

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
Christian Louboutin S.A., Christian Louboutin, :
L.L.C. and Christian Louboutin, :

Plaintiffs/Counterclaim-Defendants, :

vs. :

Civil Action Number 11-cv-2381 (VM)

Yves Saint Laurent America, Inc., Yves Saint :
Laurent America Holding, Inc., and :
Yves Saint Laurent S.A.S., et al., :

ECF Case

Defendants/Counterclaim-Plaintiffs. :

----- X

**DEFENDANTS/COUNTERCLAIM-PLAINTIFFS' MEMORANDUM OF LAW
IN OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION**

DEBEVOISE & PLIMPTON LLP
David H. Bernstein (dhbernstein@debevoise.com)
Jyotin Hamid (jhamid@debevoise.com)
Jill van Berg (jvanberg@debevoise.com)
Rayna S. Feldman (rsfeldman@debevoise.com)
919 Third Avenue
New York, New York 10022
Telephone 212-909-6696

Dated: New York, New York
July 12, 2011

*Counsel to Defendants/Counterclaim Plaintiffs
Yves Saint Laurent America, Inc.,
Yves Saint Laurent America Holding, Inc.,
and Yves Saint Laurent S.A.S.*

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Yves Saint Laurent America, Inc., Yves Saint Laurent America Holding, Inc. and Yves Saint Laurent S.A.S. (collectively, “YSL”), respectfully submit this memorandum of law in opposition to the preliminary injunction motion of Christian Louboutin S.A., Christian Louboutin L.L.C. and Christian Louboutin (collectively, “Louboutin”).

PRELIMINARY STATEMENT

Boiled down to its essence, Louboutin’s motion is based on two points: (1) Louboutin has enjoyed success and attracted attention selling shoes with red outsoles, and (2) YSL, for its Cruise 2011 fashion season, sold four models of all-red shoes which have red outsoles. But Louboutin’s motion papers are striking for the determinative legal and factual issues they ignore:

First, Louboutin does not even attempt to show an actual danger of imminent irreparable injury. Nor could it. Louboutin ignores that YSL has been selling shoes with red outsoles for many years, in amounts greater than in the Cruise 2011 season, and that such prior sales have not resulted in a single instance of consumer confusion or other harm. Louboutin also ignores that dozens of other fashion designers also make shoes with red outsoles and have done so for years. These years of peaceful co-existence belie any argument that Louboutin will suffer irreparable harm if YSL continues to sell shoes with red outsoles, as it has done for years. Louboutin also ignores that it waited months, without any valid excuse, to file its lawsuit and that, in the meantime, the Cruise 2011 collection that it challenges essentially sold through.

Second, Louboutin asks this Court to become the first ever to recognize trademark protection for a purported mark consisting solely of a color on a fashion item without even trying to explain how it avoids the aesthetic functionality bar. The Supreme Court has held that, where “color plays an important role (unrelated to source identification) in making a product more desirable,” the functionality doctrine bars trademark protection. That is inherently the case in the

fashion industry, where aesthetic use of color *is literally the function* of the products. As Judge Easterbrook recently observed: “Granting a producer the exclusive use of a basic element of design (shape, material, color, and so forth) impoverishes other designers’ palettes.” Allowing Louboutin to claim a monopoly on the use of red on a part of a shoe (and, by extension, on the right to make all-red shoes) would have an unprecedented, anti-competitive effect in limiting the design options available to all other designers. For similar reasons, Louboutin also cannot show secondary meaning, which is yet another reason why it has failed to show trademark rights.

Third, Louboutin ignores YSL’s statutory “fair use” defense. YSL does not use red outsoles in the manner typically used by Louboutin – namely, as a “signature” element sharply contrasted from the rest of the shoe. Rather, the challenged YSL footwear models follow the “monochrome” style, a time-honored YSL style tradition, in which shoes are offered in series of single colors that are used on the entire shoe in order to convey the visual impression of a solid block of color, with no part of the shoe standing out from the whole. Such use is in good faith, descriptive and not “use as a mark.” The fair use defense thus defeats Louboutin’s claims even if it had a valid mark (which it does not).

