

**CONTRASTING *LEVI V. ABERCROMBIE* WITH *LOUBOUTIN V. YVES
ST. LAURENT*: REVEALING APPROPRIATE TRADEMARK
BOUNDARIES IN THE FASHION WORLD**

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Two recent trademark cases illustrate the best and worst of trademark law for the fashion industry. In Levi v. Abercrombie, the Ninth Circuit joined the Second Circuit in allowing a trademark dilution claim to stand where the junior mark was significantly different from the senior mark. This holding promotes an overwhelming advantage for designers who hold famous trademarks and a stunning disadvantage for new up-and-coming designers. The Levi precedent favors the established designer over the newer competitor, ultimately harming creativity, competition, and the consumer's checkbook. However, a refreshing boundary in trademark law for the fashion world was established in Louboutin v. Yves St. Laurent. There, the court doubted the validity of the federal trademark registration that was unfairly impeding other designers. This court kept the freedom of competition less inhibited within the fashion industry, creating a winning situation for consumers and designers alike.

I. INTRODUCTION

A new tennis shoe company (“Jacks”) decides to place the famous Nike check mark known as the “swoosh” on their shoes. However, what if Jacks decided instead to invert the famous mark? Without studying intellectual property law, the average person would know that this mark is off-limits. Or, would the same hold true if Jacks creates a different mark that bears a very subtle

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resemblance but is clearly not the Nike “swoosh”? Similarly, what if Jacks was a coffee company that used the distorted “swoosh” mark on their coffee cups? The average consumer’s initial reaction is probably that Nike should be protected from a competitor using their identical mark or one that is significantly similar. However, at some point, there should be a limit to this protection so there is no interference with business and the spirit of free competition.

An important source of protection can be found for “distinct or famous marks” in the Trademark Dilution and Revision Act (“TDRA”).¹ The TDRA, created by Congress and signed into law on October 6, 2006 by President George W. Bush, amended a particular section of the Lanham Act² that defines trademark dilution.³ The TDRA offers injunctive relief to protect companies like Nike from companies such as Jacks who may dilute their famous trademark.⁴

This Recent Development will examine two recent cases involving the fashion industry: *Christian Louboutin, S.A. v. Yves St. Laurent American, Inc.*⁵ and *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*⁶ *Levi* highlights the recent willingness of the Ninth Circuit to find dilution of a senior mark where the junior mark is significantly different.⁷ This Recent Development will

¹ Trademark Dilution and Revision Act of 2006, Pub. L. No. 109 ch. 312, 120 Stat. 1730 (2006) (codified at 15 U.S.C. § 1125(c) (2006)).

² Lanham Act, 15 U.S.C. §§ 1051–1141 (2006).

³ 15 U.S.C. § 1125(c).

⁴ 15 U.S.C. § 1125(c)(5) (“Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”).

⁵ 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

⁶ 633 F.3d 1158 (9th Cir. 2011).

⁷ *Id.* at 1174 (“The degree of similarity between the Ruehl and Arcuate marks may be insufficient to support a likelihood of dilution . . .”).

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argue that the Ninth Circuit's finding in *Levi* contributes to a disturbing trend. When a court does not require that a junior mark be identical, nearly identical, or even significantly similar to the senior mark in order to find dilution, the court extends trademark protection beyond a reasonable limit.⁸ Such extreme protection for famous marks equates dilution law with a type of "trademark protection in gross" and beyond the purpose of trademark law.⁹ Protection this broad limits younger, up-and-coming designers by stifling their creativity as they have to "work-around" the famous brands, ultimately limiting competition and thereby negatively impacting consumers. Importantly, J.T. McCarthy, a renowned scholar of trademark law, worries that anti-dilution laws have exceeded their "original purpose."¹⁰ On the other hand, *Louboutin* shows consistent, reasonable guidelines for trademark protection within the fashion industry.¹¹ Such holdings promote fair competition and creativity for senior and junior marks alike by circumscribing reasonable boundaries.

⁸ 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:68 (4th ed. 1994) ("It is my belief that the present state of antidilution law has been bloated far out of proportion to its original purpose and intent. Everyone . . . traces the origin of dilution theory back to the seminal 1927 article by Frank I. Schechter. The Schechter proposal for a new form of protection was limited to situations where the junior mark was identical, when the famous mark was coined or arbitrary, and only if the uses were on noncompeting and non-similar goods or services.").

⁹ 2-5A ANNE GILSON LALONDE, GILSON ON TRADEMARKS § 5A.01 (2011) ("Taken to an extreme, dilution law allows for trademark protection in gross, i.e., protecting a trademark no matter what the context. If courts allow the owners of famous marks to prohibit the use of dissimilar marks, the scope of dilution protection will go too far.").

¹⁰ MCCARTHY, *supra* note 8, § 24:68.

¹¹ *Christian Louboutin S.A. v. Abercrombie & Fitch Trading Co.*, 778 F. Supp. 2d 445, 453 (S.D.N.Y. 2011) ("The law should not countenance restraints that would interfere with creativity and stifle competition by one designer, while granting another a monopoly invested with the right to exclude use of an ornamental or functional medium necessary for freest and most productive artistic expression by all engaged in the same enterprise.").

Part II of this Recent Development discusses the legislative history of the Federal Trademark and Dilution Act and the TDRA's specific changes. Part III discusses the rationales and holdings in *Levi* and *Louboutin*. Part IV highlights *Levi* and *Louboutin*'s legal implications. Finally, Part V demonstrates a healthy paradigm for future use of trademarks in the fashion industry.

II. THE LEGISLATIVE HISTORY OF THE TRADEMARK DILUTION REVISION ACT

While the concept of trademark dilution developed in the earlier part of the twentieth century, the statutory addition of dilution to federal trademark law is a very recent development with the first dilution law enactment in 1995.¹² The next three sections will provide a definition of a dilution and a survey of the legislative history.

A. *Defining Dilution*

Trademarks are used by owners to convey brand information to consumers, and likewise used by consumers to identify products they would like to purchase or avoid.¹³ Trademark *infringement*¹⁴ differs substantively from trademark *dilution*.¹⁵ Infringement claims examine whether a consumer is likely to be confused about the source of the product or service, while dilution claims focus on damage to a product's reputation.¹⁶ Dilution has been defined as a

¹² Deborah R. Gerhardt, *The 2006 Trademark Dilution Revision Act Rolls Out a Luxury Claim and a Parody Exemption*, 8 N.C. J.L. & TECH. 205, 212 (2007).

¹³ Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 449–50 (2010) (“Studies indicate that consumers do not merely receive information from marks but actively use them as informational tools.”).

¹⁴ 15 U.S.C. § 1114 (2006) (providing that an infringing mark is one which is “likely to cause confusion, or to cause mistake, or to deceive”).

¹⁵ 15 U.S.C. § 1125(c)(1) (explaining that a dilution action may stand “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”).

¹⁶ Scot A. Duvall, *The Trademark Dilution Revision Act of 2006: Balanced Protection for Famous Brands*, 97 TRADEMARK REP. 1252, 1254 (2007).

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“kind of erosion of the strength of a mark that could occur in the absence of consumer confusion.”¹⁷ Dilution has been described as “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”¹⁸ However, the TDRA does not limit dilution to non-competing goods, as seen in *Levi* and *Louboutin*. This “gradual whittling away of distinctiveness” is said to “cause the trademark holder to suffer ‘death by a thousand cuts.’”¹⁹

According to the TDRA, dilution can occur by either blurring or tarnishment.²⁰ The TDRA defines blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”²¹ When a consumer identifies two different sources with a single mark, there is a possibility that dilution by blurring has occurred.²² McCarthy’s treatise on trademarks provides hypothetical examples of dilution by blurring, such as “Dupont shoes, Buick aspirin, Schlitz varnish, Kodak pianos and Bulova gowns.”²³ These examples also emphasize the former belief that dilution occurred only when the goods were “non-competing.”²⁴

Dilution by tarnishment is also a weakening of the strength of the mark, but this weakening is due to some type of degrading or negative association by another user of the mark.²⁵ Successful

¹⁷ MCCARTHY, *supra* note 8, § 24:69.

