

CJEU Confirms that Louboutin's Red Outer Sole Can Be a Trademark

IN SHORT

The Situation: The Court of Justice of the European Union ("CJEU") rendered its ruling in the Louboutin case (C-163/16) on June 12, 2018.

The Result: The CJEU has confirmed that Christian Louboutin's red outer sole can be a trademark.

Looking Ahead: This recent decision of the CJEU emphasizes the importance of nontraditional trademarks and is likely to have an impact on trademark registration going forward.

Over the years, French shoe fashion designer Christian Louboutin developed the signature mark of coloring the outer sole of the women's shoes he designed in a particular shade of red.

Christian Louboutin intended to obtain formal trademark protection for the red outer sole design element, and the trademarks registered in his name mostly depict a shoe in dotted lines (see below)—indicating that the registration show only the circumstances in which the trademarked element will be used—and the actual outer sole in a particular shade of red as defined by the Pantone color code.



Following the growing reputation of Christian Louboutin shoes as a fashion statement, other shoemakers were inspired by the design of an outer sole in a particular shade of red. In response, Louboutin initiated various trademark infringement suits around the world, and different defenses were raised by the alleged infringers.

Louboutin initiated proceedings in The Netherlands in May 2013, claiming trademark infringement by the Dutch shoemaker Van Haren. In defense, Van Haren raised the provision of the Benelux Trademark Act, invoking the then-relevant Article 3, subs. (1), letters (e) (iii) of the 2008 Trademarks Directive, which defines signs that cannot constitute a trademark:

Signs which consist exclusively of: (...)

the shape which gives substantial value to the goods.

In other words, Van Haren raised the defense of aesthetic functionality.

The trademark world has discussed this exception for many years: How can features that turn a regular three-dimensional object into an aesthetically pleasing object in the first place also exclude this object from being registrable as a trademark?

Given the importance of this legal question, the Dutch court decided to stay the proceedings and refer the matter to the CJEU for a preliminary ruling (C-163/16).

Very wisely, the Advocate General initially discussed how Christian Louboutin's mark is to be characterized. While it was previously mostly described as a mere color mark, the Advocate General described the mark as a sign consisting of the shape of the goods and sought protection for a color in relation to that shape. As a side note, the mark may be even more precisely described as a position mark in a certain color, i.e., that the outer sole is kept in a certain red that is defined by the Pantone color code.

Regarding the core issue of the case—whether such trademark is prohibited by aesthetic functionality according to Article 3, subs. (1), letters (e) (iii) of the 2008 Trademarks Directive—the Advocate General suggested that such findings must exclusively relate to the intrinsic value of the shape and must not take into account the attractiveness of the goods flowing from the reputation of the trademark or its proprietor.

To put it differently, the fact that Christian Louboutin persuaded the fashion world to associate an outer sole of a woman's shoe in a particular shade of red with him cannot be to his detriment. He could have chosen yellow, blue, or green, but he chose this particular shade of red.

It was quite a surprise that the decision of the Great Chamber gave even broader protection to Christian Louboutin's trademarks. It simply stated in a rather short decision that a sign consisting of a color applied to the sole of a high-heeled shoe does not consist exclusively of a "shape," within the meaning of Article 3, subs. (1), letters (e) (iii) of the 2008 Trademarks Directive. In other words, the court regarded Christian Louboutin's trademarks as mere color marks, therefore not a color mark relating to a particular shape and thus not falling within the named provision.

However, the CJEU decision only postpones the interesting issue of further defining "aesthetic functionality." The new Trademarks Directive of 2015 states in Article 4(1)(e) (iii) that "signs which consist exclusively of the shape, *or another characteristic*, which gives substantial value to the goods" cannot be a trademark. By adding the wording "or another characteristic," nontraditional trademarks other than three-dimensional trademarks may now fall under this provision. Therefore, for any trademarks under the new 2015 Trademarks Directive, the issue of aesthetic functionality must be revisited at a later time.

In sum, this recent decision of the CJEU emphasizes the importance of nontraditional trademarks and is, therefore, in line with the recent consumer trend acknowledging such nontraditional trademarks as a source of origin.

TWO KEY TAKEAWAYS

1. A sign consisting of a color applied to the sole of a shoe does not consist exclusively of a "shape" and thus does not fall under Article 3, (1), (e) (iii) of the 2008 Trademarks Directive.
2. The new Trademarks Directive of 2015, by adding "or another characteristic" in Article 4(1)(e) (iii), opens the path to further debates on the issue of aesthetic functionality.



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