Louboutins and Legal Loopholes: Aesthetic Functionality and Fashion

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Louboutins and Legal Loopholes: Aesthetic Functionality and Fashion

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I. INTRODUCTION: CHRISTIAN LOUBOUTIN’S RED HOT LAWSUIT

The sole of each of his shoes is lacquered in a vivid, glossy red. The red soles offer the pleasure of secret knowledge to their wearer, and that of serendipity to their beholder. Like Louis XIV’s red heels, they signal a sort of sumptuary code, promising a world of glamour and privilege. They are also a marketing gimmick that renders an otherwise indistinguishable product instantly recognizable.

- Lauren Collins on Christian Louboutin, March 2011

Christian Louboutin redefined high-fashion footwear with his signature red sole. Nearly twenty years ago, the designer produced a collection of stilettos on which the visible soles were colored a shocking red. Since then, each and every one of his collections has featured this signature red sole. The shoes quickly garnered an audience among the fashion elite, and now Louboutin’s name has become synonymous with luxury footwear. The shoes with the red soles have inspired pop music singles, museum retrospectives, and even articles in the New Yorker. Fashionistas around the

4. See Collins, supra note 1, at 1 (“The sole of each of his shoes is lacquered in a vivid, glossy red.”).
5. See Louboutin, 778 F. Supp. 2d at 447–48 (“Over the years, the high fashion industry responded. Christian Louboutin’s bold divergence from the worn path paid its dividends. Louboutin succeeded to the point where, in the high-stakes commercial markets and social circles in which these things matter a great deal, the red outsole became closely associated with Louboutin.”).
world buy Louboutin’s shoes in droves, despite their prohibitory pricing.7 And so it came as no surprise when Louboutin took the equally famous and fashionable designer Yves Saint Laurent (YSL) to court in August of 2011 for stealing his look;8 after all, such a lucrative feature certainly required a level of jealous protection, and everyone who was anyone (in the world of haute couture footwear at least) knew that the red sole was Louboutin’s.

What did come as a surprise was the judge’s ruling: it went against Louboutin.9 Indeed, the court not only denied Louboutin’s motion for a preliminary injunction against the sale of four different pairs of shoes from YSL’s Cruise 2011 collection—it also strongly suggested that Louboutin had no viable claim for trademark infringement in the first place.10 In concluding that Louboutin’s registered mark—known as the “Red Sole Mark”—should be invalidated, the court relied upon the complex and ill-defined doctrine of aesthetic functionality.11

Under this doctrine, a design feature merits trademark protection only if it can be shown to perform no significant function other than acting “as a symbol that distinguishes a firm’s goods and identifies their source.”12 The aesthetic functionality doctrine figures in trademark law as a sort of gatekeeper—its application is meant to advance competition in the United States marketplace by preventing any one entity from claiming exclusive ownership over design features that impact the cost, use, or purpose of commercial items.13 Though this policy goal is easy enough to recognize as legitimate, the conceptual and practical realities of the doctrine are much more convoluted.14 With the recent, widely publicized decision in the

8. See Louboutin, 778 F. Supp. 2d at 450–51. Louboutin brought claims for trademark infringement and unfair competition under the Lanham Act against competitor YSL with regard to four pairs of shoes in YSL’s collection that bore red soles as part of a monochromatic design. See id. at 448.
9. See id. at 449–50.
10. See id. at 457.
11. See id. at 453–55; see also infra Part II.B.
13. See id. at 164.
14. See infra Part III.
"Louboutin" case, however, the time has come to deconstruct the aesthetic functionality problem.15

This Comment explores the aesthetic functionality doctrine, using the "Louboutin" case and the world of high-fashion footwear to illuminate the present legal and conceptual difficulties with its application.16 Part II provides an overview of the two legal arenas implicated by the "Louboutin" case and necessary to an understanding of the aesthetic functionality doctrine—the trademarking of color and the historical approaches to the functionality doctrine.17 Part III analyzes the current state of the law on aesthetic functionality, examining Supreme Court and circuit court precedent, and also closely reading the reasoning of the district court and the Second Circuit in the "Louboutin" case.18 Part IV examines this law through the lens of the high fashion industry and suggests that there are two plausible formulations of aesthetic functionality, one of which supports the district court’s holding in "Louboutin" where the other seems to contradict it.19 Part V argues that the aesthetic functionality formulation ultimately adopted by the federal courts will have serious repercussions for the concept of secondary meaning—one of the basic principles of trademark law.20 Part VI concludes that the superior formulation of aesthetic functionality would allow Louboutin to maintain his Red Sole Mark, giving fashionistas the opportunity to run their red soles to venues other than the courtroom.21

II. BACKGROUND: COLORMARKING AND QUANTUMS OF APPEAL

The "Louboutin" case involves strands from two distinct legal arenas within the trademark field: the trademarking of color and the doctrine of aesthetic functionality. Though these two issues intersect in a meaningful way in "Louboutin," it is helpful to understand their separate developments.

A. The Trademarking of Color

Nearly thirty years ago, in "Qualitex Co. v. Jacobson Products Co.," the Supreme Court explicitly allowed for the trademarking of a single color applied to a consumer product.22 Prior to this decision, traditional trademark
principles had held that color alone could not be validly trademarked. In the years leading up to the decision, the circuits had split on the issue, with the Federal Circuit allowing color to be trademarked under limited circumstances and the Seventh Circuit maintaining a total prohibition on the trademarking of color. In *Qualitex*, the Court addressed the specific

23. *See J. Thomas McCarthy, Trademarks and Unfair Competition* § 7:40 (4th ed. 2011). The Federal Circuit was the first to recognize that color alone could be validly trademarked in *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1122 (Fed. Cir. 1985). In its recognition that “there is no inherent bar to trademark registration of the color of goods [where] color is an overall color rather than in the form of a design,” the court noted that allowing the trademarking of color was “in harmony with modern trademark theory and jurisprudence.” *Id.* at 1118. The basis for this reasoning was the passage of the Trademark Act of 1946, 15 U.S.C. §§ 1051–1141n (2006) (Lanham Act), which represented a Congressional “modernization of trademark law” that defined a “trademark” as “any word, name, symbol, or device . . . adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others,” and thus did not, by its terms, demand the conclusion that color alone could not be trademarked. *In re Owens-Corning*, 774 F.2d at 1119; *see also* 15 U.S.C. § 1127 (2006) (supplying an updated definition by stating that “the term ‘trademark’ includes any word, name, symbol, or device . . . used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods”). As a controlling statute, the Lanham Act now represents the starting point for trademark analysis. *See Qualitex*, 514 U.S. at 162.

However, the notion that color alone could not be validly marked persisted for at least forty years after the passage of the Lanham Act. *See id.* at 170–71 (noting the respondent’s argument that color should be denied trademark protection as a per se rule because pre-Lanham Act precedent had so held). This is perhaps partly because the notion was not so much a per se rule as an expression of underlying concerns regarding effective competition. *See McCarthy, supra*, § 7:40 (explaining the “color depletion” rationale). *But cf.* *In re Owens-Corning*, 774 F.2d at 1129 (Bissell, J., dissenting) (citing the 1984 edition of McCarthy on Trademarks and Unfair Competition for the proposition that: “A color, per se, is not capable of appropriation as a trademark.”). Indeed, both before and after the passage of the Act, courts repeatedly expressed the concern that allowing single colors to be marked would result in “color depletion” and “color monopoly.” *See Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795, 798 (3d Cir. 1949) (explaining that Campbell could not establish a mark in red-and-white soup labels because “the list of colors will soon run out” if such monopolization of them were allowed); *Diamond Match Co. v. Saginaw Match Co.*, 142 F. 727, 729 (6th Cir. 1906) (asserting that “the primary colors . . . are but few,” and “if two of these colors can be appropriated for one brand . . . it will not take long to appropriate the rest”).

24. *See Qualitex*, 514 U.S. at 161. In *In re Owens-Corning*, 774 F.2d at 1123, the Federal Circuit allowed a company to trademark the pink color of its fiberglass insulation where the color was shown to perform “no non-trademark function” and where recognizing the mark was “consistent with the commercial and public purposes of trademarks.” Conversely, in *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024, 1026 (7th Cir. 1990), the Seventh Circuit adopted the reasoning of the dissent from *In re Owens-Corning* and suggested that a total ban on the trademarking of color should be maintained.

Interestingly, in *NutraSweet*, the court did not draw upon the oft-cited “color depletion” rationale, but rather referenced the problem of “shade confusion.” *Id.* at 1027. Under this argument, allowing a mark in one particular shade of a given color amounts to poor public policy because it creates difficulties regarding how many shade variations a valid mark might preclude competitors from using. *Id.* (noting that “infringement actions could soon degenerate into questions of shade confusion,” with litigation being the only way to determine just “[h]ow different” the colors needed
question of whether or not Qualitex Company could hold a valid trademark in the green-gold color of the dry cleaning pads that it produced. The Court framed the issue as whether the Lanham Act permitted the registration of a trademark consisting, “purely and simply,” of a color. It then divided its analysis of the issue into two related determinations: (1) whether the explicit language of the Lanham Act prohibited the trademarking of color and (2) whether the “underlying principles of trademark law” supported the trademarking of color. The Court answered the first question summarily, noting that the Lanham Act defined a trademark to include “any word, name, symbol, or device,” and concluding that a color, as something “capable of carrying meaning,” could qualify as a symbol. In analyzing the second question, the Court came to two important conclusions. First, it suggested that source identification was one of the most important principles of trademark law and found that color, if successfully presented in connection with a certain seller for a long enough period of time, could serve as a source identifier—a process the Court referred to as “[developing] secondary meaning.” This was important because one of the underlying principles to be, where NutraSweet claimed that Stadt Corporation was packaging its sugar substitute in confusingly similar blue pastel packets, but admitted that the exact shade of blue was not the same); see also MCCARTHY, supra note 23, § 7:40 (identifying and explaining the “shade confusion” rationale).

25. Qualitex, 514 U.S. at 161. At the time, Qualitex Company had already acquired a trademark from the Patent and Trademark Office, which it used as the basis for a trademark infringement claim against Jacobson Products. See id.

26. Id. The Ninth Circuit had set aside a district court ruling in favor of Qualitex on the trademark infringement claim on the grounds that “color alone cannot form the basis for a trademark.” Qualitex Co. v. Jacobson Prods. Co., 13 F.3d 1297, 1302 (9th Cir. 1994), rev’d, 514 U.S. 159 (1995). The Court stated that the majority of Circuits maintained this rule and referenced both the “color depletion” rationale as well as the “shade confusion” issue raised in NutraSweet. See id.; supra notes 23–24.

27. Qualitex, 514 U.S. at 162.


29. See Qualitex, 514 U.S. at 162.

30. Id. at 162–63. The term “secondary meaning” is widely used in trademark law. See Ingrida Karins Berzins, The Emerging Circuit Split Over Secondary Meaning In Trade Dress Law, 152 U. PA. L. REV. 1661, 1662 (2004). Secondary meaning exists where “the article itself . . . [is] so clearly identified with its source that its supply from any other source is clearly calculated to deceive the public and lead it to purchase the goods of one for that of another.” Zangerle & Peterson Co. v. Venice Furniture Novelty Mfg. Co., 133 F.2d 266, 270 (7th Cir. 1943). Additionally, an article is said to have acquired secondary meaning if it prompts consumers to say: “That is the article I want because I know its source.” Id. The establishment of secondary meaning is not necessary for all valid marks, but applies only where the mark is not inherently distinctive. See 3 CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 20:27 (4th ed. 2011); see also Kookaï, S.A. v. Shabo, 950 F. Supp. 605, 607 (S.D.N.Y. 1997) (“Proof that a particular mark . . . has a ‘secondary meaning’ associated with a particular product is not necessary when the mark in question is arbitrary or fanciful.”).

In Qualitex, 514 U.S. at 162–63, the Court noted that color was capable of acquiring secondary meaning, although not inherently distinctive: “True, a product’s color is unlike ‘fanciful,”
animating trademark law is the avoidance of customer confusion, 31 and the ability of color to become so connected with a product or design feature as to identify it with a particular source meant that color could be validly trademarked without jeopardizing this important policy goal. 32 The Court ultimately concluded that because color could acquire secondary meaning, the consumer confusion-source identification principle of trademark law did not militate a per se rule against the trademarking of color. 33 Second, the Court suggested that the functionality doctrine of trademark law, which prevents the trademark system from inhibiting worthwhile competition, did not stand in the way of trademarking color alone. 34 Noting that functionality exists where a design feature “is essential to the use or purpose of the article” or “affects the cost or quality of the article,” the Court concluded that color need not always be functional, 35 and thus that the fundamental

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31. See McCarthy, supra note 23, § 2:2 (“Trademark law serves to protect . . . consumers from deception and confusion over trade symbols.”).


33. Qualitex, 514 U.S. at 164 (“It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve [the basic purpose of preventing customer confusion].”).

34. Id. at 164–65. As noted by the Court in Qualitex, the functionality doctrine is an important characteristic distinguishing trademark protection from patent protection. Id. Because trademarks can potentially last forever, while patents are granted for only a certain amount of time out of a policy aim of rewarding invention, trademark law must be construed so as not to encompass those useful attributes of a product that provide an important functional benefit. See id. (“It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time.”); see also 35 U.S.C. § 154 (2006) (granting patents for a term of twenty years).

35. Qualitex, 514 U.S. at 165. The Restatement Third of Unfair Competition labels a design or product feature as “functional” if it affords benefits in the manufacturing, marketing, or use of the goods or services with
trademark principle of insulating competition from the monopolization of important product features did not require a per se rule against trademarking color. Applying these legal insights to the facts of the specific case at hand, the Court concluded that Qualitex Company could maintain a valid trademark in the green-gold color of its dry cleaning pads because the color (1) had acquired secondary meaning since customers associated it with Qualitex and (2) was non-functional in the sense that it served no function other than to identify the pads as Qualitex’s.  

Qualitex thus overturned the traditional rule against allowing color alone to be trademarked. The decision’s impact, however, is circumscribed by the Court’s reasoning: color alone cannot be trademarked under all circumstances, but only where it has obtained secondary meaning in the marketplace and is non-functional. In the fashion industry, these two prerequisites can send legal analysis in opposing directions, creating a unique difficulty for designers like Christian Louboutin. This is especially the case because fashion typically implicates the complicated doctrine of

which the design is used, apart from any benefits attributable to the design’s significance as an indication of source, that are important to effective competition by others and that are not practically available through the use of alternative designs. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (2011). This definition rejects one formulation of the aesthetic functionality doctrine. See infra notes 53–90 and accompanying text.

36. Qualitex, 514 U.S. at 165.
37. Id. at 166. Importantly, the Court made its specific functionality conclusion with reference to the lack of any competitive need in the dry cleaning pad industry for color. Id. This conclusion represented the adoption of an express finding of the district court, which had originally found for Qualitex on the trademark infringement claim: “Although it is important to use some color on press pads to avoid noticeable stains, the court found ‘no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.’” Id. (quoting Qualitex Co. v. Jacobson Prods. Co., No. 90-CV-1183, 1991 WL 318798, at *4 (C.D. Cal. Sept. 3, 1991)). The Respondent in the case argued otherwise, suggesting that color was particularly important in the dry cleaning pad industry because the pads were routinely scorched during use and were “rendered unsightly if color [was] not present to mute or disguise the inevitable scorch marks.” Brief for Appellee in Opposition to Petition for Writ of Certiorari at 11, Qualitex, 514 U.S. 159 (1995) (No. 93-1577). Though it appeared to concede that Qualitex Company was the only manufacturer who had used the green-gold color, the Respondent argued that color was important in the industry since a “white or uncolored” dry cleaning pad would not be saleable. Id. It also asserted that the district court had found that there was “a competitive [sic] need for color in the manufacture of press pads”—the exact opposite of what the Supreme Court stated. Id. at 11–12. This fundamental disagreement about what constitutes a competitive need turns out to be a very important point of contention where the fashion industry is concerned, especially considering the Court’s later statement that the application of the aesthetic functionality doctrine to the trademarking of color ultimately turns upon a determination of whether trademark rights would “significantly hinder competition” in the industry. See Qualitex, 514 U.S. at 170; see also infra Parts IV–V.

39. See Qualitex, 514 U.S. at 166.
40. See infra Part IV.A.
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aesthetic functionality, a particular permutation of the functionality doctrine.41

B. Aesthetic Functionality

Aesthetic functionality is best conceived as a subcategory of the functionality doctrine.42 The functionality doctrine is a legal mechanism that serves to insulate from trademark protection those useful features that, if exclusively owned, might allow a single manufacturer to gain a monopoly over an entire industry.43 Aesthetic functionality represents one permutation of this doctrine and stands for the notion that certain design features may be competitively valuable—and thus ineligible for trademark protection—because of their particular ability to generate consumer appeal.44 Such
features are not functional in the traditional sense: they do not make products more useful, more efficient, or better adapted to the accomplishment of the particular tasks for which they are designed. They are, however, functional in a competitive sense: they possess a unique ability to attract consumers that is separate from any association with a particular source. That such features should be denied trademark protection where their exclusive use would foster monopolization is clear—indeed, the fact that aesthetic functionality is a subcategory of the broader functionality doctrine demands such a conclusion. However, the doctrine of aesthetic functionality is both more complex and less widely accepted than traditional functionality. Put simply, aesthetic functionality presents two major practical quandaries: the circumstances under which it exists are difficult to identify and the exact quantum of functionality that must exist in order to considerations play an important role in the purchasing decisions of prospective consumers, a design feature that substantially contributes to the aesthetic appeal of a product may qualify as "functional.").

45. See supra note 42 and accompanying text.

46. The paradigmatic example of aesthetic functionality is the heart-shaped candy box. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17, illus. 8. The design feature with aesthetic functionality here is the heart shape of the box. Id. Where the heart shape is "an important factor in the appeal of the product," it has a quantum of functionality that is both divorced from source-identification and important to effective market competition. Id. Thus, the heart-shaped box is aesthetically functional and, consequently, does not qualify for trademark protection. Id.

