

# 11-3303-CV

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**United States Court of Appeals**  
*for the*  
**Second Circuit**

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CHRISTIAN LOUBOUTIN S.A., CHRISTIAN LOUBOUTIN, L.L.C.,  
AND CHRISTIAN LOUBOUTIN,

*Plaintiffs-Counter-Defendants-Appellants,*

– v. –

YVES SAINT LAURENT AMERICA HOLDING, INC., YVES SAINT  
LAURENT S.A.S., AND YVES SAINT LAURENT AMERICA, INC.,

*Defendants-Counter-Claimants-Appellees,*

YVES SAINT LAURENT, (an unincorporated association), JOHN DOES,  
A to Z, (Unidentified), JANE DOES, A to Z, (Unidentified),  
XYZ COMPANIES, 1 to 10, (Unidentified),

*Defendants-Appellees.*

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

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**BRIEF FOR DEFENDANTS-COUNTER-  
CLAIMANTS-APPELLEES**

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**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Fed. R. App. P. 26.1, Defendants-Counter-Claimants-Appellees Yves Saint Laurent America Holding, Inc., Yves Saint Laurent S.A.S. and Yves Saint Laurent America, Inc. (together, “YSL”) certify that they are indirect wholly-owned subsidiaries of PPR (commonly referred to as “PPR Group” and formerly known as “Pinault-Printemps-Redoute”). PPR is a publicly traded company organized under the laws of France as a Société par Actions Simplifiée.

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### **ISSUES PRESENTED FOR REVIEW**

1. Did the District Court act within its discretion by making a preliminary finding, based on a limited record, that Louboutin was not likely to overcome YSL's functionality defense?
2. Should the District Court's decision also be affirmed on alternative bases, including Louboutin's failure to show irreparable harm, its failure to show a likelihood of overcoming YSL's fair use defense, its failure to establish secondary meaning in its descriptive red-colored trademark, and its failure to prove a likelihood of consumer confusion?

### **STATEMENT OF THE CASE**

In this lawsuit, Louboutin challenges four models of YSL shoes sold during the Cruise 2011 season. All four models followed the "monochrome" design concept, in which the shoes are presented as a solid block of color, every part of the shoe (upper, insole, outsole, heel) is the same color, and no part of the shoe stands out from the whole. The monochrome design concept is a venerated style tradition at YSL. YSL has been making shoes with red outsoles (following the monochrome style as well as others) since the 1970s, and has consistently used red outsoles almost every year for the past eight years (all without any challenge from Louboutin until this year).

YSL's Cruise 2011 collection included red, yellow, green, blue and purple monochrome shoes. These shoes were specifically designed for that season to match the YSL clothing also designed and sold as part of YSL's Cruise 2011 collection. The red versions of these monochrome shoes were offered in four different shades of red (lobster, flame, fragola/rosa, rouge) none of which is the same shade of red (Chinese red) used by Louboutin. Louboutin claimed that YSL's use of each of these red outsoles infringed and diluted Louboutin's registered trademark for a red outsole on women's footwear, which Louboutin acquired in 2008.

Louboutin filed its Complaint and moved for a preliminary injunction on April 7, 2011. On July 22, 2011, following a period of limited expedited discovery and full briefing, the District Court (the Honorable Victor Marrero) held a hearing on Louboutin's motion. YSL defended against the motion on several grounds, including that Louboutin could not show irreparable harm, that it could not overcome YSL's functionality and fair use defenses, that Louboutin could not prove secondary meaning in its descriptive trademark, and that Louboutin could not prove a likelihood of consumer confusion.

On August 10, 2011, the District Court issued its opinion denying Louboutin's motion. The District Court found that Louboutin is unlikely to overcome YSL's functionality defense. SPA-8. The District Court's analysis

followed the principles articulated in the Supreme Court’s seminal decision in *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995), and in this Court’s controlling decision in *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76 (2d Cir. 1990). Consistent with those precedents, the District Court addressed the functionality issue by first considering whether Louboutin’s claimed mark plays an important role unrelated to source identification. SPA-18-20. Finding that it likely does, the District Court then moved on to the “ultimate” question: Whether extending trademark protection to Louboutin’s claimed mark would “significantly hinder competition.” SPA-21-29; *see also Qualitex*, 514 U.S. at 170; *Wallace*, 916 F.2d at 81.

The District Court’s preliminary factual findings on both questions were supported by facts in the record and therefore cannot be held clearly erroneous on this interlocutory appeal. The District Court’s preliminary finding that use of a red outsole plays an important role unrelated to source identification was supported by testimony of YSL witnesses establishing that the red outsoles on YSL’s shoes serve design functions – including enabling YSL to make monochrome shoes that present a solid block of color which coordinates with the rest of the clothing in the season’s collection – as well as by Mr. Louboutin’s own testimony about the design functions served by use of red outsoles. Likewise, considering the evidence presented in the parties’ preliminary injunction papers, the District Court did not

clearly err in finding that competition would be hindered if Louboutin could monopolize the use of red on outsoles and prevent others from pursuing such essential design choices as making red monochrome shoes, making shoes with red elements that coordinate with the rest of their collections, and making shoes that use red to invoke a particular fashion theme (such as a Chinese theme).

Because the functionality defense provided a complete defense to Louboutin's motion, the District Court did not address YSL's other grounds for denial of the preliminary injunction motion.

A major theme of the Louboutin appellate brief, and the Tiffany and INTA *amicus* briefs, is their mischaracterization of the District Court's opinion as having articulated a "sweeping per se rule." Louboutin's brief, for example, includes repeated references to the District Court's supposed "per se ban" on single color trademarks in the fashion industry. But these characterizations are generally unsupported by any cite to actual language in the District Court's opinion, *see, e.g.*, Louboutin Br. at 20, 24, 26, 38, Tiffany Br. at 3, INTA Br. at 24, and are contradicted by the text itself.

Nowhere in the opinion did the District Court hold that a single color can *never* act as a trademark on an item of fashion apparel. The District Court did not even hold that Louboutin's mark is definitively not entitled to trademark protection. Rather, the District Court made only a preliminary finding, based on

the limited record developed for and presented at the preliminary injunction hearing, that Louboutin is “unlikely to be able to prove” that its mark is entitled to protection. SPA-8. In fact, at a hearing following the denial of the motion for preliminary injunction, the District Court *expressly declined* to hold on the merits that Louboutin’s mark is not entitled to trademark protection. A-1710-1721.

To the extent Louboutin, Tiffany and INTA point to any specific part of the District Court’s opinion to support their mischaracterizations of it, they identify the District Court’s *dicta* hypothetical about painters. *See, e.g.*, Louboutin Br. at 33 (citing SPA-13-18). But even if that hypothetical – offered by the District Court as an admittedly fanciful analogy – is susceptible to misuse, the mere possibility that future litigants may misinterpret *dicta* is not a basis for overturning a decision. Furthermore, it certainly is not a basis for disregarding the District Court’s specific findings about the functional nature of the color red when used on shoe outsoles, the non-trademark purposes served by YSL’s use of the color red on its outsoles, and the anti-competitive effects that would result if Louboutin were able to assert monopoly rights over red outsoles.

At its core, the District Court’s decision turned on two elements. With respect to the applicable law, the District Court properly identified the questions held to be determinative by the Supreme Court in *Qualitex*, 514 U.S. at 165, 170, and by this Court in *Wallace*, 916 F.2d at 81 – namely, whether the claimed mark

“plays an important role unrelated to source identification,” and, if so, whether extending trademark protection to such mark would “significantly hinder competition.” Second, with respect to the relevant facts, the District Court made specific, albeit preliminary, factual findings to answer those questions, supported by facts in the record. The District Court, therefore, did not abuse its discretion in denying Louboutin’s motion for a preliminary injunction. Its decision should be affirmed.

### **STATEMENT OF FACTS**<sup>1</sup>

#### **I. YSL AND ITS DESIGN PROCESS.**

The YSL brand was founded by famed fashion designer Mr. Yves Saint Laurent and his partner, Mr. Pierre Bergé, in 1962. For almost 50 years, it has been one of the most famous luxury fashion brands in the world. YSL designs and sells ready-to-wear clothing. It also designs and sells accessories to its clothing collection, including not only shoes, but also jewelry, leather goods, silks and other accessories. A-971.

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<sup>1</sup> Because the District Court has only conducted a preliminary injunction hearing and the case was thereafter appealed on an interlocutory basis, the factual record is not yet fully developed and the District Court has not had the opportunity to make detailed, specific factual findings. The facts summarized in this Statement of Facts are taken from the evidence submitted to the District Court as part of the preliminary injunction record. Neither party requested leave to present live testimony at the hearing, A-1674; instead, the parties submitted documentary evidence, declarations and deposition excerpts to the Court. Louboutin subsequently represented to the District Court that it was given a fair opportunity to present its case at the preliminary injunction hearing. A-1711-1712.

YSL produces four collections each year that correspond with the fashion seasons: Pre-Fall, Fall/Winter, Cruise and Spring/Summer. For each season, YSL's Creative Director establishes design and color themes to bring a unified look to the entire collection. To achieve this coordinated look, the Creative Director develops a "color card" for the season, identifying specific shades of color that must be used, in a coordinated manner, across all of the individual collections, not just shoes. A-974-975.

