



Seeing Red: The Reemergence of Aesthetic Functionality

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Although some will see new threats to trademark owners and the licensing industry and others will see new opportunities, trademark owners using creative designs will surely take notice of two decisions this summer: *Fleischer Studios Inc. v. A.V.E.L.A. Inc.*, 97 USPQ2d 183 3 (9th Cir. 2011) and *Christian Louboutin SA v Yves Saint Laurent America, Inc.*, 11-cv-02381-VM 2011 WL 3505350 (S.D.N.Y. Aug. 10, 2011). The August 19 decision in *Fleischer* modified an earlier decision, *Fleischer Studios Inc. v. A.V.E.L.A. Inc.* 636 F.3d 1115 (9th Cir. 2010), which had found the unauthorized use of images of the Betty Boop character aesthetically functional, and hence not capable of infringing plaintiff's claimed trademark rights in the character. The withdrawal of the court's earlier opinion makes it difficult to assess the lasting significance of either decision to the uneven jurisprudence on aesthetic functionality. However, in *Louboutin* the district court held that the red sole of plaintiff's designer shoes, which the court repeatedly acknowledged was highly distinctive and widely recognized, was nonetheless unprotectable under the same oft-criticized theory. Although the district court ruling denying a preliminary injunction has already been appealed, pending further word from the Second Circuit, the court's reasoning echoes some of the questions so recently highlighted by *Fleischer*.

The concept that inherently creative or appealing designs are, for that very reason, unprotectable under trademark law traces its roots to a Ninth Circuit decision, *Pagliari v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), which refused protection for a floral china pattern design for replacement dishes, and the Restatement (First) of Torts § 742, which proposed a broad definition of functionality that would have swept away protection for any features, including aesthetic features, that "affect" the purpose or performance of a product (or, more specifically, when the aesthetics "contribute to the value" for which the goods are bought and sold). The underlying concern arises from the interplay between trademark law, on the one hand, and copyright and patent, on the other, as the perpetually unlimited duration of trademark is arguably inconsistent with the Constitutionally "limited times" protection of the latter. However, even the Supreme Court, while championing the "carefully crafted bargain" among the various intellectual property regimes, on the basis of which trademark rights theoretically could not exist in copyrighted subject matter once dedicated to the public domain, *Dastar Corp. v. Twentieth Century Fox Film Co.*, 539 U.S. 23 (2003), has also expressly declined to rule out trademark protection for subject matter within the scope of an expired utility patent when the issue was squarely raised. *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 35 (2001).



The aesthetic functionality theory has been questioned by courts and commentators, and various courts have refused to adopt the theory at all. Even those courts willing to apply the theory have applied it inconsistently, vacillating for instance whether inherently appealing designs are unprotectable for that reason alone or only when the design is part of the utilitarian function of the product. (An example of the latter might be the seminal example of a heart-shaped candy box.) *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822 (3d Cir. 1981), expressed well the paradox of precluding protection precisely on account of an appealing appearance: “The difficulty of accepting such a broad view of aesthetic functionality, which relates the doctrine to the commercial desirability of the feature at issue without consideration of its utilitarian function, is that it provides a disincentive for development of imaginative and attractive design. The more appealing the design, the less protection it would receive.” Indeed, rather than foreclosing protection entirely under the theory of aesthetic functionality, courts have at their disposal a narrower basis on which to limit designs that enhance the appearance of the product without identifying source of origin: namely, by treating such designs as merely ornamental unless and until they acquire secondary meaning. That, in effect, was the holding in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), which simply insisted on strict proof of secondary meaning to protect what might otherwise be deemed ornamental features of clothing.

In the field of licensing, courts seemed to recognize years ago (albeit not without considerable controversy) that the alternative to allowing protection for trademarks and logos used for their inherent appeal rather than purely to denote source of origin was unacceptable. The seminal case, *Boston Professional Hockey Ass’n. v. Dallas Cap & Emblem Mfg. Co.*, 510 F.2d 1004 (5th Cir. 1975), thus recognized that it was impermissible for the defendant to sell hockey team logos as ends in themselves, rather than to designate the origin of t-shirts, hockey equipment or other goods. The original *Fleischer* decision had at least the potential to reignite this controversy.

In *Christian Louboutin SA v Yves Saint Laurent America, Inc.*, the court assessed Louboutin’s rights in a red outsole of women’s shoes. The court agreed that Louboutin’s red soles marked a “bold divergence from the worn path” and “became closely associated with Louboutin.” (Mem Dec. p 3) Said the court: “No doubt, then, Christian Louboutin broke ground and made inroads in a narrow market. He departed from longstanding conventions and norms in his industry, transforming the staid black or beige bottom of a shoe into a red brand with worldwide recognition at the high end of women’s wear, a product visually so eccentric and striking that it is easily perceived and remembered.” (Mem Dec. at 4) Louboutin also owns a federal registration for its claimed mark (U.S. Reg. No. 3,361,597).