47. See Qualitex, 514 U.S. at 170 (citing the functionality doctrine as a way of ensuring that the trademarking of color does not undermine the principles of trademark law by allowing some producers to gain competitive advantage since, by applying it, "courts . . . examine whether [color's] use as a mark would permit one competitor . . . to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient").

48. At least three federal circuits—the Third, Fifth, and Federal Circuits—have refused to adopt the aesthetic functionality doctrine. See Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 538 (5th Cir. 1998) (rejecting the notion that "[f]eatures [contributing] to the commercial success of a product are . . . functional"); Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527, 1532 (Fed. Cir. 1994) (noting the Circuit’s rejection of the "notion that purely aesthetic features can in themselves confer . . . functionality"); Sicilia Di R. Biebow & Co. v. Cox, 732 F.2d 417, 428 (5th Cir. 1984) (rejecting aesthetic functionality because the doctrine of functionality should not "insulate[] a second comer from liability for copying the first comer's design whenever the second comer can merely cite marketing reasons to justify the copying"); Keene Corp. v. Paraflex Industries, Inc., 653 F.2d 822, 824–26 (3d Cir. 1981) (demanding that any aesthetic functionality determination be relevant only insofar as the design feature at issue is "related to the utilitarian function of the product").

Other circuits have cabined the doctrine out of concern for a broad-sweeping exception that would have the perverse effect of depriving features of trademark protection simply because they were particularly appealing or successful. See Lord, supra note 42. This concern arises from the Ninth Circuit’s seminal Pagliero decision, wherein the court found aesthetic functionality because the design feature was "an important ingredient in the commercial success of the product." Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952). This decision has been widely criticized. See infra Part II.B.1.

49. The Restatement of Unfair Competition makes it clear that aesthetic functionality should not be read to imply that a manufacturer “forfeit[s] trademark rights simply because prospective purchasers find the design aesthetically pleasing.” See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c. However, the policy underlying the doctrine, at least theoretically, seems
use the doctrine to disqualify a feature from trademark protection is elusive and infinitely variable. Because of these difficulties, the circuits have construed and applied aesthetic functionality in a variety of different ways. The two most prominent approaches are those of the Second and Ninth Circuits.

to allow for this outcome where the consumers find the product or design aesthetically pleasing for a reason that is separate from source-identification. See infra notes 61–62. Indeed, the doctrine itself seems intended to capture those design features so effective at drawing consumer attention that conveying their exclusive use to one manufacturer would foster monopolization—at least where the attraction can be divorced from association with a source. See infra notes 61–62. The problem, of course, is that in many contexts it can be nearly impossible to locate the appeal of any given product—to divine exactly what it was that motivated consumer behavior. See supra note 46 and accompanying text. Such difficulties are at their apex in trade dress cases, where the appeal exists in the combination of multiple design features—the overall “feel” of a particular brand—that are much more intertwined with their source than a heart-shaped candy box is with the brand name emblazoned upon it. See generally Amy B. Cohen, Following the Direction of TrafFix: Trade Dress Law and Functionality Revisited, 50 IDEA 593 (2010). The Restatement definition attempts to handle such difficulties by construing aesthetic functionality as preventing the recognition of trademark rights only where the design feature at issue “confers a significant benefit that cannot practically be duplicated by the use of alternative designs.” RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c. Whether or not such designs exist is, of course, a slippery determination in and of itself—and, thus, the Restatement ultimately uses competitive need as a trump card. See id.

The Supreme Court cited, adopted, and construed this definition in Qualitex. See Qualitex, 514 U.S. at 170. See infra Part III.A for discussion of the peculiar Qualitex construal of aesthetic functionality.

50. See Vuitton et Fils S.A. v. J. Young Enters., Inc., 644 F.2d 769, 774 (9th Cir. 1981) (“[A] trademark is always functional in the sense that it helps to sell goods by identifying their manufacturer.”). Of course, the design feature must be shown to have more of a function than source-identification to qualify as aesthetically functional; however, just how much more seems to vary depending upon the nature of the industry at issue, especially considering the fact that competitive need—“whether the recognition of trademark rights would significantly hinder competition”—is the dispositive question. See Qualitex, 514 U.S. at 170 (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c).

51. Though the Supreme Court touched upon aesthetic functionality in Qualitex, its explicit holding in the case dealt with the viability of color marks. See Qualitex, 514 U.S. at 162, 170–72. Thus, though the Court’s reasoning regarding color marks implicitly relied upon some interpretation of the functionality doctrine, its specific statements about the doctrine are, at bottom, only dicta. See infra Part III.A. It should be noted, however, that Justice Kennedy later called aesthetic functionality the “central question” of Qualitex. See TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 33 (2001). With no definitive statement from the Supreme Court regarding the doctrine, circuits have diverged. See infra Part III.B.

52. The approaches of the Second and Ninth Circuits qualify as the most prominent primarily because many of the federal circuit courts have rejected the doctrine and thus have not developed a discernible jurisprudence regarding the issue. See supra note 48 and accompanying text.
1. The Ninth Circuit: From *Pagliero* to *Au-Tomotive Gold*

In 1952, the Ninth Circuit became the first court to deal with the aesthetic functionality doctrine. With *Pagliero v. Wallace China Co.*, this Circuit construed the doctrine in a sweepingly broad manner, essentially erecting a barrier to trademark protection of any feature that played some role in the commercial success of a given product. In *Pagliero*, the court evaluated the question of whether or not the appellants’ copying of several of Wallace China Company’s (Wallace) distinctive flower patterns on its own chinaware amounted to unfair competition. Assuming that Wallace could establish secondary meaning in the floral designs, the court ultimately dismissed the validity of trademark rights on the basis of functionality: it construed “function” to imply any purpose “other than a trade-mark purpose” and concluded that “[i]f the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation.” The floral china patterns at issue in the case were functional in that the beauty of the designs created an aesthetic appeal attractive to consumers. This appeal was said to be separate from any that might inhere in source-identification, as it was the beauty of the designs that attracted purchasers, not the association of the designs with Wallace. Because the floral designs were functional in that they were aesthetically appealing to the consumer, Wallace could not claim exclusive use.

The *Pagliero* approach can be characterized by the nature of the decision’s resolution of the two practical difficulties with aesthetic functionality: it allowed for broad identification and a small quantum.

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53. See CALLMANN ON UNFAIR COMPETITION, supra note 30, § 19:9
54. 198 F.2d 339, 343 (9th Cir. 1952).
55. Id. at 340. Because Wallace did not own a registered mark, the court took up the question as a “naked claim of unfair competition” under the Lanham Act. Id. at 341 (internal quotations omitted).
56. Id. at 343.
57. Id. at 343–44 (“The attractiveness and eye-appeal of the design sells the china.”).
58. Id. at 344. Of course, that the court summarily passed over the secondary meaning analysis significantly complicates this conclusion. Indeed, with no definitive finding as to whether or not secondary meaning existed, the functionality ruling appears to contain a judicial assumption that the primary consumer appeal of the chinaware existed in the beauty of the designs—and not in the association of the designs with Wallace. See id. (“It seems clear that these designs are not merely indicia of source, so that one who copies them can have no real purpose other than to trade on his competitor’s reputation.”). A similar judicial assumption was made by the district court in the *Louboutin case*. See infra Part III.C.1. The particular danger of these sorts of conclusions is that they tend to reflect the perspective of the judge—an individual who is, by nature, an industry outsider and thus perhaps somewhat unlikely to make accurate assumptions about consumer behavior.
59. See *Pagliero*, 198 F.2d at 344.
60. See supra notes 49–50 and accompanying text.
terms of identifying the circumstances under which aesthetic functionality might exist, the Pagliero court implicated such functionality wherever the design feature at issue played any role in the commercial success of the product.\textsuperscript{61} The quantum of functionality required for application of the doctrine was also very small: the court did little more than make the tautological observation that because the china had sold, it must have been attractive in some way.\textsuperscript{62} This combination amounted to a very broad construction of the aesthetic functionality doctrine—one from which the Circuit began to retreat several decades later.\textsuperscript{63}

61. See Pagliero, 198 F.2d at 343. Such a broad construction—not surprisingly—drew the aspersion of legal scholars and other circuits, particularly the Second Circuit, which created a competing construction that aligned with the Restatement Third’s position requiring demonstration of alternative designs. See infra Part II.B.2; see also Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co., 916 F.2d 76, 80–82 (2d Cir. 1990).

It is particularly the breadth of the Ninth Circuit’s construction that has inspired dissent, as it seemed to sweep in all successful design features and thus (ironically) to undermine the competitive principle that the doctrine was meant to insulate by disincentivizing the creation of new designs. See Lord, supra note 42, at 29 (“Pagliero seemed to imply that the more successful a product . . . the more likely it would be found to be aesthetically functional.”). Indeed, a close reading of the decision reveals an interesting and prescient argument similar to that made in favor of modern-day “fast fashion” houses, which knock off haute couture designs at a fraction of the price:

[T]o imitate is to compete in this type of situation. Of course, [Pagliero] can also compete by developing designs even more aesthetically satisfying, but the possibility that an alternative product might be developed has never been considered a barrier to permitting imitation competition. . . . The law encourages competition not only in creativeness but in economy of manufacture and distribution as well. Pagliero, 198 F.2d at 344.

Thus, the implication with which commentators took issue may not have been terribly far from the truth: Pagliero is plausibly read as asserting that successful designs, where not purely source-identifying, should not be insulated from the sort of “knock-off” competition that copies and sells for less. See N. Elizabeth Mills, Intellectual Property Protection for Fashion Design: An Overview of Existing Law and a Look Toward Proposed Legislative Changes, 5 SHIDLER J. L. COM. & TECH. 24 (2009). The justifying rationale of such a position is that “imitation competition” does not actually involve any consumer confusion: the knock-off customer most often buys the imitation good intentionally. See Johanna Blakley, Lessons From Fashion’s Free Culture, TED.COM (Apr. 2010), http://www.ted.com/talks/johanna_blakley_lessons_from_fashion_s_free_culture.html (discussing the “fast fashion” phenomenon).

62. See Pagliero, 198 F.2d at 343–44 (“The attractiveness and eye-appeal of the design sells the china.”). This “quantum” observation, as used herein, acts as a proxy for the level of scrutiny with which the court examines the competitive need for the design feature within the industry. See supra note 58 and accompanying text. In this case, the quantum was small because the court essentially presumed that because the china had sold, it was attractive in some way beyond purely source-identification. See Pagliero, 198 F.2d at 343.

63. At least one commentator has characterized the Ninth Circuit’s aesthetic functionality jurisprudence as a “consistent retreat” from the Pagliero decision. See McCarthy, supra note 23, § 7:80; see also Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1069–70 (9th Cir. 2006).
In *Vuitton et Fils v. J. Young Enterprises, Inc.*, the Ninth Circuit dealt with whether an imitator’s copying of the popular Louis Vuitton initial-and-fleur-de-lis pattern (“LV”) on its luggage amounted to trademark infringement. The district court, relying upon *Pagliero*, dismissed Vuitton’s claim on summary judgment. But the Ninth Circuit reversed, rejecting the notion that “any feature of a product which contributes to the consumer appeal and saleability of the product is, as a matter of law, a functional element of that product.” The court distinguished *Pagliero* on the grounds that it had dealt with an unfair competition claim, not a trademark claim; yet, the court seriously altered its aesthetic functionality construction by making an assumption almost diametrically opposed to that of *Pagliero*. Defining “functional” to connote only those features “which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made . . . [the] product,” the court ultimately concluded that the initial-and-fleur-de-lis pattern was not functional since it was not beautiful or appealing beyond its identification of the luggage with Vuitton. In other words, it was not the

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64. 644 F.2d 769, 771 (9th Cir. 1981). For those unfamiliar with the pattern, the lower court described it: “a repeating pattern of five designs including a derivation of the fleur-de-lis, the traditional insignia of French royalty, and initials, printed in mustard color on a brown background.” *Vuitton et Fils, S.A. v. J. Young Enters., Inc.*, No. 78-4834, 1980 WL 30280, ¶ I.5 (C.D. Cal. June 10, 1980), rev’d, 644 F.2d 769 (9th Cir. 1981).

65. *See Vuitton*, 644 F.2d at 772.

66. *Id.* at 773.

67. *Id.* The court noted that in *Vuitton* there was a registered trademark of the symbol “LV” and that no similar registered mark existed in *Pagliero*. *See id.* at 773–74.

68. Though *Pagliero*’s “important ingredient” language is reasonably read as sweeping in all design features that contribute to the commercial success of a product, the Ninth Circuit in *Vuitton* maintained that this had not been the case: it explicitly stated that *Pagliero* did not “impel such a conclusion.” *See Vuitton*, 644 F.2d at 773.

69. *Id.* at 774 (quoting *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980)).

70. *Id.* Indeed, the court’s analysis reflects a serious shift in premise: where the *Pagliero* court had passed over the secondary meaning question and presumed that because the china had sold, the floral designs must have contained some attractive quality, the *Vuitton* court seemed to begin from the premise that the ability of the luggage to sell could be mainly attributed to the strength of the “LV” brand and required more proof that there was some appeal beyond this source-identification. *See supra* note 58 and accompanying text. Such variation might be explained with reference to the fact that Vuitton’s claim was buttressed by the existence of a strong, registered mark in the design. *See Vuitton*, 644 F.2d at 774–75. Indeed, the court explicitly noted such a distinction, reciting the Lanham Act’s evidentiary principle that registration “shall be prima facie evidence of a registrant’s exclusive right to use the registered mark in commerce.” *Id.* at 774; *see also* 15 U.S.C. § 1115(a) (2006).

Though such a distinction is theoretically sound, it is practically problematic, since the only meaningful distinction between the designs at issue in the two cases is the presence of the branded initials in the Vuitton design. *See Vuitton*, 644 F.2d at 774. Thus, the distinction is useful for the particular facts of the case but less helpful beyond that. It does not, for instance, provide any insight as to whether protection of the Vuitton design might exist where an imitation competitor copied the
beauty of the design that attracted customers (as had ostensibly been the case in *Pagliero*) but rather the prestige associated with the brand.71 This reformulation of aesthetic functionality can be characterized as limiting the doctrine’s identification aspect while expanding its quantum requirement.72 In identifying the circumstances under which aesthetic functionality might bar trademark protection, the court backed away from *Pagliero*’s sweeping language by limiting the doctrine’s applicability to instances in which the design feature serves a purpose beyond that merely incidental to source-identification.73 The quantum of functionality required for application of the doctrine was also extended: rather than treating commercial success as a virtual proxy for functionality, the court required affirmative demonstration that consumer appeal was generated by the specific design feature at issue.74 This application of aesthetic functionality robbed the doctrine of much of its potential usefulness for imitators, and marked the beginning of a decline in its use within the Ninth Circuit.75 During the two decades following the *Vuitton* decision, the Ninth Circuit steadily backed away from any application—let alone an expansive one—of the aesthetic functionality doctrine.76 Finally, in 2006, the Circuit confronted the doctrine again, only to come full circle from its initial definition of the doctrine in *Pagliero*.77

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71. Id. The court said that it was “not convinced that Vuitton’s design . . . is that aspect of its products which satisfies its consumers’ tastes for beauty” and noted that “[s]ince the products are largely carried on the person, a consumer’s interest in the prestige afforded by carrying a certain bag may overshadow that person’s sense for the purely aesthetic.” Id.

72. See supra notes 49–50 and accompanying text.

73. This reformulation might be best characterized as a strengthening of the secondary meaning analysis or, perhaps, as a transformation of the secondary meaning analysis into a threshold question. See supra note 30 and accompanying text. In other words, *Vuitton* is plausibly read as suggesting that where secondary meaning is established, the burden should shift to the party asserting aesthetic functionality to demonstrate that the design feature serves some function beyond source-identification—or that its consumer appeal cannot or should not be attributed purely to the success of the branding. See *Vuitton*, 644 F.2d at 774 (“A trademark which identifies the source of goods and incidentally serves another function may still be entitled to protection.”).

74. See id.

75. See *McCarthy*, supra note 23, § 7:80.

76. See Yevgeniy Markov, *Raising the Dead: How the Ninth Circuit Avoided the Supreme Court’s Guidelines Concerning Aesthetic Functionality and Still Got Away with It in Au-Tomotive Gold*, 6 NW. J. TECH. & INTELL. PROP. 197, 200 (2008) (observing that “[a]fter Vuitton, aesthetic functionality significantly faded in the Ninth Circuit over a period of several decades”). It is interesting to note that the Ninth Circuit itself recognized during this time period that the doctrine was fading into disuse: in 1987, six years after the *Vuitton* decision, it stated that “the ‘aesthetic’ functionality test has been limited, if not rejected, in favor of the ‘utilitarian’ functionality test.” First Brands Corp. v. Fred Meyer, Inc., 809 F.2d 1378, 1382 n.3 (9th Cir. 1987) (citing *Fabrica*, Inc. v. El Dorado Corp., 697 F.2d 890, 895 (9th Cir. 1983) (for the proposition that the aesthetic
In *Au-Tomotive Gold*, the Ninth Circuit dealt with Au-Tomotive Gold, Inc.'s (Auto Gold) unlicensed sale of key chains, license plates, and other automobile accessories bearing the unique insignia of Volkswagen and Audi. Auto Gold marshaled the doctrine of aesthetic functionality in its defense, suggesting that the insignia were functional in that they were the “actual benefit” that consumers wished to purchase. The district court ruled in Auto Gold’s favor, concluding that the insignia were functional, because consumers were primarily interested in the aesthetic appeal of the designs of the logos themselves and not in any reputation-related benefit associated with their source-identification. But the Ninth Circuit

functionality test may have been rejected; *Vuitton*, 644 F.2d at 773 (for the proposition that the aesthetic functionality test has been limited). In 2001, the Ninth Circuit seemed not only to reject the doctrine as applied but also to question its internal conceptual legitimacy. See *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1260 (9th Cir. 2001) (stating that features cannot be “both ‘functional and purely aesthetic’” because such a notion is “internally inconsistent and at odds with the commonly accepted view that functionality denotes utility” and observing that “this circuit [has not] adopted the ‘aesthetic functionality’ theory, that is, the notion that a purely aesthetic feature can be functional”). It should also be noted, however, that both of these cases addressed the doctrine of aesthetic functionality in the context of trade dress claims, and not with explicit reference to the trademarkability of unique design features. See *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1069–70 (9th Cir. 2006). The difference is not particularly germane to the purposes of the analysis herein, as the salient point is the effect that the doctrine has on the potential for design features to gain intellectual property protection. See id. (noting that the cases examined trade dress but not rejecting their precedential applicability).