## **II. YSL's HISTORIC USE OF RED OUTSOLES.**

YSL long has used red outsoles as a design feature on women's shoes. YSL first used the color red on the outsoles of women's shoes as far back as the 1970s – long before Louboutin was even designing shoes. Since then, YSL has designed and sold in the United States numerous models of shoes with red outsoles. A-971, 976.

YSL uses red outsoles not as a trademark, to indicate source, but rather to give life to its own design concepts and venerated style traditions. Most shoes with red outsoles sold by YSL during the last few decades have followed the "monochrome" style, which is a time-honored YSL style tradition often referred to as part of the "DNA" of the brand. YSL shoes following the monochrome style have been and continue to be offered in a line-up of colors that are used on the entire shoe: the red version is all red, including a red insole, outsole, heel and

upper; the blue version is all blue; the yellow version is all yellow; and so on.

SPA-6; A-971-972. There is no particular emphasis on the outsole – to the contrary, the essence of the monochrome style is to convey the visual impression of a solid block of color, with no part of the shoe standing out from the whole.

There is also no particular emphasis on the red version. Rather, the style concept is to provide a line-up of colors (for clothing, shoes and other accessories) that are all within the color palette that YSL has defined for the entire collection for each season. A-971-972, 988.

Not all YSL shoes with red outsoles have followed the monochrome style. Sometimes a red outsole is used to manifest a different style concept. For example, seven years ago, in the Fall/Winter 2004 collection, YSL offered two shoe models – the Tai Tai and the Lotus – that had bright lacquered red outsoles. The color red was chosen for the outsoles of those shoes because it was reminiscent of Chinese “lacquer ware” aesthetics and was thus consistent with the overall “Chinese” theme of YSL’s collection that season. A-977-979.

Notably, Mr. Louboutin was personally present at the runway show at which YSL’s Tai Tai and Lotus models with red outsoles were unveiled to the fashion world. He admits being at the runway show, but now claims not to remember the shoes (which were sold in relatively large volumes in the United States). A-977-979, 886-887. Since that Fall/Winter 2004 collection, YSL has included red-soled

monochrome shoes in almost every calendar year, *see* A-979-983, yet as the District Court noted, Louboutin did not challenge any of YSL's many shoes with red outsoles sold in the United States during the period from 2004-2010. SPA-24. Mr. Louboutin's sworn statement in 2007 to the U.S. Patent & Trademark Office ("USPTO") to induce the USPTO to approve his trademark application – to the effect that Louboutin had been the "substantially exclusive" user of red outsoles on women's footwear since 1992 – was thus demonstrably inaccurate. A-313.

### **III. THE CHALLENGED SHOES.**

In this action, Louboutin challenges four models of YSL shoes included in the Cruise 2011 collection: the Tribute, Tribtoo, Palais and Woodstock. Although Louboutin's Complaint alleges that YSL "just beg[a]n selling" the challenged shoes in January 2011, *see* A-28, that is not correct. Sales of the Cruise 2011 collection began in early November 2010. Moreover, the Tribute and Tribtoo models have been available in monochrome red versions for several years. A-984.

YSL's decision to use various shades of red on the outsoles of these shoes reflected YSL's good faith aesthetic considerations and not any intent to associate the shoes with Louboutin. These shoes had red outsoles because these models were designed to follow the monochrome style, a style that is part of the "DNA" of the YSL brand and that has been featured on numerous models in the past, including older models of the Tribute and Tribtoo, among many others. Red was

among the colors in the line-up of shoes in the Cruise 2011 collection only because certain shades of red were on the color card for YSL's entire Cruise 2011 collection. Moreover, the particular colors used in the Cruise 2011 season had a historical antecedent – the Cruise 2011 color card was based on a color palette inspired by Mr. Saint Laurent's own experimentation with colors in the 1960s. This color palette, which is referred to as a “quintessential YSL color palette” and part of the “DNA of the Brand,” included four different shades of red. These shades of red were used to coordinate the entire YSL collection for the season, not just shoes. A-983.

The YSL shoes challenged in this lawsuit used four different shades of red: “rouge,” “flame,” “fragola/rosa” and “lobster.” A-989. As the District Court noted, Louboutin disclosed for the first time in its reply brief on the motion for preliminary injunction that the shade of red used on Louboutin shoes is Pantone No. 18-1663-TP or “Chinese Red.” SPA-23. YSL did not use that shade of red on any of the shoes challenged in this lawsuit. SPA-24; A-1702-1703.

#### **IV. THIRD-PARTY USE OF RED OUTSOLES.**

YSL and Louboutin are not the only designers to use red outsoles on women's footwear. Red outsoles have been used as an ornamental design feature in footwear dating as far back as the red shoes famously worn by King Louis XIV (as Louboutin's own documents reflect). A-925. In recent years, numerous

designers have sold footwear with red outsoles in the United States. These include models from competitive fashion designers such as Christian Dior, Chanel, Dolce & Gabbana, John Galliano and Ferragamo. A-1313-1358.

### **SUMMARY OF ARGUMENT**

Louboutin's appeal should be rejected for three basic reasons:

*First*, this is precisely the sort of interlocutory appeal that this Court has cautioned should not be made. As this Court explained in *Brennan's, Inc. v. Brennan's Restaurant, L.L.C.*, following the denial of a preliminary injunction, the "better practice" for the unsuccessful moving party is to seek an expedited trial on the merits rather than an interlocutory appeal. 360 F.3d 125, 129 (2d Cir. 2004). That way, the parties can develop a complete evidentiary record, the district court can have the opportunity to make definitive rulings based on a fully-developed record, and this Court would be in a better position to engage in meaningful appellate review. *Id.* By contrast, under the "worse practice," which is the path Louboutin pursued here, this Court is asked to consider, on an abuse of discretion standard, substantive issues of trademark law based only on an incomplete record and preliminary findings of the District Court. "Infrequently will such prove to be a record on which an appellate court will find that a district court has abused its discretion by refusing to issue a preliminary injunction." *Id.*

*Second*, the District Court did not abuse its discretion in finding, based on the preliminary record before it, that Louboutin was unlikely to overcome YSL's functionality defense. The District Court's legal analysis followed the Supreme Court's decision in *Qualitex* and was consistent with this Court's decision in *Wallace*. Consistent with those precedents, the District Court first considered whether Louboutin's claimed mark "plays an important role unrelated to source identification." *Qualitex*, 514 U.S. at 165. Finding that it likely does, the District Court then moved on to the "ultimate" question – namely, whether extending trademark protection to Louboutin's claimed mark would "significantly hinder competition." *See id.* at 170; *Wallace*, 916 F.2d at 81.

The District Court's preliminary factual findings on both questions were supported by facts in the record and therefore cannot be held clearly erroneous on this interlocutory appeal (even if Louboutin points to conflicting facts). The preliminary finding that use of a red outsole likely "plays an important role unrelated to source identification" is supported by the facts that the color red has been used as an ornamental feature on the outsoles of footwear for decades (if not centuries), that YSL has used red outsoles to give life to YSL's creative concepts on dozens of models of YSL shoes dating back to the 1970s, and that several other competitors in the market recently have used, or currently use, the color red on the outsoles of their shoes. A-971, A-925, A-1313-1358; SPA-2, SPA-19-20. Mr.

Louboutin himself testified that the use of the color red on the outsole serves aesthetic functions and was first adopted, not as a source identifier, but rather to give life to a creative concept. A-309; SPA-19.

The record also supports the District Court's preliminary finding that extending trademark protection to Louboutin's claimed mark likely would "significantly hinder competition." As an initial matter, the record supports the District Court's findings that Louboutin's claimed mark is overbroad and that Louboutin's USPTO registration does not meaningfully define the scope of protection Louboutin seeks. As the District Court noted, Louboutin conceded that its USPTO registration does not give competitors meaningful guidance as to what shades of red are protected by Louboutin's claimed mark because the color appears differently depending on how and on what material it is printed or viewed. As the District Court also noted, Mr. Louboutin's testimony, as well as Louboutin's positions taken in the litigation (such as challenging a wide variety of shades of red indiscriminately), demonstrate that Louboutin's mark, if it were upheld, would effectively give Louboutin a monopoly on the use of a wide swath of the red color spectrum for use on the outsoles of women's shoes and, by extension, an exclusive right to make all red shoes in those many shades of red. SPA-26.

YSL witnesses testified that extending such protection to Louboutin would prevent YSL from executing its own venerated style traditions and would

significantly hinder YSL's ability to compete. A-922. The evidence shows that numerous other fashion designers would similarly be constrained. A-1313-1358. The evidence, therefore, supports the District Court's preliminary finding that extending the protection Louboutin seeks likely would "significantly hinder competition."

Contrary to its representation to this Court – that the record demonstrates that competition would not be hindered, Louboutin Br. at 32, 35-36 – Louboutin admitted in the District Court that Louboutin had failed to develop the record to support that argument. Specifically, offering the inexplicable excuse that it was "not aware" that functionality would be an issue, *see* A-1717, Louboutin admitted that it failed to develop evidence on the question of "whether the Louboutin red outsole mark is indeed a hindrance to competition." A-1713. Having admittedly failed to submit evidence to the District Court to support its position on this key, determinative question, which is at the heart of this appeal, Louboutin cannot now credibly claim that the District Court abused its discretion by making a preliminary finding against Louboutin on that question.

