



Texas A&M University School of Law  
**Texas A&M Law Scholarship**

---

Faculty Scholarship

---

12-2018

## Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation

Irene Calboli

Texas A&M University School of Law, [irene.calboli@gmail.com](mailto:irene.calboli@gmail.com)

Follow this and additional works at: <https://scholarship.law.tamu.edu/facscholar>



Part of the [Intellectual Property Law Commons](#)

---

### Recommended Citation

Irene Calboli, *Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation*, in *The Protection of Non-Traditional Trademarks: Critical Perspectives* 287 (Irene Calboli & Martin Senftleben eds., 2018).

Available at: <https://scholarship.law.tamu.edu/facscholar/1357>

This Book Section is brought to you for free and open access by Texas A&M Law Scholarship. It has been accepted for inclusion in Faculty Scholarship by an authorized administrator of Texas A&M Law Scholarship. For more information, please contact [aretteen@law.tamu.edu](mailto:aretteen@law.tamu.edu).

# Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation

*Irene Calboli*

## I. Introduction

In this chapter, I continue the critique that I have started in a recent editorial vis-a-vis to non-traditional trademarks (NTTMs) and focus on three specific examples of NTTMs used and registered by fashion designers, notably: Louboutin, Gucci, and Bottega Veneta.<sup>1</sup> In my view, these examples best exemplify the problems deriving from the protection of NTTMs. First of all, as several of the chapters that are published in this volume have pointed out, these examples demonstrate the negative impact that the protection of NTTMs has on market competition.<sup>2</sup> In particular, granting exclusive rights on NTTMs frequently results in preventing competitors from copying similar styles and product features, as NTTMs generally protect product design and aesthetic product features (such as colors, patterns, and shapes). Moreover, when these marks are considered famous—and Louboutin, Gucci, and Bottega Veneta’s marks certainly qualify as famous—their legal protection extends beyond confusing signs and includes anti-dilution protection.<sup>3</sup> Accordingly, granting exclusive rights to NTTMs equates to foreclosing competitors and third parties from using any identical and similar product design and product features when this use could “blur” or “tarnish” the protected marks.

Still, the examples I address in this chapter highlight an additional problem related to the protection of NTTMs. Notably, these examples highlight the fact that by recognizing and protecting as marks elements that are product design and aesthetic product features, the current legal provisions ultimately support a system

<sup>1</sup> Irene Calboli, *Chocolate, Fashion, Toys, and Cabs: the Misunderstood Distinctiveness of Non-Traditional Trademarks*, 49 INT’L REV. INTELL. PROP. & COMPETITION L. 1 (2018).

<sup>2</sup> See, in particular, Chapters 6, 10, and 11 in this volume.

<sup>3</sup> See discussion *infra* Section II.

of intellectual property protection that not only legitimizes, but also promotes standardization, rather than creativity and innovation in product development in a variety of creative industries, including but not limited to the fashion industry. In this chapter, I refer to the potential negative effects of NTTMs on product creativity and innovation as a “monolithic effect” on product and design development. This effect has, in my view, a twofold negative impact. First, it induces businesses to standardize the aesthetic features of their products and repeatedly use them on their products to acquire the level of necessary market recognition (distinctiveness) necessary to be protected as trademarks. This trend is demonstrated by the proliferation of “trademarked” patterns, buckles, buttons, and other product accessories and designs used by famous labels and market leaders, such as Gucci, Chanel, Louis Vuitton, Hermes, and Fendi to name a few. This technique is then regularly copied by other designers, for example Michael Kors, Coach, and Guess, in order to compete with the market leaders by using similar aesthetic features to decorate their products. Second, as a result of this trend of proliferation of trademarked patterns and other NTTMs, protecting these marks may lead to less investment not only in product and design innovation for new products both by market leaders and their competitors, but also in product quality for existing products. In particular, securing trademark protection for NTTMs and enforcing this protection against potential copiers allows businesses to capitalize on and extract value from the attractive power of these aesthetic features (that are protected as trademarks). In turn, this strategy can provide better and more effective short-term means to attract consumers toward purchasing the products with these exclusive trademarked product features, and consequently can guarantee higher profitability for trademark owners, rather than investing in long-term product quality of their existing products or new products.

The chapter proceeds as follows. In Section II, I review the traditional justifications for trademark protection and discuss the difference between trademarks and other intellectual property rights within the wider context of intellectual property incentives. This review is necessary as background to the critique that I develop in Section IV. In Section III, I elaborate on the pragmatic reasons that led to the rise and growth of NTTMs, primarily the benefit of a potentially endless term of protection, coupled with the relatively low costs of registration, the advantages of the international priority system, and the possibility to also protect unregistered signs under trademark law. As mentioned above, in Section III, I refer to current examples of use of NTTMs by fashion designers—Louboutin, Gucci, and Bottega Veneta. These examples, and the legal proceedings surrounding them, demonstrate that the rise of NTTMs is driven, to a large extent, by businesses that seek to obtain perpetual protection on successful (or potentially successful) aesthetic product features. This tendency is natural, as businesses will always try to capitalize on their success and monopolize their successful product designs and features. However, this should not be the case regarding product styles and aesthetic designs. In Section IV, I conclude and repeat that protecting NTTMs may hinder creativity and innovation to the benefit of the endless extraction of value on product design and aesthetic features that, albeit being appealing, valuable, and frequently distinctive, are not meant to be protected for a virtually unlimited period of time as trademarks.

## II. Allocating Incentives: The Traditional Account for Trademark Protection

As other chapters in this volume have analyzed at length, the traditional justification for trademark protection is based on economics.<sup>4</sup> In particular, trademarks provide consumers with information about the products to which they are affixed in terms both of commercial origin and predictable quality, and thus reduce the costs of collecting information for consumers when and if they decide to make a purchase.<sup>5</sup> As such, trademarks are protected to prevent unauthorized third parties from using identical or similar signs, which in turn confuses consumers.<sup>6</sup> However, granting trademark rights has social costs, as trademark owners can enjoy protection for a virtually unlimited period of time: trademarks are registered for an initial term of ten years in most jurisdictions, and can be renewed for additional increments of ten years, without any limit in time and number of renewals, as long as the marks are used in commerce to identify the goods and services to which they refer.<sup>7</sup> In addition, most countries protect non-registered trademarks based on their use as long as the signs are used in commerce. To offset these costs, trademark protection has been traditionally limited to preventing the unauthorized use of identical or similar signs affixed on identical or similar products when such use could lead to a likelihood of confusion on the part of consumers.<sup>8</sup> Only when a mark reaches the status of “well-known” or “famous” mark, or mark “with a reputation,” then the law provides protection of the mark beyond confusion and in relation to dissimilar goods and services.<sup>9</sup>

Until the beginning of the twentieth century, the so-called “indicators of origin” function of trademarks was considered the only function worthy of legal protection, and “origin” was interpreted as “manufacturing origin.”<sup>10</sup> Eventually, following the changes in the economy and the growth of the phenomenon of trademark licensing, the law was changed so as to reflect that the notion of “origin” included the

<sup>4</sup> See, e.g., William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. L. & ECON. 265 (1987); Nicholaw Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 523 (1988); William P. Kratzke, *Normative Economic Analysis of Trademark Law*, 21 MEM. ST. U. L. REV. 199 (1991). See also my previous analysis in Irene Calboli, *Trademark Assignment “With Goodwill”: A Concept Whose Time Has Gone*, 57 FLA. L. REV. 771, 832 (2005); Irene Calboli, *The Sunset of “Quality Control” in Modern Trademark Licensing*, 57 AM. U. L. REV. 341, 396 (2007).