Finally, while Louboutin perfunctorily marches through the *Polaroid* factors, it ignores the ultimate question: Whether there is any possibility that customers in the real world would buy a YSL shoe in the mistaken belief that it is a Louboutin. The answer is emphatically “no,” given the high price point of these products, the sophistication of and level of care exercised before purchase by relevant consumers, the fact that the products are mostly sold in segregated channels of trade, and the fact that there is no evidence of any confusion after years of co-existence. As for Louboutin’s survey that purports to show rampant confusion, that survey is so

deeply flawed that it ought to be rejected on *Daubert* grounds; when the flaws are corrected, the only valid survey evidence of record actually demonstrates that confusion is highly unlikely.

FACTS

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 fashion brands in the world. In addition to footwear, YSL designs and sells ready-to-wear clothing, jewelry, leather goods, silks, and other accessories. Vaissié Decl. ¶¶ 2-3.¹

YSL produces four collections each year that correspond with the fashion seasons: Pre-Fall, Fall/Winter, Cruise and Spring/Summer. Each seasonal collection includes individual collections from each product line. 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 coordinated fashion, across all of the individual collections, not just shoes. *Id.* ¶¶ 11-13.

YSL's Historic Use of Red Outsoles

YSL long has used red outsoles as a design feature on women's footwear. YSL first used the color red on the outsoles of women's footwear as far back as the 1970s – long before Louboutin was even designing shoes. Since then, YSL designed and sold numerous models of footwear with red outsoles. *Id.* ¶¶ 4, 16.

YSL uses red outsoles to give life to its own design concepts and venerated style traditions. Most YSL footwear models with red outsoles have followed the "monochrome" style,

¹ Citations herein to "Decl." preceded by a surname refer to the declarations, submitted herewith, of Natalia Vaissié, Gerald L. Ford, Hal Poret, Kate Schrader, Jeffrey M. Samuels and Jyotin Hamid or to the declarations submitted by Louboutin in support of its motion for a preliminary injunction.

which is a time-honored YSL style tradition often referred to as part of the “DNA” of the brand. YSL footwear models following the monochrome style are 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. 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 that are within the color palette that YSL has defined to coordinate the entire collection for the season, not just shoes. *Id.* ¶¶ 5, 38.

The Challenged Footwear Models

Louboutin challenges four models of YSL shoes included in the Cruise 2011 collection: the Tribute, Tribtoo, Palais and Woodstock. Although Louboutin alleges that YSL “just beg[an] selling” the challenged shoes in January 2011, Complaint ¶ 50, that is not true. Sales of the Cruise 2011 collection began in early November 2010. Moreover, the Tribute and the Tribtoo have been available in monochrome red versions *for several years*. Vaissié Decl. ¶ 22.

The fact that the red versions of these models had red outsoles reflects YSL’s good faith aesthetic considerations and *not* any intent to mimic Louboutin. *First*, the red versions of the Cruise 2011 models had red outsoles because these models followed the monochrome style. That style is part of the DNA of the YSL brand and has been featured on numerous models in the past, including older models of the Tribute and Tribtoo, among many others. *Second*, red was among the colors in the line-up of available varieties of the Cruise 2011 monochrome shoes only because certain shades of red were on the color card for YSL’s entire Cruise 2011 collection. Specifically, the color card for the Cruise 2011 season 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. *Id.* ¶ 20.

Louboutin's brief attempts to raise an inference of "bad faith" by mischaracterizing the evidence. Pl. Mem. at 20. The references to Louboutin's use of red soles in the YSL "merchandising grids," which are cited in Louboutin's brief, have nothing to do with the use of red soles on the monochrome shoes challenged in this lawsuit. Vaissié Decl. ¶¶ 40-42. If YSL designers had wanted to mimic what they viewed as distinctive about Louboutin's use of a red sole – namely, its use as a "signature" element contrasted sharply against the rest of the shoe – they would not have made monochrome shoes in which the red outsole does not stand out at all. *Id.* ¶¶ 37-38; Hamid Decl. Ex. C (Russo Tr. 110:18-113:13). Likewise, if YSL had wanted to mimic Louboutin, it would have used the single shade of red used on all Louboutin shoes rather than the four different shades of red used on the Cruise 2011 models. Vaissié Decl. ¶ 39; Hamid Decl. Ex. B (Mourot Tr. 49:16-18).