77. It is important to note that this case was decided in the wake of *Qualitex*. See infra Part III.A. Though it is somewhat unclear whether or not *Qualitex*’s aesthetic functionality analysis is binding precedent—as much of it appears to be discussed only incidentally to the ultimate holding with regard to trademarking color—the Ninth Circuit was at least required to grapple with the Supreme Court’s analysis of the issue. See Markov, supra note 76, at 205. At least one commentator is of the opinion that “the entirety of the . . . Supreme Court case law relating to the doctrine of aesthetic functionality currently rests upon an incorrect interpretation of the *Qualitex* decision supported by dicta.” Id. at 197. For further discussion of the Supreme Court’s treatment of aesthetic functionality, see infra Part III.A.

78. *See Au-Tomotive Gold*, 457 F.3d at 1064–65. The court framed the question as “whether the Lanham Act prevents a maker of automobile accessories from selling, without a license or other authorization, products bearing exact replicas of the trademarks of these famous car companies.” Id. at 1064.

79. Id. In doing so, Auto Gold was relying on precedent from *Vuitton*, wherein functionality was defined in just this way—as the “actual benefit that the consumer wishes to purchase.” See supra notes 69–70 and accompanying text.

80. *Au-Tomotive Gold*, 457 F.3d at 1066. In other words, the district court, using the definition of “functional” from *Vuitton*, see supra notes 71, 73, concluded that Auto Gold’s unlicensed use of the insignia was protected by the doctrine of aesthetic functionality, because purchasers were interested in buying accessories for the marks themselves—and not because of any assurance that the accessories were actually manufactured by Audi or Volkswagen. See *Au-Tomotive Gold*, 457 F.3d at 1066 (“[T]he VW and Audi logos are used not because they signify that the license plate or key ring was manufactured or sold . . . by Volkswagen . . . , but because there is an aesthetic quality to the marks that purchasers are interested in having.”).

There are two plausible and subtly distinct readings of this finding. First, it is possible the court was suggesting that consumers were attracted by the particular way in which the insignia were designed; something about them looked attractive and was desirable, driving market behavior
overturned, rejecting Auto Gold’s interpretation of functionality and instead concluding that the doctrine should be applied only to those features serving an “aesthetic purpose wholly independent of any source-identifying function.”81 Because the court found “no evidence that consumers buy Auto separate from consumer association of the mark with Audi or Volkswagen. See id. This reading entails the presumption that there would have been a market for Auto Gold’s accessories even if Audi and Volkswagen did not exist—a supposition that is speculative on its face, and certainly difficult to maintain in light of Vuitton, wherein the court refused to apply aesthetic functionality to protect an imitator’s use of the distinctive “LV” insignia. See Vuitton, 644 F.2d at 775. Despite its practical unreality, this reading is legally sound: if the aesthetic appeal of the insignia could really be divorced from its source-identification, aesthetic functionality, under Vuitton, might apply. See id.

The more practical reading, unfortunately, lacks even that sort of tenuous legal underpinning. This alternative reading rests on one specific permutation of Vuitton and suggests that the actual benefit consumers seek in purchasing the insignia is not the assurance that a particular entity made the product, but simply the possession of the mark itself. See id. This reading is akin to the suggestion that consumers really do not care whether their key chains are actually manufactured by Audi—they just want to have a keychain bearing the Audi mark. In other words, they want the prestige associated with the brand, regardless of whether the particular item in question actually emanated from the prestigious source. Though such a reading, as the circuit court ultimately suggested, see Au-Tomotive Gold, 457 F.3d at 1064, is legally untenable, it is, in a practical sense, easy to grasp: the consumer who has just spent forty thousand dollars on an Audi A4 might begrudge to the approved dealership the fifty dollars for the keychain, especially when he can get a keychain bearing the Audi insignia at a much lower price from another source. As this illustration suggests, it is not difficult to imagine a scenario in which the important consumer-confusion principle of trademark law is not at all implicated, see supra note 31, and where the use of the mark is functional in the sense that it is the actual benefit that the consumer wants to purchase. Unfortunately, this sort of reading easily devolves into an inquiry about why consumers want to own items bearing particular marks. If consumers simply desire the sort of aesthetic symmetry that comes with matching their keychain to their car, this might be said to be divorced from source-identification; however, if they want the mark in order to acquire the prestige associated with the brand, it becomes difficult to say that the mark is functional in a manner entirely separate from source-identification. See MCCARTHY, supra note 23, § 7:80 (characterizing Auto Gold’s argument as an assertion of the aesthetic desire of the Volkswagen and Audi owners to match their accessories to their cars).

The internal conceptual difficulty with this second reading may derive from a tension between two of the basic goals of trademark law—prevention of consumer confusion and insulation of fair competition—somewhat unique to modern brand-driven consumption. See id., §§ 1:1, 3:5; see also Au-Tomotive Gold, 457 F.3d at 1067 (“Famous trademarks have assumed an exalted status of their own in today’s consumer culture that cannot neatly be reduced to the historic function of trademark to designate source.”). Modern consumers seek to divorce prestige from emanation, rendering it quite difficult to divine the “actual benefit” that they hope to derive from the purchase of a particular good. See Au-Tomotive Gold, 457 F.3d at 1067; see also Vuitton, 644 F.2d at 775. The difficulty is particularly great in the fashion industry, which is increasingly driven by branding. See generally Sara R. Ellis, Comment, Copyrighting Couture: An Examination of Fashion Design Protection and Why the DPPA and IDPPPA Are A Step Towards the Solution to Counterfeit Chic, 78 TENN. L. REV. 163 (2010).

81. Au-Tomotive Gold, 457 F.3d at 1073.
Gold’s products solely because of their ‘intrinsic’ aesthetic appeal,” it refused to apply the doctrine. 82

This interpretation of aesthetic functionality completed the analytical movement begun in Vuitton: it implicated the doctrine only where the contested design feature could be affirmatively shown to perform a function completely and totally distinct from source-identification. 83 This movement represents a narrowing of the identification aspect of aesthetic functionality: where the court in Pagliero had applied aesthetic functionality if the feature played any role in the commercial success of a product, and, in Vuitton, had limited its application to instances wherein the feature constituted some benefit that the consumer wished to purchase beyond pure association with a certain source, in Au-Tomotive Gold it refused to apply the doctrine unless the contested feature could be shown to serve a purpose completely and totally distinct from source-identification. 84 Such a requirement significantly limits the instances in which aesthetic functionality will apply. 85 Additionally, the Au-Tomotive Gold formulation of aesthetic functionality imposes a large quantum—the design feature must not only generate appeal in addition to that already extant as a result of source-identification, it must generate appeal independent of it. 86 Practically, the requirement of an independent aesthetic purpose means that the design feature at issue must be

82. Id. (emphasis added).

83. See supra notes 70–71, 73. In Vuitton, the court moved away from Pagliero by requiring not just that the product in question have commercial success, but also that the specific design feature at issue be shown to have been functional—to have generated consumer appeal—in its own right. See Vuitton, 644 F.2d at 775–76. Rather than assuming that the contested design feature was functional simply because the product was successful, Vuitton required some more specific showing. See id. Moreover, it required that this demonstrated functionality be in some way distinct from source-identification; in other words, aesthetic functionality could only attach where the specific design feature at issue generated consumer appeal by offering something more than an assurance that the product in question emanated from a particular source. See id. In Au-Tomotive Gold, the court extended this requirement to its logical end by interpreting the doctrine to demand that the specific design feature generate consumer appeal separate and apart from any source-identification. See supra note 80 and accompanying text. Under the Au-Tomotive Gold formulation—unlike Vuitton—it would not be enough to demonstrate that consumers were attracted both by the beauty of the design and by the design’s association with a prestigious brand. See Vuitton, 644 F.2d at 774. Instead, to be successful in convincing a court to disqualify a feature from trademark protection under the doctrine of aesthetic functionality, a party would need to show that consumers were attracted solely by the independent function of the feature, whatever that might be. See Au-Tomotive Gold, 457 F.3d at 1073.

84. See Au-Tomotive Gold, 457 F.3d at 1073.

85. In essence, it does so because it requires parties hoping to invoke the doctrine to divorce the alleged function of the design feature from branding. See id. This effectively requires such parties to bear the evidentiary burden with regard to consumer behavior, something that the court in Au-Tomotive Gold explicitly recognized would be very difficult to do. Id. (“This consumer demand is difficult to quarantine from the source-identification and reputation-enhancing value of the trademarks themselves.”). See also supra note 73 and accompanying text (discussion of this burden-shifting interpretation in the context of the Vuitton decision).

86. Au-Tomotive Gold, 457 F.3d at 1073–74.
aesthetically attractive or useful in its own right in some manner significant enough to qualify as necessary for effective competition in the marketplace.\textsuperscript{87}

Thus, in the nearly sixty years since the \textit{Pagliero} decision, the Ninth Circuit has completed a jurisprudential one-eighty.\textsuperscript{88} Today, its approach can be broadly characterized as a circumscribed acceptance of the aesthetic functionality doctrine: though conceptually viable within the circuit, the doctrine has been interpreted such that it will only apply under very limited circumstances.\textsuperscript{89} Under this circuit’s approach, aesthetic functionality is characterized by a limited identification and a large quantum.\textsuperscript{90} The other prominent approach to the doctrine, that of the Second Circuit, collapses these two considerations—which lie at the core of the aesthetic functionality doctrine—into a single inquiry.

2. The Second Circuit: Duplication by the Use of Alternative Designs

Like the Ninth Circuit, the Second Circuit has also both adopted and cabined the doctrine of aesthetic functionality.\textsuperscript{91} However, unlike its sister
circuit, this circuit redefined the doctrine to require a lack of available alternative designs: design features will only be disqualified from trademarkability on grounds of aesthetic functionality where there is a lack of alternative designs available to competitors in the industry. 92 While the Ninth Circuit moved away from the potentially disastrous consequences of Pagliero by adjusting the identification and quantum factors in incremental fashion, 93 the Second Circuit did so by collapsing these factors into a single examination—and forcing those hoping to take advantage of the doctrine to demonstrate that they cannot compete in the market without access to the design feature as currently in use. 94 The development of this interpretation is reflected in several important cases.

In Wallace International Silversmiths, Inc. v. Godinger Silver Art Co., the Circuit addressed the question of whether Godinger Silver Art Co., Inc. (Godinger) could market and sell silverware “inspired by,” and imitating, the style of a line manufactured and sold by Wallace International Silversmiths, Inc. (Wallace). 95 Though the court ultimately found that the baroque design was aesthetically functional, it adamantly refused to adopt the Pagliero interpretation of aesthetic functionality. 96 Concerned that acceptance of the

92. See Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co., 916 F.2d 76, 78–82 (2d Cir. 1990). This is also the approach adopted by the Restatement (Third) of Unfair Competition. See Restatement (Third) of Unfair Competition § 17 cmt. c

A manufacturer . . . does not forfeit trademark rights simply because prospective purchasers find the design aesthetically pleasing. A design is functional because of its aesthetic value only if it confers a . . . benefit that cannot be practically duplicated by the use of alternative designs. Because of the difficulties inherent in evaluating the aesthetic superiority of a particular design, a finding of aesthetic functionality ordinarily will be made only when objective evidence indicates a lack of adequate alternative designs. Id.

93. See supra Part II.B.1.

94. The Restatement notes that the demonstration of alternative designs will often be circumscribed according to the nature of the available evidence, meaning that aesthetic functionality will only apply—or even potentially apply—where “the range of alternative designs is limited either by the nature of the design feature or . . . the basis of its aesthetic appeal.” See Restatement (Third) of Unfair Competition § 17 cmt. c. The illustrations are particularly illuminating on this point: a heart-shaped box could not be viably trademarked under this interpretation of aesthetic functionality, because the heart-shape is the basis of the particular aesthetic appeal that is essential to competition in the market for selling Valentine’s Day candy, id. § 17 cmt. c, illus. 7; additionally, a design consisting of different colored stones on plates would also not qualify for trademark protection because the number of available design options is limited by the finite stone-color and placement options. Id. illus. 8.

95. 916 F.2d at 77. Wallace’s line was referred to as the “Grand Baroque” line and was patterned in a manner described as “ornate, massive and flowery [with] indented, flowery roots and scrolls and curls along the side of the shaft, and flower arrangements along the front of the shaft.” Id. The imitation line produced by Godinger was similar in style but with significantly different dimensions. Id.

96. Id. at 80 (rejecting the district court opinion’s reliance on the Pagliero precedent because “[t]hat decision allowed a competitor to sell exact copies of china bearing a particular pattern without finding that comparably attractive patterns were not available to the competitor”).
“important ingredient in the commercial success” language out of the Ninth Circuit would discourage originators “from developing pleasing designs,” the court instead explicitly adopted the Restatement definition, refusing to afford trademark protection to Wallace on the grounds that the company sought to monopolize the basic elements of the baroque style—a maneuver that would dampen fair competition in the baroque silverware market. Noting that “design features . . . that are necessary to [a] product’s utility may be copied by competitors under the functionality doctrine,” the court suggested that a demonstration of alternative designs struck the correct balance between protection of intellectual property and promotion of competition. In other words, because granting Wallace a trademark in the basic elements of the baroque style would “exclude competitors from producing similar products” in that there would be no baroque silverware design that was not protected under the mark, Wallace’s attempt at gaining trademark protection faltered on the doctrine of aesthetic functionality. Wallace could not demonstrate that there were adequate alternative designs available by which other designers could compete in the baroque silverware industry, and, because of this, it was ultimately denied trademark protection.

97. Id.; see Pagliero v. Wallace China Co., 198 F.2d 339, 343 (9th Cir. 1952); see also supra Part II.B.1.
98. See Wallace, 916 F.2d at 81 (“Wallace may not exclude competitors from using those baroque design elements necessary to compete in the market for baroque silverware.”). This justification embodies the Second Circuit approach in the sense that if Wallace had sought to trademark “a precise expression of [the] decorative style,” it probably would have been successful, because there would have been numerous other expressions that could have been created from the same basic elements. See id. Incidentally, but interestingly for the purposes of the topic of this Comment, the court in Wallace specifically observed that its approach to aesthetic functionality might very well operate to disqualify colormarking in some instances, stating that “[w]here granting trademark protection to the use of certain colors would tend to exclude competitors, such protection is . . . limited.” Id.
99. See id. at 81.
100. Id. at 81–82.
101. Wallace was seeking a preliminary injunction against Godinger’s use of the design and, thus, bore the burden of proof on the matter. See id. at 77–78. As a procedural matter, then, this case differs somewhat from Knitwaves, Inc. v. Lollytogs, Ltd., wherein Knitwaves brought a trade dress infringement claim against a competitor and the competitor claimed functionality as a defense. 71 F.3d 996, 1006 (2d Cir. 1995). Under those circumstances, Lollytogs had the burden of proof on the
Five years later, in *Knitwaves, Inc. v. Lollytogs Ltd.*, the Second Circuit again applied the alternative designs formulation of the aesthetic functionality doctrine—but reached the opposite outcome. In considering whether Knitwaves’s line of “fall motif” sweaters bearing designs with leaves, acorns, and squirrels was barred from trademark protection because of functionality, the court noted that allowing protection to the two specific designs at issue would not prevent Lollytogs from creating a unique design composed of the same basic elements. Though Lollytogs argued that the sweater designs were functional because they generated consumer appeal beyond association with the Knitwaves brand—an argument that might

issue. See id.; see also *LeSportsac, Inc. v. Kmart Corp.*, 754 F.2d 71, 75–76 (2d Cir. 1985) (noting confusion in the Second Circuit as to “whether a plaintiff has the burden of proving nonfunctionality . . . or whether a defendant must prove functionality as a defense”).

102. See *Wallace*, 916 F.2d at 82. In denying Wallace trademark protection for its design, the court drew an explicit analogy to color—which, at the time, was generally not trademarkable. See *id.* at 81 (“We perceive no distinction between a claim to exclude all others from use on silverware of basic elements of a decorative style and claims to generic names, basic colors or designs important to a product’s utility.”). Interestingly, the comparison revealed an important empirical assumption central to the court’s reasoning: the court expressed the belief that trademark protection sought for design elements like color actually harbored the ulterior motive of excluding competition. See *id.* (“In each case[—generic names, basic colors, or design’s important to utility—], trademark protection is sought, not just to protect an owner of a mark in informing the public of the source of its products, but also to exclude competitors from producing similar products.”). It seems that the court not only believed diminished competition would result from allowing the trademarking of elements like color; it also believed that producers seeking protection for such elements were hoping for more than just the protection of the secondary meaning they had developed in their products. See *id.* Such an analysis looks like something of a catch-twenty-two: any designer attempting to gain a trademark in a color would, by the Second Circuit’s logic, be assumed to depend upon something more than secondary meaning; however, because color is defined as a basic design element, designers are not even afforded the opportunity to develop secondary meaning in their particular use of color. See *id.* It should be noted that this case was decided prior to the *Qualitex* ruling, so the Second Circuit’s empirical assumption was probably partially driven by the prevailing legal practice of treating color as incapable of gaining trademark protection. See infra Part II.A.

103. *Knitwaves*, 71 F.3d at 1006. This decision also came after *Qualitex*, with the Second Circuit paying lip service to the Supreme Court’s definition of functionality before embarking upon an analysis according to its own precedent from *Wallace*. *Id.*; see also infra Part III.A.

104. See *Knitwaves*, 71 F.3d at 1006 (“Lollytogs has adduced no evidence . . . that the number of designs available for ‘fall motif’ sweaters is limited, and that . . . extension of trade dress protection . . . would restrict Lollytogs’ ability to produce alternative competitive designs.”).