<sup>5</sup> Landes & Posner, *supra* note 4, at 265–66.

<sup>6</sup> *Id.*; Lanham Act §§ 14, 16 (U.S.); TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, act. 16, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) art. 15 [hereinafter TRIPS Agreement].

<sup>7</sup> TRIPS Agreement arts. 18; Lanham Act § 1058.

<sup>8</sup> TRIPS Agreement art. 15; Lanham Act § 114; Council Directive 2015/2436 art. 3, of the European Parliament and of the Council of 16 Dec. 2015 to approximate the laws of the Members States relating to trademarks [hereinafter TMD 2015] (current EU standard).

<sup>9</sup> TRIPS Agreement art. 16.3; TMD 2015 art. 16.

<sup>10</sup> See generally Elmer William Hanak, III, *The Quality Assurance Function of Trademarks*, 43 FORDHAM L. REV. 363; Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 961 (1993).

“sponsorship, affiliation, connection or association” with a mark.<sup>11</sup> Since consumers rely on trademarks as indicators of consistent quality—that is, they expect all the products identified by a certain mark to have identical characteristics and quality—a second function was also legally recognized in several jurisdictions: that marks represent a mechanism to guarantee that the product to which they are affixed meets a consistent quality. Years later, a third protected function was added to the debate: trademarks’ advertising function, that is the ability of a mark to “stimulate further purchasing by the consuming public.”<sup>12</sup> The recognition of a mark’s attractive power, separate from its other functions, acknowledged that a mark can create goodwill on its own by influencing consumers through a specifically created product image.<sup>13</sup>

Still, central to the scope of protection is the notion of trademark distinctiveness.<sup>14</sup> This notion is the basis of each of the protected trademark functions. In particular, for a sign to be protected as a mark, it is crucial that the sign is able to identify and distinguish the products to which it is affixed as originating from a single business source. The fact that, to be protected as marks, signs should “be able to distinguish” or should already “be distinctive of” products, which are available in the marketplace, is directly stated in several of (if not all) the current legal definitions of what constitutes a mark, both under relevant international agreements and national laws.<sup>15</sup> Besides being the *sine qua non* for acquiring trademark status, the notion of distinctiveness is at the basis of trademark enforcement. Notably, a mark has to be distinctive to be protected against infringement—where confusingly similar signs are used to lure consumers toward competitors’ products.<sup>16</sup> Additionally, trademark distinctiveness, and the protection thereof, is at the core of the justification to the enhanced protection against “trademark dilution” for marks that are well known, famous, or have a reputation in the relevant market. In order to enjoy this enhanced protection, these marks have to be highly distinctive, and it is precisely this distinctiveness that qualifies them for the additional protection.<sup>17</sup> In general,

<sup>11</sup> Kozinski, *supra* note 10, at 961.

<sup>12</sup> Hanak, *supra* note 10, at 363–64.

<sup>13</sup> Thomas D. Drescher, *The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth*, 82 TRADEMARK REP. 301 (1992). Cf. Robert G. Bone, *Hunting Goodwill: A History of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006).

<sup>14</sup> The acquisition of trademark rights is centered upon the concepts of “distinctiveness” and “priority” and is limited to marks that are in use or are intended to be used. See Lanham Act § 1, 15 U.S.C. § 1051 (2006); see also *Zazú Designs v. L’Oreal, S.A.*, 979 F.2d 499, 503 (7th Cir. 1992) (“By insisting that firms use marks to obtain rights in them, the law prevents entrepreneurs from reserving brand names in order to make their rivals’ marketing more costly.”); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). “[T]he more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.” Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927).

<sup>15</sup> TRIPS Agreement art. 15.1 (offering the first definition of trademark); Lanham Act § 115(a); TMD 2015 art. 4.1.

<sup>16</sup> *Zazú Designs*, *supra* note 14, 503.

<sup>17</sup> Schechter, *supra* note 14, at 819. Schechter argued that a trademark has a dual function, and a mark “is not merely the symbol of good will but often the most effective agent for the creation of good will, imprinting upon the public mind an anonymous and impersonal guaranty of satisfaction, creating a desire for further satisfactions. The mark actually *sells* the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power.” *Id.*

distinctiveness can be inherent or acquired through use.<sup>18</sup> However, the international trademark framework seems to support a low threshold for distinctiveness by requiring that trademark application be allowed without the need for a mark to be already used in the course of trade.<sup>19</sup> No use, or intent-to-use a mark is sufficient, under most national laws to file a trademark application.<sup>20</sup> Still, as the examples described in this chapter indicate, several jurisdictions require a proof of acquired distinctiveness or secondary meaning to register NTTMs.<sup>21</sup>

In essence, different than other types of intellectual property rights, trademark protection does not emphasize the aspect of innovation or scientific discovery of trademarks, but remains rooted in commercial concepts—the ability of traders to identify their products in the marketplace and distinguish them from similar products offered for sale by their competitors and third parties. This is a very important characteristic that qualifies trademark protection as distinct from the other forms of intellectual property rights: trademark rights are not granted to directly protect the products to which the marks are attached and that they identify. Instead, trademark law aims at protecting the signaling function of the marks—the ability to distinguish and identify goods and services—so that consumers can identify the mark and the products with a single source. Accordingly, trademark law aims at preventing as infringement any actions that may lead to consumer confusion.<sup>22</sup> And again, when a mark reaches the status of being famous, well known, or has an established reputation, then the law also aims at preventing that competitors take unfair advantage of, or cause detriment to, the established fame or reputation of these.<sup>23</sup>

On the contrary, other types of protected intellectual property, primarily patents and copyrights, directly protect products and creative works per se, or parts of these products and works.<sup>24</sup> In particular, both patents and copyrights grant a time-bound period of exclusivity to their owners during which third parties cannot copy the products or works per se, unless a legally provided specific limitation or exception applies.<sup>25</sup> In exchange for this monopoly on products and works per se, patent owners and copyright owners have to fulfill several requirements. In this respect, patent owners must disclose, in the best mode known to those skilled in the art, the characteristics of the invention and how the invention works, so that competitors can work around the terms of the patent during the time of exclusivity to develop similar products, and so that the invention can be copied when the patent expires.<sup>26</sup> Likewise, the incentive and reward system through which an author obtains a copyright is similarly built on the idea that the temporary monopoly granted to an author

<sup>18</sup> TRIPS Agreement art. 15.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> See discussion *infra* Section III.