¹⁸ *Id.* (quoting Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927)).

¹⁹ Nat’l Pork Bd. & Nat’l Pork Producers Council, 96 U.S.P.Q.2d 1479, 1497 (T.T.A.B. 2010).

²⁰ 15 U.S.C. § 1125(c)(2)(B)–(C) (“[D]ilution by blurring [is an] association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark . . . [and] dilution by tarnishment [is an] association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”).

²¹ 15 U.S.C. § 1125(c)(2)(B).

²² Duvall, *supra* note 16, at 1254.

²³ *Id.*

²⁴ *See* MCCARTHY, *supra* note 8, § 24:68.

²⁵ *Id.* § 24:70.

claims often occur when the “defendant has used plaintiff’s mark as a mark for clearly unwholesome or degrading goods or services.”²⁶ In *Kraft Foods Holdings, Inc. v. Helm*,²⁷ the defendant called himself “King VelVeeda” and operated a website laden with references to pornography and drug paraphernalia.²⁸ The plaintiff, maker of Velveeta cheese which has held federal registration since 1923, brought suit for dilution by tarnishment.²⁹ The district court found that because the spelling and pronunciation of the marks were “sufficiently similar,” defendant should be enjoined from using the word “VelVeeda” for any commercial purposes.³⁰

B. *The Federal Trademark Dilution Act of 1996*

Prior case law and state dilution laws indicate that in order to find trademark dilution, the junior mark must be “identical or nearly identical” or “substantially similar” to the senior mark.³¹ The Federal Trademark Dilution Act (“FTDA”) of 1996 required “similarity of the marks.”³² However, courts would often turn to common law for interpretation,³³ and common law often used “identical or nearly identical” or “very or substantially similar” standards to find trademark dilution.³⁴ For example, in *Moseley v.*

²⁶ *Id.*

²⁷ 205 F. Supp. 2d 942 (N.D. Ill. 2002).

²⁸ *Id.* at 944.

²⁹ *Id.* at 943, 945.

³⁰ *Id.* at 949, 956.

³¹ *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1164 (9th Cir. 2011) (“Thus, the requirement of identity, or substantial similarity, pre-dates the adoption of the FTDA in 1996 and has its origins in state dilution law, specifically that of the State of New York.”).

³² *See id.* at 1163.

³³ *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 427 (2003).

³⁴ *Nike, Inc. v. Maher*, 100 U.S.P.Q.2d 1018, 1028 (T.T.A.B. 2011) (“Under the [FTDA] of 1996 . . . we generally held that for a dilution claim to lie, a defendant’s mark had to be “identical or very or substantially similar” to plaintiff’s famous mark This approach reasoned that because dilution is an extraordinary remedy, not only was dilution-level fame of the opposer’s mark required, but near identity of the marks. This assessment was considered consistent with the examples that were cited in the legislative history of the Act,

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V Secret Catalogue, Inc.,³⁵ which was decided under the FTDA, the Supreme Court held that “where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.”³⁶ The decision in *Moseley* was controversial because the Court held that *actual evidence* of dilution was required to prove a dilution claim under the FTDA.³⁷

In 2006, soon after *Moseley*, the legislature responded in hopes of providing clarity³⁸ to trademark dilution laws by enacting the TDRA.³⁹ Instead of tweaking the language of the FTDA, “Congress replaced the FTDA with a more detailed statute.”⁴⁰

C. *The Trademark Dilution and Revision Act of 2006*

The TDRA clarified parts of dilution law that had formerly been highly litigious, e.g. the requirement of *actual* evidence of dilution and the confusion over whether a mark had to be inherently distinctive before it could receive protection through anti-dilution laws.⁴¹

While the TDRA broadened the scope of “dilution by blurring,” Congress limited dilution claims only to marks that are “widely recognized by the general consuming public of the United States.”⁴² Unlike the FTDA, this “significant gate-keeping

e.g., ‘Buick aspirin’ and ‘Kodak piano,’ where the diluting mark was identical to the owner’s famous mark. It also rested on the theory that dilution equates to a form of appropriation of the mark itself, not the use of a similar mark.”).

³⁵ 537 U.S. 418 (2003).

³⁶ *Id.* at 433.

³⁷ *Id.* at 418.

³⁸ See Gerhardt, *supra* note 12, at 216.

³⁹ *Id.*

⁴⁰ *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1165 (9th Cir. 2011).

⁴¹ Gerhardt, *supra* note 12, at 215.

⁴² 15 U.S.C. § 1125(c) (2006).

device”⁴³ confirmed that trademark dilution claims were reserved only for strong and famous marks.⁴⁴

The TDRA does not contain the “identical or nearly identical” standard or the “substantially similar” standard, but it does prescribe a familiar multi-factor balancing test.⁴⁵ This test requires courts to consider six factors with no emphasis on any particular factor.⁴⁶ The first factor, the “degree of similarity between the mark or trade name and the famous mark,”⁴⁷ should require an elevated showing, compared to the five other factors.⁴⁸ Despite the importance of this factor to a dilution claim, courts are free to downplay this factor’s significance.⁴⁹

The Trademark Trial and Appeals Board referred to Congress’ new standard in *Nike, Inc. v. Maher*:⁵⁰

[T]he TDRA defines “dilution by blurring” as the “association arising from the *similarity* between a mark and a trade name and a famous mark that impairs the distinctiveness of the famous mark. Congress did not require an association arising from the “substantial” similarity, “identity” or “near identity” of the two marks. The word chosen by

⁴³ Gerhardt, *supra* note 12, at 220.

⁴⁴ *Id.*

⁴⁵ 15 U.S.C. § 1125(c)(2)(B).

⁴⁶ *Citigroup Inc. v. Capital City Bank Group, Inc.*, 2010 T.T.A.B. LEXIS 40 (T.T.A.B. Feb. 17, 2010) (“Section 43(c) of the Trademark Act lists six non-exhaustive factors for the courts and the Board to consider in determining whether there is dilution by blurring, but there is no requirement that each factor must be weighed equally in each case. The requirement is to consider each factor”).

⁴⁷ 15 U.S.C. § 1125(c).

⁴⁸ 15 U.S.C. § 1125(c)(2)(B).

⁴⁹ LALONDE, *supra* note 9, § 5A.01 (“Technically, the Second and Ninth Circuits are correct in their conclusion that the federal dilution statute does not require a trademark to be ‘identical or nearly identical’ to a famous mark in order to be likely to dilute that mark. However, lower courts should not take these holdings to mean that similarity of the marks is not crucial in dilution cases. It is extremely improbable that a trademark that is not substantially similar to a famous mark is likely to dilute that mark”).

⁵⁰ 100 U.S.P.Q.2d 1018 (T.T.A.B. 2011).

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Congress, “similarity,” sets forth a less demanding standard than that employed by many courts under the FTDA.⁵¹

Recently, the Ninth Circuit joined the Second Circuit in recognizing the significance of the fact that Congress drafted a new dilution act instead of merely revising the former language.⁵² The Ninth Circuit stated that the creation of the TDRA “suggest[ed] that Congress did not wish to be tied to the language or interpretation of prior law, but instead crafted a new approach to our consideration of dilution-by-blurring claims.”⁵³

**III. THE TDRA AND THE FASHION INDUSTRY:
*LOUBOUTIN AND LEVI***

A. *Louboutin, S.A. v. Yves St. Laurent American, Inc.*

Recently, the Southern District of New York demonstrated the proper limits of trademark protection for the fashion industry in *Christian Louboutin, S.A. v. Yves St. Laurent American, Inc.*⁵⁴ Louboutin, a French fashion designer, states on his website that when he was eleven years old, he was particularly taken with a drawing in a museum of a woman’s shoe with a “sharp heel,

⁵¹ *Id.* at 1029 (internal citation omitted).