105. *Id.* More specifically, Lollytogs attempted to argue that the sweater designs were functional because their purpose was to be aesthetically attractive—to generate consumer appeal—and not to identify the sweaters with the Knitwaves brand. *Id.* That this argument failed illuminates an interesting divergence between the Ninth and Second Circuit approaches to aesthetic functionality: under the Ninth Circuit approach, when the design feature at issue is divorced from source-identification, it is more likely to fall within aesthetic functionality; however, because the Second Circuit analysis turns upon the existence of available alternatives, courts within that Circuit do not (at least explicitly) engage in an independence analysis. See *id.*; see also infra Part II.B.1. However, at least one case in the Second Circuit is plausibly read to suggest that this sort of independence analysis actually is performed there—but as part of a threshold analysis that requires identification of the principal function of the design feature. See *Knitwaves*, 71 F.3d at 1006 (suggesting that a feature is more likely to be non-functional if its “principal function is to identify the bag’s maker
have prevailed under the Ninth Circuit’s wholly independent aesthetic function interpretation— the court ultimately concluded that Knitwaves’s designs could be protected because there was no lack of potential alternative designs. Unlike in Wallace, where the company sought to trademark the basic elements of the style, in Knitwaves the company only sought to trademark its specific compilation of the elements. Because of this, the court found that Knitwaves had a valid, protectable trademark in its two sweater designs since such a mark did not foreclose competitors from using the same basic elements—fall colors and images of leaves, acorns, and squirrels—to create alternative designs.

Thus, the doctrine of aesthetic functionality, since first utilized in the Pagliero case, has received varying reception in each of the federal circuits. Of those that have accepted and utilized the doctrine, the practices of the Ninth and Second Circuits represent the two most prominent, solidified approaches to the issue. What is perhaps most important to note, however, is the generally nebulous, uncertain nature of the doctrine itself: though its existence cannot be denied, aesthetic functionality is, at best, an opaque doctrine the application of which is very difficult to understand. This uncertainty—both as to the substance of the doctrine and as to the ways and instances in which it is to be applied—is compounded by the Supreme Court’s recent treatment of the doctrine.

rather than to make the bag aesthetically pleasing” but concluding that functionality was best characterized as a defense, laying the burden on the defendant (quoting LeSportsac, Inc. v. K Mart Corp., 754 F.2d 71, 78 (2d Cir. 1985)).

106. See supra Part II.B.1.

107. This factual difference would have led to trademark protection for Knitwaves, but for the fact that the company had not established secondary meaning in the designs. See Knitwaves, 71 F.3d at 1006–08.

108. See id. at 1006–07.

109. See id. at 1000, 1006.

110. See supra note 48 and accompanying text.

111. See supra note 52.

112. One commentator has described the federal treatment of the aesthetic functionality doctrine as “an unwarranted and illogical expansion of the functionality policy.” See McCarthy, supra note 23, § 7.81.

III. CURRENT STATE OF THE LAW

To date, the Supreme Court has never explicitly addressed the issue of aesthetic functionality on the merits. It has, however, spoken of the doctrine in two prominent cases: Qualitex v. Jacobson Products Co. and TrafFix Devices, Inc. v. Marketing Displays, Inc. The Qualitex case represented the Court’s first treatment of the issue, and, because of this, the current Supreme Court jurisprudence on aesthetic functionality is inextricably intertwined with its analysis regarding the trademarking of color. The TrafFix case involved the Court’s most revealing treatment of the aesthetic functionality doctrine, outlining the way in which the doctrine should be applied—though it was not actually applied in that particular case. However, because the aesthetic functionality discussion in both cases is technically dicta, the circuit court application of the doctrine has been convoluted. The current state of the law on aesthetic functionality thus amounts to an amalgamation of (1) ambiguous Supreme Court direction and (2) uncertain circuit court application. Out of such uncertainty came (3) Louboutin, a district court case that purported to create a Qualitex carve-out in the fashion industry, and the Second Circuit review of which served

114. See Markov, supra note 76, at 197.
115. See supra note 113.
116. See Markov, supra note 76, at 197. This renders the Louboutin case particularly noteworthy, because it represents a manifestation of the tension between the Court’s unequivocal holding that a single color can be properly trademarked and its apparent approval of the aesthetic functionality doctrine. See Qualitex, 514 U.S. at 165. For a discussion of the merits of the Louboutin case, see infra Part III.C. The Louboutin case, 778 F. Supp. 2d 445 (S.D.N.Y. 2011), aff’d in part, rev’d in part, 696 F.3d 206 (2d Cir. 2012), which was technically a holding with regards to Louboutin’s motion for a preliminary injunction, was appealed to the Second Circuit and argued before that court on January 24, 2011. See Alison Frankel, Shoes and Herrings Are Red in 2d Cir. Louboutin Argument, THOMSON REUTERS NEWS & INSIGHT, Jan. 24, 2012, http://newsandinsight.thomsonreuters.com/Legal/News/2012/01_-_January/Shoes_and_herrings_are_red_in_2d_Cir__Louboutin_argument/.

On September 5, 2012, the Second Circuit affirmed in part and reversed in part, rejecting what it indentified as the district court’s application of a per se rule against colormarking in the fashion industry while neglecting to reach the functionality issue on the merits. See Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc. (Louboutin II), 696 F.3d 206, 223, 225 (2d. Cir. 2012); see also infra Part III.C.2. In the wake of the Second Circuit decision, YSL dropped it’s remaining claims against Louboutin, ultimately disposing of the case between the two parties. See Charlotte Cowles, YSL Files Motion to Dismiss Louboutin Case, N.Y. MAG–THE CUT, Nov. 16, 2012, http://nymag.com/thecut/2012/10/ysl-files-motion-to-dismiss-louboutin-case.html. However, because the Second Circuit opinion failed to address the district court’s formulation of the aesthetic functionality doctrine on the merits, the correct application of the doctrine remains very much in doubt.
117. TrafFix, 532 U.S. at 32–33.
118. See Markov, supra note 76, at 197.
119. See infra Parts III.A–B.
only to render the proper application of the aesthetic functionality doctrine even more difficult to discern. 120

A. The Supreme Court and Aesthetic Functionality: Qualitex and TrafFix

In Qualitex, the Supreme Court positioned the aesthetic functionality doctrine as a gatekeeper against the improper trademarking of color. 121 Though the major holding of that case dealt clearly and explicitly with whether a single color on a consumer product could be validly trademarked, 122 the Court invoked the aesthetic functionality doctrine as an important aspect of its decision. 123 Indeed, because the Court rested its colormarking decision on the ability of color to meet the “basic legal requirements for use as a trademark”—those requirements being (1) the ability to obtain secondary meaning by acting “as a symbol that distinguishes a firm’s goods and identifies their source” without (2) serving other functions beyond source-identification—the aesthetic functionality doctrine is central to the Court’s colormarking decision. 124 That this is the case is clear from a close examination of Qualitex.

The Qualitex opinion can be divided into two parts. 125 In the first part, the Court addressed three legal and policy-related reasons why color alone could be validly trademarked: its ability to act as a symbol, its ability to acquire secondary meaning, and its ability to be nonfunctional. 126 In the second part, the Court rebutted the respondent’s four “special reasons why the law should forbid the use of color alone as a trademark.” 127 The centrality of aesthetic functionality to the Court’s ultimate holding is revealed by an understanding of the relationship between the two aspects of the opinion.

In the first part, the Court examines fundamental trademark principles; applying each in turn to the issue of color alone, it proceeds to conclude that

120. See Louboutin, 778 F. Supp. 2d at 457; see also infra Part III.C.
121. See 514 U.S. at 169–70; see also Part II.A.
122. See Qualitex, 514 U.S. at 166.
123. See id. at 169–70.
124. See id. at 166–70.
125. See id. at 162–74.
126. See id. at 162–66; see also Elizabeth A. Overcamp, The Qualitex Monster: The Color Trademark Disaster, 2 J. INTELL. PROP. L. 595, 609 (1995) (deconstructing the Qualitex analysis according to the ability of color to “act as a symbol,” “[acquire] secondary meaning,” and “perform no other nontrademark function”).
127. See Qualitex, 514 U.S. at 166–67.
there is no legal impediment to colormarking. First, the Court asks whether or not color is “within the universe of things that can qualify as a trademark.” In broad strokes, this question goes to whether or not color can act as a “symbol or device” within the meaning of the Lanham Act. The Court concludes that color meets this requirement. Second, the Court asks whether or not color is capable of attaining secondary meaning—of “signifying a brand.” The Court concludes that color is also capable of meeting this requirement. Finally, the Court addresses the “functionality” doctrine. Noting that the purpose of the functionality doctrine is to “[prevent] trademark law . . . from . . . inhibiting legitimate competition by allowing a producer to control a useful product feature,” and defining functionality to include those product features “essential to the use or purpose of the article or . . . affect[ing] the cost or quality of the article,” the Court concludes that color is capable of being nonfunctional in that it may sometimes serve no purpose beyond source identification. After addressing each of these three issues in turn, the Court incorporates them into its holding: because color can “act as a symbol that distinguishes a firm’s goods and identifies their source, without serving any other significant function,” it can be validly trademarked. This means that the Court’s colormarking conclusion rests on a functionality determination.

128. See id. at 166 (“[C]olor alone . . . can meet the basic legal requirements for use as a trademark.”); see also Overcamp, supra note 126, at 610.
129. See Qualitex, 514 U.S. at 162.
130. See id.; see also Overcamp, supra note 126, at 609–10 (defining and employing this particular manner of deconstructing the Qualitex analysis).
131. Qualitex, 514 U.S. at 162 (“If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?”).
132. Id. at 163.
133. Id.
134. Id. at 164–66.
135. Id. at 164.
136. Id. at 165 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 (1982)).
137. Id.
Although color sometimes plays an important role (unrelated to source-identification) in making a product more desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality—indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark.

138. Id. at 166.
139. This determination need not necessarily be an aesthetic functionality determination in all cases. See id. at 164–65, 69 (citing the “functionality doctrine” but also citing the Restatement definition of aesthetic functionality). However, because color is by nature an aesthetic entity with primarily aesthetic properties, the functionality determination made in colormarking cases is extremely likely to involve application of aesthetic functionality. See id. Moreover, there is some inherent difficulty in drawing a clear line between utilitarian functionality and aesthetic functionality where color is concerned. See id. Consider, for instance, some of the color cases cited by the Court
Because color alone can only be validly trademarked where it is nonfunctional, the functionality determination is necessarily antecedent to the trademark determination—under Qualitex, all colormarking decisions will require a functionality determination.\footnote{See id. at 169–70.} Moreover, the aesthetic functionality conclusion will be dispositive of the trademark issue; where a color is found to be functional under the Qualitex definition, it will become automatically ineligible for trademark protection.\footnote{See id.} Because the Court’s analysis is structured in this way, the Qualitex opinion’s treatment of the aesthetic functionality doctrine—its substantive language vis-à-vis the issue—is more than incidental to the Court’s colormarking jurisprudence.\footnote{See supra note 116 and accompanying text.} Indeed, the Qualitex decision not only subsumes the doctrine into its legal analysis, it also imbues the doctrine with an important policy-related role—making it the gatekeeper against improper colormarking.

In the second part of the Qualitex decision, the Court examines each of the respondent’s four best arguments against allowing the trademarking of a single color.\footnote{See Qualitex, 514 U.S. at 167–74.} The first, third, and fourth arguments relate, respectively, to the problem of shade confusion,\footnote{See supra note 24 and accompanying text.} the issue of pre-Lanham Act precedent,\footnote{See supra note 23 and accompanying text.} and the futility of allowing colormarking where trade dress law provides independent intellectual property protection.\footnote{See Qualitex, 514 U.S. at 173–74. Trade dress protection exists under § 43(a) of the Lanham Act. See Cohen, supra note 49, at 605–07.} The second argument invokes the problem of color depletion, which is the notion that, because the color spectrum is limited, allowing trademark protection of a single color on in Qualitex: perhaps the ability of the color black to “[decrease] the apparent size of [outboard motors]” is a primarily utilitarian function rather than a primarily aesthetic one. Id. at 169 (citing Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527 (Fed. Cir. 1994)).
a product will limit the color supply from which competing producers can
draw.147 This argument reflects one of the major policy reasons underlying
the traditional practice overturned by the *Qualitex* decision.148

The Court recognizes this argument’s animating concern—that
colormarking easily lends itself to the hindrance of competition because the
color supply is inherently limited—as legitimate.149 However, it suggests
that the likelihood that this potential for color depletion will actualize into a
practical problem is slim, particularly because the functionality doctrine is
“available to prevent the anticompetitive consequences that Jacobson’s
argument posits.”150 In responding to this criticism, then, the Court
references its earlier treatment of aesthetic functionality in the first part of
the opinion: it suggests that “when, and if, the circumstances of a particular
case threaten ‘color depletion,’” functionality will act like a gatekeeper,
ensuring that where color performs a “significant nontrademark function” it
will be disqualified from protection.151

Thus, because the *Qualitex* holding was made with reference to the
conclusion that color alone is both (1) capable of acquiring secondary
meaning and (2) being nonfunctional,152 the Court was able to write off
respondent’s concerns about color depletion. Essentially, the Court
condensed those concerns into a policy of maintaining fair competition and
summarily dismissed them by noting that protection of competition was
already embedded in the test in the form of the functionality determination;
in other words, because functionality would require the weighing of such
competitive concerns, and since no color could garner protection without
establishing nonfunctionality,153 the point was moot.154

In this way, the Court’s discussion of functionality in the second part of
the *Qualitex* decision animates the legal notion of functionality upon which
it rested its holding.155 Because the Court not only addressed the
functionality doctrine within its holding but also positioned the doctrine as a

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147. *See Qualitex*, 514 U.S. at 168.
148. *See supra* Part II.A.
149. *See Qualitex*, 514 U.S. at 168.

[I]n the context of a particular product, only some colors are usable . . . [a]nd, under these
circumstances, to permit one, or a few, producers to use colors as trademarks will
“deplete” the supply of usable colors to the point where a competitor’s inability to find a
suitable color will put the competitor at a significant disadvantage.

*Id.*

150. *See id.* at 169.
151. *Id.* at 170.
152. *See infra* Part II.B.
153. *See infra* Part II.B.
155. *See supra* notes 134–42 and accompanying text.
mechanism for checking anticompetitive colormarking. \footnote{See \textit{Qualitex}, 514 U.S. at 169.} Its substantive treatment of the doctrine is important for any lower court attempting to properly apply the \textit{Qualitex} decision. Broadly speaking, this substantive treatment encompassed three aspects.  

First, the Court connected the purpose of the doctrine to the insulation of competition. \footnote{See \textit{id.}} In so doing, it suggested that the doctrine should be applied only where trademarking a feature would place competitors at a "significant disadvantage because the feature is [either] 'essential to the use or purpose of the article' or 'affects [its] cost or quality.'" \footnote{See \textit{id.} (alteration in original) (emphasis added) (quoting \textit{Inwood Labs, Inc. v. Ives Labs, Inc.}, 456 U.S. 844, 850 n. 10 (1982)).} In other words, the Court connected functionality to competition by suggesting that the doctrine should be applied with an eye toward market impact: a feature is not functional simply where it is "essential to the use or purpose" of a product or affects that product's cost or quality, rather, it is functional if it does either of these things \textit{and also} significantly hinders competition within the industry at issue. \footnote{See \textit{id.}}  

Second, the Court implicated both Second Circuit "alternative design" \footnote{See supra Part II.B.2.} reasoning and Ninth Circuit "wholly independent" \footnote{See supra Part II.B.1.} reasoning in its explanation of aesthetic functionality. In the second portion of its opinion, the Court specifically cites to the Restatement Third of Unfair Competition for the proposition that functionality exists where "a design's 'aesthetic value' lies in its ability to 'confer a significant benefit that cannot practically be duplicated by the use of alternative designs.'" \footnote{\textit{Qualitex}, 514 U.S. at 170.} This suggests that a feature's functionality should be measured by the availability of alternative designs. The Court also, however, describes functionality as a doctrine that "protects competitors against . . . their inability to . . . replicate important non-reputation-related product features." \footnote{\textit{id.} at 169.} This description seems to implicate the Ninth Circuit's "wholly independent" type of analysis by suggesting that functionality is only meant to disqualify from trademark protection those "important product ingredient[s]" that are "unrelated to
In sum, the Court intimates that the animating force behind the application of the aesthetic functionality doctrine should be protection of fair competition, but it cites to both of the prominent circuit approaches as methods of implementing this policy goal without recognizing any difference between the two. Even more confusingly, the Court’s opinion could plausibly be read to suggest either (1) that both approaches should be applied or (2) that either approach can be applied, as long as it appropriately measures the harm to competition in the particular situation.