After placing the red sole on a pedestal in the first third of the decision, the balance of the *Louboutin* decision announced a broad rule that, “[b]ecause the fashion industry color serves ornamental and aesthetic functions vital to robust competition” Louboutin’s design innovation is essentially ineligible for trademark protection “even if it has gained enough public recognition in the market to have acquired secondary meaning.” (Mem Dec. at 8) In a concluding section, the court all-but promised to cancel Louboutin’s trademark registration. Arguably, the decision falls into the very paradox of the pedestrian enunciated in *Keene*, that, the more appealing the design, the less protection it would receive. Although the court noted that “coated in a bright and unexpected color, the outsole becomes decorative, an object of beauty,” (Mem. Dec. at 20), rather than consider whether acquisition of secondary meaning transformed what may have been an ornamental feature of the shoe into a trademark (no mean feat), the court treated the design as inherently unprotectable. Mean feet indeed. The decision thus appears to go considerably beyond *Wal-Mart v. Samara Bros.*, in entirely precluding protection for ornamental design features.

In reaching this conclusion, *Louboutin* also treated the red-sole design as a mere color trademark, such as the green presspad at issue in *Qualitex Co. v Jacobson Prods. Co.*, 514 U.S. 159 (1995), or pink fiberglass in *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116 (Fed. Cir. 1985). Yet, it is not clear that this shoemaker fits this last, as the design was not for color of the entire article as such, but rather color as applied to a part of a shoe, and indeed to a part that (as the court noted) had entirely been ignored by footwear manufacturers. (In one sense, the case is arguably not terribly different from *Mishawaka Rubber & Woolen Mfg Co. v. S. S. Kresge Co.*, 316 U.S. 203, 205 (1942), where the design that inspired Justice Frankfurter’s philosophical musings on the psychological significance of trademarks was none other than a red dot on the heel of a shoe.)

Qualitex explained that “[t]he functionality doctrine ... 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.” *Id* at 169, quoting *Inwood Labs, Inc. v. Ives, Inc.*, 456 U.S. 844, 850, n. 10(1982). Assuming any entity would ever have a basis to claim broad rights in red as such for shoes (in the same manner that *Qualitex* claimed metallic green for press pads or *Owens Corning* claimed pink for insulation), it may well be true that granting any one manufacturer a monopoly in color would raise significant anti-competitive issues. However, *Louboutin* seems to be claiming something less than that, something more specific. Given that competitors had not expressed a need to color their soles before *Louboutin* made it trendy to do so (including even red-heeled dancing shoes apparently worn in a very different court: namely, that of King Louis XIV) the competitive threat to other shoemakers is accordingly narrower.



Among the competitive needs identified by YSL in its defense were its interests in being able to produce a monochromatic shoe or to sell shoes color-coordinated with garments or even to invoke other design themes, such as Chinese lacquerware. However, rather than address such defenses in the context of specific needs for specific uses, the court forbade protection entirely – including against all third parties – by exiling the single-colored sole to the public domain, free for all to use. It is curious that the court did not consider a possibly narrower conclusion under which some such specific designs (such as a monochromatic shoe or shoe matched to a specific garment) might be permitted under principles of fair use. Indeed, rather than foreclose protection for creative designs, one would think it possible to allow protection rewarding such creativity, yet limit the scope of protection to ensure that third parties are also permitted creative leeway when that is indeed their aim.

To explain the especially strict treatment of fashion designs, *Louboutin* analogizes designers to painters, hypothesizing that one artist (Picasso) might challenge another (Monet) for using a distinctive shade of color first adopted by the senior artist as part of the painting itself. (Mem Dec. at 13-14) Said the court: “... in the fashion markets color serves not solely to identify sponsorship or source, but is used in designs primarily to advance expressive, ornamental and aesthetic purposes.” (Mem Dec. at 12) It may well be that color serves some special roles in the fashion industry; what is less clear is the extent to which fashion industry truly differs from any other field and whether all uses of color in the fashion industry must be committed to the public domain in order to achieve the goal of promoting fair competition. One also wonders if a more direct parallel might be to the marketing by a painter of a line of canvasses the *frames* or *backings* of which all had a distinctive color. Even conceding color is a necessary feature of most paintings (apologies to Ad Reinhardt), thus free for all painters to use without restraint, color is (or to date has been) no more a necessary feature of painting *frames* or painting *backings* than it has been to shoe bottoms. And the meanings conveyed by colors in individual paintings seem different from the meanings (or lack thereof) of *mass-produced* products all coming from a single source as part of a conscious marketing scheme.

Whatever the ultimate outcome following appeal, *Louboutin*, like *Fleischer*, certainly raises anew questions about the proper avenue for protecting creative designs. Design patents are widely viewed as ineffective (although this author has suggested ways to make better use of such rights, J. Moskin, *The Shape of Things to Come--Emerging Theories of Design Protection*, 92 Trademark Rptr. 681 (May-June, 2002)). Copyright has been largely unavailable for protecting clothing designs (although that might have been a reasonable avenue for protection in *Fleischer* had the plaintiff’s been able to show clearer title to copyright), and legislation to create special limited rights for fashion design under copyright has languished for the past several years. Even conceding long-standing limits on protecting ornamental designs under trademark law (at least without proof of



secondary meaning), it is puzzling to render bootless (and now shoeless too) protection for innovation and creative design in this field, more or less than any other.

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