<sup>22</sup> TRIPS Agreement art. 15.3. Gen. Rep. of the Assemblies of the Member States of World Intellectual Property Organization (WIPO), *Joint Resolution Concerning Provisions on the Protection of Well-Known Marks*, WIPO Doc. A/34/13 art. 2(3) (1999).

<sup>23</sup> Schechter, *supra* note 14, at 825.

<sup>24</sup> See, e.g., Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687 (1999).

<sup>25</sup> U.S. Const. art. I, § 8, cl. 8 (offering the basis for the protection of patents and copyrights in the U.S.).

<sup>26</sup> 35 U.S.C. § 112.

is justified by the benefit of releasing the copyrighted material during the copyright terms and ultimately the possibility for everyone to copy once this term expires.<sup>27</sup> Moreover, copyright protection does not extend to independent creative works.<sup>28</sup> Ultimately, whereas the patent system underscores the importance of innovation and the promotion of scientific progress, the copyright system is aimed at promotion of creative and artistic endeavors. Yet again, both systems of protection function differently than trademark protection, in that the time-limited nature and the societal bargain beyond these intellectual property rights lie precisely in the fact that the exclusive rights in the products or works at issue would, at the end, expire.

Besides patents and copyrights, the protection of industrial design is relevant in this context. In the European Union (EU), for example, industrial design is protected as a *sui generis* right both under a unified system under Council Regulation (EC) No. 6/2002<sup>29</sup> as well as under harmonized national systems.<sup>30</sup> In particular, industrial design is defined in the EU as “the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself or its ornamentation.”<sup>31</sup> As with patents and copyrights, industrial design protection is time-limited, with the term of protection varying between fifteen to twenty-five years.<sup>32</sup> Protection is also based on the requirements of novelty or originality.<sup>33</sup> In the United States (U.S.), industrial design is protected under the category of design patents, again for a limited period of time and based on the requirement of novelty.<sup>34</sup> However, design is also protected under the notion of trade dress in the U.S., which enjoys the same protection as trademarks and only requires a proof that the design is distinctive to signal commercial origin to consumers.<sup>35</sup>

As I elaborate in the following section, it has been precisely the transposition of the notion of distinctiveness from traditional marks—that are usually applied onto the products to distinguish them—to the entire product design or other aesthetic product features that has led to the possibility to register as NTTMs, with all the advantages of trademark protection, elements that represent, in essence, industrial designs (or design patents) and should have been confined to this type of protection.<sup>36</sup> In particular, even though these designs and aesthetic product features can be found to be distinctive and characteristic of certain products, to protect them potentially in perpetuity through trademark protection does not seem to have been the intent of the legislators, who instead created specific forms of protection for these

<sup>27</sup> 17 U.S.C. § 106.

<sup>28</sup> 17 U.S.C. § 106; *Feist Publications, Inc. v. Rural Telephone Serv. Co.*, 499 U.S. 340 (1991).

<sup>29</sup> Council Regulation (EC) No. 6/2002 of Dec. 12, 2001, on Community designs O.J. L3/1.

<sup>30</sup> Council Directive 98/71/EC of Oct. 13, 1998, on the legal protection of designs O.J. L289/28 [hereinafter Design Directive].

<sup>31</sup> Design Directive art. 11.

<sup>32</sup> *Id.* art. 10.

<sup>33</sup> *Id.* arts. 4–5.

<sup>34</sup> 35 U.S.C. § 171.

<sup>35</sup> See *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 (1992); *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006); *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Productions*, 134 F.3d 749 (6th Cir. 1998).

<sup>36</sup> See the critique elaborated in this respect Chapters 10 and 11 in this volume.



items through *sui generis* regimes such as industrial design and design patents, both types of protection that, while granting strong rights during the life of the protection, expire within a reasonable amount of time, and later permit that any interested party may copy the design and aesthetic features at issue.

### III. These are “My” Colors, Patterns, and Shapes! Non-Traditional Trademarks as Means to Protect Designs and Aesthetic Product Features

What do Louboutin red soles, Gucci monogrammed patterns and stripes, and the Bottega Veneta intrecciato pattern have in common? These signs have been, with several others, protagonists of the rising trend of applications to register shapes and other non-traditional signs as trademarks in a variety of countries.<sup>37</sup> In some cases, these signs were found not to be suitable to be registered as trademarks, at least at first.<sup>38</sup> Still, their owners managed to secure registrations after several rounds of office actions in several intellectual property offices, even though some of these registrations were later invalidated as a result of litigation.<sup>39</sup> In several instances, the owners of these marks ultimately relied on their acquired registrations to attack competitors who had used similar styles and aesthetic features for their own products on the basis of possible trademark infringement, dilution, and unfair competition.<sup>40</sup> As I will examine in the examples below, the courts involved in these cases did in fact declare several of these marks invalid or reduced their scope. Still, this was not always the case. Moreover, the lawsuits involving these marks have generally involved several degrees of litigation. This means that only plaintiffs and defendants with deep pockets are in a position to afford these lawsuits.<sup>41</sup> Litigants carrying on with the legal proceedings, several smaller (and less wealthy) competitors probably did cave in and settle accusations of infringement, dilution, and unfair competition with confidential out-of-court agreements.<sup>42</sup>

This situation begs several questions. First, is this trend of securing rights in NTTMs compatible with the traditional functions that trademarks are supposed to fulfill in the system? As I mentioned in Section II, the traditional function of a trademark is that of signaling commercial original and consistent quality to consumers in the market place. Upon these functions, trademark protection has been built with the notion of infringement and the standard to assess infringement based on consumer confusion. However, in the past decades, the domain of trademark law and the scope of trademark protection has grown exponentially. Today, any sign can be registered as a mark as the examples I address demonstrate. This includes single colors, shapes, sounds, smells, video clips, holograms, and even gestures.

<sup>37</sup> See discussion *infra* Section III.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

<sup>41</sup> James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 913 (2007); Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 485–87 (2005).

<sup>42</sup> Gibson, *supra* note 41, at 913.