Finally, the Court employed important limiting language in its discussion of the functionality doctrine. Whatever the confusion surrounding the rest of the Court’s discussion of the doctrine, the opinion consistently uses the words “significant” and “important” to describe the nature of the benefit conveyed by a functional feature and the extent to which the feature must contribute to competitive advantage. In the first place, the Court describes the competitive advantage conveyed by a functional feature as “significant,” stating that a design feature should only be disqualified from trademark protection where granting such protection would “put a competitor at a significant disadvantage.” The Court also calls the function itself “significant,” summarizing its approach thusly: “where a color serves a significant nontrademark function . . . courts will examine whether its use as a mark would permit one competitor . . . to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient.” Thus, the Court qualifies its approach with this unequivocal language. Though the opinion may be unclear as to what standard should be applied in determining whether there is a competitive “benefit”—whether the measure should be available alternative designs or the existence of some function completely divorced from source-identification—it is unequivocal that this “benefit” must be significant. Though the Court provides little clue as to what will qualify as significant in applying the aesthetic functionality test, the fact that it delimits its language in this way is noteworthy: functional design features must not only be extant, they must be impactful such that the courts can foresee that allowing trademark protection will result in monopoly. In

164. Id. at 169–70.
165. See supra Part II.B.
166. See Qualitex, 514 U.S. at 170 (“[C]ourts will examine whether [a feature’s] use as a mark would permit one competitor . . . to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient.”).
167. See id. at 169–70.
168. See id. at 169.
169. Id. at 170 (emphasis added).
170. See id.
171. See id.
some ways, this looks like a higher burden of proof than that embedded in either of the two circuit approaches.\textsuperscript{172} It appears to require both (1) a determination that a design feature is functional; and (2) the separate conclusion that this functionality, in the specific case, rises above some threshold of significance.\textsuperscript{173}

In \textit{Qualitex}, then, the Court addressed the issue of aesthetic functionality as part and parcel of its broader colormarking conclusion. Because the Court’s ultimate legal holding—that there is no reason to deny trademark protection to color alone where it both (1) acquires secondary meaning and (2) is nonfunctional—contained a functionality determination, its substantive definition of functionality and discussion of the doctrine’s application has import for any lower court dealing with the doctrine, whether within or outside of the colormarking context. To put it simply, it is difficult to give effect to the Court’s colormarking conclusion without addressing functionality; inversely, it is difficult to address functionality without legal conclusions regarding that issue feeding back into the colormarking holding. Unfortunately, the Court’s guidance on functionality is unclear at best—meaning that lower court decisions dealing with functionality on the merits are faced with an interesting conundrum: on the one hand, they have, in the form of \textit{Qualitex}, some Supreme Court intimation regarding the issue; on the other hand, this guidance neither qualifies as binding precedent nor provides any clear direction in and of itself.\textsuperscript{174} At least one circuit has explicitly confronted this situation to interesting effect.\textsuperscript{175} Before examining the impact upon the circuit courts, however, attention must be paid to the other Supreme Court case touching upon the issue of aesthetic functionality: \textit{TrafFix Devices, Inc. v. Marketing Displays, Inc.}\textsuperscript{176}

Six years after the Supreme Court ruled in \textit{Qualitex}, it again encountered aesthetic functionality in the form of a trade dress infringement case out of the Sixth Circuit.\textsuperscript{177} In \textit{TrafFix}, the Court addressed the issue of whether or not TrafFix’s copying of Marketing Displays (MDI)’s dual-
spring design for its roadside signs constituted trade dress infringement.  

On the particular issue of functionality, the Sixth Circuit had overruled the trial court, determining that “allowing exclusive use of . . . the dual-spring design” did not rise above the “significance” threshold set forth in Qualitex.  

The Supreme Court, however, said that the Sixth Circuit had applied the wrong test: it had failed to see the distinction between utilitarian functionality and aesthetic functionality that the Court (apparently) wanted to maintain.  

The Court then stated that the significance threshold only applied in cases of aesthetic functionality; where a design feature is utilitarian in nature—meaning it is either “essential to the use or purpose of the device” or “affects the cost or quality of the device,”—the significance to competition need not be additionally examined.  

The TrafFix Court also explicitly recognized aesthetic functionality as “the central question” of the Qualitex case, meaning that the application of the significance threshold beyond aesthetic functionality issues was improper.  

In asserting that the Sixth Circuit had missed the mark, though, the Supreme Court failed to criticize its substantive “significance” definition: though the Court did say that the circuit should not have asked whether allowing a trademark of the dual-spring design would place competitors at a significant disadvantage, it did not say that the circuit was incorrect in defining “significant” to connote a design feature that was a “competitive necessity.”  

In this way, the TrafFix decision adds three things to the present Supreme Court jurisprudence on aesthetic functionality under Qualitex.  

First, it creates a two-pronged functionality analysis that clarifies Qualitex’s ambiguity regarding “functionality” versus “aesthetic functionality.”  

Under this test, utilitarian functionality requires a single inquiry: where a design feature is either “essential to the use or purpose” of the object or has an affect on its cost or quality, it will be deemed functional and disallowed trademark protection.  

Where a feature does not fall into either of those two categories, and is thus aesthetic in nature, its exclusive use must threaten to put competitors at a “significant non-reputation-related disadvantage” if it

178.  Id. at 26.  
179.  Id. at 27, 32–33.  
180.  Id. at 33.  
181.  Id. In other words, when it is functional in a utilitarian sense.  
182.  The significance to competition where utilitarian functionality is implicated could plausibly be characterized as either irrelevant or assumed.  See TrafFix, 532 U.S. at 33.  
183.  Id. Prominent scholar J. Thomas McCarthy finds this proposition—that aesthetic functionality was the “central question” of Qualitex—untenable.  MCCARTHY, supra note 23, § 7.80.  
184.  See TrafFix, 532 U.S. at 32.  
185.  See supra notes 128–74 and accompanying text.  
186.  See supra note 139 and accompanying text.  
187.  See TrafFix, 532 U.S. at 32–33.
is to be found functional.\textsuperscript{188} Second, it clarifies the centrality of aesthetic functionality to the \textit{Qualitex} holding.\textsuperscript{189} Though this statement qualifies as dicta,\textsuperscript{190} it nevertheless confirms the notion that the \textit{Qualitex} holding contained aesthetic functionality considerations.\textsuperscript{191} Finally, it provides support for the notion that the Supreme Court’s standard—insofar as it has been articulated—contains a significance threshold that may limit the application of the aesthetic functionality doctrine beyond either of the two prominent circuit approaches.\textsuperscript{192} Understanding this current, somewhat confused state of the law at the Supreme Court level, the nature of the most recent Ninth Circuit treatment of the issue becomes more accessible.\textsuperscript{193}

\textbf{B. Aesthetic Functionality in the Lower Courts Since \textit{Qualitex} and \textit{TrafFix}}

In 2006, the Ninth Circuit addressed the merits of an aesthetic functionality argument where the Auto Gold company claimed aesthetic functionality to protect its unlicensed sale of key rings, license plates, and automobile accessories bearing Audi and Volkswagen insignia.\textsuperscript{194} The court ultimately concluded that the doctrine did not apply, and the process by which it did so illuminates the difficulty of aesthetic functionality issues post-\textit{Qualitex} and \textit{TrafFix}.\textsuperscript{195} In the first place, the court addressed the Supreme Court treatment of the issue; indeed, it explicitly stated that it was “quot[ing] extensively from the passages that set out the appropriate inquiry for functionality” in order to “be absolutely clear” in restating the Court’s position.\textsuperscript{196} The court then went on to lay out the two-prong functionality test expressed in \textit{TrafFix}: it correctly related the Court’s conclusion that in questions of aesthetic functionality, courts applying the doctrine must “inquire into a ‘significant non-reputation-related disadvantage.’”\textsuperscript{197} But when the court attempted to apply this test to the facts of the particular case,

\begin{itemize}
  \item \textsuperscript{188} See id. (emphasis added).
  \item \textsuperscript{189} See supra note 142 and accompanying text.
  \item \textsuperscript{190} The court never reached the aesthetic functionality issue, deciding the case on the first prong of the two-part test. See \textit{TrafFix}, 532 U.S. at 33–34.
  \item \textsuperscript{191} See supra note 142 and accompanying text.
  \item \textsuperscript{192} See supra Part II.B.
  \item \textsuperscript{193} See Markov, supra note 76, at 197–98.
  \item \textsuperscript{194} See supra Part II.B.1 for a discussion of the facts and resolution of the case in the context of the aesthetic functionality jurisprudence in the Ninth Circuit.
  \item \textsuperscript{195} See Markov, supra note 76, at 203–10.
  \item \textsuperscript{196} Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1071 (9th Cir. 2006).
  \item \textsuperscript{197} Id. (quoting \textit{TrafFix Devices, Inc. v. Mktg. Displays, Inc.}, 532 U.S. 23, 32 (2001)).
\end{itemize}
it got tripped up on the ambiguity of the Court’s “significance” language.198
The confusion manifests in two specific ways.

First, the court is unsure whether the aesthetic functionality inquiry, under Supreme Court precedent, should be solely focused on the “significant non-reputation-related disadvantage” question.199 Though the Court invokes this language several times,200 its substantive analysis draws upon the circuit precedent—which applies a “wholly independent” test.201 In other words, it appears as if the court is unsure whether to both apply (1) its own test for determining aesthetic functionality and then (2) ask if the feature should be disqualified from trademark protection because it passes a certain “significance” threshold per Supreme Court precedent,202 or reduce the analysis into a single inquiry as to whether the design feature’s exclusive use would place competitors at a significant non-reputation-related disadvantage.203 The court does appear to find some middle ground, however, by suggesting that aesthetically functional features might be categorically trademark-related—and thus that where it would find a feature to be functional under its own, “wholly independent” test, such a feature

198. See Markov, supra note 76, at 204 (“Despite [its] commendable (and technically correct) start, however, the Ninth Circuit never came back to the Supreme Court’s language in either TrafFix Devices or Qualitex that required the resolution of the question as to whether Auto Gold’s trademarks put competitors at a ‘significant non-reputation-related disadvantage’ again.”).

199. See Au-Tomotive Gold, 457 F.3d at 1072.

200. Id. at 1071–72 (“In the case of a claim of aesthetic functionality, an alternative test inquires whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage” and “we read the Court’s decision to mean that consideration of competitive necessity may be an appropriate but not necessary element of the functionality analysis.”).

201. See Markov, supra note 76, at 204; see also Au-Tomotive Gold, 457 F.3d at 1073.

202. It is herein suggested that this is a plausible way to read the Qualitex decision. See infra Parts III–IV.

203. Note that this interpretation leaves open the question of how the disadvantage would be measured; really, what this Comment frames as the two most prominent circuit approaches to the issue can plausibly be understood as different ways of measuring the disadvantage: the “wholly independent” measure asks if the disadvantage can be divorced from an advantage fairly gained through good branding and quality source-identification, while the “alternative designs” measure asks if the disadvantage can be overcome through competitive resourcefulness. See supra Part II.A–B. In other words, even if the analysis were collapsed into a single inquiry about competitive disadvantage, it would probably still practically require the application of some test meant to measure the extent of the disadvantage in any individual case; thus, the way this Comment frames the issue—that the Supreme Court precedent can plausibly be read as requiring both an initial functionality determination (asking whether the feature falls within the universe of aesthetic design features that might be potentially disqualified from trademark protection) and also that the functionality itself be of such a magnitude that the court finds it liable to result in market monopolization—is artificial to the degree that it is also plausible to suggest that both inquiries are one and the same thing (i.e., that asking whether a design feature could potentially work a significant, non-reputation-related disadvantage can be the sole inquiry measuring whether or not a feature falls within the universe of design features potentially disqualified from trademark protection). See supra Part II.
would always, necessarily, qualify as functional under the Supreme Court’s test.204 Such a formulation, though it represents a clever reconciliation of Ninth Circuit precedent and Supreme Court reasoning, is problematic in that it ignores the significance variable—just because a design feature could be shown to perform some function wholly independent of source-identification does not necessarily mean that the same feature’s exclusive use will work a significant competitive disadvantage.205 This, in turn, results in a further difficulty—the court’s uncertainty about what “significant” means.

Second, the court seems uncertain of how to construe the “significance” determination itself.206 While it seems to adopt the “competitive necessity” language used by the Sixth Circuit in TrafFix207—almost using “significant disadvantage” and “competitive necessity” interchangeably within the opinion208—it also fails to apply this definition to the facts of the case.209 Thus, while it is interesting that the court does not seem to find TrafFix to be disapproving of the Sixth Circuit’s substantive reading of the Qualitex opinion,210 it is difficult to locate the meaning that the Ninth Circuit itself actually attaches to the significance inquiry—because it never asks if there is a competitive need for the particular design insignia at issue such that granting trademark rights would monopolize the automobile accessory industry.211 In this way, the court’s uncertainty with regard to the form of

204. See Au-Tomotive Gold, 457 F.3d at 1073 (“The concept of an ‘aesthetic’ function that is non-trademark-related has enjoyed only limited application.”). Markov, supra note 76, at 204, suggests that the Ninth Circuit exploited the uncertainty in the law to get around performing the test as laid out by the Supreme Court—that it alluded to TrafFix while applying its own “wholly independent” test. See supra Part II.B.1. But the opinion seems marked more by confusion than affirmative refusal to follow Supreme Court precedent. See Au-Tomotive Gold, 457 F.3d at 1072 (“[W]here do we stand in the wake of forty years of trademark law scattered with references to aesthetic functionality?”).

205. For instance, a feature might serve as an aesthetic reference to a bygone era, see Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445, 454 (S.D.N.Y. 2011), aff’d in part, rev’d in part, 696 F.3d 206 (2d Cir. 2012), but this does not necessarily mean that denying other designers the ability to use the same feature in the same way to achieve the same aesthetic reference would amount to a significant competitive disadvantage. It should also be noted that the Restatement of Unfair Competition, which the Court cited in Qualitex, calls the significance inquiry the ultimate one—suggesting that it should be in addition to or beyond some initial, definitive inquiry. See Qualitex, 514 U.S. at 170; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 cmt. c.

206. See Au-Tomotive Gold, 457 F.3d at 1072.


208. See Au-Tomotive Gold, 457 F.3d at 1071.

209. See id.

210. See supra note 184 and accompanying text.

211. See Au-Tomotive Gold, 457 F.3d at 1071–73.
the Supreme Court’s analysis also gives way to an inability to unpack the content of its language: because the Ninth Circuit did not know whether the aesthetic functionality inquiry should be one- or two-fold, and ended up collapsing the analysis into a single step that incorporated its own, pre-
Qualitex and TrafFix approach, it failed to apply what might be the most unambiguous aspect of the Supreme Court’s aesthetic functionality jurisprudence—its requirement that the anticompetitive consequences of granting trademark protection to aesthetically functional features be significant.212

An examination of the Ninth Circuit’s attempt to incorporate Supreme Court language into its Au-Tomotive Gold decision demonstrates just how fraught with confusion is the current law of aesthetic functionality. In the first place, the Supreme Court itself has been exceedingly unclear.213 This lack of clarity is not aided by the fact that the Court has not addressed the issue on the merits, but has nevertheless suggested that it composed the “central question” of the Qualitex case.214 Additionally, the circuits—particularly the Ninth—attempting to incorporate the Qualitex and TrafFix opinions into their aesthetic functionality jurisprudence have faced analytical hurdles with regard to both the structure of the analysis and its substance.215

Into this legal minefield came the recent Louboutin case.216

C. Qualitex Comes to Fashion: Christian Louboutin v. Yves Saint Laurent

The Louboutin decision comprised the seminal—and controversial—application of colormarking to the high fashion industry.217 Prior to federal district court judge Victor Marrero’s ruling in August of 2011 and the Second Circuit’s review of Louboutin’s appeal in 2012, most of the judicial treatment of colormarking and aesthetic functionality had taken place in industries entirely different from the milieu of haute couture.218 Indeed, it is difficult to imagine a factual scenario more fundamentally different from the legal battle between the two French fashion icons than that of Qualitex itself, which dealt with the color of industrial dry cleaning pads.219 But the transplanting of such legal precedent into the world of high fashion has

212. See supra Part III.A.
213. See supra Part III.A.
214. See supra note 183.
215. See supra note 76, at 203–08.
217. See id.
accomplished something very interesting—it has brought into relief the theoretical difficulties surrounding the doctrine of aesthetic functionality and the confusion inherent in the *Qualitex* decision. The district court’s refusal to grant Louboutin a preliminary injunction on the basis of its registered Red Sole Mark represents the latest and most far-reaching expression of the aesthetic functionality doctrine.\(^{220}\) And, though the Second Circuit ultimately rejected the district court’s formulation and overturned its extreme decision, it declined to apply its own test of functionality to the *Louboutin* issue, facilitating future uncertainty as to the appropriate standard.\(^{221}\)

1. **Louboutin I: Aesthetic Functionality Applied to Create a *Qualitex* Carve-Out**

In the case, Christian Louboutin brought actions for trademark infringement and unfair competition against YSL, its competitor in the designer shoe industry, regarding four shoe designs from YSL’s Cruise 2011 collection that Louboutin alleged were confusingly similar to Louboutin’s signature red sole.\(^{222}\) According to Louboutin, the YSL shoes—which incorporated red outsoles into several monochromatic red designs—infringed his registered Red Sole Mark; Louboutin thus sought a preliminary injunction against YSL’s continued sale of the shoes.\(^{223}\) The court refused to grant the injunction and strongly suggested that Louboutin’s mark should be invalidated.\(^{224}\) In doing so, it relied upon the doctrine of aesthetic functionality.\(^{225}\)

The court began its examination of the issue by asking whether Louboutin’s red sole merited trademark protection in the first place.\(^{226}\) It framed the question as whether Louboutin could hold a valid mark in the application of a single color to the outsole of shoes in the high fashion industry and stated the *Qualitex* rule that “[c]olor alone ‘sometimes’ may be protectable as a trademark . . . if it ‘acts as a symbol that distinguishes a firm’s goods and identifies their source, without serving any other

\(^{220}\) See *Louboutin*, 778 F. Supp. 2d at 448.


\(^{222}\) See *Louboutin*, 778 F. Supp. 2d at 447.

\(^{223}\) See *id*.

\(^{224}\) See *id. at* 457.

\(^{225}\) See *id.* at 453–54.