Third-Party Use of Red Outsoles

YSL and Louboutin are not the only designers to use red outsoles on womens' footwear. 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. Hamid Decl. Ex. D. Today, there are literally dozens of models of footwear with red outsoles available for sale in the United States. These include models from competitive fashion designers such as Christian Dior, Chanel, Dolce & Gabbana, John Galliano and Ferragamo. *See generally* Schrader Decl.

ARGUMENT

To obtain a preliminary injunction, a movant must show: (1) irreparable harm, and (2) either (a) a likelihood of success on the merits or (b) sufficiently serious questions going to the merits and a balance of hardships tipping decidedly in the movant's favor. *See Echo Design Group, Inc. v. Zino Davidoff S.A.*, 283 F. Supp. 2d 963, 966 (S.D.N.Y. 2003) (Marrero, J.).

I. Louboutin Cannot Show Irreparable Harm.

A. 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. Vaissié Decl. ¶¶ 16-18. Louboutin has shown *no* harm, much less irreparable harm, resulting from these past sales. In fact, Louboutin admits that it is unaware of a single instance of consumer confusion. Pl. Initial Mem. at 25. Louboutin further admits that over the past several years, Louboutin's sales, brand recognition and media attention for its use of red outsoles have all been rising dramatically. Pl. Mem. at 2-7, 11-14. These admissions contradict any claim that Louboutin will suffer irreparable harm if YSL continues to sell footwear with red outsoles, as it has been doing for years.

Louboutin cannot argue "progressive encroachment" because the sales of YSL shoes with red outsoles in 2011 were smaller than in prior years. Vaissié Decl. ¶¶ 18(b), 18(c), 22, 27, 32. 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 sees the red soles on these earlier models as essentially the same as the Cruise 2011 models, and that he objects to those shoes as well (even though he failed to object during the years those models were sold). Hamid Decl. Ex. A (Louboutin Tr. 54:7-56:10, 58:6-59:8).

Louboutin no doubt will try 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 Taï Taï 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, laquered red on the sole, and were not in the monochrome style. Mr. Louboutin admits being at the runway show at which the shoes were unveiled, but now claims not to remember the shoes. *Id.* (Louboutin Tr. 84:17-87:21); Vaissié Decl. ¶ 18(b). 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 seven years later.

B. 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). The Second Circuit 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. Mourot Decl. ¶ 38. Louboutin acknowledges that, as of January 17, 2011, YSL unambiguously refused to cease sales of the challenged shoes. *Id.* Yet Louboutin waited nearly three months, until April 7, 2011, to file suit and move for a preliminary injunction, and then agreed to a leisurely 3½ month schedule on the motion while the shoes continued to be 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. Hamid Decl. Ex. B (Mourot Tr. 170:6-176:20). As the Second Circuit 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. Vaissié Decl. ¶¶ 22, 45. Although Louboutin engaged in some improper self-help by using its market power to pressure certain retailers to return their inventories of YSL shoes, 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. *Id.* ¶¶ 46-47.

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).

II. Louboutin Will Not Succeed On Its Trademark Infringement Claims.

To succeed on a claim of trademark infringement, a plaintiff must show (A) that it has valid trademark rights, and (B) that defendants’ actions are likely to cause confusion. *Echo Design Group*, 283 F. Supp. 2d at 966.

A. Louboutin Lacks Valid Trademark Rights.

The legal presumption that Louboutin’s trademark registration is valid is rebuttable, and can be overcome if the preponderance of evidence demonstrates the mark’s invalidity. *Lane*

Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 192 F.3d 337, 345 (2d Cir. 1999).² Here, the trademark is invalid because it (1) is aesthetically functional, and (2) lacks secondary meaning.³

1. A Red Sole Is Aesthetically Functional.

Trademark protection does not extend to functional features of a product. As the Supreme Court has explained, “[t]he 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 v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164 (1995). If a mark is functional, a plaintiff’s trademark claims fail, even if the mark has secondary meaning and there is a likelihood of confusion. *See Yurman Design Inc. v. PAJ, Inc.*, 262 F.3d 101, 116 (2d Cir. 2001); *see also* Samuels Decl. ¶ 6.

The functionality doctrine bars extending trademark protection to ornamental features of a product that are aesthetically functional. *See, e.g., Maharishi Hardy Blechman Ltd. v. Abercrombie & Fitch Co.*, 292 F. Supp. 2d 535, 543 (S.D.N.Y. 2003) (Marrero, J.) (“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.”) (quoting *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 81 (2d Cir. 1990)). “Courts must rigorously apply the non-functionality requirement.” *Maharishi*, 292 F. Supp. 2d at 543.

