

SEEING RED: RECENT DEVELOPMENTS IN THE TRADEMARK FUNCTIONALITY DOCTRINE



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As color and aesthetics have become increasingly important to brand identity, those features have been

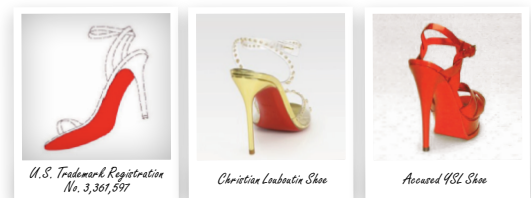
subject to judicial scrutiny regarding their ability to serve as trademarks in the past year. For example, when we see a robin's-egg blue box, we think Tiffany & Co. (Tiffany). Not surprisingly, Tiffany has trademark registrations protecting its iconic blue box.¹ But what if robin's-egg blue served as a "function" for the box or otherwise significantly inhibited competition by limiting the range of alternative designs for a box? According to the functionality doctrine of trademark law, it may not be protectable.

The functionality doctrine has been at issue in two recent cases: *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285 (2d Cir. Sept. 5, 2012), *rev'g in part* 778 F. Supp. 2d 445 (S.D.N.Y. 2011), and *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 679 F.3d 410 (6th Cir. 2012).

This doctrine provides that functional product features cannot obtain trademark protection, even if they have obtained secondary meaning, i.e., if they have become a brand identifier.² Functionality has been analyzed in two ways: utilitarian functionality and aesthetic functionality. Utilitarian functionality "forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is essential to the use or purpose of

the article or affects its cost or quality.³ Over time, certain courts have also prohibited trademark protection under the doctrine of "aesthetic functionality." A design is considered "aesthetically functional" if its "aesthetic value lies in its ability to confer a significant benefit that cannot practically be duplicated by the use of alternative designs."⁴

At issue in *Christian Louboutin*, was whether the color red for the soles on shoes was aesthetically functional and therefore not protectable as a trademark. In that case, Christian Louboutin S.A. (Christian Louboutin) accused Yves Saint Laurent America, Inc. (YSL) of trademark infringement of its trademarked and allegedly iconic red sole following YSL's introduction of certain shoes in its 2011 Cruise Collection. YSL's shoes at issue were monochromatic, including the sole. Some of YSL's shoes came in red, with the soles resembling Christian Louboutin's trademarked red sole. The shoes at issue are shown below:



The Supreme Court has held that a color can serve as a trademark "where that color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand (and thus indicates its 'source')."⁵ In other words, when color serves to indicate the origin of a product or service, it may be protected as **MORE ►**

¹ See, e.g. U.S. Trademark Registration Nos. 2,184,128 and 2,359,351.

² McCarthy § 7:66.

³ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 169 (1995) (internal citations and quotations omitted).

⁴ *Id.* at 170 (internal citations and quotations omitted).

⁵ *Id.* at 163.

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a trademark. For example, as noted above, a robin's-egg blue box indicates that the box originates from Tiffany and thus is a protectable mark. However, color may not serve as a trademark if the color is functional.⁶

In *Christian Louboutin*, the Second Circuit reversed the district court's holding that a single color can never serve as a trademark in the fashion industry.⁷ The district

traditional Chinese lacquer ware, to create a monochromatic shoe, and to create a cohesive look consisting of color-coordinating shoes and garments. Presumably, if Louboutin were to succeed on its claim of trademark infringement, YSL and other designers would be prohibited from achieving those stylistic goals.⁸

We see no reason why a single color mark in the specific context of the fashion industry could not acquire secondary meaning — and therefore serve as a brand or source identifier — if it is used so consistently and prominently by a particular designer that it becomes a symbol, “the primary significance” of which is “to identify the source of the product rather than the product itself.”

court had denied Christian Louboutin's motion for a preliminary injunction against YSL and explained that a fashion designer should not have a monopoly over a particular color because in the context of a fashion item (i.e., a shoe or garment), a color may have a certain function:

Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the Court finds that Louboutin is unlikely able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the mark to have acquired secondary meaning. . . .

Awarding one participant in the designer shoe market a monopoly on the color red would impermissibly hinder competition among other participants. YSL has various reasons for seeking to use red on its outsoles – for example, to reference

The Second Circuit disagreed, upholding Louboutin's trademark registration as it pertains to contrasting red lacquered soles (where the sole contrasts with the remainder of the shoe), stating,

We see no reason why a single-color mark in the specific context of the fashion industry could not acquire secondary meaning—and therefore serve as a brand or source identifier—if it is used so consistently and prominently by a particular designer that it becomes a symbol, “the primary significance” of which is “to identify the source of the product rather than the product itself.”⁹

However, because YSL's accused shoes were monochromatic, such that the entire shoe and not just the sole were red, the Second Circuit affirmed the district court's denial of a preliminary injunction.¹⁰

The issue of functionality is not limited to fashion. In another recent case,

⁶ *See Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC*, 369 F.3d 1197, 1203-06 (11th Cir. 2004) (“The color is functional because it indicates the flavor of the ice cream, for example, pink signifies strawberry, white signifies vanilla, brown signifies chocolate, etc.”); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98 (S.D. Iowa 1982) (green for farm equipment held aesthetically functional because farmers “prefer to march their loaders to their tractors”), *aff'd*, 721 F.2d 253 (8th Cir. 1983).

⁷ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285, at *1 (2d Cir. Sept. 5, 2012).

⁸ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, 778 F. Supp. 2d 445, 449-50, 454 (S.D.N.Y. 2011).

⁹ *Christian Louboutin S.A. v. Yves Saint Laurent America, Inc.*, ___ F.3d ___, 2012 WL 3832285, at *12 (2d Cir. Sept. 5, 2012) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.* 456 U.S. 844, 851 n.11 (1982)).

¹⁰ *Id.* at *14.

Maker's Mark Distillery, Inc. v. Diageo North America Inc., 679 F.3d 410 (6th Cir. 2012), Maker's Mark Distillery, Inc. (Maker's Mark) accused Jose Cuervo International Inc., Tequila Cuervo La Rojena S.A. de C.V., and Diageo North America, Inc. (collectively Jose Cuervo) of trademark infringement regarding Jose Cuervo's use of a red dripping wax seal on its tequila bottles. The bottles and asserted registration are shown below:



On appeal from the district court's grant of a permanent injunction barring Jose Cuervo "from using red dripping wax on the cap of a bottle in the sale, offering for sale, distribution or advertising of Cuervo tequila products at any locality within the United States,"¹¹ Jose Cuervo argued that Maker's Mark's trademark on its red dripping wax seal was an aesthetically functional feature of Maker's Mark's bourbon bottles. The U.S. Court of Appeals for the Sixth Circuit disagreed and upheld the district court's ruling barring Jose Cuervo from selling its tequila in bottles with a red dripping wax seal.¹² ■

¹¹ *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 703 F. Supp. 2d 671, 701-02 (W.D. Ky. 2010)

¹² *Maker's Mark Distillery, Inc. v. Diageo North America Inc.*, 679 F.3d 410, 418-19 (6th Cir. 2012)