\(^{226}\) See *id. at* 448.
significant function.”227 As to the first prong of that analysis, the secondary meaning determination, the court accepted that Louboutin has gained secondary meaning in the red sole, a reality demonstrated by pop culture references, consumer studies, and recognition by other high fashion designers.228 Before going on to analyze the significance question under the functionality prong, however, the court seemed to come to the abrupt conclusion that color as a design feature in the fashion industry would always be functional: after noting that color alone has been validly marked in some industries, the court went on to distinguish fashion by observing that “in fashion markets color serves not solely to identify sponsorship or source, but is used in designs primarily to advance expressive, ornamental and aesthetic purposes,” and, thus, “there is something unique about the fashion world that militates against extending trademark protection to a single color.”229 The court then analyzed aesthetic functionality. It defined functionality as “forbid[ding] 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.’”230 The court concluded that the use of red soles as a design feature (1) served several “nontrademark”—or non-source-identifying—functions and (2) affected the cost and quality of the shoes.231 Because of these conclusions, the court “examin[ed] whether granting trademark rights for Louboutin’s use of the color red as a brand would ‘significantly hinder competition,’”232 and it found that allowing Louboutin’s mark would affect such a hindrance in that it would prevent YSL (or other high fashion designers) from “achieving those stylistic goals” necessary to effective competition in the industry.233

When examined in light of the Supreme Court precedent from Qualitex and TrafFix,234 there are several problems with this analysis—all of which illustrate the current confused state of aesthetic functionality law and only some of which were clarified by the Second Circuit’s review. First, the court improperly stated the broad aesthetic functionality rule. The functionality rule from Qualitex, as clarified by TrafFix, is two-fold. A design feature may be functional under the utilitarian definition of

227.  Id. at 450 (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 166 (1995)).
228. See id. at 447–48 (“The issue now before the Court is whether, despite Christian Louboutin’s acknowledged innovation and the broad association of the high fashion red outsole with him as its source, trademark protection should not have been granted to that registration.”).
229.  Id. at 451.
230.  Id. at 453 (alteration in original) (quoting Qualitex, 514 U.S. at 169).
231.  Id. at 453–54; see also infra note 242.
233.  Id.
234. See supra Part III.A.
functionality where it is “essential to the use or purpose” of an article or “affects the cost or quality” of the article; if it satisfies either of those requirements, no further inquiry is necessary. Only if a feature does not fall into either of those categories should the court ask whether allowing the feature to be trademarked would effect a “significant non-reputation-related disadvantage.” The district court’s understanding, then, is incorrect on several levels: the court is wrong to connect the competitive advantage to the design feature’s impact on the use, purpose, cost, or quality of the article—the disadvantage need not exist because of the impact on any of those things; rather, once the court concluded that the red sole did affect the use, purpose, cost, or quality of the shoe, it should have ended its inquiry. Second, the court improperly performed an aesthetic functionality analysis after it had concluded that the red sole feature was functional under a utilitarian definition. This aspect of the court’s analysis is particularly confused because of the indistinct application of some key terms: though the Supreme Court was clear in TrafFix that the aesthetic functionality inquiry should not be concerned with the purpose, use, cost, or quality of the item at issue, it was not entirely clear as to when the inquiry necessarily became an aesthetic one—meaning that, even in scenarios like the Louboutin case, where the issue clearly seems aesthetic in nature, it might plausibly be resolved on the first prong of the TrafFix test. Much of the confusion likely derives from the difficulty of locating what qualifies as “utilitarian” in the high fashion industry—a milieu to which the lay definition of the word would not apply. Yet, even allowing for this sort of confusion, the court (were it properly applying Qualitex as clarified in TrafFix) would still have halted its examination at the determination that the red sole affected the cost and

235. Louboutin, 778 F. Supp. 2d at 450.
237. See id.
238. See id.
239. It is almost possible to say that the court was able to make an end run around the competitive advantage analysis—except that it did not, it performed one. See Louboutin, 778 F. Supp. 2d at 454–55 (“Because the use of red outsoles serves nontrademark functions other than as a source identifier, and affects the cost and quality of the shoe, the Court must examine whether granting trademark rights for Louboutin’s use of the color red as a brand would ‘significantly hinder competition.’” (quoting Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 170 (1995))).
240. This of course demonstrates the difficulty of applying a case like TrafFix to the high fashion industry. See supra note 219 and accompanying text.
241. Interestingly, the Louboutin court failed to cite to TrafFix, seeming to base its decision on a pure interpretation of Qualitex without taking into account the modifications of TrafFix. See Louboutin, 778 F. Supp. 2d at 454–55; see also supra Part III.A.
quality of the shoe.\textsuperscript{242} Instead, the court proceeded to apply a competitive
disadvantage analysis, and even went so far as to suggest that it did so
because it had determined that the red sole affected the shoe’s cost and
quality.\textsuperscript{243} Finally, the court struggled with the significance standard. In the
first place, it substituted an analysis of whether the red soles performed any
significant, nontrademark function for an analysis of whether they could be
properly categorized as “functional” under the Second Circuit available
alternative designs test.\textsuperscript{244} This is not necessarily a problem, as it may
plausibly be read to involve an attempt at applying Supreme Court language
to the aesthetic functionality problem.\textsuperscript{245} However, the court in \textit{Louboutin}
failed to account for the relationship between the significance standard and
the anticompetitive policy animating the Supreme Court’s treatment of the
aesthetic functionality doctrine: by divorcing the significance standard from
the effect on competition and instead inserting it into a single functionality
inquiry, the court skipped over the “non-reputation-related” aspect of the
analysis.\textsuperscript{246} In this way, the lower court’s application of the aesthetic
functionality doctrine arguably missed the Supreme Court requirement that
the doctrine be used so as to disqualify significant, non-reputation-related
features from protection.\textsuperscript{247}

2. \textit{Louboutin II}: Rejection of a \textit{Qualitex} Carve-Out Without Application
   of an Aesthetic Functionality Standard

On September 5, 2012, the Second Circuit decided the interlocutory
appeal of the district court’s ruling on Louboutin’s preliminary injunction.\textsuperscript{248}
Affirming the lower court in part and reversing it in part, the court held that
(1) under \textit{Qualitex}, a per se rule against colormarking in the fashion industry
is improper; (2) Louboutin has acquired secondary meaning in the use of a

\begin{itemize}
\item \textsuperscript{242} The court concluded that the red sole affects the cost of the shoe because “adding the red
lacquered finish to a plain raw leather sole is more expensive . . . [but also desirable in the high
fashion industry because] the higher cost of production . . . makes the final creation that much more
exclusive;” it also concluded, for less explicit reasons, that the sole affects the quality of the shoe.
\textit{See Louboutin}, 778 F. Supp. 2d at 454.
\item \textsuperscript{243} \textit{See id.; see also supra note 241.}
\item \textsuperscript{244} \textit{See supra Part II.B.2.}
\item \textsuperscript{245} As opposed to trying to get around it, like the Ninth Circuit seems to have tried to do in \textit{Au-
   tomotive Gold}. \textit{See supra Part III.B.}
\item \textsuperscript{246} In \textit{Qualitex} and \textit{TrafFix}, the question is whether the exclusive use of the feature would put
competitors at a significant non-reputation-related disadvantage. \textit{See supra Part III.A.} By contrast,
the court in \textit{Louboutin} looks at: “significant, nontrademark functions” and “threats to legitimate
competition;” it never asks whether the competitive advantage can be imputed to Louboutin’s
reputation—which is a fatal flaw of the analysis. \textit{See infra Parts IV–V.}
\item \textsuperscript{247} \textit{See supra Part III.A.}
\item \textsuperscript{248} \textit{See Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc. (Louboutin II)}, 696
   F.3d 206 (2d Cir. 2012).
\end{itemize}
red outsole that “contrasts with the remainder of the shoe;” and (3) as thusly limited, the Red Sole Mark is entitled to trademark protection. 249 The Second Circuit’s review of the district court’s decision resolved only some of the problems with the analysis, further reflecting the difficulty faced by circuit courts attempting to define and apply the aesthetic functionality doctrine in the wake of confusing Supreme Court precedent.250 Characterizing the district court’s decision as resting upon its erroneous conclusion that “a single color can never be protected by trademark in the fashion industry,”251 the Second Circuit proceeded to elucidate the applicable definition of aesthetic functionality since Qualitex and TrafFix and reject the district court’s per se rule against colormarking in the fashion industry—all without ever evaluating the aesthetic functionality of the Red Sole Mark itself.252

The Second Circuit’s decision thus appears to recognize the danger of the lower court’s broad aesthetic functionality interpretation: a fashion industry carve-out from trademark protection.253 However, despite correctly identifying the danger, the Second Circuit also effectively injected even more uncertainty into the current state of the law by imposing an outer limit on the doctrine while simultaneously failing to provide guidance on how to apply it.254 Such a decision represents, somewhat ironically, a triumph of

249. See id. at 212. This determination of the issues dispensed with the trademark infringement claim underlying the original suit by Louboutin, but the case was remanded to the district court for the resolution of Yves Saint Laurent’s two pending counterclaims. Id. at 228–29. One of those counterclaims sought cancellation of Louboutin’s mark because either (1) it was functional or (2) it was secured by fraud on the United States Patent and Trademark Office (PTO). Id. at 214. The other sought damages for both tortious interference with business relations and unfair competition. Id. In October of 2012, YSL dismissed these remaining claims, publicly stating its desire to “end what was left of the litigation and refocus its energies on its business and its creative designs.” See Cowles, supra note 116. Interestingly, this suggests that theoretically Louboutin’s mark, as modified, could still be invalidated on the grounds of functionality—especially since the Second Circuit never reached the functionality issue. However, the intricacies of the Circuit’s discussion make this a remote possibility, as the court is keen to cast aesthetic functionality as an affirmative defense to trademark infringement, meaning that the issue is, at least for this case, moot now that the trademark infringement claim has been disposed of. See id. at 216–17. Such a formulation overlooks a proper reading of the Qualitex decision, which reveals that the aesthetic functionality inquiry is central—and antecedent—to the colormarking determination. See supra Part III.A.

250. See supra notes 215–16 and accompanying text.

251. Louboutin II, 696 F.3d at 212.

252. See id. at 225–28.

253. See infra Part IV.B.1.

254. In other words, though the Second Circuit decision seems to establish with relative clarity that color marks should not be deemed functional per se under the aesthetic functionality doctrine, see Louboutin II, 696 F.3d at 223, it provides no guidance on how the aesthetic functionality
form over function: though it certainly rejects the ex ante creation, by judicial fiat, of a Qualitex carve-out for the fashion industry, it does nothing to prevent the creation of an effective (or, at the risk of executing a bad pun, functional) carve-out within the industry because it does not actually apply the aesthetic functionality test to the facts of the case. As such, the Second Circuit decision does not foreclose future misapplication of the doctrine within the Circuit and does little to cabin the broad interpretation encouraged by and encapsulated in the lower court’s decision.

Despite its limitations, the Second Circuit decision nevertheless resolves some of the issues with the district court’s opinion and further reveals the extent of the current difficulty faced by courts attempting to apply the aesthetic functionality doctrine. First, the circuit court corrects the lower court’s misstatement of the broad aesthetic functionality test, correctly citing doctrine should be properly applied to avoid an outcome in which color marks in the fashion industry are typically defeated. Indeed, the court does not even suggest that an outcome amounting to an effective carve-out would be improper—all it does is reject 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.”

255. See infra Part IV.B.1.a–c.

256. The circuit court expressly declined to decide “whether the Louboutin mark . . . [was] ‘functional.’” Louboutin II, 696 F.3d at 212. The court was able to avoid such an inquiry by characterizing the district court’s ruling as a decision that (1) did nothing more than erect a per se rule against colormarking in the fashion industry and (2) placed this per se rule as a barrier to trademarkability without conducting analysis. See id. at 223. In other words, the Second Circuit seems to implicitly accuse the district court of disqualifying the Red Sole Mark solely on the grounds that it sought protection in the fashion industry, treating the district court’s suggestion that the Mark be invalidated as a result of its a priori conclusion that “there is something unique about the fashion world that militates against extending trademark protection to a single color.” See id. at 223 (quoting Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445, 451 (S.D.N.Y. 2011)). This is arguably a mischaracterization of the district court’s decision, which is better read to conclude that the doctrine of aesthetic functionality, as applied, prevents the trademarking of a single color as applied to a piece of apparel in the fashion industry. See Louboutin, 778 F. Supp. 2d at 454 (applying the Qualitex test of significant hindrance of competition “[b]ecause the use of red outsoles serves nontrademark functions other than as a source identifier”) (emphasis added)). In other words, the Second Circuit treats the district court as if it had disqualified the mark outright, when in fact the lower court’s decision is better understood as a determination, after analysis, that the doctrine of aesthetic functionality will always disqualify color from trademark protection in the fashion industry. Indeed, the lower court decision does not so much assert that color can never be trademarked in the fashion industry as it does that color will always be functional in the fashion industry—a theoretical distinction that actually may have important practical consequences, because the Second Circuit’s rejection of an a priori per se rule does little to prevent the application of the functionality doctrine in a manner that amounts to a carve-out. See supra note 231 and accompanying text; see also infra Part IV.B.1.

257. In other words, though the Second Circuit concluded that “the [district] court’s holding that a single color can never serve as a trademark in the fashion industry is inconsistent with the Supreme Court’s decision in Qualitex,” Louboutin II, 696 F.3d at 212, it did not address the functionality issue, and thus sheds very little light on whether or not Louboutin’s red sole does indeed qualify as aesthetically functional, and, relatedly, on the appropriate way to formulate the aesthetic functionality test. See infra Part IV.B–C.
TrafFix’s modification of Qualitex for the proposition that a design feature qualifies as functional—and is thus disqualified from trademark protection—if it meets the utilitarian definition of functionality by being “essential to the use or purpose” of an article or “affect[ing] the cost or quality of the article.” 258 Having recognized this, the court correctly notes that an aesthetic functionality analysis is appropriate only where a feature does not qualify under this utilitarian definition. 259 Second, though the circuit court fails to correct the lower court’s improper application of the doctrine because it ultimately does not reach the functionality issue, it does highlight this improper application by noting that even if a design feature is not functional in the utilitarian sense, it “must still . . . be shown not to have a significant effect on competition” to qualify for trademark protection. 260 The circuit court thus correctly recognizes that the aesthetic functionality test is not, contrary to the lower court’s analysis, triggered by a finding that the feature affects the use, purpose, cost, or quality of the article; rather, it arises only after the court has determined that the feature does not affect such things. Finally, the Second Circuit, in an effort somewhat parallel to that of the Ninth Circuit in Au-Tomotive Gold, attempts to define the aesthetic functionality standard in the wake of Qualitex and TrafFix, making an effort to reconcile the dicta of those decisions with its own aesthetic functionality jurisprudence.

The court begins its discussion of the aesthetic functionality doctrine by anchoring itself against the broad identification and small quantum of the infamous Pagliero approach: though noting that the Second Circuit has “long accepted the doctrine of aesthetic functionality,” the court explicitly notes its rejection of the Pagliero formulation, deriding it as “circular” and describing it as a penalty. 264 The court then presents its alternative designs

258. Louboutin II, 696 F.3d at 219 (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10 (1982)).
259. See id. at 220 (“[I]f a design feature would, from a traditional utilitarian perspective, be considered ‘essential to the use or purpose’ of the article, or to affect its cost or quality, then the design feature is functional under Inwood and our inquiry ends. But if the design feature is ‘functional’ from a traditional perspective, it must still pass the fact-intensive Qualitex test and be shown not to have a significant effect on competition in order to receive trademark protection.”) (internal citations omitted).
260. Id. at 220.
261. See supra notes 239–40 and accompanying text.
262. See Louboutin II, 696 F.3d at 220–22.
263. See supra Part II.B.1.
264. See Louboutin II, 696 F.3d at 220.
test, before turning to a discussion of the impact of Supreme Court precedent. As did the Ninth Circuit in Au-Tomotive Gold, the Second Circuit quotes from both Qualitex and TrafFix, identifying the Supreme Court’s “significant, non-reputation-related” test. However, in attempting to reconcile the Supreme Court dicta with its own jurisprudence, the Second Circuit simultaneously corrects the lower court’s oversight in dispensing with a discussion of Second Circuit precedent and compounds that court’s error by casting the significance determination in the language of its own circuit—thus diminishing the emphasis on the non-reputation-related nature of the significance standard. By concluding that “it is clear that the combined effect of Qualitex and TrafFix was to validate the aesthetic functionality doctrine as it had already been developed by this Court,” the Second Circuit imbues the Supreme Court standard with its own “available alternative designs” language. In this way, the court frames the aesthetic functionality test as an inquiry into the availability of alternative designs, moving the focus away from the Supreme Court’s emphasis on the reputational quality of the features. Though in its definition of the aesthetic functionality doctrine the Second Circuit properly focuses on the protection of competition and shows respect for the heightened scrutiny implied by the Supreme Court’s “significance” language, it ultimately interprets the significance standard in terms of the availability of alternative designs, paving the way for future applications of the doctrine to sidestep a reputation-related analysis in the same way as the lower court.

265. See id. at 221 (noting that the Second Circuit does not extend trademark protection “to configurations of ornamental features which would significantly limit the range of competitive designs available,” and that “the doctrine of aesthetic functionality bars protection of a mark that is ‘necessary to compete in the [relevant] market’” (alteration in original) (quoting Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc., 999 F.2d 619, 622 (2d Cir.1993))); see also supra Part II.B.2.

266. See Louboutin II, 696 F.3d at 221–22.

267. Id.

268. See supra note 246 and accompanying text.

269. See Louboutin II, 696 F.3d at 221–22.

270. Id. at 221–22.

271. This appears similar to the sort of reconciliation performed by the Ninth Circuit in Au-Tomotive Gold, see supra Part II.B., resulting in further confusion of the issue, as there are now two circuits purporting to implement the same Supreme Court test in differing ways.

272. Though the court pays lip service to the difficulty of distinguishing between reputation-related disadvantages and other competitive disadvantages, it ultimately focuses on the question of competitive need as measured by the availability of alternative designs. See Louboutin II, 696 F.3d at 222 (“Because aesthetic function and branding success can sometimes be difficult to distinguish, the aesthetic functionality analysis is highly fact-specific. . . . In sum, courts must avoid jumping to the conclusion that an aesthetic feature is functional merely because it denotes the product’s desirable source.”). This is problematic because a focus on alternative designs is capable of undermining the policy goals of trademark law—specifically, those of preventing consumer confusion and protecting investment—if it results in underinclusiveness in a given case. In other
The *Louboutin* case thus represents the most recent iteration of the ambiguity surrounding the aesthetic functionality doctrine. The Supreme Court has yet to clearly address the issue on the merits, and the circuit courts are grappling with how to integrate their own aesthetic functionality tests with the Supreme Court’s nebulous direction on the issue. Against this background, the Second Circuit’s recent treatment of the issue has brought the question full circle by allowing for the possibility that the doctrine could be applied to create a high fashion industry carve-out from the *Qualitex* decision.  