*Third*, the record supports several alternative grounds for affirming the District Court's order. This Court may affirm the denial of a preliminary injunction motion on any ground supported by the record, including that Louboutin

cannot show irreparable harm, is unlikely to succeed in overcoming YSL's fair use defense, and is unable to establish secondary meaning or consumer confusion.

## ARGUMENT

### **I. LOUBOUTIN CANNOT OVERCOME THE “FORMIDABLE HURDLE” NECESSARY TO OBTAIN REVERSAL OF A DENIAL OF A MOTION FOR PRELIMINARY INJUNCTION.**

#### **A. Denial Of A Preliminary Injunction Motion Is Reviewed For An Abuse Of Discretion.**

This Court “review[s] a district court’s denial of a preliminary injunction for an abuse of discretion.” *Brennan’s*, 360 F.3d at 129. An appellant, therefore, “has a formidable hurdle to overcome.” *Id.*

“Abuse of discretion” is a deferential standard of review under which a district court’s decision should not be disturbed so long as it “falls within a range of permissible decisions.” *Zervos v. Verizon N.Y., Inc.*, 252 F.3d 163, 168-69 (2d Cir. 2001). A district court “abuses” or “exceeds” the discretion accorded to it only “when (1) its decision rests on an error of law (such as application of the wrong legal principle) or a clearly erroneous factual finding, or (2) its decision – though not necessarily the product of a legal error or a clearly erroneous factual finding – cannot be located within the range of permissible decisions.” *Id.* at 169.

In trademark cases, the issue of functionality long has been treated as a question of fact, reviewed under the clear error standard. *See, e.g., LeSportsac, Inc. v. Kmart Corp.*, 754 F.2d 71, 76 (2d Cir. 1985), *abrogated on other grounds*

by *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (district judge’s finding that the design of the LeSportsac bag was nonfunctional was not “clearly erroneous”); *see also Shire US Inc. v. Barr Laboratories, Inc.*, 329 F.3d 348, 355 (3d Cir. 2003) (“The court’s functionality conclusion is a factual finding . . . that may be reversed on appeal only if it is completely devoid of a credible evidentiary basis or bears no rational relationship to the supporting data.”) (internal citation omitted); *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 775 (9th Cir. 1981) (“The issue of functionality has been consistently treated as a question of fact.”).

If the district court’s determination on a factual issue like functionality “is plausible in light of the record viewed in its entirety, the court of appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently.” *Zervos*, 252 F.3d at 168 (quoting *Anderson v. Bessemer City*, 470 U.S. 564, 573-74 (1985)). “Where there are two permissible views of the evidence, the factfinder’s choice between them cannot be clearly erroneous.” *Id.*

**B. Substantive Appellate Review Of The Functionality Defense Should Await A Final Decision On The Merits Based On A Fully Developed Record.**

Reversal of the District Court’s preliminary findings would be particularly inappropriate given Louboutin’s admission that the record on the key issue – functionality – is incomplete. A-1713. As this Court noted in *Brennan’s*, given

the absence of a fully-formed record, appeals courts “[i]nfrequently . . . will find that a district court has abused its discretion by refusing to issue a preliminary injunction.” 360 F.3d at 129.

This Court explained that, following the denial of a preliminary injunction, the “better practice” for the unsuccessful moving party is to seek an expedited trial on the merits rather than an interlocutory appeal. *Id.* “With the parties then able to create a more substantial record, the district court would have an opportunity to make more extensive and reliable findings of fact and [this Court] would be in a better position to engage in meaningful appellate review.” *Id.* Otherwise, this Court is asked to address substantive issues without the benefit of a developed factual record and without the benefit of definitive findings of the court below. Louboutin’s request that this Court review the functionality issue on this preliminary record is particularly ill considered given that Louboutin’s own position is that the record on the issue is undeveloped and inadequate to support any definitive ruling on the issue. A-1712-1719.

An interlocutory appeal in circumstances like these is not the “better practice” for another reason – the promotion of efficient judicial administration. As Chief Judge Easterbrook recently explained in a nearly identical procedural posture:

Although we have not endorsed all of the district court’s legal analysis, it would be pointless to remand for

another hearing on interlocutory relief. The case should proceed expeditiously to final decision; another “preliminary” round would waste everyone’s time. It would be especially inappropriate to direct the district judge to issue a preliminary injunction when issues other than functionality remain to be addressed.

*Eco Mfg. LLC. v. Honeywell Int’l. Inc.*, 357 F.3d 649, 655 (7th Cir. 2003); accord *Brennan’s*, 360 F.3d at 129 (“The only result of an appeal in such circumstances is several months delay.”).

The same logic applies here. Even if this Court had the view that the District Court erred (which it did not), it would be inappropriate for this Court to direct the District Court to enter a preliminary injunction because there are numerous issues other than functionality that would need to be addressed, including irreparable harm, fair use, secondary meaning, and likelihood of confusion. Remanding for consideration of those issues in a second round of “preliminary” litigation would make little sense at this point. By the time this Court rules on the present interlocutory appeal (potentially a year or more after the filing of the Complaint), it would be a waste of time and resources to have another round of “preliminary” litigation.

In light of (1) Louboutin’s own position that the factual record on functionality is not adequately developed, (2) the impossibility of directing the District Court to enter a preliminary injunction (given the numerous additional issues the District Court would need to address), and (3) the impracticality of

remanding at this point for a further round of “preliminary” motion practice, Louboutin’s tactical choice to bring this interlocutory appeal was decidedly not the “better practice.” *Brennan’s*, 360 F.3d at 129. The best course now is to move past the “preliminary” stage of this litigation and allow the case to proceed expeditiously to a final decision on the merits. *Id*; accord *Eco Mfg.*, 357 F.3d at 655.

**II. THE DISTRICT COURT DID NOT ABUSE ITS DISCRETION IN HOLDING, BASED ON THE PRELIMINARY RECORD BEFORE IT, THAT LOUBOUTIN WAS UNLIKELY TO SUCCEED IN OVERCOMING YSL’S FUNCTIONALITY DEFENSE.**

**A. The District Court Applied The Correct Legal Principles.**

“The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.” *Qualitex*, 514 U.S. at 164. If a mark is functional, a plaintiff’s trademark claims fail, even if the mark has secondary meaning and even if there is a likelihood of confusion. *See Wallace*, 916 F.2d at 79. “[I]n general terms, a product feature is functional,’ and cannot serve as a trademark ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,’ that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.” *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)); accord *Wallace*, 916 F.2d at 79.

Although Louboutin’s brief and INTA’s *amicus* brief describe the “aesthetic functionality” doctrine variously as “questionable” and “controversial,” *see, e.g.*, Louboutin Br. at 4, INTA Br. at 2, and Tiffany’s *amicus* brief draws a sharp distinction between “utilitarian functionality” and “aesthetic functionality,” arguing that the latter is “limited,” *see, e.g.*, Tiffany Br. at 14, 19, none of these characterizations are supported by controlling law.

In *Wallace*, this Court expressly “put aside” any “quibble over doctrinal nomenclature” purporting to differentiate “utilitarian functionality” from “aesthetic functionality.” 916 F.2d at 80-81. Instead, this Court held that, “where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection.” *Id.* at 81. The Supreme Court in *Qualitex* likewise has endorsed the doctrine of aesthetic functionality, holding that a design is functional if its “aesthetic value” is able to “confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs.” 514 U.S. at 170 (internal citation omitted). Consistent with the *Wallace* precedent of this Court, the Supreme Court in *Qualitex* also held that “the ultimate test of aesthetic functionality . . . is whether the recognition of trademark rights would significantly hinder competition.” *Id.* (quoting Restatement (Third) of Unfair Competition § 17, Comment *c*, p.176 (1993)).

Because color is ornamental by nature, marks consisting of a single color in contexts where color is an important attribute are particularly likely to be aesthetically functional. For decades, the law was settled that color alone could never receive trademark protection. *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7.41 (4th ed. 2011) (“*McCarthy*”).

Although the Supreme Court held in *Qualitex* that there is no longer an *absolute* bar on use of color alone as a trademark, the Supreme Court also held that, in many cases, color marks will be functional and therefore not entitled to trademark protection. *Qualitex*, 514 U.S. at 162, 164-65, 169-70.

As the Supreme Court explained: “[S]ometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not.” *Id.* at 165. Where a color mark does play an important role unrelated to source identification, the key question becomes whether, in the particular context at issue, extending trademark protection to a color mark would “significantly hinder competition.” *Id.* at 170; *accord Wallace*, 916 F.2d at 81.

The District Court correctly applied these principles in this case. The District Court correctly held that extending trademark protection to ornamental features of a product may be barred by the functionality doctrine, and the District Court correctly articulated the applicable test for determining functionality. SPA-10, 18, 21 (citing *Qualitex*).