⁵² *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172–73 (9th Cir. 2011) (“The post-TDRA federal dilution statute, however, provides us with a compelling reason to discard the ‘substantially similar’ requirement for federal trademark dilution actions. The current federal statute defines dilution by blurring as an ‘association arising from the similarity between a mark . . . and a famous mark that impairs the distinctiveness of the famous mark,’ and the statute lists six non-exhaustive factors for determining the existence of an actionable claim for blurring. Although ‘similarity’ is an integral element in the definition of ‘blurring,’ we find it significant that the federal dilution statute does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor to be considered in examining a federal dilution claim.” (quoting *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 108 (2d Cir. 2009) (internal citations omitted)).

⁵³ *Id.* at 1172.

⁵⁴ 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

slashed-out with a red line.”⁵⁵ As a young adult, he did freelance work from 1980 to 1986 for several major French fashion houses, including Yves St. Laurent (“YSL”).⁵⁶ Around 1992, as an independent designer, Louboutin began coloring the soles of his designer women’s shoes red.⁵⁷

There is no doubt that Louboutin’s red-soled shoes acquired distinctiveness appreciated in certain circles (e.g. celebrities and socialites are willing to pay \$1,000 for a pair of Louboutin shoes.)⁵⁸ Recording artist Jennifer Lopez sings a song with lyrics referencing Louboutins.⁵⁹ In addition to Lopez, many other celebrities including Beyonce Knowles, Heidi Klum, Robyn “Rihanna” Fenty, and Kate Moss have been seen and photographed wearing Louboutins.⁶⁰ A visit to Louboutin’s Web site affords one a chance to peruse his shoe collection where the red-soles are prominently displayed.⁶¹ Even the icon on the Web site address bar at the top of the page becomes a red-soled shoe.⁶² All of his women’s shoes—even the bridal collection—feature a red sole.⁶³ Louboutin’s web site indicates that in 2002, he was asked to create a shoe for the YSL finale haute-couture exhibition.⁶⁴ Presently, the “Louboutin brand can be found in twelve eponymous boutiques, [forty-six] countries, and in world famous department stores like Sak’s, Nieman-Marcus, Barney’s, Harvey Nichol’s, Bergdorf-Goodman, Joyce, [and] Jeffrey’s”⁶⁵ Sales in the United States

⁵⁵ CHRISTIAN LOUBOUTIN, http://www.christianlouboutin.com/#/une_vie (last visited Nov. 7, 2011).

⁵⁶ *Id.*

⁵⁷ *Louboutin*, 778 F. Supp. 2d at 447.

⁵⁸ *Id.*

⁵⁹ ELYRICS WORLD, http://www.elyricsworld.com/louboutins_lyrics_jennifer_lopez.html (last visited Oct. 16, 2011).

⁶⁰ SHOERAZZI, <http://shoerazzi.com/see/celebs> (last visited Oct. 16, 2011).

⁶¹ CHRISTIAN LOUBOUTIN, *supra* note 55.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.* (illustrating that Louboutin was known and well-respected by YSL).

⁶⁵ *Id.*

alone average about 240,000 pairs per year.⁶⁶ Even with such impressive sales, it is highly arguable that his mark is “widely recognized by the general consuming public of the United States”⁶⁷—which is the requirement for maintaining a dilution claim under TDRA.

YSL has intermittently produced red-soled shoes since the 1970s as part of a monochrome style (i.e. the entire shoe is red, or the entire shoe is blue).⁶⁸ In YSL’s Memorandum in Opposition to Motion for Preliminary Injunction, YSL refers to its monochrome style as “part of the ‘DNA’ of the brand.”⁶⁹ The point 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.”⁷⁰ YSL urges that it is striving to do the opposite of Louboutin by making the sole blend in with the rest of the shoe.⁷¹ Also, YSL places “no particular emphasis on the red version;” rather, it is just one of the color options from the season’s palette.⁷² Louboutin confronted YSL and requested that it withdraw its shoes featuring red soles, but YSL refused.⁷³

In 2011, after negotiations failed, Louboutin filed a lawsuit in the Southern District of New York⁷⁴ against YSL, requesting an

⁶⁶ Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445, 448 (S.D.N.Y. 2011).

⁶⁷ 15 U.S.C. § 1125(c)(2)(A) (2006).

⁶⁸ *Louboutin*, 778 F. Supp. 2d at 448.

⁶⁹ Defendants/Counterclaim-Plaintiffs’ Memorandum of Law in Opposition to Motion for Preliminary Injunction at 4, Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *available at* <http://www.schwimmerlegal.com/2011/07/prelim-motion-papers-in-louboutin-v-ysl-red-sole-case.html> (claiming that the monochrome style is a crucial element that makes their brand distinctive).

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.*

⁷³ *Louboutin*, 778 F. Supp. 2d at 449.

⁷⁴ 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:4 (4th ed. 1994) (“In the Second Circuit, if the face of the complaint reveals that plaintiff alleges a violation of the Lanham Act and seeks relief provided by that law, then the case ‘arises under’ the Lanham Act . . .”).

injunction against four shoes from YSL's Cruise 2011 collection.⁷⁵ Each challenged model was a red shoe with a matching, bright red sole, which was part of the asserted monochrome design.⁷⁶ Louboutin claimed that YSL violated section 1114 of the United States Code by infringing on its "Red Sole Mark" that was federally registered.⁷⁷ Additionally, Louboutin claimed YSL violated section 1125⁷⁸ of the United States Code because consumers were likely to inappropriately believe that the YSL red-soled shoes were connected to Louboutin.⁷⁹ Furthermore, Louboutin alleged that YSL violated section 1125 of the United States Code because YSL had diluted Louboutin's famous trademark through blurring.⁸⁰

In 2008, the United States Patent and Trademark Office ("USPTO") granted Louboutin official trademark registration for its "Red Sole Mark."⁸¹ Generally, the USPTO performs a thorough analysis prior to issuing federal registration.⁸² A USPTO examiner evaluates the strength of the mark and determines if the mark meets all of the statutory criteria spelled out in section 1052.⁸³ By

⁷⁵ *Louboutin*, 778 F. Supp. 2d at 449.

⁷⁶ *Id.*

⁷⁷ 15 U.S.C. § 1114 (2006).

⁷⁸ 15 U.S.C. § 1125 (1)(A).

⁷⁹ 15 U.S.C. § 1125 (2)(B).

⁸⁰ Plaintiffs' Amended Memorandum of Law in Support of Application for a Preliminary Injunction at 21–22, *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011), *available at* <http://www.schwimmerlegal.com/2011/07/prelim-motion-papers-in-louboutin-v-ysl-red-sole-case.html> ("YSL's use of red soles on its high fashion footwear dilutes the famous Red Sole Mark by blurring which impairs the distinctiveness of the famous Red Sole Mark.").

⁸¹ *Louboutin*, 778 F. Supp. 2d at 448.

⁸² 15 U.S.C. § 1052 (detailing the tests a USPTO examiner will apply before granting federal registration to a mark).