IV. ANALYSIS

The theoretical and practical difficulties with the aesthetic functionality doctrine are brought into relief by the *Louboutin* case because the high fashion industry is a unique forum for the application of this somewhat nebulous legal doctrine. In other words, the conceptual ambiguity within the doctrine itself manifests as practical uncertainty in *Louboutin* because of the nature of the industry at issue: in the world of high fashion, the aesthetic functionality inquiry must become very nuanced—and it is thusly that this particular case provides an entry into a discussion about what might be done to resolve some of the current difficulties with the doctrine. After explaining in more detail the particular problem of the fashion industry, this section uses the facts of the *Louboutin* case to present two varying formulations of the aesthetic functionality doctrine, both of which represent plausible interpretations of Supreme Court precedent. It then discusses the...
difficulty with each interpretation, particularly the way in which each formulation would reflect upon the holding of Qualitex.\textsuperscript{277} Finally, it proposes a solution that would represent the ideal way to resolve the problem of aesthetic functionality in the fashion industry while taking into account the broader legal and policy considerations at the heart of the issue.\textsuperscript{278}

A. The Problem of the Fashion Industry

The holding of the district court in Louboutin—wherein the aesthetic functionality doctrine was found to disqualify the use of a single color as a design feature—is, to a large extent, a product of the unique characteristics of the fashion industry. Because the Qualitex standard measures functionality with reference to the market impact in the industry at issue, aesthetic functionality presents a much stronger bar to colormarking in high fashion than elsewhere.\textsuperscript{279} Since the high fashion industry is entirely aesthetic in nature, its animating purpose being the enhancement of beauty, color is more likely to evade trademark protection there than elsewhere—for the simple reason that it is ornamental in character.\textsuperscript{280} In other words, allowing colormarking in fashion threatens to deprive designers of the basic elements of their craft.\textsuperscript{281} Because color is central to the aim of ornamentation and visually pleasing ornamentation is the key to success in the fashion industry, there is almost always going to be a competitive need for color in the fashion industry.\textsuperscript{282} This can be seen from an examination of other cases wherein courts have applied the doctrine with less difficulty.

For example, in Qualitex itself, the product at issue was green-gold dry cleaning pads used on dry cleaning presses.\textsuperscript{283} There, the Court specifically noted that the use of any one particular color on the cleaning pads was not necessary for effective competition in the industry; because the primary function of the coloration of the cleaning pads was to “avoid noticeable stains,” and “other colors [were] equally useable” to achieve the same purpose, there was “no competitive need in the press pad industry for the green-gold color.”\textsuperscript{284} Similarly, in In re Owens-Corning Fiberglas Corp.,

\begin{flushleft}
\textsuperscript{277. }See infra Parts IV.A–B.  \\
\textsuperscript{278. }See infra Part IV.C.  \\
\textsuperscript{281. }See supra notes 103–07 and accompanying text.  \\
\textsuperscript{282. }See Louboutin, 778 F. Supp. 2d at 451.  \\
\textsuperscript{283. }See Qualitex, 514 U.S. at 161.  \\
\textsuperscript{284. }Id. at 166.
\end{flushleft}
the product at issue was pink fiberglass insulation.\textsuperscript{285} In that case, the Federal Circuit followed a similar line of reasoning to conclude that there was no “competitive need” for the color pink in the insulation industry because the color bore “no relationship to [the] production of fibrous glass insulation.”\textsuperscript{286}

Of course, there may sometimes be a competitive need for color in other, non-fashion industries. However, the need in other such industries has proven to be both more articulable and more grounded in clearly identifiable consumer tastes. For instance, in \textit{Deere & Co. v. Farmhand, Inc.}, the court found that the color green was functional in the tractor industry because farmers wanted to match their loaders and their tractors—and, thus, allowing the John Deere Company to colormark “John Deere green” as applied to front end loaders would deprive competitors of the use of a design feature that was necessary to maintaining a presence in the industry.\textsuperscript{287} In another case, \textit{Brunswick Corp. v. British Seagull Ltd.}, the court found a competitive need for the color black in the outboard marine engine industry because the color, as applied to the engines, both (1) rendered the engines compatible with many different boat colors and (2) made them appear smaller.\textsuperscript{288} The Federal Circuit in \textit{Brunswick} distinguished \textit{Owens} by noting that the lower court had explicitly found these two non-trademark functions to be “important to consumers.”\textsuperscript{289} Though aesthetic functionality applied to disqualify color from trademark protection in the latter two cases, the functions observed were clearly articulable and grounded in consumer desire. In other words, the competitive need aspect of the aesthetic functionality determination was grounded in quantifiable data about market consumption.\textsuperscript{290} It would be difficult to argue, in either case, that the consumptive appeal was generated by the industry itself: engines appearing smaller and the matching of the color of one’s loader and tractor represent independent aesthetic concerns that originate outside of the market and drive it.

\textsuperscript{285} 774 F.2d 1116, 1118 (Fed. Cir 1985).
\textsuperscript{286}  Id. at 1123.
\textsuperscript{287} 560 F. Supp. 85, 91–92 (S.D. Iowa 1982). In this case, there was some ambiguity as to whether or not the color might have been desirable because it was associated with John Deere as a source: the findings of fact noted that most farmers who wanted their loaders repainted requested the color “John Deere green.” \textit{See id.}
\textsuperscript{288} 35 F.3d 1527, 1531 (Fed. Cir. 1994).
\textsuperscript{289}  Id. at 1532.
\textsuperscript{290} \textit{See id.}
But with high fashion, there is no such clear demarcation: the specific consumer desire is often generated from within the market itself.\footnote{291} Buyers want a certain look because that look is presently “in fashion,” and thus consumer preferences are inextricably tied to the looks produced by high fashion designers in the first place.\footnote{292} This means that where fashion is concerned, the competitive need is framed not so much as an issue of consumer desire as one of designer empowerment.\footnote{293} Indeed, that is exactly how the district court in \textit{Louboutin} described it: the court premised its determination of competitive need for the use of lacquered red soles on shoes in the high fashion industry on designers’ abilities to achieve their “stylistic goals.”\footnote{294} This reality gives way to another aesthetic functionality problem peculiar to the industry: because the world of haute couture is driven by trend-setting, style-making, and branding, the consumer desire for specific design features is much more difficult to divorce from the reputation of the designer than is the case in other industries. As a result, the \textit{TrafFix} inquiry into “significant non-reputation-related disadvantages” is a complicated one when it comes to fashion.\footnote{295}

Thus, \textit{Louboutin} demonstrates that the peculiar problems of aesthetic functionality in the high fashion industry are twofold. First, because the aesthetic functionality determination is made with reference to the competitive nature of the industry at issue, high fashion is animated by creativity, and color can serve innumerable creative ends, the quantum of functionality required for color as a design feature in high fashion is
extremely low.\textsuperscript{296} This difficulty militates against colormarking in the
fashion industry—and perhaps suggests that despite the Second Circuit’s
opinion, under a proper application of Supreme Court precedent there
actually \textit{should} be a carve-out to the \textit{Qualitex} decision for fashion.\textsuperscript{297}
Second, because creativity is difficult to divorce from commercial success in
the high fashion industry—and demand is simultaneously difficult to divorce
from reputation—the nature of competitive disadvantage is difficult to
quantify.\textsuperscript{298} This complexity points in the opposite direction, suggesting that
an overzealous application of aesthetic functionality in high fashion could
swallow secondary meaning and undermine the policy goals of trademark
law.\textsuperscript{299} Each problem reflects a plausible interpretation of the aesthetic
functionality doctrine that would find some support in Supreme Court
precedent and policy considerations.\textsuperscript{300}

\subsection*{B. Two Formulations of Aesthetic Functionality as Applied to the Fashion
Industry}

The \textit{Louboutin} case illustrates two varying formulations of aesthetic
functionality, each of which could be supported by a plausible interpretation
of precedent.\textsuperscript{301} On the one hand, there is the formulation adopted by the
district court in \textit{Louboutin},\textsuperscript{302} which allows for disqualification from
trademark protection with a very small quantum of functionality.\textsuperscript{303} On the
other hand, there is an alternative application that focuses on the nature of
any competitive advantage, requiring that it be clearly non-reputation-
related. After an introduction and articulation of each formulation, the
particular facts of the \textit{Louboutin} case provide context regarding the
discrepancies with each.\textsuperscript{304}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{296} See supra notes 281–97 and accompanying text.
\item \textsuperscript{297} See infra Part IV.B.1.
\item \textsuperscript{298} See infra Part IV.B.1.b.
\item \textsuperscript{299} See infra Part IV.B.2.
\item \textsuperscript{300} See supra Part III.A.
\item \textsuperscript{301} See infra Parts IV.B.1–2.
\item \textsuperscript{302} Though the Second Circuit ultimately reversed the judge’s holding suggesting that
Louboutin’s mark should be invalidated on the grounds of aesthetic functionality, the circuit’s
opinion did not effectively cabin the application of this formulation of aesthetic functionality,
because the circuit court did not reach the functionality issue. See supra Part III.C.2.
\item \textsuperscript{303} See supra Part IV.B.1.
\item \textsuperscript{304} By this, I mean to say that each formulation will sometimes generate subpar outcomes. The
use of the \textit{Louboutin} facts reveals how this might be so under the specific circumstances of that case.
See infra Parts IV.B.1–2.
\end{itemize}
\end{footnotesize}
1. **Louboutin vs. YSL I: Small Quantum Amounting to a Carve-Out—Proper Application of Qualitex or Contradiction?**

The *Louboutin* formulation of aesthetic functionality interprets the doctrine so broadly as to amount to a carve-out from the *Qualitex* colormarking decision. As one commentator put it, the *Louboutin* ruling “carved out what was essentially a special exception for fashion, taking the position that single colors are *always* functional in fashion because they are a basic design element that all labels need to have access to in order to compete in the marketplace.”

The principles of this formulation, then, are threefold: it requires an extremely small quantum of functionality, it examines competitive need through the lens of supply-side rather than demand-side deprivation, and it tends to bias toward insulating competition by short-circuiting the significant-non-reputation-related disadvantage analysis. A deconstruction of the *Louboutin* decision takes each point in turn.

**a. Quantums Are Sexy**

The district court opinion in *Louboutin* related the history of Christian Louboutin’s red sole design feature thusly:

Sometime around 1992 designer Christian Louboutin had a bright idea. He began coloring glossy vivid red the outsoles of his high fashion women’s shoes. Whether inspired by a stroke of original genius or ... Dorothy’s famous ruby slippers in “The Wizard of Oz” ... Louboutin deviated from industry custom. In his own words, this diversion was meant to give his line of shoes “energy,” a purpose for which he chose a shade of red because he regarded it as ‘engaging, flirtatious, memorable and the color of passion,’ as well as “sexy.”

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305. Charles Colman, *Everything You Need to Understand the Louboutin v. YSL Lawsuit*, STYLEITE (Aug. 12, 2011, 3:51 PM), http://www.styleite.com/media/louboutin-lawsuit-explanation/. Though the Second Circuit, in deciding the Louboutin appeal, struck down any sort of per se rule against a single color serving as a trademark in the fashion industry, it did not prevent the application of the *formulation* of the functionality doctrine proposed in the district court’s opinion—and, as such, arguably left open the door to a functional carve-out with an effect similar to that of a per se rule. *See supra* Part III.C.2; *see also infra* Parts IV.B.1.a–c.


308. *See infra* Part IV.B.1.c.

In applying the aesthetic functionality doctrine, the district court then zeroed in on these creative decisions in identifying the functions performed by the sole: it cited as non-trademark functions the ability of the red soles to give the shoes “energy” and imbue them with a certain sexiness and appeal.310 In other words, the fact that the red soles comprised a specific “look” that had potential to be aesthetically appealing on some unquantifiable level proved enough to disqualify them from trademark protection.311 Indeed, the court described these aesthetic possibilities as “significant, nontrademark functions.”312 In reality, such functions hardly seem extant—let alone significant. For one, the fact that adding a dash of red might make a piece of clothing appear “sexy,” and, because of this, aesthetically and commercially appealing to some consumers, is an extremely low threshold of functionality. Such a notion does not even come close to the sort of functionality seen in other industries. The ability of the color black to make a motor appear smaller, for instance, is at least a quantifiable aesthetic function—but the fact that red may make a design sexy and appealing is more a matter of subjective taste than anything else.313 Additionally, that red even performs this function is almost a matter of assumption: the district judge in Louboutin begins his analysis from the premise that “color . . . plays a unique role” in the context of the high fashion industry and goes on to suggest that because this industry is primarily concerned with aesthetics and ornamentation, the use of color therein must “aim[] to please or be useful, not . . . identify and advertise a commercial source.”314 Because the district court in Louboutin began with this assumption—that color served artistic, and not source-identifying, purposes—it was able to find that the artistic ends (i.e., creating a “sexy” or “energetic” look) served by the application of the color constituted functions disqualifying its use from trademark protection in the industry.315 This quantum of functionality is both low and nebulous. Moreover, the assumptions underlying it are at least suspect, if not entirely faulty, as market research indicates that the red sole identifies the shoes as emanating_

310. See id. at 453.
311. See id.
312. Id.
313. See supra note 288 and accompanying text.
314. Louboutin, 778 F. Supp. 2d at 452.
315. See id.
from Louboutin—suggesting that, in reality, this might actually be the soles’ primary function for consumers.316

b. Supply-Side Need

In addition to requiring a small quantum of functionality, the Louboutin formulation of aesthetic functionality also examines competitive need through the lens of supply-side rather than demand-side requirements.317 Under this sort of analysis, the court examines not whether the market for a certain product dictates access to the use of a feature in order to compete; rather, it inquires into whether the producers of a certain product require access to that feature to achieve their goals.318 The distinction lies in the difficulty with divorcing supply and demand in the high fashion industry—in high fashion, the demand is often generated by the designers themselves.319 The Louboutin formulation thus focuses on the need for designers to have access to all colors as elements of their craft.320 Comparing high fashion to painting, the district court in Louboutin notes that the goals of fashion design are both creativity and commerce, and that “[t]he creative energies of painter and fashion designer are devoted to appeal to the same sense in the beholder and wearer: aesthetics.”321 It then concludes that color cannot qualify for trademark protection in the fashion industry because allowing this would rob designers of the full palate necessary to effective creativity—and, insofar as commercial success in the industry is grounded in creativity, to effective competition.322 The court thus holds that the use of a single color as a design feature should never qualify for trademark protection in fashion, citing the “broad spectrum of absurdities that would follow

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316. See Plaintiffs’ Reply Memorandum of Law in Support of Application for a Preliminary Injunction at 5, Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445 (S.D.N.Y. 2011) (No. 11 Civ. 2381), 2011 WL 2972936 (citing a survey which found that 47% of those surveyed thought a shoe with a red sole was a Louboutin and that 96% of those who made the mistake said that they did so because of the association between Louboutin and the red sole). The alternative interpretation, then, is that the consumers find the shoes attractive because they are Louboutins and seek out the red sole not because it is attractive in and of itself but because its association with a strong brand and a successful tastemaker render it a desirable item. Under this formulation, any aesthetic “sexiness” inherent in the application of the color red is certainly secondary to the color’s ability to identify the product as emanating from a particularly desirable source. See infra Part IV.B.2.

317. See Louboutin, 778 F. Supp. 2d at 454.

318. See supra note 293 and accompanying text.

319. See Blakley, supra note 61.

320. See Louboutin, 778 F. Supp. 2d at 454.

321. See id. at 452.

322. See id. at 452–53 (“[In both painting and fashion design,] the greatest range for creative outlet exists with its highest, most vibrant and all encompassing energies where every pigment of the spectrum is freely available for the creator to apply, where every painter and designer in producing artful works enjoys equal freedom to pick and choose color from every streak of the rainbow.”).
recognition of a trademark for the use of a single color for fashion items.” 323 In this way, the small quantum aspect of the Louboutin aesthetic functionality formulation contributes to a supply-side orientation which leads to an application that amounts to a Qualitex carve-out for the high fashion industry. 324 When the focus is on the designers rather than the consumers, and when it is recognized that color is essential to aesthetic expression, the specter of creative constriction looms large enough that the granting of trademark seems an unsound idea. 325

c. Short-Circuiting Reputation

Finally, the Louboutin formulation, in allowing for a small quantum of functionality and focusing on the supply-side in its examination of competitive need, tends to short-circuit the non-reputation-related significant disadvantage analysis from TrafFix by failing to adequately account for reputation-related benefits. 326 In Louboutin, the district court asks whether the existence of the Red Sole Mark would “significantly hinder competition” by “permit[ting] one competitor . . . to interfere with legitimate (non-trademark-related) competition through . . . exclusive use of an important product ingredient.” 327 The court then concludes that the Red Sole Mark threatens “legitimate competition in the designer shoe market,” 328 without providing any analysis into whether such a threat is non-reputation-related. Instead, the court seems to assume that the threat to competition is significant because the existence of the Red Sole Mark prevents other designers from using red outsoles to achieve various “stylistic goals” like “referenc[ing] traditional Chinese lacquer ware, [creating] a monochromatic shoe, [or creating] a cohesive look consisting of color-coordinating shoes and garments.” 329 Thus, though it does at least give some consideration to the question of the significance of the threat—the meaning of the word “significant” being moderated to reflect the miniscule quantum of functionality allowed for by this formulation of the doctrine—the court never examines whether and to what extent any disadvantage might be

323. Id. at 457.
324. See supra note 305.
325. See Louboutin, 778 F. Supp. 2d at 457.
326. See supra Part III.A.
328. Id.
329. Id.
reputation-related. This failure probably derives from a bias that seems inherent in the test: seeking to protect competition and beginning from the premise that high fashion design, like art, is grounded in creative expression, this formulation tends to examine significance with an eye toward the industry at issue, which requires the use of color as a basic element.

The Louboutin aesthetic functionality formulation represents a plausible interpretation of Qualitex. Qualitex allowed for the determination of functionality to be made with reference to the industry, suggested that the ultimate question in application of the doctrine was one of competitive hindrance, and established a policy animation of erring on the side of disallowing trademark protection where fair competition might suffer. This formulation, however, fails to account for the TrafFix modification of the doctrine—a modification that is particularly relevant in the fashion industry, where reputation-related benefits abound.