Specifically, the District Court first examined whether Louboutin’s claimed mark plays an important role unrelated to source identification. SPA-18-20. As detailed below in Section II.B, the District Court’s preliminary factual finding that it likely does play such a role – namely, an aesthetic design role – was supported by facts in the record. Having made that finding, the District Court proceeded to examine whether extending trademark protection to Louboutin’s claimed mark would “significantly hinder competition.” SPA-21-29. As detailed below in Section II.C, the District Court’s preliminary factual finding that it likely would hinder competition was also supported by facts in the record.<sup>2</sup>

**B. The District Court Did Not Clearly Err In Finding, Based On The Preliminary Record Before It, That Louboutin’s Claimed Mark Likely Plays An Important Role Unrelated To Source Identification.**

The District Court did not clearly err in finding, *see* SPA-18-20, that use of the color red on the outsoles of women’s shoes likely “plays an important role (unrelated to source identification) in making [the] product more desirable.”

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<sup>2</sup> The District Court also separately addressed both the “use or purpose” and the “cost or quality” aspects of the *Qualitex* standard. SPA-18-21. Even if the District Court’s analysis of the latter aspect was unorthodox, that would not be material to the District Court’s overall analysis of functionality. Under the *Wallace* and *Qualitex* precedents, a mark is functional if it is essential to the use or purpose of the article *or* if it affects the cost or quality of the article. *Wallace*, 916 F.2d at 79; *Qualitex*, 514 U.S. at 165. The ultimate question, in either case, is whether exclusive use of the feature would “significantly hinder competition” – that is, whether it would put competitors at a “significant non-reputation-related disadvantage.” *Id.* at 165, 170; *Wallace*, 916 F.2d at 81. Thus, it was not necessary for the District Court to find that Louboutin’s mark affects the cost or quality of Louboutin shoes in order for the District Court to find that extending protection to Louboutin’s mark likely would significantly hinder competition.

*Qualitex*, 514 U.S. at 165. This preliminary finding was supported by numerous facts in the record. For example:

- Mr. Louboutin “acknowledged significant, nontrademark functions for choosing red for his outsoles.” SPA-19. Specifically, he initially chose to use the color red to give his shoes “energy” and because it is “sexy” and “attracts men to the women who wear my shoes.” *Id.*; A-309. He also testified that he started using red on outsoles, not as a source-identifier, but rather to give life to a creative concept. A-889-890.
- YSL also has used various shades of red on outsoles to give life to its own creative concepts. SPA-19-20. Specifically, YSL uses different shades of red on outsoles “to reference traditional Chinese lacquer ware, to create a monochromatic shoe, and to create a cohesive look consisting of color-coordinating shoes and garments.” SPA-22.
- YSL’s head of merchandising for women’s shoes testified that YSL has used red outsoles on dozens of models of shoes dating back to the 1970s “to give life to its own design concepts and consistent with its own venerated style traditions.” A-971.
- YSL’s former chief shoe designer testified that use of red outsoles is necessary to execute the monochrome style concept, which has been a YSL style tradition for decades. A-922, A-971; SPA 19-20.
- That red outsoles have been used as an ornamental design feature in footwear dating as far back as the red shoes worn by King Louis XIV and by Dorothy in the “Wizard of Oz” further demonstrates that use of the color red on outsoles serves an important aesthetic function unrelated to source identification. A-925; SPA-2.
- That the use of the color red on outsoles is an ornamental device serving an important aesthetic function unrelated to source identification is yet further evidenced by the fact that, in recent years, there have been and still are literally dozens of models of footwear with red outsoles available for sale in the United States, including models from competitive fashion designers. A-1313-1358.

Louboutin tries to rebut these facts by arguing that the only function of its shoes is to “cover . . . the foot” and that YSL’s argument that use of a red outsole serves a function is “bogus.” Louboutin Br. at 41. Similarly, Louboutin excoriates the District Court for analogizing design of high fashion footwear to art and for finding that “[t]o attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal – all comprise nontrademark functions.” SPA-20.

But, as noted in the bullet points above, these findings by the District Court of nontrademark functions served by the use of red on outsoles are based on the record in this case, including the testimony of Mr. Louboutin himself and the testimony of YSL’s head of merchandising and its former chief designer for women’s shoes. The District Court’s observation that Mr. Louboutin likely would not consider himself “merely a cobbler,” *see* SPA-15, was supported by Louboutin’s submission to the District Court of literally hundreds of pages of media coverage touting Mr. Louboutin as a celebrity and an artistic genius for his use of red outsoles. Given these submissions, as well as the very high price point of Louboutin shoes (ranging from several hundred to more than 3,000 dollars a pair, *see* A-312), Louboutin cannot credibly contend that the *only* function of Louboutin shoes is to “cover the foot,” that Louboutin’s design choice to use a red outsole serves no aesthetic function, and that any finding to the contrary was clearly erroneous.

The District Court's holding also is consistent with case law. As the District Court correctly held, *see* SPA-20, the Supreme Court's decision in *Qualitex* confirms that a "significant nontrademark function" of a color mark may be "to satisfy the 'noble instinct for giving the right touch of beauty to common and necessary things.'" *Qualitex*, 514 U.S. at 170 (quoting G. Chesterton, *Simplicity and Tolstoy* 61 (1912)). That is precisely how Mr. Louboutin himself describes his decision to use red on the outsoles of women's shoes. A-302, 309.

Indeed, for these very reasons, other courts also have refused to extend trademark protection to color marks on functionality grounds where the color played an important aesthetic function. *See, e.g., Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 342 (7th Cir. 1998) (Posner, C.J.) (color gold for the edge of cookbook pages cannot be monopolized because it is a "prime example of aesthetic functionality"); *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1531 (Fed. Cir. 1994) (color black for boat engines aesthetically functional because it is easy to coordinate with many other boat colors); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98 (S. D. Iowa 1982), *aff'd*, 721 F.2d 253 (8th Cir. 1983) ("John Deere green" color held aesthetically functional, despite secondary meaning the color had acquired, because consumers would want to be able to buy matching farm equipment). Significantly, *Brunswick* and *Deere* were both cited with approval by the Supreme Court in *Qualitex*, 514 U.S. at 169-70. By contrast, as

the District Court also noted correctly, SPA-11-12, in the few cases recognizing trademark protection for a mark consisting of a single color, the color of the products at issue had no conceivable relationship to their use and thus could only serve a source-identifying function. *E.g., In re Owens-Corning Fiberglass, Corp.*, 774 F.2d 1116 (Fed. Cir. 1985) (pink fiberglass insulation); *Qualitex*, 514 U.S. 159 (green-gold pads for industrial dry-cleaning presses).

If boat buyers' desire to match the color of their boats to the color of their boat engines means that color plays an important aesthetic function in the boat engine market (*Brunswick Corp.*), and if farmers' desire to have matching farm equipment means that color plays an important aesthetic function in the farm machinery market (*Deere & Co.*), then surely the District Court did not clearly err in finding that use of red outsoles in the market for high fashion women's shoes likely serves an aesthetic, nontrademark function as well. *See, e.g., Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 860 (7th Cir. 2010) ("Fashion is a form of function [and a] design's aesthetic appeal can be as functional as its tangible characteristics."); *Eco Mfg.*, 357 F.3d at 653 ("Aesthetic appeal can be functional; often we value products for their looks.").<sup>3</sup>

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<sup>3</sup> The District Court's analysis also was consistent with cases relied upon heavily by *Louboutin*, including *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53 (2d Cir. 1995); *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, 999 F.2d 619 (2d Cir. 1993); *W.T. Rogers Co. v. Keene*, 778 F.2d 334 (7th Cir. 1985). *Louboutin* cites those cases for the proposition that the mere fact that a mark is aesthetically pleasing does not preclude it from being trademarked. *Louboutin Br.* at 29, 32, 37, 44. That is true, but it is not the end of the

**C. The District Court Did Not Clearly Err In Finding, Based On The Preliminary Record Before It, That Louboutin’s Claimed Mark Likely Would Significantly Hinder Competition.**

The District Court did not clearly err in finding, *see* SPA-21-29, that extending trademark protection to Louboutin’s claimed mark likely would “significantly hinder competition.” *See Qualitex*, 514 U.S. at 170; *Wallace*, 916 F.2d at 81. That finding was supported by facts in the record. As detailed in Section II.C.1 below, the record provides sufficient facts to support the District Court’s preliminary findings that Louboutin’s claimed mark is overbroad and that its registration with the USPTO does not meaningfully define the scope of the protection it seeks. SPA-23-26. As detailed in Section II.C.2 below, the record also supports the District Court’s preliminary finding that the design options available to YSL and other competitors would be seriously constrained if Louboutin’s overbroad mark were used to prevent others from using red as an aesthetic design choice on their outsoles. SPA-21-23, 28-29.

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analysis; rather, “a finding that a color serves a useful non-source-identifying function . . . is in fact only the starting point for analysis of whether protecting the color . . . would restrain competition unduly.” *Fabrication*, 64 F.3d at 58. The District Court never held otherwise. Its holding was not based merely on the fact that Louboutin’s mark is attractive. Instead, the District Court used that finding as “the starting point for analysis.” Having found that the mark likely serves a useful non-source-identifying function, the District Court then moved on to an analysis of whether extending protection to it would unduly restrain competition. SPA-21-29.