Hence, and this is the second question that we need to address in this context, how did we get here? Not surprisingly, the answer can be found in the development of the definition of “what can represent a mark” in several trademark laws worldwide. In particular, the very broad, and first international definition of trademark in the 1994 Agreement on Trade-Related Aspects to Intellectual Property Rights (TRIPS) paved the way for the possibility to protect all types of marks, including NTTMs.<sup>43</sup> Moreover, TRIPS simply permits, but does not mandate, that country members of TRIPS provide that signs should be “visually perceptible” to be protected.<sup>44</sup> This trend toward facilitating the phenomenon of “trademarking everything” was later confirmed with two additional international agreements: the Trademark Law Treaty<sup>45</sup> and the Singapore Treaty on the Law of Trademarks, which both facilitate the registrability of NTTMs.<sup>46</sup> Recent bilateral and plurilateral international trade agreements have continued on the same path and have supported the registrability of NTTMs as part of their intellectual property chapters.<sup>47</sup>

Still, what prompted the recent escalation of applications, registrations, and litigation in this area? As I anticipated in Section II, the reason for the proliferation of NTTMs lies at the heart of the requirement for trademark protection—the notion of trademark distinctiveness. As I elaborated above, distinctiveness has historically represented the very core of the type of protection granted through trademark law. However, in the recent decades, the original notion of distinctiveness seems to have become looser. In particular, from the recent wave of registration of NTTMs, and most marks in general, as well as many of the cases that have been litigated, it seems that the interpretation of the notion of trademark distinctiveness has gradually shifted. Notably, from a strict interpretation of distinctiveness as a requirement that is necessary for a sign to be able to identify goods or services in the marketplace, it seems that today’s distinctiveness has come to mean little more than “recognizable” by the human senses—that is characteristic, typical, appealing, or just interesting to see—when it is applied to the distinctive features of a sign for which trademark protection is sought. As I just mentioned, this trend is directly reflected also in several of the legal definitions of trademarks.<sup>48</sup> In particular, TRIPS requires that a sign be “capable of distinguishing” a product to be registered as a mark, without even imposing a proof of acquired distinctiveness or secondary meaning of that sign before registration.<sup>49</sup> Also in countries, such as in the United States (U.S.), that require secondary meaning—that is, acquired distinctiveness—to register some of these signs, the bar to prove distinctiveness remains very low based on the actual cases on point.<sup>50</sup>

<sup>43</sup> TRIPS Agreement art. 15. <sup>44</sup> *Id.* art. 15.1.

<sup>45</sup> Trademark Law Treaty, Oct. 27, 1994, S. Treaty Doc. No. 105-35, 2037 U.N.T.S. 35.

<sup>46</sup> Singapore Treaty on the Law of Trademarks, Mar. 27, 2006, S. Treaty Doc. No. 110-2.

<sup>47</sup> See, e.g., Burton Ong, *The Trademark Law Provisions of Bilateral Free Trade Agreements*, in RESEARCH HANDBOOK OF TRADEMARK LAW AND THEORY 229 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (providing a detailed overview of the post-TRIPS trademark provisions in FTAs).

<sup>48</sup> TRIPS Agreement art. 15. <sup>49</sup> *Id.*

<sup>50</sup> See, e.g., Jake Linford, *A Linguistic Justification for Protecting “Generic” Trademarks*, 17 YALE J. L. & TECH. 110 (2015); *Christian Faith Fellowship Church v. Adidas AG*, 841 F.3d 986 (Fed. Cir. 2016).

In other words, it seems that the current interpretation of trademark distinctiveness suffers from what I would define as “circularity.” Notably, the test to protect a sign as a mark is no longer that a sign necessarily needs to be distinctive of existing products. Instead, any sign that has a potential to be distinctive—that is because it is original, interesting, and appealing to the human eye and sense—can be protected as a mark. Today, this can include, not surprisingly, product designs and a variety of aesthetic product features, which are certainly distinctive under this looser and circular definition.<sup>51</sup> Yet, these items are not distinctive of products, they are integral parts of the products, if not the entire products themselves.

To add to the problem, this circularity between the notion of distinctiveness and trademark protectable subject matter is coupled with a weak system both in terms of absolute grounds to refuse trademark registration as well as trademark defenses across many jurisdictions. This situation has also been addressed at length by several chapters in this volume.<sup>52</sup> For example, historically, shape marks could not be registered at all in several countries.<sup>53</sup> These prohibitions are long gone and have been replaced with a list of absolute grounds that prevent trademark registration. These include the exclusion from registration of signs are that “functional” in the U.S. Lanham Act<sup>54</sup> and “aesthetically functional” under U.S. case law,<sup>55</sup> or signs that comprise of the “shape, or another characteristics” of a product that either “results from the nature of the goods” or “is necessary to obtain a technical result” or “gives substantial value to the goods” under EU trademark law.<sup>56</sup> However, examiners do not seem to strictly enforce the existing absolute grounds when tasked to assess the registrability of NTTMs, at least considering the proliferation of registrations, as highlighted also in this volume.<sup>57</sup> Furthermore, several signs that were opposed and contested at the time of their application were ultimately registered by the trademark offices.<sup>58</sup>

In fairness, as the examples that I analyze below indicate, the journey of NTTMs has not been without bumps. These marks continue to be seen skeptically by many (besides academics), especially the judiciary. Notably, courts across several jurisdictions have increasingly expressed concerns toward the suitability of protecting these marks due to the relevant concerns for market competition and the overlaps with other forms of protection, primarily design protection.<sup>59</sup> In some instances,

<sup>51</sup> See the judgment of the House of Lords in *Coca Cola T.M.*, 1986, R.P.C., 421 (U.K.). In that decision it was stated that in the case of liquids the form of the container must necessarily be deemed to be that of the product. *Id.* at 425 and 449.

<sup>52</sup> In this respect, see the analysis elaborated, in particular, by Michael Handler, Martin Senftleben, and Lisa Ramsey in chapters 8, 16, and 17 in this volume.

<sup>53</sup> See the observations in this respect by Dev Gangjee in Chapter 3 in this volume.

<sup>54</sup> Lanham Act § 21(a).

<sup>55</sup> *Abercrombie & Fitch Co.*, *supra* note 14, 9; *Qualitex Co.*, *supra* note 35, 165; see also *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32 (2001) (quoting *Qualitex Co.* at 165).

<sup>56</sup> TMD 2015 art. 4.

<sup>57</sup> See Chapter 3 in this volume.

<sup>58</sup> For example, Rubik’s Cube, Trademark Registration No. 5,339,260 (later cancelled by the CJEU).

<sup>59</sup> *The London Taxi Corp. Ltd. v. Frazer-Nash Research Ltd.*, [2017] E.W.C.A. Civ. 1729 (Eng.); Case C-371/02, *Björnekulla Fruktindustrier AB v. Procordia Food, AB*, [2004] EURLex ECLI:EU:C:2004:275; Case T-629/14, *Jaguar Land Rover Ltd v. OHIM*, [2015] EURLex ECLI:EU:T:2015:868 (denying the shape trademark to Land Rover).

courts have canceled these marks or have reduced the scope of their protection as a result of litigation proceedings.<sup>60</sup> However, these cases are again a limited sample as compared to the cases that are settled or never litigated. In some instances, courts have upheld these registrations, which have then emerged even stronger.

### A. Louboutin red lacquered sole shoes

The fame of Louboutin's red lacquered sole shoes is well known today. What is less well known is that their creator, Christian Louboutin, started designing shoes for the dancers of the Parisian cabaret "Les Folies Bergères," and later worked with the maison Chanel and Yves Saint Laurent.<sup>61</sup> In the early 1990s, Louboutin founded his own label and, inspired by his assistant's bold red nail color, designed the famous red lacquered shoes,<sup>62</sup> which, within a few years, were named to be the most desirable shoes in the world by independent consulting firm The Luxury Institute.<sup>63</sup> Renowned for their appeal, the shoes have been featured in award-winning TV series like HBO's *Sex and the City*, and celebrities like Madonna have popularized them by wearing them in multiple music videos. Jennifer Lopez even dedicated a song to "My Louboutin Shoes."<sup>64</sup> To date, Louboutin stores span over thirty countries. Louboutin's products are also available through numerous retailers and online marketplaces.

