefore ineligible for protection under the Lanham Act, where protection of the mark significantly undermines competitors’ ability to compete in the relevant market.” *Id.* at 10.
 - iv. The Second Circuit concluded that Louboutin’s mark, in the form it was currently registered in, was ineligible for protection insofar as it would preclude competitors’ use of red outsoles in *all situations*, including the monochromatic use now before the Court. But, the Second Circuit noted, the mark had acquired secondary meaning—and thus the requisite “distinctness” to merit protection—when used as a “red outsole *contrasting with the remainder of the shoe.*” *Id.* at 12 (emphasis added).
 - v. The Second Circuit determined that Louboutin’s “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.” *Id.* at 13.
- e. Impact of Case:
 - i. Both sides have claimed victory because Louboutin gets to keep its (modified) trademark and YSL gets to keep selling its red shoes.

- ii. YSL recently agreed to dismiss its counterclaims after the Second Circuit decision.
- iii. This case has garnered a lot of attention from the press and in the retail and fashion industry. Tiffany's (famous for its Tiffany Blue color) filed an amicus brief in the appeal in support of Louboutin's position.
- iv. The Second Circuit's decision reversing the lower court's holding that a single color can never serve as a trademark in the fashion industry benefits fashion designers seeking to trademark colors in their designs and products.

5. Discussion Points

a. *Louboutin v. YSL*

- i. What are the legal and practical implications of the *Louboutin* decision? Can a mark consisting of a single color by itself be protected in the fashion industry, or must it be one color contrasted against other colors?
- ii. Will the Second Circuit's holding lead to color depletion in fashion design because designers will try to trademark too many colors?
- iii. Do outsoles made in other shades of red (or even pink) infringe Louboutin's mark (*i.e.*, is there a likelihood of confusion)?
- iv. How viable is the aesthetic functionality doctrine?
- v. Do "low-end" shoes with red soles infringe?

b. The Role of Trademarks in Fashion Generally

- i. Can designs (*e.g.*, of clothing, handbags) be effectively protected by trademark or trade dress? Should they be? Are design patents or copyrights better suited to protect design?
 1. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (combination of white boots, white shorts, blue blouse, and white star-studded vest and belt was an arbitrary design which made an otherwise functional uniform worn by plaintiff's cheerleading group trademarkable).
 2. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000) (plaintiff's clothing designs not legally protected as distinctive trade dress without showing of secondary meaning, noting that "design, like color, is not inherently distinctive...[t]he fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests.")

3. *Express, LLC v. Forever 21, Inc.*, No. CV 09–4514, 2010 WL 3489308, at *7-8 (C.D. Cal. Sept. 2, 2010) (granting summary judgment in favor of defendant clothing store on plaintiff’s trade dress infringement claim relating to several clothing designs on the grounds that plaintiff could not prove that the appearance of the clothing had secondary meaning.).
 - ii. How can a fashion/apparel designer protect against counterfeiting?
 - iii. Discuss the Innovative Design Protection Act 2012
 1. Summary: A bill to amend title 17, United States Code, to extend intellectual property protection to fashion designs (<http://beta.congress.gov/bill/112th-congress/senate-bill/3523/text>)
 2. Approved by a Senate Committee in Sept. 2012.
- c. What should a company do to establish and protect its rights in a non-conventional trademark?
 - i. Mark must not be functional (*e.g.*, loud pulsed sound as a mark for personal emergency alarms is functional).
 - ii. Mark should be inherently distinctive (*e.g.*, commonplace sounds like a phone ringing or a bird chirping are likely not enforceable).
 - iii. Mark should be used consistently to identify and distinguish the source of the goods or services.
 - iv. Mark must not deprive competitors of any reasonable right or competitive need.
 - v. What else?