**1. The District Court Did Not Clearly Err In Finding, Based On The Preliminary Record Before It, That Louboutin's Claimed Mark Is Overbroad.**

Although Louboutin strains to characterize the protection it seeks as narrow, that characterization is not supported by the positions it took before the District Court. Rather, as detailed below, the District Court was well within its discretion in finding, on the preliminary record presented, that the practical effect of ruling for Louboutin would be to give Louboutin overbroad, anti-competitive protection. SPA-21-22.

Louboutin's claimed mark is unusual. Although Louboutin characterizes the mark as "multi-component," *see* Louboutin Br. at 39, it is in fact very elemental. It consists of nothing more than use of a lacquered red color on the portion of an item of apparel, covering the entire portion. We are unaware of any case in which any court has upheld trademark protection for a mark consisting solely of a single color covering a portion of an article of apparel. Nor has Louboutin cited any such case.

The examples of supposedly similar marks cited by Louboutin, INTA and Tiffany are easily distinguishable. As the District Court correctly noted, *see* SPA-12, the Burberry marks and Louis Vuitton marks that have been upheld in litigation consist of distinctive, intricate and idiosyncratic patterns. *Louis Vuitton Malletier v. Dooney & Burke, Inc.*, 454 F.3d 108, 116 (2d Cir. 2006) ("LV" monogram combined in a pattern of rows with 33 bright colors); *Burberry Ltd. v. Euro Moda*,

*Inc.*, No. 08 Civ. 5781, 2009 WL 1675080 (S.D.N.Y. June 10, 2009) (distinctive and intricate multi-colored checkered pattern).

The registration of a mark consisting of a tiny blue square on the heel of Keds sneakers (Reg. No. 1,784,225) and the small red stripe on the heel of Prada shoes (Reg. No. 2,851,315) are more akin to labels and are more novel, distinctive and idiosyncratic than Louboutin’s elemental mark, which covers the entire surface. As for Tiffany’s registrations for blue packaging materials, those do not even apply to items of apparel, and they specify a specific shade of blue: “robin’s egg blue.” None of these marks, moreover, has been tested in litigation.

Drawing a distinction, as the District Court did, between intricate marks and elemental marks makes sense. Elemental marks purport to give the owner exclusive rights to a basic design device and therefore are more likely to affect other competitors than idiosyncratic marks. As Chief Judge Easterbrook recently explained: “Granting a producer the exclusive use of a basic element of design (shape, material, *color*, and so forth) impoverishes other designers’ palettes.” *Jay Franco & Sons*, 615 F.3d at 860 (emphasis added). That is because

the more rudimentary and general the element – all six-sided shapes rather than an irregular, perforated hexagon; all labels made from tin rather than a specific tin label; all shades of the color purple rather than a single shade – the more likely it is that restricting its use will significantly impair competition.

*Id.* (internal citations omitted).

The distinction has been recognized by this Court and other Circuits as well. In *Wallace*, this Court held that extending trademark protection to “generic names, **basic colors** or designs” would be improper because doing so would serve “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.” 916 F.2d at 81 (emphasis added); *see also Coach Leatherware Co. v. Ann Taylor Inc.*, 933 F.2d 162, 171 (2d Cir. 1991) (“An extensive injunction prohibiting emulation of all types of Coach bags could have the unacceptable effect of removing non-infringing design innovations from the market. Similar concerns are raised by an injunction preventing replication of **such elemental features as the size, shape, color and materials of Coach bags.**”) (emphasis added); *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1006 (2d Cir. 1995) (affording protection to an intricate autumn-themed sweater design, but suggesting that the aesthetic functionality defense would preclude protection of the autumn-themed color scheme alone); *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 643 n.19 (6th Cir. 2002) (designer could not claim trademark protection for purported trade dress consisting of “**use of primary color combinations, such as red**, blue, grey, tan and green in connection with solid, plaid and stripe designs,” and noting that primary color combinations and certain fabrics used “to create a consistent design and color palette . . . are obviously functional standing alone”) (emphasis added).

Louboutin asserts that its mark consists only of a specific shade of red, and that YSL and other competitors are free to use “thousands” of other shades of red. Louboutin Br. at 27, 45. Similarly, Louboutin, Tiffany and INTA criticize the District Court for construing Louboutin’s mark as consisting of the color “red” rather than the specific shade of red depicted in Louboutin’s USPTO registration.

These arguments ignore the record and the very real practical problem that the District Court faced (and YSL and other competitors face) in trying to identify *any* limitation (whether based on the registration or otherwise) on the shades of red over which Louboutin claims ownership:

The color that governs here remains, as Louboutin points out, the shade of red depicted in the registration’s drawing. As Louboutin concedes, however, because of varying absorption and reflection qualities of the material to which it is applied, a color as it manifests on paper would appear quite different – some lighter, some darker hues – on other mediums such as leather and cloth. 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.

SPA-24.<sup>4</sup>

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<sup>4</sup> The fact that YSL will have the ultimate burden on the merits of overcoming the statutory presumption of validity conferred by Louboutin’s trademark registration, *see Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999), is irrelevant at this stage of the proceedings. At this preliminary injunction stage, it is undisputed that Louboutin bears the burden of demonstrating a likelihood of success. *See, e.g., NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 476-77 (2d Cir. 2004) (affirming denial of preliminary injunction motion because plaintiff failed to show likelihood of overcoming “fair use” defense, even though defendant bears the burden of proving such defense on the merits).

The problem of discerning any limitation on the shades of red over which Louboutin claims ownership – and the unhelpfulness of the registration in addressing that problem – were evident on the record. As the District Court correctly held, Louboutin could offer no guidance as to which shades of red are within the protection it seeks and which are not. SPA-26. Louboutin’s counsel conceded at the preliminary injunction hearing that the shade of red in the registration looks different depending on how and on what material it is printed. A-1678. At his deposition, Mr. Louboutin confirmed that Louboutin objects indiscriminately to YSL’s use of a wide variety of shades of red, including the four different shades of red used on Cruise 2011 models, as well as other shades of red used on older Tributes and Tribtoos, such as deep red and dark lipstick red (even though Louboutin never challenged those prior red versions). A-895-896, 898-900. As the District Court noted, none of these are the shade of red used by Louboutin or appearing on its registration. SPA-24; A-1702-1703. Further, when Mr. Louboutin was asked to look at the various shades of red illustrated in the definitive Pantone reference book and identify which shades fell within the protection Louboutin seeks, Mr. Louboutin answered that it was impossible to tell looking at the colors on paper and that he would need to see an actual shoe and outsole in order to give any guidance. A-895-896. When asked whether Louboutin objects to *any* shade of red on an outsole, counsel for Louboutin

instructed Mr. Louboutin not to answer. A-896; SPA-26. To this day, YSL, other competitors, and the courts have no answer to that question.

For all these reasons, the District Court did not clearly err in observing that, were Louboutin to prevail, the only practical way for competitors to determine whether a particular red outsole would draw a challenge from Louboutin would be either to manufacture the shoe and seek Mr. Louboutin's advance clearance to sell it, or litigate. SPA-26. The practical reality reflected in this record, as the District Court correctly observed, is that granting the protection Louboutin seeks would cast a cloud of uncertainty over competitors' use of *any* shade of red. *Id.* Ruling for Louboutin, therefore, would effectively prevent all other designers from using *any* shade of red on the outsoles of women's shoes – and, by extension, from making *any* all red shoes.<sup>5</sup>

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<sup>5</sup> A different analysis might apply if Louboutin's mark were more limited. For example, like Tiffany's marks, Louboutin's mark could identify with words or reference to the Pantone numbering system the specific shade of red used, given that the image in the registration alone does not give sufficient guidance for the practical reasons identified by the District Court. Also, to the extent the evidence supported a finding that Louboutin's mark is distinctive, it showed the mark is distinctive *only* where the red sole is contrasted sharply against the rest of the shoe. A-988, A-922. A mark specifying this contrast would have less impact on competition than Louboutin's current mark. Among other things, it would not prevent the use of red monochrome shoes.

**2. The District Court Did Not Clearly Err In Finding, Based On The Preliminary Record Before It, That The Design Options Available To Competitors Would Be Constrained If Louboutin's Claimed Mark Were Protected.**

The District Court was well within its discretion to find that extending trademark protection to Louboutin's claimed mark would prohibit YSL from achieving its stylistic goals. SPA-22. As YSL's head of merchandising for women's footwear testified, "[i]f YSL is enjoined from using red on the outsoles of its women's footwear, it will be unable to give life to its own style traditions and its design options will be seriously constrained." A-972. More specifically, as the District Court noted, YSL would be unable to execute one of its most venerated style traditions for women's footwear – which is to offer a line-up of monochrome shoes in a range of colors designed to match with certain seasonal collections. A-971-973; SPA-22.

Without any citation to the record, Louboutin falsely asserts that YSL began selling women's footwear with red outsoles "[o]nly in the past year," that any prior sales were "*de minimus*," and that enforcement of Louboutin's claimed mark would impose no restriction on competition by YSL at all. Louboutin Br. at 41, 45. None of these pronouncements are supported by the record. To the contrary, all of them are directly contradicted by the sworn (and undisputed) testimony of YSL's head of merchandising for women's footwear to the effect that YSL has been using red outsoles on women's footwear for decades, that such past use was

in far greater volumes than the Cruise 2011 shoes challenged in this lawsuit, and that YSL would be significantly constrained if Louboutin's claimed mark were enforced. A-971-73, 977-988.