⁸³ *Id.* (including analysis of whether a mark consists of an "immoral, deceptive, or scandalous matter;" whether it "disparages or falsely suggests a connection with persons, living or dead;" whether it consists of "a mark which so resembles a mark registered in the Patent and Trademark Office;" whether the

issuing Louboutin federal registration, the USPTO affirmed that the “Red Sole Mark” had acquired distinctiveness beyond being “merely descriptive” or merely “functional.”⁸⁴

However, upon evaluating Louboutin’s claims against YSL, the Southern District of New York held “serious doubts that Louboutin possess[e]d a protectable mark” for his placement of a particular lacquered red color on the soles of women’s high heels.⁸⁵ The bulk of the court’s analysis is devoted to analyzing the strength of Louboutin’s mark rather than his claims of infringement, unfair competition, and dilution.⁸⁶ Pointing out that red is a popular color among fashion designers, the court ultimately thought that it would be unfair to grant Louboutin a monopoly on this color and the concept of lacquered red outsoles on women’s high heels.⁸⁷ The court made several references⁸⁸ to the aesthetic functionality doctrine.⁸⁹ In *W.T. Rogers Co. v. Keene*,⁹⁰ the court held that a feature or design is considered aesthetically functional when it is “something that other producers . . . have to have as part of the product in order to be able to compete effectively in the market” and it is not “the kind of merely incidental feature which gives the brand some individual distinction but which producers of competing brands can readily do without.”⁹¹

mark is “merely descriptive or deceptively misdescriptive;” and whether the mark “comprises any matter that, as a whole, is functional”).

⁸⁴ *Id.*

⁸⁵ *Louboutin*, 778 F. Supp. 2d at 457 (indicating that it is very likely that Louboutin will eventually lose his federal registration for the “Red Sole Mark”).

⁸⁶ *Id.* at 450–57.

⁸⁷ *Id.* at 453.

⁸⁸ *Id.* at 449–50, 452.

⁸⁹ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:79 (4th ed. 1994) (“Under the theory of ‘aesthetic functionality’ many visually attractive and aesthetically pleasing designs are categorized as ‘functional’ and hence free for all to copy and imitate.”).

⁹⁰ 778 F.2d 334 (7th Cir. 1985).

⁹¹ *Id.* at 346.

Louboutin testified that he chose the color red because it gives his shoe styles “energy” and because it is “engaging.”⁹² Louboutin also mentioned that the color red is “sexy” and “attracts men to the women who wear my shoes.”⁹³ Understandably, other designers would have similar reasons for choosing to use the color red in their designs—perhaps even on the soles of shoes; thus, putting other designers at a significant disadvantage.⁹⁴

Here, the Southern District of New York, arguably the most influential jurisdiction for fashion design in the country,⁹⁵ is setting proper boundaries on trademark protection. The court compared Louboutin to Picasso.⁹⁶ According to the court, Louboutin cannot protect his red-soled shoes any more than Picasso could assert “exclusive ownership of the specific tone to portray [a certain] color of water in [a] canvas painting.”⁹⁷ While the court used the rationale of the aesthetic functionality doctrine to partly explain its

⁹² Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445, 453 (S.D.N.Y. 2011).

⁹³ *Id.*

⁹⁴ *Id.* at 454.

⁹⁵ Emma Yao Xiao, Note, *The New Trend: Protecting American Fashion Designs Through National Copyright Measures*, 28 CARDOZO ARTS & ENT. L.J. 417, 418 (2010) (“Today’s fashion world has evolved into a massive industry with more than \$180 billion sales annually, of which approximately \$47 billion comes from the New York fashion business.”).

⁹⁶ *Louboutin*, 778 F. Supp. 2d at 452.

⁹⁷ *Id.* (“Painting and fashion design stem from related creative stock, and thus share many central features. Both find common ground and goals in two vital fields of human endeavor, art and commerce. For the ultimate ends they serve in these spheres, both integrally depend on creativity. Fashion designers and painters both regard themselves, and others regard them, as being engaged in labors for which artistic talent, as well as personal expression as a means to channel it, are vital. Moreover, the items generated by both painters and fashion designers acquire commercial value as they gain recognition Louboutin and Picasso both may also be properly labeled as men of commerce, each in his particular market. The creative energies of painter and fashion designer are devoted to appeal to the same sense in the beholder and wearer: aesthetics. Both strive to please patrons and markets by creating objects that not only serve a commercial purpose but also possess ornamental beauty (subjectively perceived and defined).”).

decision,⁹⁸ the central finding was summarized in the following way:

Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the Court finds that Louboutin is unlikely to be able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the market to have acquired secondary meaning. The Court therefore concludes that Louboutin has not established a likelihood that it will succeed on its claims that YSL infringed the Red Sole Mark to warrant the relief that it seeks.⁹⁹

The court dismissed Louboutin's dilution claim against YSL (along with state infringement and dilution claims) in one sentence: "None of these claims can succeed absent a protectable mark."¹⁰⁰

B. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*

In *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*,¹⁰¹ the trademark at issue was Levi's thin double-lined arch design, named "Arcuate," that has appeared on the pockets of their blue jeans since 1873.¹⁰² On each pocket, there are two arches traversing the middle of the pocket and meeting in the center, forming a small triangle.¹⁰³ In 2006, Abercrombie & Fitch began placing a loop design, named "Reuhl," that resembles the sign for infinity on the pockets of their blue jeans.¹⁰⁴ The "Reuhl" and "Arcuate" designs were markedly different: the "Ruehl" consists of a single line that varies in width, while the "Reuhl" stitching is much lower on the pocket and forms a prominent loop.¹⁰⁵ The image on the left is Levi's "Arcuate" mark (106) and the image on

⁹⁸ Case Comment, *Louboutin Seeing Red Over Ruling*, 18 WESTLAW J. INTELL. PROP. 3, *2 (2011).

⁹⁹ *Louboutin*, 778 F. Supp. 2d at 449–50.

¹⁰⁰ *Id.* at 457.

¹⁰¹ 633 F.3d 1158 (9th Cir. 2011).

¹⁰² *Id.* at 1158–59.

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

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Contrasting *Levi* with *Louboutin*

the right is Abercrombie & Fitch's "Reuhl" mark (107). (Credit for images: WestLaw)

APPENDIX



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Despite these differences, Levi sued Abercrombie & Fitch for trademark dilution as well as trademark infringement and unfair competition under federal law.¹⁰⁸ Levi provided evidence in the form of “a survey to evaluate whether women associated Abercrombie's Ruehl design with Levi Strauss.”¹⁰⁹ Levi's expert, Dr. Sanjay Sood, presented a “Confusion Survey” that demonstrated that “[a]pproximately 30% of all respondents identified the Ruehl jeans as made, sponsored or endorsed by the same company that made the [Levi's] jeans, as compared to lower percentages for the ‘control’ jeans.”¹¹⁰

For the federal dilution claim, Levi requested the jury to grant injunctive relief and provide advisory rulings.¹¹¹ The jury, presented with the question, “[i]s Abercrombie's Ruehl design

¹⁰⁶ *Id.* at 1175.

¹⁰⁷ *Id.* at 1176.

¹⁰⁸ *Id.* at 1159. The dilution claim would be filed under 15 U.S.C. § 1125(c) (2006). The trademark infringement claim and unfair competition claim would be filed under 15 U.S.C. § 1114 and 15 U.S.C. § 1125, respectively.

¹⁰⁹ *Id.* at 1160.

¹¹⁰ *Id.* (quoting *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, No. C 07-03752 JSW, 2009 WL 1082175, at *4 (N.D. Cal. Apr. 22, 2009)).

¹¹¹ *Id.* at 1159-60.

identical or nearly identical to the Arcuate trademark?”¹¹² found that the Ruehl mark was not identical or nearly identical to the Arcuate trademark.¹¹³ Therefore, even though the jury agreed that the Arcuate mark was “famous and distinctive, . . . the Arcuate trademark was not likely to be diluted by the Ruehl design.”¹¹⁴ By the district court finding that the alleged infringer’s mark must be “identical or nearly identical” in order for a trademark owner’s mark to be diluted,¹¹⁵ the court retained protection for both Levi’s and Abercrombie & Fitch’s marks. In other words, Levi’s famous mark was not diluted and Abercrombie & Fitch was allowed to continue using its mark because it did not erode the strength of Levi’s senior mark. Moreover, by using the “identical or nearly identical” standard, the district court remained true to the intent of the TDRA.¹¹⁶ Setting appropriate boundaries, the district court’s decision was a win for consumers by striking a balance between protection for Levi’s mark and fair competition for Abercrombie & Fitch. It was a decision worth upholding.