2. TrafFix and Au-Tomotive Gold: Reputation-Related Benefits as an Alternative Formulation

There is an alternative formulation of the aesthetic functionality doctrine that is supported by both Supreme Court precedent from TrafFix as well as the Ninth Circuit “wholly independent” lines of cases. This approach recognizes the reality that in the fashion industry it is often difficult to divorce a certain design feature’s appeal from the designer associated with it: because success in the high-fashion industry often trades on the cache of a famous name or brand, it can be nearly impossible to determine whether a design feature appealed to consumers independent of the designer with whom the feature was associated. This formulation’s defining characteristics are an emphasis on secondary meaning, a larger quantum of functionality whereby design features will not be disqualified from trademark protection unless they can be shown to perform a function

330. See supra note 316.
331. See supra Part IV.B.1.b.
332. See supra Parts II.A, III.A.
334. See id. at 165.
335. See id. at 168–69.
336. See supra Part III.A.
337. See supra Parts II.B.1, III.A.
338. See Blakley, supra note 61. This reality is something to which the Second Circuit only paid lip service in the Louboutin appeal. See supra Part III.C.2.
339. See infra Part IV.B.2.a.
separate from source-identification, and an emphasis on the non-reputation-related aspect of the doctrine.

a. Secondary Meaning

As already noted, secondary meaning must exist in order for any design that is not inherently distinctive to qualify for trademark protection. Under Qualitex, features using a single color alone must both have acquired secondary meaning and be shown to be nonfunctional. In Louboutin, the district court explicitly concedes that Louboutin has established secondary meaning in the Red Sole. However, because the court finds the feature to be functional—indeed, finds that color as a feature will always be functional in the high fashion industry context—it does not consider the facts providing support for secondary meaning in any reputation-related context. In other words, the Louboutin formulation fails to take account of the significance of reputation in generating consumer appeal. The alternative formulation does just that; it begins from the premise that where design features have acquired secondary meaning, it is difficult to prove that any aesthetic appeal they possess is non-reputation-related in nature. This notion is illustrated by the Ninth Circuit’s Au-Tomotive Gold decision: there, actual brand marks like the Audi logo of four interlocking rings were claimed to be functional because of “[a]n aesthetic quality to the marks that purchasers are interested in having.” The circuit court applied TrafFix’s “significant non-reputation-related benefit” test, combined with its own “wholly independent” aesthetic functionality test, to determine that “the alleged aesthetic function is indistinguishable from and tied to the mark’s source-identifying nature.” The implication is clear: where any design feature has acquired strong secondary meaning, it becomes much more difficult to divine the appeal that is generated independent of reputation. This is

340. See infra Part IV.B.2.b.
341. See infra Part IV.B.2.c.
342. See supra note 30 and accompanying text.
343. See supra Part II.A.
345. See id. at 456–58.
346. Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1066 (9th Cir. 2006).
347. Id. at 1072.
348. See supra Part II.B.1.
349. See Au-Tomotive Gold, 457 F.3d at 1073–74.
particularly true in the fashion industry, where few design features acquire secondary meaning because fast-fashion knockoff giants such as Forever 21 copy features before they ever get a chance to build up source-identification in the marketplace.350 Thus, the alternative formulation of aesthetic functionality recognizes that where secondary meaning has been acquired, a larger quantum of functionality should be required in order to demonstrate that such functionality exists independently of reputational appeal.351 In so doing, this formulation borrows heavily from the Ninth Circuit wholly independent test, which measures functionality by the ability of the feature to perform some function completely apart from reputational appeal.352

b. Independence

The Louboutin case did not truly apply either of the prevailing measures of aesthetic functionality as currently defined by the federal circuit courts.353 Instead, the district court simply inquired into whether the red sole performed any significant nontrademark functions.354 Determining that it did,355 and, in the alternative, that the sole also affected the cost or quality of the shoe,356 the court went on to address competitive need without examining reputational benefit.357 The alternative formulation would have the court act differently; it would have the court adopt some variation of the “wholly independent” test as the initial measure of functionality.358 Thus, once a court decides that a design feature has acquired secondary meaning, it should ask if the feature performs a function completely independent of source-identification. If it does, the court should go on to examine whether or not this function confers significant non-reputation-related benefits under TrafFix.359 Such a formulation would not only be plausible under Qualitex

350. See L. J. Jackson, Some Designers Say Their Work Deserves Copyright Protection; Others Say it Would Harm the Industry, ABA JOURNAL (July 1, 2011, 3:30 AM), http://www.abajournal.com/magazine/article/the_genuine_article/.
351. See supra Part II.B.1.
352. See supra Part II.B.1.
353. See supra Part II.B. This is odd, considering it was decided in the Second Circuit and probably should have applied—or at least mentioned—the alternative designs measure. See supra Part II.B.2.
354. See supra notes 322–33 and accompanying text.
356. See id.
357. See id. at 456–58.
358. See supra Part II.B.1.
359. See supra Part III.A.
and *TrafFix*, 360 it would also serve the policy goal of preventing consumer confusion.361

c. Emphasizing Non-Reputation-Related Benefits

Because the alternative formulation of the aesthetic functionality doctrine is oriented toward recognition of the brand-driven nature of the high fashion industry, it emphasizes the additional threshold added by the Supreme Court in *TrafFix*.362 Not only does this formulation require evidence of a wholly independent function at the stage wherein the court is determining whether a feature qualifies as functional in the first place, it also requires that the degree of functionality be such that the exclusive use of the feature would put competitors at a *significant* disadvantage that is sufficiently divorced from any relationship to reputation.363 Under such a formulation, the district court in the *Louboutin* case would not have been able to rest its decision on deprivation of the color red from designers’ creative palates under a theory of supply-side competitive need.364 Instead of simply determining that Louboutin’s Red Sole Mark would significantly hinder competition by prohibiting other designers from achieving the “stylistic goals” that might be necessary to compete in any given fashion season,365 the court would have examined the extent to which the demand for the design feature at issue was generated by Louboutin in the first place. In the context of the particular facts of the *Louboutin* case, this examination would have produced questions about whether or not the inability to (1) reference traditional Chinese lacquer ware, (2) create a monochromatic shoe, or (3) create a cohesive look consisting of color-coordinated shoes and garments366 actually qualified as a *significant* disadvantage.367 It would also have forced the court to inquire as to whether the demand for the particular design feature at issue was reputation-related. Had the court adopted and

360. See *supra* Part III.A.
361. See Cohen, *supra* note 49, at 637 (mentioning the trademark goal of preventing consumer confusion in the context of *TrafFix*, a case wherein the Court, according to Cohen, “revived the view that the freedom to copy unpatented product designs trumped the concern regarding the risk of public confusion”).
362. See *supra* Part III.A.
363. See *supra* Part III.A.
364. See *supra* Part IV.B.1.b.
366. See *id*.
undertaken to apply this formulation in the *Louboutin* case, the outcome may have been substantially different: if the inability to create a cohesive, color-coordinated look does indeed put competitors at a significant disadvantage, it might not be difficult to conclude that the Red Sole mark qualifies as functional because there is little objective evidence that the demand for monochromatic looks was generated by Louboutin or is related in any way to his reputation as a designer. If, however, the inability to use a Red Sole to evoke Chinese lacquer ware put competitors at a significant disadvantage, the Red Sole mark might fail this formulation of the aesthetic functionality test where it could be demonstrated that the demand for the Chinese lacquer ware look was generated by Louboutin and was strongly associated with his reputation as a designer. Thus, the alternative aesthetic functionality formulation may allow design features—even those using color alone—to more readily qualify for trademark protection where they have a strong, demonstrated connection to reputation. This formulation is supported by the *TrafFix* modification of *Qualitex* and by the policy goal of preventing consumer confusion. Under it, the internal conceptual integrity of the aesthetic functionality doctrine does not require a *Qualitex* carve-out for the high-fashion industry. Having determined that there exist two plausible formulations of the doctrine, the contours of the best formulation—the formulation that the federal circuits should apply in the future—remain to be discerned.

C. Problems and Proposed Solutions: A Strengthened Significance

Standard Avoids the *Qualitex* Carve-Out and Maintains a Meaningful Distinction Between Secondary Meaning and Aesthetic Functionality

The *Louboutin* formulation—the small quantum amounting to a carve-out—is both plausible and, as clearly demonstrated by the Second Circuit’s review, problematic. In the first place, it is plausible because it is biased toward protecting fair competition, a policy goal explicitly recognized by the Supreme Court in *Qualitex* as the ultimate animating purpose of the aesthetic functionality doctrine. In other words, if the district court in *Louboutin* is correct to suggest that color, as a basic design element, will always be necessary for effective competition in the high-fashion industry, a broad application of aesthetic functionality capable of amounting to an effective

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369. *See supra* Part III.A.
carve-out seems, at least from a policy perspective, to be the right one.\textsuperscript{373} However, this formulation is also problematic: the carve-out impliedly created by the reasoning in \textit{Louboutin} is conceptually difficult because it goes against the \textit{Qualitex} ruling, essentially letting the doctrine of aesthetic functionality stand in for the former, traditional principle that colors alone cannot be trademarked—a potential outcome recognized and explicitly struck down by the Second Circuit on appeal.\textsuperscript{374} The difficulties with this formulation are clear from the district court’s opinion in \textit{Louboutin}, which cites as support the same legal arguments marshaled in favor of the per se rule against colormarking before \textit{Qualitex}—color depletion and shade confusion.\textsuperscript{375} Because the Court already rejected these arguments in \textit{Qualitex}, any use of this formulation of aesthetic functionality to create a carve-out for the fashion industry generates an undesirable precedential circularity: though \textit{Qualitex} positioned the aesthetic functionality doctrine as a gatekeeper preventing the improper trademarking of color, the \textit{Louboutin} formulation makes it into a total bar, essentially presenting the question of colormarking anew under a different guise.\textsuperscript{376} In essence, the \textit{Louboutin} formulation requires the Court to choose between colormarking and aesthetic functionality—at least where high fashion is concerned, this interpretation of the law will not allow for both. Because the \textit{Louboutin} aesthetic formulation generates this sort of outcome, it is subpar. Higher courts taking up the issue have recognized as much, but have failed to articulate a better formulation. Such a preferable formulation would allow aesthetic functionality to operate in the high fashion industry without undermining the \textit{Qualitex} holding.

The proposed solution to the problem of the fashion industry integrates aspects of both aesthetic functionality formulations to arrive at a solution that serves the important trademark goals of protecting fair competition

\begin{footnotesize}
\begin{itemize}
\item[373.] \textit{See supra} Part IV.B.1.
\item[374.] \textit{See supra} notes 253–54 and accompanying text.
\item[375.] \textit{See Louboutin,} 778 F. Supp. 2d at 455. This impediment would apply not just with respect to Louboutin’s registered ‘the color red,’ but, on its theory as pressed in this litigation, to a broader band of various other shades of red which would be available to Louboutin but which it could bar others from using. . . . [and a] competitor examining the Louboutin registration drawing for guidance as to what color it applies to may therefore remain unable to determine precisely which shade or shades it encompasses and which others are available for it to safely use. Id.
\item[376.] The question that the Court really needs to address is the aesthetic functionality one. \textit{See supra} note 116 and accompanying text; \textit{see also supra} Part III.B.
\end{itemize}
\end{footnotesize}
while also preventing consumer confusion. The solution has three aspects: (1) it allows for a small quantum of functionality, recognizing the importance of color as a design element in the fashion industry; (2) it emphasizes the “significance” language of both *Qualitex* and *TrafFix*, strengthening this inquiry as a variable that will allow courts to achieve the correct balance between protecting competition and avoiding consumer confusion when applying aesthetic functionality; and (3) it requires that the benefit conferred by allowing a design feature to be trademarked be non-reputation-related in nature, a prong of the inquiry with particularly important implications for the design industry, wherein so much consumer demand is generated by successful reputational branding.

Under this solution, design features like Louboutin’s Red Sole mark would qualify for trademark protection, a result that is in line with both Supreme Court precedent from *Qualitex* and the underlying policies of trademark law itself.

A brief application of this formulation to the facts of *Louboutin* demonstrates how the outcome of the functionality determination at the district court level would change. First, the initial functionality determination would remain the same: the ability of the red sole feature to imbue a certain sexiness and appeal into the shoes would qualify as aesthetically functional. However, the red sole would fail to meet the strengthened significance standard drawn from *TrafFix*: the inability of other designers to create a coordinated, all-red look by being denied the opportunity to color the soles of their shoes red would likely not qualify as a significant disadvantage—on balance, this disadvantage is slight compared to the potential confusion that could be caused by failing to award Louboutin a trademark where his feature has clearly developed strong secondary meaning. Finally, even if a court determined that this or some other function performed by the sole—perhaps its ability to reference a “traditional Chinese lacquer ware” look—did pass the significance threshold, the mark would still fail to qualify as functional because the demand for the red sole as a design feature could not be sufficiently divorced from Louboutin’s reputation. This final prong of the test ensures that those few features which truly have garnered trademarkability—which have become so closely associated with a designer and so desirable that it is no longer possible to divorce the appeal of the feature from the appeal of the

377. *See supra* Part IV.B.
378. *See Blakley, supra* note 61.
379. *See supra* Part III.A.
382. *See id.*
designer—will not be disqualified from trademark protection, while other features that are merely aesthetically appealing will be made freely available for use by all.

V. IMPACT

The legal impact of accepting the first formulation of aesthetic functionality would be a *Qualitex* carve-out for the entire fashion industry—an outcome already recognized as unacceptable by at least one circuit court.\(^{383}\) But the societal impact would be somewhat broader. Accepting this formulation would rob the fashion industry of the only intellectual property protection it currently has—trademark.\(^{384}\) Allowing a fashion carve-out means that courts will never have to examine “when the use of colour on a portion of apparel is a design element and when it is a trademark.”\(^{385}\) Instead, any use of color in the high fashion industry—even a use that has developed secondary meaning and has clearly become primarily source-identifying—would be per se disqualified from trademark protection.

The danger in this is not so much that designers would stop creating; indeed, at least one astute commentator has suggested that the lack of intellectual property protection available in the fashion world has actually elevated the level of creativity.\(^{386}\) Rather, the danger lies in the erosion that this sort of formulation might have on the concept of source-identification itself.\(^{387}\)

To understand how this is so, it is important to recognize a reality that is self-evident for the fashionista but elusive for the federal judge—the fact that fashion is the realm of the tastemaker.\(^{388}\) Tastemakers are the individuals whose aesthetic preferences drive the fashion industry, and they exist specifically because the intellectual property protection available to the industry has been largely nonexistent throughout history.\(^{389}\) In other words, because the basic building blocks of fashion—the actual templates for creating articles like dresses, pants, shorts, and accessories—cannot be protected, however innovative they may be, designers seeking recognition have been driven to create a unique aesthetic—an unusual composition of

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387. *See supra* note 30 and accompanying text.
389. *See id.*
those elements that can be particularly associated with them.  

As one commentator put it, “that’s what fashion designers are doing all the time . . . [t]hey’re trying to put together a signature look, an aesthetic, that reflects who they are [so that] when people knock it off, everybody knows because they’ve put that look out on the runway, and it’s a coherent aesthetic.” In other words, the current state of the fashion industry actually drives designers to create a signature look that is associated with themselves and their brand. And, much success in the industry comes to those who can do this well. This reality illustrates the reason why fashion insiders were so shocked by the Louboutin decision: they begin from the exact opposite premise of that used by the district court in Louboutin—they believe that the red sole is desirable because it’s Louboutin, not because it’s pretty or sexy in its own right. To much of the public, then, the appeal of the red sole is one and the same with the appeal of owning a pair of Louboutins—of being associated with his particular brand and its cache. Thus, denying trademark protection to design features like Louboutin’s might result in consumer confusion because the actual consumer market for the product treats the feature as primarily source-identifying. This, in turn, could weaken the effectiveness of the concept of secondary meaning as a trademark principle that measures consumer behavior and directs the application of trademark law toward protecting against such confusion.

In Louboutin’s case, the appeal of the red sole is so tied up with his appeal as a designer that trademark protection is appropriate. Of course, this is not the case for all design features; some are simply appealing in their own right. But it is important that courts continue to make this determination, rather than simply denying any protection to those designers who are able to develop a feature into a source-identifying characteristic. Adopting the proposed solution mitigates the risk on both sides of the issue: it avoids the potentially negative consequences of disregarding source-identification in the fashion industry while also allowing for a small quantum so that courts can find functionality where features are aesthetically appealing and their exclusive use would put competitors at a significant disadvantage unrelated to reputation.

Applying this formulation of aesthetic functionality would allow features like Christian Louboutin’s signature red soles to garner trademark

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390. See id.
391. Id.
392. See supra Part III.C.
393. See supra Part IV.B.2.
394. See supra notes 30–31 and accompanying text.
395. See supra Part IV.B.1.
396. See supra Part IV.C.
VI. Conclusion

The signature Christian Louboutin red sole is best viewed on a wearer who is walking away. In the same way, the importance of the case dealing with this mark is also best understood in hindsight: a study of the Louboutin case in the context of the current state of the law on the doctrine of aesthetic functionality demonstrates the ways in which the uncertainties surrounding the doctrine might be resolved. While the opinion of the district court in Louboutin represents one plausible formulation of the aesthetic functionality doctrine, a close examination of the Supreme Court precedent and circuit court treatment of the issue reveals an alternative formulation. Under this alternative formulation, no carve-out from the important Qualitex holding is necessary to insulate the high-fashion industry from any anticompetitive consequences of granting trademark to color alone as a design feature. Thus, this alternative formulation represents an appealing resolution of the aesthetic functionality problem. Alas, its appeal probably means that the argument herein could never qualify for trademark protection.

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397. See supra Part IV.B.
398. See supra Part II.A.
399. See supra notes 114–274 and accompanying text.
400. See supra notes 307–84 and accompanying text.
401. See supra notes 385–91 and accompanying text.

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