Louboutin's further contention (also unsupported by any citation to the record) that YSL can make monochrome red shoes without red outsoles, *see* Louboutin Br. at 45, is also contradicted by facts in the record. YSL's head of merchandising for women's footwear testified that the "essence of the monochromatic style is to convey the visual impression of a solid block of color, with no part of the shoe standing out from the whole." A-972. Similarly, YSL's former chief designer for women's footwear testified that use of red outsoles is necessary to execute the monochrome style concept. A-922. Even Mr. Louboutin testified similarly that using another color on a portion of a monochrome shoe would throw off the balance and ruin the concept. A-892-893. That is because, on women's high heel shoes, a substantial portion of the outsole is visible when women walk or even when they are standing still or sitting; thus, a prohibition on use of the color red on the outsole would eviscerate the impression of a solid block of color.

The District Court correctly noted that granting trademark protection to Louboutin's claimed mark would likely inhibit YSL's ability to compete in other ways as well. In addition to prohibiting YSL from executing its monochrome style

tradition, YSL likely would be prevented from referencing traditional Chinese lacquer ware in its footwear designs, as it has done on numerous footwear models in the past. SPA-22; A-977-979. And, it would be precluded from coordinating its shoes with its other apparel to the extent the color card for the season included red. A-974-975, A-983.

Other high fashion women's footwear designers besides YSL likely also would be constrained from achieving their stylistic goals, as the District Court found. SPA-22. As the record shows, there are literally dozens of models of footwear with red outsoles available for sale in the United States. A-1313-1358. The longstanding and widespread use among competitors of this aesthetic device further supports the finding that granting one producer a monopoly on its use would significantly hinder competition. At a minimum, it shows that the District Court did not clearly err with this finding, at least for purposes of resolving the preliminary injunction motion.

Notwithstanding the facts in the record, Louboutin baldly claims that competitors do not use red outsoles and that their inability to do so does not harm competition because competition in the market for high fashion women's footwear has been "vigorous." Louboutin Br. at 5, 6, 18, 30, 35, 40, 45, 46. This constant refrain at the heart of Louboutin's appeal is contradicted by the record. The "support" Louboutin cites for the assertion that competition is "vigorous" consists

of a website of unknown provenance which notes the existence of competitors in the market for high fashion women's shoes and the fact that YSL witnesses likewise acknowledged the existence of competitors. A-402-408, A-831, A-990. But the mere existence of competitors is not synonymous with "vigorous" competition, nor does it prove that granting the protection Louboutin seeks would not significantly hinder competition. Louboutin simply ignores the evidence in the record that many of these competitors have used and continue to use red outsoles, including Dior, Chanel, Dolce & Gabbana and Ferragamo. A-1313-1358.

In any event, the relevant question is not whether others can compete in the market for women's high fashion shoes generally, but rather whether competition is constrained in the market for products employing the useful product feature at issue – in this case, high fashion women's shoes with red outsoles – or an adequate alternative feature. *See Wallace*, 916 F.2d at 81 (aesthetic functionality asks whether conferring trademark protection would "exclude competitors from producing similar products"). The Restatement (Third) of Unfair Competition (which was cited with approval by the Supreme Court in *Qualitex* and by this Court in *Wallace*) offers a particularly relevant illustration, in which it provides that a design consisting solely of a thin gold band placed around the rim of dishware (*i.e.*, color and particular placement) is aesthetically functional because the number of alternative designs available to satisfy the aesthetic desires of

prospective consumers who prefer china decorated with only a gold rim band is extremely limited. *See* Section 17, cmt. c, illus. 7; *see also* *W.T. Rogers*, 778 F.2d at 340 (“If the feature asserted to give a product distinctiveness is the best, or at least one, of a few superior designs for its *de facto* purpose, it follows that competition is hindered and trademark protection will be denied.”) (internal citation omitted).

Louboutin, in any event, is barred from arguing on appeal that the record demonstrates that competition would not be hindered because Louboutin already conceded to the District Court that it had failed to develop the record on this very point. At a hearing following the denial of the preliminary injunction motion, Louboutin’s counsel noted that the parties had taken only “limited discovery” in advance of the preliminary injunction hearing and that such discovery had focused on likelihood of confusion and secondary meaning. A-1712. Louboutin’s counsel argued further that, to address the functionality issue on the merits, Louboutin would need “an additional opportunity to marshal evidence and additional discovery in order to develop the record.” A-1713. Louboutin’s counsel further detailed the factual areas needing further development, including: “whether the Louboutin red outsole mark is indeed a hindrance to competition.” *Id.* Louboutin’s excuse for its failure to present evidence on this point was its

contention that it was “not aware” that functionality would be a question until the District Court’s “order came down on August 10th.” A-1717.<sup>6</sup>

Whatever its excuse, having admittedly failed to develop evidence to support its position on “whether the Louboutin red outsole mark is indeed a hindrance to competition,” Louboutin cannot now credibly claim that the District Court abused its discretion by making a preliminary finding against Louboutin on this question.<sup>7</sup>

### **III. THERE ARE NUMEROUS ALTERNATIVE GROUNDS FOR AFFIRMING THE DENIAL OF THE PRELIMINARY INJUNCTION MOTION.**

This Court may affirm the denial of a preliminary injunction motion on any ground supported by the record. *See NXIVM Corp.*, 364 F.3d at 476. The record here supports several alternative grounds for affirming the District Court’s order.

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<sup>6</sup> That excuse simply cannot be credited. YSL’s answer, which was filed on May 20, 2011, A-45-68, well before Louboutin’s preliminary injunction motion papers were filed on June 21, 2011, A-71, pleaded YSL’s functionality defense in detail. Also, YSL’s brief in opposition to the motion [DKT 33], to which Louboutin had an opportunity to respond in reply papers and at the hearing, argued functionality at length.

<sup>7</sup> It is noteworthy that an appellate court in Louboutin’s home country of France recently invalidated Louboutin’s claimed trademark rights there. On June 22, 2011, the Appellate Court of Paris held that allowing Louboutin to claim exclusive rights to sell red-soled shoes would be “manifestly excessive” and contrary to the principle that “ideas circulate freely” even if “the knowledgeable public and the press may associate the name ‘Christian Louboutin’ with a red sole.” The French Appellate Court also noted that “many models of women’s shoes with red soles were marketed by other designers and distributors before and after the company Christian Louboutin decided to appropriate this feature.” A-935-947. Likewise in another recent French decision rejecting Louboutin’s trademark claims, the Paris District Court noted that shoemakers have used colored soles as decorative elements for centuries. A-948-969.

**A. Louboutin Failed To Demonstrate Irreparable Harm.**

**1. YSL's Sales of Shoes With Red Outsoles In Seasons Prior To Cruise 2011 Have Caused No Harm.**

Prior to the Cruise 2011 season, YSL has for years sold numerous footwear models with red outsoles. A-976-983. Louboutin has shown *no* harm, much less irreparable harm, resulting from these past sales. These many years of peaceful co-existence, including specifically the last eight years, definitively contradict any claim that Louboutin will suffer irreparable harm if YSL continues to sell footwear with red outsoles pending the conclusion of this litigation.

Louboutin cannot argue “progressive encroachment” because the sales of YSL shoes with red outsoles in 2011 were smaller than in prior years. A-977-979, A-984-987. Louboutin also cannot argue that the red outsoles on the earlier models were materially different in appearance from the red outsoles on YSL's Cruise 2011 models. Mr. Louboutin was shown at his deposition older models of the Tribute and Tribtoo, and he confirmed that he objects to shoes using those shades of red as well (even though he never objected during the years those models were sold). A-883-884.

Louboutin seeks to avoid the consequences of its past inaction by claiming ignorance of the prior models. But, whether Louboutin admits awareness of YSL's prior models of red-soled shoes is irrelevant; the point is that the absence of any harm caused by the past sales (which were sold in greater volumes than the shoes

challenged in this lawsuit) belies any claim that current sales will cause irreparable harm. Moreover, any assertion of ignorance is not credible: Mr. Louboutin was personally present when YSL unveiled to the fashion world two shoe models – the Tai Tai and the Lotus – with red outsoles seven years ago. Those models should have been of greater concern to Louboutin than the Cruise 2011 models because they were sold in far greater volumes, used a bright, lacquered red on the sole, and were not in the monochrome style; rather, as is the case with most Louboutin models, the red sole contrasted with the rest of the shoe. Mr. Louboutin admits being at the runway show at which the shoes were unveiled, but now claims not to remember the shoes. A-977-978, A-886-887. Even if that is true, the fact that the unveiling of red-soled shoes by YSL was not a memorable event to him undermines any claim of irreparable harm by the sale of monochrome red shoes seven years later.

## **2. Louboutin Inexcusably Delayed Seeking An Injunction.**

Delay in seeking a preliminary injunction undercuts a claim of irreparable harm. *See Tough Traveler, Ltd. v. Outbound Prods.*, 60 F.3d 964, 968 (2d Cir. 1995). This Court has found delays of as little as ten weeks sufficient to defeat a motion for preliminary injunction. *See Citibank, N.A. v. Citytrust*, 756 F.2d 273, 277 (2d Cir. 1985).