However, soon after, the Ninth Circuit Court of Appeals reversed the decision.¹¹⁷ The Ninth Circuit held that the language “identical or nearly identical” or even “substantially similar” had been eliminated from the TDRA.¹¹⁸ Because the “identical or nearly identical” language had its basis in state law, the court held that the federal TDRA trumped state law. Thus, the state law standards that had been used in interpreting the FTDA could no

¹¹² *Id.* at 1160.

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Id.* at 1161.

¹¹⁶ *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 2009 WL 1082175, at *7 (N.D. Cal. Apr. 22, 2009), *rev’d*, 633 F.3d 1158 (9th Cir. 2011) (“[Levi] argues that the TDRA does not require a finding that the marks be ‘identical or nearly identical’ to one another. The Ninth Circuit, however, continues to recognize the ‘identical or nearly identical’ requirement as an element of a claim for trademark dilution.”).

¹¹⁷ *Levi*, 633 F.3d at 1174–75.

¹¹⁸ *Id.* at 1166.

longer be used as the basis for a dilution claim under TDRA.¹¹⁹ The Ninth Circuit found it significant that the TDRA defines dilution by blurring as an “association arising from the *similarity* between a mark or trade name and a famous mark”¹²⁰—and declared that “the word chosen by Congress, ‘similarity,’ sets forth a less demanding standard than that employed by many courts under the FTDA.”¹²¹ Furthermore, the first factor in determining dilution by blurring is “the degree of similarity between the mark or trade name and the famous mark.”¹²² The Ninth Circuit held that, “Congress’s decision to make ‘degree of similarity’ one consideration in a multifactor list strongly suggests that it did not want ‘degree of similarity’ to be the necessarily controlling factor.”¹²³

IV. LOUBOUTIN AND LEVI’S IMPLICATIONS

A. Second Circuit Favors Ninth Circuit’s Holding

The Second Circuit is the only other circuit to squarely face the issue of whether an alleged dilutor’s mark that is not substantially similar to the plaintiff’s mark can still constitute dilution under the TDRA.¹²⁴ In *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*,¹²⁵ a district court dismissed Starbucks’ claim that Wolfe’s Borough

¹¹⁹ *See id.* at 1172–73.

¹²⁰ 15 U.S.C. § 1125(c)(2)(B) (2006) (emphasis added).

¹²¹ *Levi*, 633 F.3d at 1171.

¹²² 15 U.S.C. § 1125(c)(2)(B)(i).

¹²³ *Levi*, 633 F.3d at 1172.

¹²⁴ *Id.* at 1172–73 (“The post-TDRA federal dilution statute, however, provides us with a compelling reason to discard the ‘substantially similar’ requirement for federal trademark dilution actions Although ‘similarity’ is an integral element in the definition of ‘blurring,’ we find it significant that the federal dilution statute does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor to be considered in examining a federal dilution claim” (quoting *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 108 (2d Cir. 2009))).

¹²⁵ 588 F.3d 97 (2d Cir. 2009).

Coffee had diluted their mark under the TDRA.¹²⁶ Wolfe’s Borough Coffee, a small mom-and-pop coffee producer in New Hampshire, sold two flavors of dark coffee called “Mr. Charbucks” and “Charbucks Blend.”¹²⁷ The district court found no dilution had occurred, pointing to evidence that the packaging prominently featured the “Black Bear” mark and made it clear that “Black Bear is a ‘Micro Roastery’ located in New Hampshire.”¹²⁸ Furthermore, the Charbucks’ package design was “different in imagery, color, and format from Starbucks’ logo and signage.”¹²⁹

However, the Second Circuit disagreed.¹³⁰ The court held that since this claim was brought post-TDRA, they had “a compelling reason to discard the ‘substantially similar’ requirement for federal trademark dilution actions.”¹³¹ The court conceded that “‘similarity’ is an integral element in the definition of ‘blurring,’”¹³² but proceeded to declare that they found it “significant that the federal dilution statute does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor to be considered in examining a federal dilution claim.”¹³³ Instead, the Second Circuit emphasized the fifth and sixth factors under the “dilution by blurring test,” which direct courts to consider “whether the user of the mark or trade name intended to create an association with the famous mark” and whether there is “any actual association between the mark or trade name and the famous mark.”¹³⁴ The court held there was enough evidence under these two factors to remand the federal dilution claim.¹³⁵

¹²⁶ *Id.* at 102.

¹²⁷ *Id.* at 103.

¹²⁸ *Id.* at 106.

¹²⁹ *Id.*

¹³⁰ *Id.* at 107.

¹³¹ *Id.* at 108.

¹³² *Id.*

¹³³ *Id.*

¹³⁴ *Id.* at 109.

¹³⁵ *Id.*

Because the TDRA balancing test lists the similarity between trademarks as only one factor of six, courts using this balancing test can easily downplay the similarity factor and minimize its importance, as the Second and Ninth Circuits have done. Once a court has minimized the need for similarity between the marks, it can characterize a non-diluting junior mark (according to many former state law standards) as a diluting mark under the federal statute.¹³⁶ While the TDRA does not expressly state a specific requirement for the degree of similarity, courts that imply high bars (i.e. requiring that the junior mark is identical or at least significantly similar) keep the anti-dilution laws within proper boundaries for all industries.

Fenwick and West, LLP's¹³⁷ intellectual property group summarized recent TDRA cases and gave the following words of wisdom: "[G]iven the divergent outcomes and approaches in these cases, at least one thing has become clear: carefully consider venue before filing a dilution case."¹³⁸

While it is true that Congress drafted new wording for the TDRA, it is detrimental for junior competitors when courts allow dissimilar marks to qualify for dilution.¹³⁹ The fashion industry, like many artistic fields, is built upon borrowing.¹⁴⁰ According to

¹³⁶ *Playtex Prods., Inc. v. Georgia-Pac. Corp.*, 390 F.3d 158, 167 (2d Cir. 2004) ("A plaintiff cannot prevail on a state or federal dilution claim unless the marks at issue are 'very' or 'substantially similar.'").

¹³⁷ *About Fenwick*, FENWICK & WEST, http://www.fenwick.com/fenwick_focus/1.0.0.asp (last visited Oct. 27, 2011) ("Fenwick & West is a national law firm that provides comprehensive legal services to technology and life sciences clients of national and international prominence. We have approximately 300 attorneys, with offices in Silicon Valley, San Francisco, Seattle and Boise.").

¹³⁸ Jed Wakefield & Phillip Haack, *The Still Blurry Standards for Proving Trademark Dilution*, FENWICK & WEST, LLP (Oct. 20, 2008), http://www.fenwick.com/docstore/Publications/IP/Blurry_Trademark_Dilution.pdf.

¹³⁹ See LALONDE, *supra* note 9, § 5A.01[5][c].

¹⁴⁰ Johanna Blakley, *Lessons From Fashion's Free Culture*, TEDxUSC (Apr. 2010), http://www.ted.com/talks/johanna_blakley_lessons_from_fashion_s_free_culture.html ("Because [there is] no copyright protection in [the fashion] industry, there is a very open and creative ecology of creativity. Unlike their creative brothers and sisters who are sculptors, photographers, or filmmakers, or

Ilse Metchek, president of the California Fashion Association, “[e]verything in fashion was done before.”¹⁴¹ Fashion design is a form of visual art that is known for continuous borrowing from other time periods, designs, cultures, and trends.¹⁴² Keeping a higher bar similarity requirement for trademark dilution would best serve fashion design in several ways. Hazy standards serve to stifle creativity and competition by requiring designers to work around famous marks, but it also exposes the more junior designers to suits (once considered meritless) from famous trademark owners who are claiming dilution over dissimilar marks. All of these results lead to fewer competitors and higher prices for consumers.