² Here, any presumption of validity is particularly easy to overcome because the mark was improvidently registered. As explained in the accompanying Declaration of Jeffrey M. Samuels, the former Assistant Commissioner of Trademarks for the Patent and Trademark Office (“PTO”), “the issue of functionality did not receive appropriate consideration by the [PTO] Examiner.” Samuels Decl. ¶ 7. “[I]t was error for the Examiner to find that the mark was registrable on the record that was before the PTO.” *Id.*

³ YSL is also counterclaiming for cancellation on the basis of fraud, as Mr. Louboutin knowingly made a material misrepresentation in support of the registration when he falsely claimed that he has been the substantially exclusive user of red outsoles since 1992. Amended Counterclaim ¶¶ 31-33, 51-55. This counterclaim is not at issue on the instant motion and will be addressed later in the litigation.

Because color is ornamental by nature, purported color marks 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. 1996) (“*McCarthy*”). Although the Supreme Court held in 1995 that there is no longer an **absolute** bar on use of color alone as a trademark, the Court also held that, in many cases, color will be functional and therefore not entitled to trademark protection. See *Qualitex*, 514 U.S. at 162, 164-65. As the 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. In the former case – “where color plays an important role (unrelated to source identification) in making a product more desirable” – the doctrine of functionality will prohibit trademark protection; in the latter case – where color “is not essential to a product’s use or purpose and does not affect cost or quality” – “the doctrine of ‘functionality’ does not create an absolute bar to the use of color alone as a mark.” *Id.* The key question then is whether, in the particular context at issue, color “‘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.” *Id.* at 165 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

Courts frequently have refused to extend trademark protection to colors on functionality grounds where the color was important to the use or purpose of the product. 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.*, 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). By contrast, in the few cases recognizing trademark protection for a color alone, the color of the products at issue had no conceivable relationship to their use and thus could only serve a source-identifying function. *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).

In the fashion industry, color is inherently functional because the essence of fashion is using a few basic elements – color, texture, and material – to give life to a design concept. In fashion, color inevitably “plays an important role (unrelated to source identification) in making a product more desirable” and inherently “is essential to the use or purpose of the article.” *Qualitex*, 514 U.S. at 165. If boat buyers’ desire to match the color of their boats to the color of their boat engines renders color aesthetically functional in the boat engine market (*Brunswick Corp.*), and if farmers’ desire to have matching farm equipment renders color aesthetically functional in the farm machinery market (*Deere & Co.*), then color certainly must also be aesthetically functional in the fashion industry, where aesthetic use of color *is literally the function* of the products. *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.”).

Granting trademark protection for a color on a fashion product would inherently interfere with the design options available to other designers. 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." *Id.* at 860 (emphasis added). *See also Wallace Int'l Silversmiths*, 916 F.2d at 81 (extending trademark protection to "generic names, *basic colors* or designs important to a product's utility" 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") (emphasis added); *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).

The limiting effect on other designers that would result if one designer were allowed to monopolize a primary color for a portion of a fashion item is obvious. While idiosyncratic patterns and designs certainly can and have been protected on fashion items, we are unaware of any case in which a court has upheld trademark protection to a mark consisting solely of a single color on a portion of an article of apparel. Nor has Louboutin cited any such case.

The evidence in this case demonstrates that use of the color red on the outsoles of shoes is aesthetically functional. Mr. Louboutin himself admits that he started using red on outsoles, not as a source-identifier, but rather to give life to a creative concept. Hamid Decl. Ex. A (Louboutin Tr. 71:8-75:16). He chose red because it gives his shoes "energy," "is engaging, flirtatious, memorable and the color of passion," and because it "appeals to everyone and is sexy." Mourot Decl. Ex. C, Louboutin Affirmation, at ¶ 3 & Ex. A. Similarly, much of the material Louboutin submits to the Court purportedly to establish secondary meaning highlights

instead the beauty – the aesthetic function – of the design feature. *See, e.g.*, Mourrot Decl. Ex. B, p.87 (“Part of the genius of the red sole is that it is beautiful.”). The widespread use of red outsoles by third parties, *see generally* Schrader Decl., further demonstrates that many designers believe a red sole serves an aesthetic function of making a shoe more appealing or beautiful. Trademark law is not intended to give one designer a monopoly on a “beautiful” or “appealing” use of color in fashion design. *See also* Samuels Decl. ¶ 7.