Not surprisingly, Louboutin has made a significant effort to protect its shoes from competitors and has filed trademark application for the red soles feature of the shoes in most countries where it has a store,<sup>65</sup> including: France, Mexico, Singapore, New Zealand, Australia, the U.S., Moldova, the Philippines, Cambodia, Laos, Brunei, Indonesia, Morocco, Bahrain, Chile, Israel, Switzerland, Vietnam, Malaysia, and India.<sup>66</sup>

The first of such applications was filed in France, in 2000, where it was initially rejected.<sup>67</sup> It was only after a reapplication that the mark was registered in France in 2009.<sup>68</sup> As I elaborate below, this registration was later canceled following litigation. Still, after obtaining the trademark in France, Louboutin filed for an EU-wide application and sought protection in a variety of countries through the international filing system administered by the World Intellectual Property Organization

<sup>60</sup> See discussion *infra* Section III.

<sup>61</sup> Hadley Freeman, *Christian Louboutin: How Killer Heels Conquered Fashion*, THE GUARDIAN, Mar. 19, 2010, <https://www.theguardian.com/lifeandstyle/2010/mar/19/christian-louboutin-high-heels>.

<sup>62</sup> CHRISTIAN LOUBOUTIN & PHILIPPE GARCIA, CHRISTIAN LOUBOUTIN (2011).

<sup>63</sup> The Luxury Institute, "Most Desirable Brands", <http://luxuryinstitute.com/LuxuryInstitute/>.

<sup>64</sup> JENNIFER LOPEZ, LOUBOUTINS (Epic Records, 2009).

<sup>65</sup> Rashi Gahlaut, *Louboutin's "Red Sole" Declared as a Well-Known Trademark by Delhi HC*, KHURANA & KHURANA, Dec. 30, 2017, <http://www.khuranaandkhurana.com/2017/12/30/louboutins-red-sole-declared-as-a-well-known-trademark-by-delhi-hc/>.

<sup>66</sup> World Intellectual Property Organization, Global Brand Database V. 2018-03-28 03:27, <http://www.wipo.int/branddb/en/>.

<sup>67</sup> LexDellmeier, *Trademark Issue: Red Sole(ly) for Louboutin?*, LEX DELLMEIER: INTELLECTUAL PROPERTY LAW, July 28, 2016, <http://lexdellmeier.com/en/blog/trademark-issue-red-solely-louboutin>.

<sup>68</sup> The mark consists of the red sole, Registration No. 3690945 (France).

(WIPO).<sup>69</sup> Like the original French application, the EU application was rejected at first, in 2010. The mark was registered following the decision of the Board of Appeals in January of 2013.<sup>70</sup> Here again, the validity of the EU registration was later challenged. However, after lengthy litigation, the Court of Justice of the EU (CJEU) held that van Haren, a Dutch shoe company, had infringed the brand’s trademark.<sup>71</sup> The Court noted that Louboutin was not seeking protection on the shape of the shoe itself, but merely protection of the application of a color to a specific part of the shoe.<sup>72</sup> In addition, Louboutin was able to secure registrations in Germany, Belgium, and the Netherlands, even though the mark was later canceled in the Netherlands.<sup>73</sup> In Switzerland, the Swiss IP Office recently refused to register the mark.<sup>74</sup> In the U.S., Louboutin was granted federal registration in 2008.<sup>75</sup> The company also applied for trademark protection throughout Asia and Latin America, and obtained it in the majority of the countries in which it was applied for. For example, Louboutin filed in Japan shortly after the Trademark Act of 2014 was enacted, as the new law officially allows the registration of non-traditional marks.<sup>76</sup> In India, the red sole trademark has been successfully registered after surviving numerous opposition challenges. Still in India, the mark was recently defined to be a well-known mark.<sup>77</sup>

Empowered by the rights obtained with these registrations, Louboutin has filed numerous actions for trademark infringement in several jurisdictions. One of the most famous claims in this regard is the one that Louboutin brought in the U.S. against Yves Saint Laurent (interestingly, Louboutin’s former employer). In this case, Louboutin attacked Yves Saint Laurent for producing a line of monochrome colored shoes, including a wholly red shoe.<sup>78</sup> YSL responded to the accusation by counterclaiming the invalidity of the mark and seeking its cancellation, based on its ornamental and functional nature of the lacquered red sole.<sup>79</sup> The U.S. District Court agreed with YSL.<sup>80</sup> However, the Second Circuit Court of Appeals did not share this view, and ruled that a single color could be protected as a mark based on existing precedents.<sup>81</sup> Still, the Court said that Louboutin could not prevent YSL from manufacturing a whole red shoe.<sup>82</sup> Shortly after, Louboutin sued (ultimately unsuccessfully) Brazilian designer Carmen Steffensin in the U.S., again claiming

<sup>69</sup> The mark consists of the red sole, Registration No. 1031242 (WIPO International Trademarks—Madrid).

<sup>70</sup> The mark consists of the red sole, Registration No. 011113611 (EUIPO).

<sup>71</sup> Case C-163/16, *Louboutin and Christian Louboutin SAS v. van Haren Schoenen BV* [2018] EURLex 62016CJ0163, ECLI:EU:C:2018:423.

<sup>72</sup> *Id.*

<sup>73</sup> The mark consists of the red sole, Registration No. 0874489 (Benelux); the mark consists of the red sole, Registration No. 005282322 (Germany).

<sup>74</sup> *LexDellmeier*, *supra* note 67.

<sup>75</sup> The mark consists of the red sole, Registration Nos. 3376197, 3361597 (U.S.).

<sup>76</sup> Trademark Act (Act No. 127 of Apr. 13, 1959, as amended up to Act No. 36 of May 14, 2014) (Japan).

<sup>77</sup> *Gahlaut*, *supra* note 65.

<sup>78</sup> *Christian Louboutin S.A. v. Yves St. Laurent Am., Inc.*, 778 F. Supp. 2d 445 (S.D.N.Y. 2011).

<sup>79</sup> *Id.* at 448. <sup>80</sup> *Id.* at 458.

<sup>81</sup> *Christian Louboutin S.A. v. Yves St. Laurent Am., Inc.*, 969 F.3d 206 (2d Cir. 2012).