There is no doubt that producers of “famous” marks have spent considerable time, money, and energy on acquiring distinctiveness for a certain trade name or mark.¹⁴³ This is appreciated and recognized by our current trademark laws codified in the Lanham Act that provides appropriate remedies and damages.¹⁴⁴ Once an examiner from the USPTO confirms that a trademark is strong enough and distinctive enough to warrant protection, the trademark owner has a viable way to protect their mark through a federal cause of action.¹⁴⁵ However, when this protection interferes with the foundations of how the fashion industry operates, it is not only harming the designers but the consumers as well.

musicians, fashion designers can sample from all of their peers’ designs. They can take any element from any garment from the history of fashion and incorporate it into their own design.”).

¹⁴¹ L.J. Jackson, *The Genuine Article: Some Designers Say Their Work Deserves Copyright Protection; Others Say it Would Harm the Industry*, ABA JOURNAL (July 1, 2011, 4:30 AM), http://www.abajournal.com/magazine/article/the_genuine_article/.

¹⁴² Blakley, *supra* note 140.

¹⁴³ *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1159 (9th Cir. 2011) (“Sales of garments bearing the Arcuate mark have accounted for more than ninety-five percent of Levi Strauss’s revenue over the past thirty years, totaling roughly fifty billion dollars. Levi Strauss actively monitors use of competing stitching designs and enforces its trademark rights against perceived infringers.”).

¹⁴⁴ See 15 U.S.C. §§ 1117, 1125 (2006).

¹⁴⁵ See *id.*

B. *Examples of Dangerous Precedent*

When the USPTO granted federal registration in 1992 for Louboutin's "Red Sole Mark" on its high-fashion shoes,¹⁴⁶ it established a dangerous precedent. Louboutin's registration indicates that "the color(s) red is/are claimed as a feature of the mark. The mark consists of a lacquered red sole on footwear."¹⁴⁷ Fortunately, the Southern District of New York appropriately recognized later that this protection was "doubtful"¹⁴⁸ and unfair to competitors.¹⁴⁹ However, because the PTO originally gave federal registration to Louboutin's "Red Sole Mark," he was armed with a presumption of validity of the mark.¹⁵⁰ This created a greater burden on YSL, especially under the TDRA, which is a much more favorable anti-dilution statute for plaintiffs.¹⁵¹

The U.S. Court of Appeals for the Ninth Circuit's *Levi* decision set an equally dangerous precedent by holding that the lower court

¹⁴⁶ Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 778 F. Supp. 2d 445, 448 (S.D.N.Y. 2011) ("The PTO awarded a trademark with Registration No. 3,361,597 (the "Red Sole Mark") to Louboutin on January 1, 2008.").

¹⁴⁷ *Id.* at 449.

¹⁴⁸ *Id.* at 457.

¹⁴⁹ *Id.* at 454.

¹⁵⁰ *Id.* at 450. ("Louboutin's certificate of registration of the Red Sole Mark gives rise to a statutory presumption that the mark is valid"); *see also* 15 U.S.C. § 1057(b) (2006) ("A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.").

¹⁵¹ Justin J. Gunnell, *Goldilocks and the Three Federal Dilution Standards: An Empirical Review*, 17 TEX. INTELL. PROP. L.J. 101, 155 (2008) ("[P]laintiffs under the TDRA will fare better than before, especially when attacking non-identical but similar marks used in the same or similar industry, and overall that plaintiffs can expect more favorable treatment from courts under the new likelihood of dilution standard. Such results breathe new life into dilution law. By opening the door further to successful outcomes in connection with challenging similar marks in related fields, dilution law is expanding under the TDRA.").

erred by applying the “identical” standard,¹⁵² and that even the “substantially similar” standard, “commonly employed by courts of appeals,” is no longer a requirement according to their reading of the plain language of the TDRA.¹⁵³ This court provides designers like Abercrombie & Fitch with no guidelines as to what type of line stitching on the back pockets of jeans may be seen as diluting the Arcuate mark owned by Levi. If a junior mark can be found to dilute a senior mark without being identical or even substantially similar, cautious and concerned designers will avoid any type of line design on the back pocket, regardless of whether it is similar or not to Levi’s mark. In a sense, junior designers now have to “design around” Levi’s trademarked design.

Just as the Southern District of New York ruled out Louboutin’s claim of protection on his concept of coloring the soles of his shoes, it is possible that the *Louboutin* court would also hold that Levi cannot own the concept of stitching on the pocket of blue jeans and cannot enjoin Abercrombie from using stitching that is not substantially different from the Arcuate trademark. The *Louboutin* court continued its discussion of restraints upon creativity and competition by saying:

The law should not countenance restraints that would interfere with creativity and stifle competition by one designer, while granting another a monopoly invested with the right to exclude use of an ornamental or functional medium necessary for freest and most productive artistic expression by all engaged in the same enterprise.¹⁵⁴

One could easily apply this same rationale to *Levi*. However, the Ninth Circuit has granted Levi a monopoly by allowing it to exclude others from the use of an “ornamental” stitching that is

¹⁵² See *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172 (9th Cir. 2011) (“Thus, the plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief.”).

¹⁵³ *Id.* at 1166 (“Furthermore, any reference to the standards commonly employed by the courts of appeals—‘identical,’ ‘nearly identical,’ or ‘substantially similar’—are absent from the statute.”).

¹⁵⁴ *Louboutin*, 778 F. Supp. 2d at 445.

“necessary for freest and most productive artistic expression” by Abercrombie, who is “engaged in the same enterprise.”¹⁵⁵ Indeed, a color is different from a stitched design, but eliminating a similarity requirement in order to sustain a dilution claim will stifle artistic freedom and hurt free competition.¹⁵⁶ If the dilution standard was “identical,” “nearly identical,” or “significantly similar,” designers and producers of blue jeans would be allowed to innovate while avoiding clashes with established competitors. However, with an unclear standard and dangerous precedent in at least two circuits, the whole concept of line stitching on the jean pocket is taken off the drawing board for designers who do not wish to be enjoined from creating the product that they have invested much time, energy, and money. Nor do they wish to be sued for damages—especially new designers who cannot afford litigation.

V. THE FUTURE OF FASHION DESIGN PROTECTION

Trademark law does have a vital role in the fashion industry as copyright protection is often not available. However, it is important to strive for the right balance of protection that will allow for the fashion industry’s unique culture of “borrowing.” The next few sections will discuss current pending legislation that would provide limited copyright protection within the fashion industry, possible effects of the precedent discussed thus far, and a case study of two fashion designers reaching a compromise.

¹⁵⁵ *See id.*

¹⁵⁶ J. Thomas McCarthy, *Proving A Trademark Has Been Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 747 (2004) (“Once a court has determined that the plaintiff’s mark indeed qualifies as a ‘famous’ mark, the court should separate any antidilution claim into its three elements and rigorously require a showing of proof of those elements. Only then can the antidilution remedy be restored to its proper place in the pantheon of trademark protection remedies. Only then can there be a proper balance of free competition with fair competition.”).

A. *Fashion as an Art Form*

In the original codifications of trademark law, the purpose was to prevent individuals and companies from misrepresenting their product.¹⁵⁷ Arguably, the TDRA itself extends protection for “famous” brands beyond the intended boundaries of trademark law.¹⁵⁸ In *Levi*, there is no instance of misrepresentation. Abercrombie has not misappropriated Levi’s design, goodwill, or reputation. The court did not think the “likelihood of confusion” test was appropriate for dilution claims.¹⁵⁹ Moreover, the post-sale confusion survey was not overwhelmingly supportive either.¹⁶⁰ So, where does brand dilution end and the interference with fair competition begin? There is a strong argument that a lower intellectual property regime for the fashion industry is actually beneficial to the industry itself.¹⁶¹ If one categorizes fashion

¹⁵⁷ *Prestonettes, Inc., v. Coty*, 264 U.S. 359, 368 (1924) (“When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.”).