The evidence in this case also demonstrates that YSL would be put at a “significant non-reputation-related disadvantage,” *Qualitex*, 514 U.S. at 165, if Louboutin is permitted to maintain a monopoly on the use of red outsoles. YSL would be unable to give life to its own design concepts. For example, YSL would be prevented from executing one of its own venerable design traditions – monochrome shoes – in a color that has long been an integral part of the brand’s palette. As Mr. Louboutin himself admitted, using another color on a portion of a monochrome shoe would throw off the balance and ruin the concept. Hamid Decl. Ex. A (Louboutin Tr. 81:16-83:24). Indeed, if Louboutin were to have its way, no other designer would ever again be permitted to make an all-red shoe.

If Louboutin were able to maintain a monopoly on red outsoles (and by extension on any shoes that are all red), there would also be a significant danger of color depletion. In *Qualitex*, the Supreme Court held that the problem of “color depletion” was not a sufficient rationale to justify an *absolute* bar on use of color alone as a trademark, but also held that the functionality doctrine could be used to prevent trademarking of a color in those factual contexts where “color depletion” is a problem. 514 U.S. at 169-70. Fashion is such a context. If Louboutin can trademark red for the soles of shoes (and, by extension, claim a monopoly on making all-red shoes), others could claim similar protection in blue, yellow, green, orange and purple. A small

oligarchy could claim ownership of the right to make any colored soles and, by extension, any monochromatic shoes in that palette of basic colors.⁴

2. The Red Sole Lacks Secondary Meaning.

Even if Louboutin's mark were non-functional, it would still be invalid because Louboutin 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 devotes 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. But these factors cannot support an inference that relevant consumers associate red soles *exclusively* with Louboutin. *See, e.g., 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)

⁴ It is noteworthy that, for reasons similar to those advanced by YSL here, 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 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." Hamid Decl. Ex. G (English-language translation of decision in *Zara France, S.A.R.L. v. Christian Louboutin, S.A.*). 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. Hamid Decl. Ex. H (English-language translation of decision in *Louboutin v. Cesare Paciotti S.A.R.L.*).

("[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 "[t]he only direct evidence of secondary meaning, and the most persuasive." *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"); *Jewish Sephardic Yellow Pages, Ltd. v. DAG Media, Inc.*, 478 F. Supp. 2d 340, 345-46 (E.D.N.Y. 2007) (same).

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. Poret Decl. ¶¶ 9-10. 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); *In re E.I. Kane, Inc.*, 221 U.S.P.Q. 1203, 1206 (T.T.A.B. 1984) (“[T]he survey asked the wrong question. The issue is not whether the term ‘Office Movers’ identifies a specific company. Rather, it is whether the term ‘OFFICE MOVERS, INC.’ identifies services which emanate 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. Dr. Ford’s survey shows that, net of survey noise, only 24% of relevant consumers associate red soles with a single source. *See generally*, Ford Decl. 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”).

The fact that YSL and dozens of third parties have sold and continue to sell women’s footwear with red outsoles, *see generally* Schrader Decl., 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).

B. Consumer Confusion At The Point Of Sale Is Unlikely.

An independent basis for denying Louboutin's motion is that, even if Louboutin could establish that it has a valid mark (which it cannot), there is no 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), although 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." *Echo Design Group*, 283 F. Supp. 2d at 967.

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 a purchase. Vaissié Decl. ¶ 44; Mourot Decl. Ex. C (Louboutin Affirmation, at ¶ 10). *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. Vaissié Decl. ¶ 44. *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).⁵

Analysis under individual *Polaroid* factors likewise indicates that point-of-sale confusion is highly implausible:

- **Strength of the mark.** As detailed in Section II.A above, Louboutin’s mark is invalid, functional, merely ornamental and lacks secondary meaning.
- **Similarity of the marks.** The marks are differentiated. YSL shoes all bear the “Yves Saint Laurent” name on the outsole, while Louboutin shoes all bear the “Christian Louboutin” name on the outsole; Louboutin uses a single shade of red on all its outsoles, while YSL uses a wide variety of red shades, all of which Louboutin challenges indiscriminately.⁶
- **Similarity of the products.** The YSL products include “iconic” structures, such as the Tribute structure, which are recognizable by the sophisticated clientele who seek out these expensive high fashion shoes and differentiate the shoes from Louboutin’s. Vaissié Decl. ¶ 23, 44.
- **Actual confusion.** Despite many years of co-existence with red-soled shoes made by YSL, Louboutin admits it is unaware of any actual consumer confusion. And, as detailed below, Louboutin’s post-sale confusion survey theory is not applicable in this context and its survey evidence is fatally flawed.
- **Defendant’s good faith.** As detailed in the Vaissié Declaration, YSL has been using red outsoles for years in good faith to give life to its own design concepts and consistent with its own venerated style traditions.

⁵ A recent French decision rejected Louboutin’s trademark claims for similar reasons, holding that confusion caused by use of a red sole was implausible in light of the high price point and level of care exercised by purchasers of high-fashion designer products. Hamid Decl. Ex. H (English-language translation of decision in *Louboutin v. Cesare Paciotti S.A.R.L.*).

⁶ Louboutin refuses to specify any particular shade of red to which it claims exclusive rights and yet has confirmed that it objects to YSL’s use of a wide variety of shades of red, including the four shades of red used on Cruise 2011 models (lobster, flame, fragola/rosa and rouge), as well as shades of red used on older Tributes and Tribtoos, such as deep red and dark lipstick red. Hamid Decl. Ex. A (Louboutin Tr. 45:8-46:25, 52:24-59:8). See *Jay Franco & Sons*, 615 F.3d at 860 (“[T]he more rudimentary and general the element – [e.g.] all shades of the color purple rather than a single shade – the more likely it is that restricting its use will significantly impair competition.”).

- **Quality and Consumer sophistication.** Louboutin concedes that YSL products are of high quality and that the respective companies' customers are sophisticated purchasers.

C. Louboutin Will Not Prevail On Its Post-Sale Confusion Theory.

Louboutin will not prevail on its post-sale confusion theory for two reasons:

First, if the surveys 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 in the Klein study 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. *See generally* Poret Decl. 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., Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 591-92 (S.D.N.Y. 2007) (a survey that uses a stimulus that fails to replicate how the marks are viewed by consumers *in real life* may be excluded on that ground alone); *Conopco, Inc. v. Cosmair, Inc.*, 49 F. Supp. 2d 242, 253 (S.D.N.Y. 1999) (survey found not probative because it failed to use a stimulus that replicated actual market conditions); *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").

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. *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) (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”).

Second, even if the surveys showed a higher level of post-sale confusion, the theory of harm underlying the post-sale confusion concept is not applicable to the facts of this case. Post-sale confusion can be harmful (and thus actionable) where “a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.” *Hermès Int'l*, 219 F.3d at 109. This theory of harm is inapplicable to this case where the parties' respective products are equally expensive and prestigious. YSL shoes are not sold at a “knockoff price” relative to Louboutin shoes.

Nor can Louboutin claim that the image of its brand will be tarnished if consumers in the post-sale environment mistake a YSL shoe for a Louboutin shoe. Louboutin acknowledges that the YSL brand is prestigious and respected. Hamid Decl. Ex. B (Mourot Tr. 32:17-24). In fact, Louboutin intentionally sets out to associate its brand with YSL. Mr. Louboutin designed a shoe in collaboration with YSL, which uses a red outsole and prominently displays both the “Christian

Louboutin” and “Yves Saint Laurent” names. *Id.*, Ex. E. Louboutin is proud of that collaboration and does not believe that associating a Louboutin-created shoe with the YSL brand did anything to tarnish the Louboutin brand. *Id.*, Ex. A (Louboutin Tr. 24:18-27:14). Indeed, Louboutin cites that collaboration as a “key selling point” in promotional materials for its shoes. *Id.*, Ex. F. Given that Louboutin intentionally promotes the association between its brand and YSL, Louboutin can hardly cite the hypothetical risk that consumers might mistakenly associate a YSL shoe with Louboutin as a theory of harm supporting a preliminary injunction. *See, e.g., Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 553 (6th Cir. 2005) (rejecting post-sale confusion theory as applied to two equally prestigious brands because, if a consumer in the post-sale context sees defendant’s product and believes it comes from plaintiff, plaintiff is likely to be “helped, rather than harmed, by any such confusion”).