<sup>82</sup> *Id.* at 229.

infringement of its mark. This case was followed by a 2013 settlement with Charles Jourdan and the retail store DSW, which agreed to discontinue their similar shoe lines.<sup>83</sup> As these lawsuits unfolded in the U.S., Louboutin also sued Spanish retail giant Zara in France for infringement and unfair competition.<sup>84</sup> Again, Zara counterclaimed that the mark was invalid.<sup>85</sup> Interestingly, the French courts sided with Zara. Ultimately, the French Supreme Court ruled that Louboutin's trademark was unable to be protected, because the shape was imposed by its function.<sup>86</sup> Still, Louboutin retains other marks in France, notably the mark on the actual color and two-dimensional shape of the sole.<sup>87</sup>

Elsewhere in Europe, a German shoe retailer, Roland SE, opposed the mark, but the Board of Appeal ultimately disagreed and allowed the registration.<sup>88</sup> The case eventually made its way to the CJEU, which affirmed the EUIPO's ruling in 2016.<sup>89</sup> Also in Belgium, two opponents challenged the Louboutin trademark. First, Dr. Adams Footwear obtained a favorable ruling in the Court of First Instance, but ultimately lost to Louboutin in the Court of Appeals.<sup>90</sup> The second opponent, Van Dalen Footwear, was also able to win in the lower Court before being defeated in the Court of Appeals.<sup>91</sup> The case is currently under review by the Dutch courts for further consideration of the validity of the mark.<sup>92</sup> Finally, Louboutin sued Van Haren (yet another shoe retailer) in the Netherlands in 2009.<sup>93</sup> The Hague District Court ruled that the red sole was a "hybrid mark" combination of color and shape, and held in favor of Louboutin.<sup>94</sup> Ultimately, the case made its way to the European Court, which initially ruled that no, Louboutin's red sole was not a valid trademark,<sup>95</sup> yet later reversed itself and stated that the mark was valid and infringed.<sup>96</sup> Also in favour of protection, in India, Louboutin was awarded over \$100,000 (in U.S. dollars) in December of 2017.<sup>97</sup> This success has been the latest of the wins in an otherwise complex road the brand has faced in its war against infringement and invalidity. In this case, two separate retailers were held to have infringed on the red

<sup>83</sup> LexDellmeier, *supra* note 67.

<sup>84</sup> French Supreme Court, Commercial Chamber, Decision of 30 May 2012, *Christian Louboutin v. Zara France* (2012).

<sup>85</sup> *Id.* <sup>86</sup> *Id.*

<sup>87</sup> The mark consists of the red sole, Registration No. 3690945 (France).

<sup>88</sup> Case T-631/14, Roland v. OHIM, [2014] O.J. C380 (nuance of the color red for shoe soles).

<sup>89</sup> Case C-515/15 P, Roland SE v. EUIPO, EUR-Lex 62015CO0515 (2016).

<sup>90</sup> Tribunal de Première Instance [Civ.] [Tribunal of First Instance] Brussels, Louboutin tegen Dr. Adams Footwear, 2013, 482 (Belg.); Hof van Beroep [Court of Appeal] Brussels, Louboutin tegen Dr. Adams Footwear, IEFbe 1119 decision 2014/AR/734 (Nov. 2014).

<sup>91</sup> Christian Louboutin v. Van Dalen Footnote BV, District Court (Brussels), Mar. 20. 2014, Case AR 2013-6154.

<sup>92</sup> Don-Alvin Adegeest, *Louboutin Loses EU Trademark in Red Sole Court Case*, FASHION UNITED, Feb. 7, 2018, <https://fashionunited.com/news/business/louboutin-loses-eu-trademark-in-red-sole-court-case/2018020719545>.

<sup>93</sup> Aanvullende Conclusie AG HvJ EU Feb. 6, 2018, IEF 17487; IEFbe 2476; ECLI:EU: C:2018: 64; C-163/16 (Louboutin tegen Van Haren) Merkenrecht, <http://www.ie-forum.be/dossiers>.

<sup>94</sup> *Id.*

<sup>95</sup> Case C-163/16, Louboutin and Christian Louboutin [2017] EURLex 62016CC0163.

<sup>96</sup> Case C-163/16, Louboutin and Christian Louboutin [2018] EURLex 62016CJ0163, ECLI:EU:C:2018:423.

<sup>97</sup> Case C-163/16, Louboutin and Christian Louboutin [2017] EURLex 62016CC0163 ¶ 73.

soled shoes in India; both received a permanent injunction against marketing or selling their infringing product.<sup>98</sup>

## B. Gucci’s monograms, patterns, and stripes

Guccio Gucci was a young hotel worker in Paris in the early 1900s, where he regularly handled the luxurious suitcases of the hotel’s guest that were made with fine leatherwork.<sup>99</sup> Inspired, Mr. Gucci opened a small shop selling fine leather goods when he returned to his native Florence a few years later.<sup>100</sup> Very soon, the Gucci store became a success in Florence to the point that Mr. Gucci’s son and grandsons expanded the business to Milan and Rome.<sup>101</sup> From these years, the Gucci stores were famous for their finely crafted leather accessories, including handbags and shoes, as well as silks and knitwear.<sup>102</sup> As homage to his father, Mr. Aldo Gucci created the official double-G logo in 1933.<sup>103</sup> Within a few decades, Gucci had become a sought-after luxury brand, and Gucci opened offices also in New York. This turned Gucci merchandise into a global status symbol, with celebrities, fashionistas, and the wealthy increasingly wearing Gucci-made goods, with the eponymous double-G logo. Still, Gucci had suffered an economic crisis in the 1980s, which was followed by a restructuring in the late 1990s. Noted designer Tom Ford was brought in to create a ready-to-wear line, and subsequently served as Gucci’s creative director. Gucci headquarters were returned to Florence, and the number of Gucci products, which had swelled to 20,000, was reduced to 5,000, to return to the exclusivity and prestige for which the Gucci brand was originally known.<sup>104</sup>

Today, Gucci is recognized as one of the most iconic brands in high fashion. The brand is easily identifiable from their double-G logo, as well as the green-red-green racing stripes, the diamond motif repeating the inverted G pattern in each corner, the stylized G mark, and the scripted Gucci design mark. These signs are registered as trademarks and have been widely copied and infringed upon worldwide. In particular, the interlocking double-G logo has become one of the most enduring, iconic fashion symbols. The sign is a registered mark throughout the world, from Singapore to Mexico.<sup>105</sup> For the most part, Gucci did not have any trouble in registering its various marks. For example, in the U.S., Gucci holds forty-six active trademarks,<sup>106</sup> covering a wide arrangement of the iconic GG design, from the original interlocking, facing Gs to a grid of interlocking and interconnecting Gs, to

<sup>98</sup> *Id.* ¶ 74.

<sup>99</sup> Logo My Way, *The History of Gucci and Their Logo Design*, Dec. 29, 2016, <http://blog.logomyway.com/history-of-gucci-and-their-logo-design/>.

<sup>100</sup> The House of Gucci, *Gucci History—The 1920s*, <http://www.gucci.com/us/worldofgucci/articles/history-1920>.

<sup>101</sup> *Id.* <sup>102</sup> Logo My Way, *supra* note 99.

<sup>103</sup> *Id.*

<sup>104</sup> The House of Gucci, *supra* note 100.