¹⁵⁸ *See McCarthy, supra* note 156, at 727 (“Although traditional trademark law rests primarily on a policy of protection of customers from mistake and deception, antidilution law more closely resembles an absolute property right in a trademark. Antidilution law has a strong resemblance not to the law of consumer protection, but to the law of trespass.”).

¹⁵⁹ *See Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1164 (9th Cir. 2011).

¹⁶⁰ *Id.* at 1160.

¹⁶¹ Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1722 (2006) (“What is less commonly appreciated is the role of IP law in fostering the cycle. We argue that fashion’s low-IP regime is paradoxically advantageous for the industry. IP rules providing for free appropriation of fashion designs accelerate the diffusion of designs and styles. We call this process ‘induced obsolescence.’ If copying were illegal, the fashion cycle would occur very slowly. Instead, the absence of protection for creative designs and the regime of free design appropriation speeds diffusion and induces more rapid obsolescence of fashion designs. As Miucci Prada put it recently, ‘We let others copy us. And when they do, we drop it.’ The fashion cycle is driven faster, in other words, by widespread design copying, because copying erodes the positional qualities of fashion goods. Designers in turn respond to this obsolescence with new designs.

design, in part, as a form of art, it is not considered fair in the visual art world to remove an entire concept from the realm of artists' possibilities.

The *Louboutin* court compares Louboutin's claim to a fictitious claim from Picasso alleging that he owns the rights to a particular shade of blue which is off-limits to Monet.¹⁶² The court correctly senses the boundaries of trademark law in regards to fashion design and refuses to extend protection beyond reasonable limits. The court explained:

Placing off limit signs on any given chromatic band by allowing one artist or designer to appropriate an entire shade and hang an ambiguous threatening cloud over a swath of other neighboring hues, thus delimiting zones where other imaginations may not veer or wander, would unduly hinder not just commerce and competition, but art as well.¹⁶³

Here, the court suggested that both fashion design and painting need "artistic freedom and fair competition"¹⁶⁴ in order to thrive, implicating the dangers that can happen when those elements are impeded.

B. *Pending Copyright Legislation for the Fashion Industry*

The Innovative Design Protection and Piracy Prevention Act of 2011 ("ID3PA") is currently pending legislation that would afford extended three-year copyright protection to a certain sector of the fashion design industry.¹⁶⁵ The fashion industry's reaction has been mixed.

Kurt Courtney, Manager of Government Relations of American Apparel and Footwear Association, spoke in front of a House

In short, piracy paradoxically benefits designers by inducing more rapid turnover and additional sales.").

¹⁶² *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445, 451 (S.D.N.Y. 2011).

¹⁶³ *Id.* at 453.

¹⁶⁴ *Id.* at 452.

¹⁶⁵ Innovative Design Protection and Piracy Act of 2011, H.R. 2511, 112th Cong. (2011).

Subcommittee on July 15, 2011, in support of ID3PA.¹⁶⁶ He spoke of its limitations, possibly to assuage the fears of those in the fashion industry who feared the scope was too broad: “[I]t will cover only those original articles, which are so truly unique that they come closer to art than functionality.”¹⁶⁷ Susan Scafidi, director of Fordham University School of Law’s Fashion Law Institute, is a proponent of ID3PA and an advocate for the legislation with the Council of Fashion Designers of America.¹⁶⁸ In reference to ID3PA, Scafidi states:

Sleek enough for the speed of the internet era, classic enough to harmonize with evolving international intellectual property norms, cutting-edge enough to combat the shift away from domestic manufacturing, flexible enough to encourage trends and increase choice at all price points, and sufficiently on trend to capture the cultural zeitgeist that has made American fashion a creative force, it will benefit consumers and designers alike.¹⁶⁹

The legislation certainly has its share of opponents as well. Kevin Sullivan, Executive Vice President at Wells Fargo said, “While we support the protection of intellectual-property rights in general, this law would likely lead to a host of unintended consequences for the industry, not the least of which would be an increase in legal costs faced by apparel manufacturers.”¹⁷⁰ Increased legal costs for the fashion industry eventually translate into increased costs for consumers. Similarly, Professor

¹⁶⁶ *Innovative Design Protection and Piracy Prevention Act: Hearing on H.R. 2511 Before the Subcomm. on Intellectual Prop., Competition, & the Internet, 112th Cong. 1–4 (2011)* (statement of Kurt Courtney, Government Relations Manager, American Apparel & Footwear Association), available at <http://judiciary.house.gov/hearings/pdf/Courtney07152011.pdf>.

¹⁶⁷ *Id.* at 3.

¹⁶⁸ L.J. Jackson, *supra* note 141.

¹⁶⁹ Susan Scafidi, *Fashion Design Protection: A Legal Trend with Legs*, THE FASHION LAW (July 18, 2011, 12:59 PM), <http://www.fashion-law.org/2011/07/fashion-design-protection-legal-trend.html>.

¹⁷⁰ Katy Tasker, *The Innovative Design Protection and Piracy Prevention Act: Litigation, Uncertainty, and Economic Harm*, PUBLIC KNOWLEDGE (July 15, 2011, 5:14 PM), <http://www.publicknowledge.org/blog/innovative-design-protection-and-piracy-preve>.

Christopher Sprigman of the University of Virginia School of Law pointed to several potential undesirable outcomes from increased intellectual property protection for the fashion industry which would immediately affect junior mark owners: “rampant cease and desist letters, inconsistent rulings creating shaky and shifting legal ground, legal consultations before sending designs to production, etc.”¹⁷¹

While these opponents and advocates of ID3PA were expressing opinions regarding possible copyright protection for the fashion industry, it is not a difficult leap to see how unnecessarily broad and overextended trademark protection can cause similar hurdles and burdens.¹⁷² Finally, limiting competition ultimately hurts the senior mark owners as well. Without fair competition, a senior mark owner becomes less efficient and less focused on the customers’ needs and desires.¹⁷³ Healthy competition causes businesses to concentrate on their customers; for if they do not, there is a competitor that is ready and willing to steal them away.

¹⁷¹ *Id.*

¹⁷² See Raustiala & Sprigman, *supra* note 161, at 1775 (“Indeed, IP law fails to protect the core of fashion, the design. Despite this lack of protection, the fashion industry continues to create new designs on a regular basis. The lack of copyright protection for fashion designs has not deterred investment in the industry. Nor has it reduced innovation in designs, which are plentiful each season. Fashion plainly provides an interesting and important challenge to IP orthodoxy. We have argued that the lack of IP rights for fashion design has not quashed innovation, as the orthodox account would predict, and this has in turn reduced the incentive for designers to seek legal protection for their creations.”).

¹⁷³ Noah Parsons, *Why Competition is a Good Thing*, BPLANS (Apr. 16, 2008) <http://upandrunning.bplans.com/2008/04/16/why-competition-is-a-good-thing/> (“Businesses that have little or no competition become stagnant. Customers have few alternatives to choose from, so there is no incentive to innovate. Constant competition ensures that your marketplace continues to evolve and that your product offering continues to evolve with it Without competition, it’s easy to lose focus on your core business and your core customers and start expanding into areas that don’t serve your best customers. Competition forces you and your business to figure out how to be different than your competition, how you can focus on your customers. In the long-term, competition will help you build a better business.”).

If vague legal standards restrict the freedom of competition, the consumer is the one who ultimately pays.