In this case, Louboutin claims it learned of the challenged Cruise 2011 shoes in January 2011. A-291. Louboutin acknowledges that, as of January 17, 2011, YSL unambiguously refused to cease sales of the challenged shoes. A-292. Yet Louboutin waited nearly three months, until April 7, 2011, by which time virtually all of the Cruise 2011 shoes had been sold. Louboutin can offer no valid excuse for that delay. Louboutin admits that it delayed taking action only because it was considering its forum-selection options and “hoping” that YSL might change its mind. A-914-915. As this Court has held, waiting three months to seek relief “undercuts the sense of urgency that ordinarily accompanies a motion for preliminary relief and suggests that there is, in fact, no irreparable injury.” *Citibank*, 756 F.2d at 277.

That is particularly so in the fashion industry. A fashion season, such as Cruise 2011, lasts only a few months. Sales of the Cruise 2011 shoes that started in November 2010 were substantially underway by January. By April, the season was over and the collection was essentially sold through. A-984, A-991-992. Although Louboutin engaged in some improper self-help by using its market power to pressure certain retailers to return their inventories of YSL shoes (which forms the factual predicate for YSL’s counterclaim for tortious interference), A-48, Louboutin could not and did not prevent sales through YSL’s boutiques or website.

Nor could Louboutin prevent YSL from re-deploying to its boutiques much of the inventory returned by the retailers, which YSL in fact did. A-992.

Louboutin's decision to allow the challenged collection to sell through before seeking an injunction is inconsistent with its claim of irreparable injury. *See, e.g., Tough Traveler*, 60 F.3d at 968 (denying preliminary injunction because plaintiffs inexplicably failed to take action during the course of an entire selling season for the challenged products).

**3. Louboutin's Conduct After Denial Of Its Motion Further Belies Any Claim Of Irreparable Harm.**

Louboutin's tactical choice to bring this interlocutory appeal further confirms that there is no risk of irreparable harm. As this Court noted in *Brennan's*, the only result of bringing an interlocutory appeal in circumstances like these is "several months delay." 360 F.3d at 129. As this Court further noted, a party truly concerned about a danger of irreparable harm would press for a speedy trial on the merits rather than taking an interlocutory appeal. *Id.*

Not only did Louboutin choose to take an interlocutory appeal instead of pressing for an expedited hearing on the merits, but Louboutin also sought and obtained a stay of proceedings in the District Court during the pendency of the appeal. A-1718, 1720-21. Thus, Louboutin ensured that, during the six months or more that will be consumed by briefing, argument and decision on this interlocutory appeal, no progress will have been made in the District Court to

advance this case to a resolution on the merits. Although the decision to seek a stay may have served rational purposes, such as conservation of litigation expenses (which is why YSL supported the application), it is flatly inconsistent with Louboutin's contention that it faces an immediate threat of destruction of its brand. Louboutin Br. at 52.

**B. YSL Is Likely To Succeed On Its Fair Use Defense.**

Even if Louboutin could show valid trademark rights and a likelihood of confusion, it nevertheless would be unable to succeed on its infringement claims because YSL has a complete defense – its use of a red outsole is a “fair use” under Section 33(b)(4) of the Lanham Act. 15 U.S.C. § 1115(b)(4); *see also Car-Freshener Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 269 (2d Cir. 1995) (acquisition of valid trademark rights will not prevent others from making “fair use” of the mark); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121 (2004) (“fair use” is a defense even where consumer confusion is possible).

To establish a fair use defense, a defendant must show that its use of the purported mark is (1) other than as a mark, (2) in a descriptive sense, and (3) in good faith. *EMI Catalogue P'ship. v. Hill, Holliday, Connors, Cosmopulos Inc.*, 228 F.3d 56, 64 (2d Cir. 2000). YSL has demonstrated each of these elements in this case.

YSL does not use red outsoles in the manner used by Louboutin – namely, as a “signature” element contrasting sharply against the rest of the shoe. On its monochrome shoes – including the four Cruise 2011 models challenged in this lawsuit – the essence of the look is that neither the outsole nor any other part of the shoe stands out from the whole. A-988-989. On YSL models with red outsoles that do not follow the monochrome style, the use of a red outsole still has not been a signature element that stands out, but rather has always been integrated into a visual concept for the entire shoe and coordinated with the theme of an entire fashion collection (e.g., a Spanish or Chinese theme). A-976, A-988-989.

YSL’s use of red outsoles thus satisfies the elements of the fair use defense that such use be “other than as a mark” and “in good faith.” *Shakespeare Co. v. Silstar Corp.*, 110 F.3d 234, 243 (4th Cir. 1997) (uses that “take advantage of [the] functional and descriptive aspects” of a purported mark, as opposed to drawing attention to it as an indicator of source, are fair uses). That all YSL shoes prominently bear the “Yves Saint Laurent” name and YSL logo both on the shoe itself and on its packaging, and are sold in YSL boutiques or YSL sections of department stores, A-991, also demonstrates that YSL’s use is “in good faith.” *See Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997) (good faith imputed where “the source of Defendants’ product is clearly identified by the prominent display of the Defendants’ own trademarks”).

YSL's use of red outsoles is also "descriptive" as that term is used in trademark law. "Descriptiveness" in this context does not refer only to word marks that literally "describe" something. The Supreme Court has explained that trademark law protects colors the same way it protects "a descriptive word." *Qualitex*, 514 U.S. at 163; *see also* 15 U.S.C. § 1115(b)(4) (fair use defense applies to "devices" as well as words). The fair use defense is frequently applied to ornamental design elements, including colors and shapes. *See, e.g., Car-Freshener*, 70 F.3d 267 (pine-tree shaped air freshener held to be descriptive fair use); *Shakespeare Co.*, 110 F.3d 234 (trade dress in the color configuration of a fishing rod held to be descriptive fair use); *Inwood Labs.*, 456 U.S. 844 (color of medicinal capsule held to be descriptive fair use).

YSL uses red outsoles descriptively as expressions of its design concepts. For instance, on the monochrome shoes challenged in this lawsuit, the red outsole is descriptive of the color of the entire shoe, identifies the all-red versions as expressions of a monochrome style, and is designed to match with the rest of the clothing in the collection. On other models, the use of the red sole is descriptive of other aesthetic themes that YSL intends to convey, such as use of the red lacquered color commonly used for Chinese-themed fashions. A-977-979.

**C. Louboutin Failed To Demonstrate A Likelihood Of Proving Secondary Meaning.**

Louboutin also cannot establish that it has acquired secondary meaning. A party attempting to show that its mark has acquired secondary meaning “has a heavy burden.” *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 815 F.2d 8, 10 (2d Cir. 1987). Although Louboutin devoted the vast bulk of its motion papers to attempting to demonstrate secondary meaning in its use of red soles, Louboutin’s submissions fail to address the fundamental question: Is Louboutin’s purported mark “uniquely associated” with the Louboutin brand? *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n.4 (1992) (defining secondary meaning). To be sure, Louboutin’s voluminous references to media coverage, advertising expenditures and sales success demonstrate *an* association, perhaps even a strong association, between red soles and Louboutin. The District Court suggested as much. SPA-3-4. But these factors cannot support an inference that relevant consumers associate red soles *exclusively* with Louboutin. *See, e.g., Mattel, Inc. v. Azrak-Hamway, Int’l., Inc.*, 724 F.2d 357, 361 n.2 (2d Cir. 1983) (“[P]roof of an expensive and successful advertising campaign in itself is of course not enough to prove secondary meaning”); *Victoria’s Secret Stores Brand Mgmt, Inc. v. Sexy Hair Concepts, LLC*, No. 07 Civ. 5804 (GEL), 2009 WL 959775, at \*5 (S.D.N.Y. Apr. 8, 2009) (“[M]arketing and advertising expenditures [are] at best indirect evidence of consumer recognition of a mark.”).

Of the factors that courts examine to determine whether a mark has secondary meaning, customer surveys are the only “direct evidence” of secondary meaning, and the most persuasive. *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159, 161 (2d Cir. 2008); *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273, 276 (S.D.N.Y. 1985) (finding inability to establish secondary meaning where customer surveys were absent, “thus depriving the trier of fact of this highly ‘desirable,’ if not essential, evidentiary data”); 2 *McCarthy*, § 15:30 (“An expert survey of purchasers can provide the most persuasive evidence of secondary meaning.”) (internal citation omitted).

Here, Louboutin has failed to proffer a valid survey on the issue of secondary meaning. Although Louboutin argues that the post-sale-confusion survey conducted by Mr. Klein also has relevance to the issue of secondary meaning, that is not so. As explained in the Poret Declaration, the Klein survey has no bearing on the issue of secondary meaning for the simple reason that it did not ask the critical question on that issue: Do participants associate the mark with a single source or more than one source? *See* Vincent N. Palladino, *Secondary Meaning Surveys in Light of Lund*, 91 Trademark Rep. 573, 596 (2001). Instead, Klein’s survey, which was designed to measure likelihood of confusion, asked a typical likelihood-of-confusion question: “Who or what company do you believe makes or puts out these shoes?” The question assumes only one source, and thus

bypasses the key inquiry for measuring secondary meaning – whether respondents believe that red-soled shoes come only from a single source or from multiple sources. The responses thus provide no information about whether consumers associate the mark *exclusively* with Louboutin. A-1033-1034. Klein’s study is therefore not a valid measure of secondary meaning. *See, e.g., Stuart Spector Designs, Ltd. v. Fender Musical Instruments Corp.*, 2009 T.T.A.B. LEXIS 132, \*64 (T.T.A.B. 2009) (question that asked who makes a particular guitar shape produced results showing high degree of association with Fender but was not probative of secondary meaning because it did not ask whether consumers viewed the shape as emanating from a *single* source).