<sup>105</sup> The mark consists of the interlocking GGs, Registration No. 0119851234216 (Mexico); the mark consists of the interlocking GGs, Registration No. 4020153387S (Singapore).

<sup>106</sup> World Intellectual Property Organization, Global Brand Database V. 2018-03-28 03:27, <http://www.wipo.int/branddb/en/>.



other designs featuring the double-G emblem.<sup>107</sup> A comprehensive list of offices that recognize the marks includes Switzerland, Spain, Bahrain, Estonia, South Korea, Mongolia, Australia, Morocco, Germany, Chile, Laos, Israel, and Cambodia, among others, including several registration files through the Madrid international registration system.<sup>108</sup>

Still, while Gucci has had few issues registering their trademarks, there have been numerous infringement and invalidity contentions throughout several jurisdictions involving its marks in the past years. Recently, these cases have involved primarily the company Guess, also a manufacturer of bags, shoes, and similar apparels as those produced by Gucci (but at a considerably lower level in the luxury scale). Guess uses a design bearing a logo that is similar to the G moniker. The two brands have hashed out numerous legal battles in different countries and courts, with both sides occasionally declaring victory.

In particular, in the U.S., Gucci won \$4.7 million in damages against Guess based on a ruling by the District Court for the Southern District of New York. The Court held that there was a likelihood of confusion between the two marks, and that Guess knowingly and in bad faith copied Gucci's stripe mark on shoes. The Court also stated that Guess's use of the pattern would likely cause dilution by blurring.<sup>109</sup> Gucci had asserted the right in its five different marks: the red-green-red stripe mark; the repeating GG pattern; the diamond motif trade dress; the stylized G design mark; and the script Gucci design mark.<sup>110</sup> Of those five, only the diamond motif trade dress was held not to be a famous mark.<sup>111</sup> However, the Court denied that Guess had counterfeited Gucci's marks, stating that "courts have uniformly restricted trademark counterfeiting claims to those situations where entire products have been copied stitch by stitch."<sup>112</sup> Hence, despite this success in the U.S. Court, Gucci has lost similar cases in other countries. A year after winning the case in New York, Guess filed suit in the Italian courts to cancel three of Gucci's trademarks, and in turn Gucci countered with infringement.<sup>113</sup> The Italian Tribunale di Milano (Court of Milan) held that Guess's products do *not* infringe on Gucci's products, and invalidated two of Gucci's trademarks.<sup>114</sup> The finding was based on two key differences between the Guess and Gucci products. One, the Court said, was that there are graphic differences between the marks when taking the fonts, thickness, and inclination of the letters.<sup>115</sup> Two, all of Guess's products have a visible presence of the well-known "Guess" trademark. This, the Court said, was enough to avoid

<sup>107</sup> The mark consists of two mirrored Gs, Registration Nos. 11067220, 11073110 (U.S.); the mark consists of a repeating pattern of the stylized letters "GG" surrounded by four filled squares at four corners of the letters, forming an overall diamond design pattern, Registration No. 5221475 (U.S.).

<sup>108</sup> For example, the mark consists of two mirrored Gs, Registration Nos. 11073110 (U.S.), M-0646473 (Mongolia), 1482967 (Australia).

<sup>109</sup> *Gucci Amer., Inc. v. Guess?, Inc.*, 868 F.Supp.2d 207 (S.D.N.Y. 2012).

<sup>110</sup> *Id.* at 217–20.

<sup>111</sup> *Id.* at 229.

<sup>112</sup> *Gucci Amer., supra* note 109.

<sup>113</sup> Tribunale di Milano (Ordinary Court of First Instance—Milan), *Gucci v. Guess? Inc.*, No. 6095 (2013).

<sup>114</sup> *Id.* ¶ 54.

<sup>115</sup> Kevin Bercimuelle-Chamot, *Gucci may be One Nail Away from a New Legal Battle*, IP KAT, Oct. 6, 2015, <http://ipkitten.blogspot.co.uk/2015/10/gucci-may-be-one-nail-away-from-new.html>.



any risk of confusion for the “particularly observant and circumspect” customer.<sup>116</sup> Moreover, the Court found that the mark consisting of the letter G inserted into a radial dotted pattern was invalid because it lacked distinctive character.<sup>117</sup>

The next showdown between the two brands occurred in the Paris High Court in France. Here again, Gucci argued infringement while Guess claimed that the trademarks were invalid.<sup>118</sup> The High Court dismissed Gucci’s infringement claims, and revoked three of its trademarks, including the G mark.<sup>119</sup> In the lower Court, the Tribunal de Grande Instance (before a panel of three justices), Gucci’s request for \$62 million in damages was precluded.<sup>120</sup> Instead, the brand was ordered to pay Guess \$34,000.<sup>121</sup> In addition, the Court found that Guess did not engage in counterfeiting or unfair competition.<sup>122</sup> Now with the score at Guess 2, Gucci 1, the Italian brand hoped to even things up in the Chinese and Australian courts. Interestingly, Gucci received a favorable holding in the Nanjing Intermediate People’s Court of China. The Nanjing Court found the deciding factor in the infringement case was whether the marks look subjectively similar, not whether the customer will be confused.<sup>123</sup> This contrasts with the other case where Gucci won, when the U.S. Court hinged its decision on consumer confusion.<sup>124</sup> Fresh from its victory in China, Gucci opposed the registration of two registrations that Guess had filed under the Madrid Protocol on the basis of prior marks.<sup>125</sup> Gucci was able to adequately prove that the prior Gucci mark had established the requisite reputation, and the Officer noted that the two brand’s marks share very similar design features.<sup>126</sup> This led to the conclusion that the degree of similarity would create customer confusion and meet the reasonable doubt standard that the trademark law required.<sup>127</sup> Thus, Gucci was successful in its attempt to block the registration of the Guess marks in the Australia Trademark Office.

### C. Bottega Veneta intrecciato pattern

Established in 1966 in Vicenza, Italy, Bottega Veneta was initially formed by two entrepreneurs, Michele Taddei and Renzo Zengiaro. Bottega Veneta (“Venetian Shop” in Italian) was founded as an artisanal leather goods producer, and created the distinctive leather design, *intrecciato*, in the late 1960s.<sup>128</sup> Intrecciato is unique in that it requires super fine leather to get under the needle of the specialized sewing machines that Bottega Veneta made to produce its goods.<sup>129</sup> Even though the leather

<sup>116</sup> Tribunale di Milano, *Gucci v. Guess? Inc.*, No. 6095.

<sup>117</sup> *Id.* ¶ 75.

<sup>118</sup> Cour de Cassation [Cass.] [Court of Cassation], Mar. 19, 2015, Decision 367605.

<sup>119</sup> *Id.* ¶ 65.

<sup>120</sup> Bercimuelle-Chamot, *supra* note 115.

<sup>121</sup> *Id.*

<sup>122</sup> Cour de Cassation, Mar. 19, 2015, Decision 367605.