C. *Lingering Effects of Levi*

Levi's ramifications can already be seen in courtrooms across the country, especially in dilution claims involving fashion.¹⁷⁴ A memorandum from Adidas America, Inc., in support of their motion for summary judgment on their trademark dilution claims against Felicity USA, Inc., describes the *Levi* holding as “rejecting [the] requirement that the junior user’s mark be nearly or substantially similar or identical to the senior user’s mark to obtain relief under the TDRA, requiring only a ‘degree of similarity’ between the marks.”¹⁷⁵

Precedent like *Levi* will serve to encourage other famous mark owners to protect their turf by bringing suits against newer competitors having non-similar marks. The threat and expense of such arguably meritless suits will be felt most intensely by newer, less-established fashion designers, who are less able to carry this burden. No doubt some designers who weigh the risks of such suits will opt not to use a particular design at all, e.g. placing any stitching design on the pocket.

¹⁷⁴ See, e.g., *UMG Recordings, Inc. v. Mattel, Inc.*, 2011 TTAB LEXIS 286, at *63–64 (T.T.A.B. 2011) (“Under the 2006 TDRA . . . the previously enunciated standard requiring ‘substantial similarity’ between the famous mark and the mark at issue is no longer the standard for dilution by blurring; rather, the amended statutory language refers only to ‘degree of similarity.’ ”); see also *Facebook, Inc. v. Teachbook.Com LLC*, No. 11-cv-3052, 2011 U.S. Dist. LEXIS 110190, at *49 n.3 (N.D. Ill. Sept. 26, 2011) (“Indeed, at least one circuit court, the Ninth Circuit, has rejected a heightened standard of similarity for trademark dilution claims. In rejecting the district court’s application of an ‘identical or nearly identical’ standard to a trademark dilution claim, the Ninth Circuit recognized that Congress, in passing the Trademark Dilution Revision Act of 2006 . . . did not intend to require heightened similarity.”).

¹⁷⁵ Memorandum and Points of Auth. In Support of Adidas’s Motion for Summary Judgment Against Felicity USA Inc. at 15–16, *Adidas Amer. v. Vigafon Sports, Inc.*, No. 10-CV-60702-ODW (C.D. Cal. Filed Sept. 9, 2010).

D. *Learning from the Crocodile Battle*

The language of the TDRA has made it much easier for famous marks to overextend their trademark protection.¹⁷⁶ However, requiring a high degree of similarity between an alleged dilutor's mark and the senior mark provides protection for all involved: consumers, the junior mark owner, and the senior mark owner.

For example, there has been a long battle between French fashion giant LaCoste and Crocodile Garments of Hong Kong.¹⁷⁷ LaCoste began placing a small crocodile on their line of sports clothing in the 1930's.¹⁷⁸ Crocodile Garments began using a very similar crocodile emblem in the 1950's.¹⁷⁹ Both companies sell their clothing in China.¹⁸⁰ Even though the original crocodile emblems of both companies were significantly similar, the courts and mark owners ultimately decided there is enough room in the market for both.¹⁸¹ As part of the final settlement, Crocodile Garments agreed to make subtle changes to their crocodile emblem: adding more scales to the crocodile's back, changing the direction of the tail, and increasing the size of the eyes.¹⁸²

The LaCoste and Crocodile Garments dispute shows how setting an appropriate boundary for trademark protection in the fashion industry, i.e. allowing a competitor to use a similar mark so long as it is not significantly similar, keeps the consumers' choices open. Both brands continue to operate in China with their unique signature emblem. The crocodile battle lasted for several decades,¹⁸³ but a quicker settlement would have kept litigation costs down. In turn, a quicker settlement is more feasible with

¹⁷⁶ See Gunnell, *supra* note 151, at 155.

¹⁷⁷ Andrew Brown, *Crocodile Tears End Logo Fight*, CNN (Oct. 31, 2003, 6:12 PM), <http://edition.cnn.com/2003/BUSINESS/10/31/crocodile.logo/>.

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.* ("They have litigated each other to a standstill and come to a commercial compromise")

clear-cut trademark laws, such as requiring a higher bar of similarity to prove dilution claims. The savings in legal costs would be passed on to the consumer. Finally, appropriate boundaries would continue to protect the distinctiveness of the senior mark. A junior mark should not be able to use a mark that is “identical”, “nearly identical”, or even “significantly similar” to the senior mark. Fair competition is healthy for all concerned.

In a law review article written thirteen years prior to the passing of the TDRA, Judge Alex Kozinski stated, “[s]o long as trademark law limits itself to its traditional role of avoiding confusion in the marketplace, there’s little likelihood that free expression will be hindered.”¹⁸⁴ However, anti-dilution laws look beyond the “traditional role of avoiding confusion.”¹⁸⁵ McCarthy argues that anti-dilution statutes are more closely akin to property rights rather than trademark laws,¹⁸⁶ and Lalonde also warns that anti-dilution laws have potential consequences beyond their intended limits.¹⁸⁷ The TDRA has certainly become a part of the trademark landscape and many owners of strong, famous trademarks enjoy wielding this club. Requiring a high degree of similarity for dilution claims would prevent this club from smashing competition.

If there is no danger of consumer confusion and the marks in question are not significantly similar, a dilution claim should not be supported. While it can be argued that anti-dilution laws ultimately serve to protect the consumer, McCarthy notices that there is no real data to support this argument.¹⁸⁸ However, as the

¹⁸⁴ Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 973 (1993).

¹⁸⁵ *See id.*

¹⁸⁶ McCarthy, *supra* note 156, at 727 (“Although traditional trademark law rests primarily on a policy of protection of customers from mistake and deception, antidilution law more closely resembles an absolute property right in a trademark. Antidilution law has a strong resemblance not to the law of consumer protection, but to the law of trespass.”).

¹⁸⁷ *See* LALONDE, *supra* note 9, § 5A.01.

¹⁸⁸ McCarthy, *supra* note 156, at 727–28 (“However, there is an argument that economic theory teaches that dilution could harm consumers. That is, there is

umbrella of anti-dilution laws continues to cover more territory, it hinders competition, stifles artistic freedom, and ultimately passes the costs of legal battles along to the consumer; the consumer is *harmed* to a greater extent than the trademark owner is protected. If this is truly happening, then overextended anti-dilution laws negate one of the main purposes of trademark law: “to protect the public”¹⁸⁹

VI. CONCLUSION

Consumers and designers alike are better served by promotion of fair competition, lower litigation costs, and the inventive synergy of the fashion industry. *Louboutin* shows the comfortable, respectful limits of trademark law, while *Levi* illustrates the dangerous, overreaching deference that a few circuits have granted to famous marks. The Supreme Court could clarify the standard for dilution claims, requiring that a junior mark be “identical or nearly identical” or even “significantly similar” to a senior mark.

Alternatively, courts should place particularly strong emphasis on TDRA’s first factor: “The degree of similarity between the mark or trade name and the famous mark.”¹⁹⁰ Courts have a great amount of deference in making dilution determinations and can choose to make this factor quite subjective. However, it would be best for all involved if courts require the highest degree of similarity. Doing so will prevent industry juggernauts from

potential harm to both consumers and mark owners if a once-unique designation loses its uniqueness. The argument is that this makes it harder for consumers to link that designation with a single source—the hallmark of a strong trademark. Under this theory, dilution increases the consumer’s search costs by diffusing the identification power of that designation. Whether this is a significant risk in the real world is unknown and unproven.” (footnote omitted).

¹⁸⁹ S. REP. No. 79-1444, at 2 (1945) (explaining the Lanham Act was first introduced: “to protect the public so that it may be confident that in purchasing a product bearing a trademark which it favorably knows, it will get the product which it asks for and which it wants to get.”).

¹⁹⁰ 15 U.S.C. § 1125(c) (2006).

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snelching creativity and competition, which ultimately harms consumers in the form of limited choices and higher prices.

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