To assess whether the use of red on soles does have secondary meaning, YSL retained a survey expert to conduct a properly constructed survey to measure secondary meaning. That survey, conducted by Dr. Gerald Ford, shows that, net of survey noise, only 24% of relevant consumers associate red soles with a single source. A-1092-1108. Results in that range demonstrate that Louboutin has not obtained secondary meaning. *See, e.g., Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 295 (7th Cir. 1998) (“figures in the 30% range [are] marginal and [do] not establish secondary meaning as a matter of law”); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 689-90 (S.D.N.Y. 1963) (25% insufficient to show secondary meaning); *Johnson & Johnson v. Actavis Grp.*, No. 06 Civ.

8209 (DLC), 2008 U.S. Dist. LEXIS 5242, at \*7 (S.D.N.Y. Jan. 25, 2008) (32% insufficient “to establish secondary meaning as a matter of law”). This evidence is itself sufficient to rebut the presumption of validity that normally attaches to trademark registrations. *Lane Capital*, 192 F.3d at 345 (“The presumption of validity that registration confers evaporates as soon as evidence of invalidity is presented.”) (quoting *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 172 (7th Cir. 1996)); *see also id.* (certificate of registration does not constitute “evidence of how the public actually views the mark . . .”).

That YSL and dozens of third parties have sold and continue to sell women’s footwear with red outsoles, *see* A-1313-1358, further precludes a finding that relevant consumers associate a red sole exclusively with the Louboutin brand. *Spraying Systems Co. v. Delavan, Inc.*, 975 F.2d 387, 393 (7th Cir. 1992) (evidence of third-party use of claimed trademark undermines assertion of secondary meaning).

**D. Louboutin Failed To Demonstrate A Likelihood Of Consumer Confusion.**

Louboutin also failed to show a likelihood of confusion in this case. In considering whether confusion is likely, the Court may consider the factors set forth in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Application of these factors should not be mechanical and the Court should focus

on the “ultimate question” of whether consumers are likely to be confused.

*Brennan’s*, 360 F.3d at 130 (internal citation omitted).

Here, on the ultimate question, it is virtually inconceivable that any consumer at the point-of-sale would actually buy a YSL shoe in the mistaken belief that she is buying a Louboutin. These are expensive products, generally costing around \$800 or more per pair, and, as Mr. Louboutin himself has acknowledged, consumers are sophisticated and generally exercise care before making so substantial a purchase. A-991, A-312. *See Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 108 (2d Cir. 2000) (“high-end customers” are not likely to be confused about the origin of expensive fashion items at the point of sale); *Juicy Couture, Inc. v. L’Oreal USA, Inc.*, No. 04 Civ. 7203 (DLC), 2006 WL 1012939, at \*29 (S.D.N.Y. April 19, 2006) (confusion found unlikely because “[c]onsumers who are aware of Couture are fashion conscious. Such consumers are likely to be relatively sophisticated shoppers . . . likely to examine with care the products” that they purchase and use). Moreover, the vast majority of YSL’s sales are through either eponymous boutiques, which sell only YSL products, or through dedicated sections of high-end department stores, in which YSL products are kept segregated from shoes of other designers and often under YSL signage and promotional materials. The shoes themselves all feature the YSL logo prominently on the insole and the “Yves Saint Laurent” name on the outsole. Once a purchase is

made, the shoes come in a box bearing the “Yves Saint Laurent” name prominently. A-991. *See also Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986) (labeling and packaging bearing the defendant’s trademark may prevent any point-of-sale confusion that would otherwise be caused by defendant’s use of the mark in question).

Louboutin also will not prevail on its post-sale confusion theory. If the surveys proffered by the parties prove anything at all, it is that post-sale confusion is unlikely. The Klein survey commissioned by Louboutin is so deeply flawed that it should be disregarded. Its most significant flaw is that the survey stimulus used was biased and leading. Participants were shown a still-image close-up of the sole of a YSL shoe, from a ground-level perspective directly behind the sole, such that any aspect of the shoe besides the sole and heel is not visible. This image did not replicate real-world conditions, focused unnaturally on the sole, and hid the overall appearance of the shoe. A-1030-1038. Accordingly, data based on responses to this image do not reliably measure perceptions that relevant consumers are likely to have if they encounter someone wearing YSL shoes in the real-world, post-sale environment. *See, e.g., American Footwear Corp. v. Gen. Footwear Co.*, 609 F.2d 655, 661 n.4 (2d Cir. 1979) (holding that the district court properly rejected a survey that failed to approximate “actual marketing conditions”); *Mattel, Inc.*, 724

F.2d at 361 (2d Cir. 1983) (survey should measure “consumer attitudes under actual market conditions”).

In order to underscore the prejudicial effect of the stimulus used by Klein, YSL’s expert, Hal Poret, designed a survey using a more reliable methodology to measure the likelihood of post-sale confusion. Poret’s study replicated most of Klein’s methodology but used a more accurate depiction of how the shoes will be seen in the post-sale context. Instead of the leading, close-up still image used by Klein, Poret’s study showed a video of a woman walking in the YSL shoes. The video replicated real-world conditions and showed the shoes from all angles, including from the back, so that the red outsoles were clearly visible. Only a negligible percentage – less than 5% – of survey participants expressed the belief that the YSL shoes were made by Louboutin. These survey results are powerful evidence that confusion is unlikely. *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 117 (2d Cir. 2009) (confusion level of 3% “insufficient” to show confusion “to any significant degree”); *Paco Sport, Ltd. v. Paco Rabanne Parfums*, 86 F. Supp. 2d 305, 321 (S.D.N.Y. 2000), *aff’d*, 234 F.3d 1262 (2d Cir. 2000) (summary order) (confusion level of 5% was “negligibly low”); *Brockmeyer v. Hearst Corp.*, 248 F. Supp. 2d 281, 298 (S.D.N.Y. 2003) (3% confusion results are proof that there will be no likelihood of confusion); 6 *McCarthy*, § 32:189 (confusion survey results below 10% are evidence “that confusion is not likely”).

**E. Louboutin Failed To Demonstrate A Likelihood Of Success On Its Remaining Claims.**

To succeed on a federal dilution claim, Louboutin must show, among other things, that its mark is “famous” to the general consuming public and not just “among a small segment of the population.” *See, e.g., TCPIP Holding Co. v. Haar Commc’ns., Inc.*, 244 F.3d 88, 99 (2d Cir. 2001); *Heller Inc. v. Design Within Reach, Inc.*, No. 09 Civ. 1909 (JGK), 2009 WL 2486054, at \*3 (S.D.N.Y. Aug. 14, 2009). Even assuming for the sake of argument that Louboutin has shown that its use of red soles is known among some or even many purchasers of women’s high-fashion designer footwear, Louboutin has not submitted any evidence showing that its purported mark is “famous” to the general consuming public (which includes not only women willing to pay \$500 or more for a pair of shoes, but also other women and all men as well, who likely have far less familiarity with Louboutin and its shoes).

To succeed on its state law infringement and unfair competition claims, Louboutin must show, among other things, a likelihood of confusion and bad faith. *Sly Magazine, LLC v. Weider Publications, LLC*, No. 08-2430-cv, 2009 WL 3028425, \*2 (2d Cir. 2009) (summary order). To succeed on its state law dilution claim, Louboutin must show, among other things, that it owns a valid and distinctive mark. *Sly Magazine*, 2009 WL 3028425 at \*2; *Pfizer, Inc. v. Sachs*, 652

F. Supp. 2d 512, 526 (S.D.N.Y. 2009). For the reasons described in previous sections, Louboutin failed to make these showings.

**CONCLUSION**

For the foregoing reasons, YSL respectfully requests that this Court affirm the order of the District Court denying Louboutin's motion for a preliminary injunction.

Dated: December 27, 2011  
New York, New York

Respectfully submitted,  
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## CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C), the undersigned hereby certifies that:

1. This brief complies with the type volume limitation of Fed. R. App. P. 32(a)(7)(B) because this brief contains 13,503 words, excluding the parts of the brief exempted by Fed. R. App. 32(a)(7)(B)(iii).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14-point Times New Roman.

Dated: December 27, 2011  
New York, New York

Respectfully submitted,

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**AFFIDAVIT OF  
CM/ECF SERVICE**

I, Natasha S. Johnson, being duly sworn, depose and say that deponent is not a party to the action, is over 18 years of age.

**On December 27, 2011**

deponent served the within: **Brief for Defendants-Counter-Claimants-Appellees**

**upon:**

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**Sworn to before me on December 27, 2011**

**MARIA MAISONET**  
Notary Public State of New York  
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Qualified in Bronx County  
Commission Expires Apr. 20, 2013

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