D. YSL Will Succeed On Its “Fair Use” Defense.

Even if Louboutin could show valid trademark rights (which it lacks) and a likelihood of confusion (which it cannot), it would nevertheless 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.

As detailed in the Vaissié Declaration, 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. Vaissié Decl. ¶¶ 36-38. On YSL footwear 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. Vaissié Decl. ¶¶ 17, 38.

Accordingly, YSL’s use of red outsoles satisfies the elements of the fair use defense that such use be “other than as a mark” and “in good faith.” *See JA Apparel Corp. v. Abboud*, 682 F. Supp. 2d 294, 309-10, 311 (S.D.N.Y. 2010) (courts must focus on the specific manner of use made by the defendant to determine whether the use is “otherwise than as a mark”); *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 bear the “Yves Saint Laurent” name and YSL logo also demonstrates that YSL’s use is “in good faith.” *See Dessert Beauty Inc. v. Fox*, 568 F. Supp. 2d 416, 424 (S.D.N.Y. 2008) (the presence of “a conspicuously visible trademark that clearly serves” as the source identifier for the product helps to demonstrate good faith, non-trademark use of contested mark); *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, and identifies the all-red versions as expressions of a monochrome style. 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. Vaissié Decl. ¶¶ 18(b)-(d).

III. Louboutin Will Not Succeed On Its Other Claims.

A. Louboutin Will Not Succeed On Its Federal Dilution Claim.

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 to a particular segment. *See, e.g., 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,⁷ but also other women and all men as well, who likely have far less familiarity with Louboutin and its shoes).

B. Louboutin Will Not Succeed On Its State Law Claims.

To succeed on its state law infringement and unfair competition claims, Louboutin must show, among other things, a likelihood of confusion and bad faith. *Echo Design Group*, 283 F. Supp. 2d at 967. To succeed on its state law dilution claim, Louboutin must show, among other things, that it owns a valid and distinctive mark. *Pfizer, Inc. v. Sachs*, 652 F. Supp. 2d 512, 526 (S.D.N.Y. 2009). For the reasons described above in Sections I and II, Louboutin cannot make these showings.

IV. The Balance Of Hardships And The Public Interest Tip Against Entry Of A Preliminary Injunction.

YSL, Louboutin and numerous third parties have all been using red outsoles on women's shoes for many years. This co-existence has caused no hardship to Louboutin at all. Louboutin admits it is unaware of a single instance of consumer confusion and that its sales and brand recognition have enjoyed tremendous and ever-increasing success. Louboutin sells more than 500,000 pairs of shoes with red outsoles per year. Mourrot Decl. ¶ 30. The total number of challenged YSL shoes with red outsoles ordered for sale in the United States for the Cruise 2011 season was a mere 1,631 pairs. Vaissié Decl. ¶¶ 27, 32 & 35. There is no basis to believe that Louboutin will start to suffer harm now if YSL is permitted to continue to sell shoes with red outsoles as it has done for years.

The harm to YSL and the disservice to the public interest that would flow from an injunction, however, are palpable. YSL would be prevented from giving life to its own

⁷ According to data collected by Louboutin's own survey expert, these women represent fewer than 0.5 percent of the population. Poret Decl., Ex. A at p. 10.

venerated style traditions. For example, YSL would be prevented from designing and selling monochrome shoes in one of the three primary colors. Moreover, because YSL designs its shoes to be part of a coordinated collection of clothing and other accessories, the design options across YSL's entire collection would be constrained. The public interest would be disserved because the design options available to all other competitors would likewise be unnecessarily and unfairly constrained.

CONCLUSION

For the foregoing reasons, YSL respectfully requests that the Court deny Louboutin's motion for a preliminary injunction.

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Respectfully submitted,
DEBEVOISE & PLIMPTON LLP

/s/ [David H. Bernstein]
David H. Bernstein (dhbernstein@debevoise.com)
Jyotin Hamid (jhamid@debevoise.com)
Jill van Berg (jvanberg@debevoise.com)
Rayna S. Feldman (rsfeldman@debevoise.com)
919 Third Avenue
New York, New York 10022
Telephone 212-909-6696

*Counsel to Yves Saint Laurent America, Inc.,
Yves Saint Laurent America Holding, Inc.,
and Yves Saint Laurent S.A.S.*