<sup>123</sup> TFL, *The Gucci v. Guess Case is Not Over Yet*, THE FASHION LAW, June 17, 2013, <http://www.thefashionlaw.com/home/gucci-v-guess-isnt-over-yet>.

<sup>124</sup> Gucci Amer., *supra* note 109.

<sup>125</sup> Guccio Gucci SpA v. Guess?, Inc., (2015) ATMO 71 (Austl.).

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*; Trade Marks Act 1995 (Cth) (Austl.).

<sup>128</sup> Megs Mahoney Dusil, *History of Intrecciato from Bottega Veneta*, PURSE BLOG, Aug. 4, 2009, <https://www.purseblog.com/bottega-veneta/history-of-intrecciato-from-bottega-veneta/>.

<sup>129</sup> *Id.*

used to create the goods is so fine, the purpose of the manufacturing method is to create a more durable material for leather accessories.<sup>130</sup> Widely associated with Bottega Veneta, this weave design was the starting point for the brand's evolution and is still one of the most recognizable elements of the brand.<sup>131</sup> Over the next decade, Bottega Veneta started to use the tagline "when your own initials are enough," a nod to the company's common abbreviation to just its initials, BV. Indeed, the Bottega Veneta initials seemed to catch on, with the brand becoming a go-to accessory for the jet set crowd by the early 1980s. This clientele included such notable figures as former first lady Jacqueline Kennedy Onassis and Empress Farah Pahlavi.<sup>132</sup> Even prominent artists took notice of the brand, with Andy Warhol making a short film for the brand in 1980.<sup>133</sup>

After this boom for the brand, the mid and late 1980s into the 1990s saw fortunes declining for Bottega Veneta. Encouraged by the now famous name, the company began to emblazon a "BV" logo on its popular bags. By 2001, the company was sold to the Gucci group for \$156 million.<sup>134</sup> Gucci's creative director at the time, Tom Ford, made the decision to hire Tomas Maier, a German designer, as the Creative Director for Bottega Veneta within the first year of the acquisition.<sup>135</sup> Maier was given total creative control over all aspects of the brand—from the product and store design to overseeing advertising.<sup>136</sup> With this power, Maier worked to return the brand back to its original identity; he removed the garish visible logos from products, and focused on the signature weave and company's artisanal roots.<sup>137</sup> This move back to the brand's basics was encouraged by Vogue, calling it a form of "stealth wealth." Encouraged by the renewed positive view of the brand, Maier then presented the brand's first ever woman's ready-to-wear line in 2005, followed by a men's line in 2006.<sup>138</sup> The same year the brand branched into men's fashion, Bottega Veneta also released jewelry, furniture, and interior design lines.<sup>139</sup> To sell this new and vastly expanded product line, Bottega Veneta unveiled its first "Maison" in 2013; within a historical building, an 11,000-square foot boutique offering all of the product lines.<sup>140</sup> Currently, the brand has over 250 boutiques in forty-three countries, and Thomas Maier celebrated his fifteenth year as creative director in 2016, the same year as the brand's fifty-year anniversary.<sup>141</sup>

<sup>130</sup> *Id.*

<sup>131</sup> Deloitte, *Global Powers of Luxury Goods 2015*, 12 DELOITTE TOUCHE TOHMATSU LIMITED (DTTL) (2015).

<sup>132</sup> TOMAS MAIER, BOTTEGA VENETA: ART OF COLLABORATION (2012).

<sup>133</sup> Fashion Model Directory, *Bottega Veneta: History and Brand Profile*, <http://www.fashionmodeldirectory.com/brands/bottega-veneta/> (2011).

<sup>134</sup> John Colapinto, *Just Have Less: Bottega Veneta's Tomas Maier*, THE NEW YORKER, Jan. 3, 2011.

<sup>135</sup> *Id.*

<sup>136</sup> Nick Compton, *Bottega Veneta: The Dream Weavers' Tale*, THE TELEGRAPH, Mar. 1, 2014.

<sup>137</sup> Maier, *supra* note 132.

<sup>138</sup> Sarah Mower, *Fall 2006 Ready-to-Wear Bottega Veneta*, VOGUE, Feb. 20, 2006.

<sup>139</sup> Vogue, *Bottega Veneta*, VOGUE, Nov. 24, 2015.

<sup>140</sup> Louisa Zargani, *Bottega Veneta Unveils Maison in Milan*, WWD, Sept. 23, 2013.

<sup>141</sup> Caroline Issa, *Bottega Veneta: 50 Years in the Making, it's all About the Clothes*, THE TELEGRAPH, Sept. 28, 2016.

Bottega Veneta currently holds 179 active trademarks from twenty-six Intellectual Property Offices.<sup>142</sup> Their trademarks range from the initials they found to be “enough” in their 1970s slogans, to the intrecciato pattern they claim as unique and distinctive, to the knot adornment present on many of their products, including wallets and perfumes. The weaving pattern, which does not have a logo, the “BV” initials or any other indicator that clearly states that it is a Bottega Veneta creation, has been a particularly troublesome trademark for the brand. According to Bottega Veneta, this very specific weave in itself is distinctive and serves as an indication of the source.<sup>143</sup> But because the weave is easily made and the Bottega Veneta logo is not present, infringers are constantly copying the intrecciato weave. Unsurprisingly, many trademark examiners are hesitant to register such a mark because of its lack of a logo or easily identifiable and unique characteristics.<sup>144</sup> Likewise, the knot symbol has run into some trouble as many examiners also find this hard to distinguish or generic.<sup>145</sup> Still, the U.S. has allowed the registration, although not without some controversy as indicated below.<sup>146</sup> France has also allowed the company to register this mark, as of 2009.<sup>147</sup> This registration was subsequent to the European Union Intellectual Property Office (EUIPO) registration in 2008.<sup>148</sup> The other Bottega Veneta trademark of interest is the knot symbol often adorning the company’s products. Currently the following countries or regions recognize the registration: Kuwait, the U.S., EU, Chile, Indonesia, Singapore, the Philippines, and Australia.<sup>149</sup>

However, the perplexities over registering a weaving pattern as trademarks were palpable also in countries that allowed the registration. In the U.S., the mark was registered only after the Trademark Trials and Appeals Board (TTAB) ruled that the brand *could* register a trademark for the specific design, after the examining attorney issued a final rejection on the mark.<sup>150</sup> The rejection was based on the grounds that the mark was functional, and that the design does not function as a trademark because it is solely ornamental.<sup>151</sup> On review, the TTAB reversed both the argument that the mark was utilitarian and that the mark was merely ornamental.<sup>152</sup> The reversal was based on the finding that Bottega Veneta had demonstrated that the design had acquired distinctiveness as a trademark.<sup>153</sup> The win in the TTAB signified an upswing for Bottega Veneta, who has continued to file trademark applications on the weave with renewed vigor. However, the rights granted by the marks are limited to “identical or nearly identical” designs comprising the elements listed in the applicant’s

<sup>142</sup> WIPO Global Brand Database, <http://www.wipo.int/branddb/en/#>.

<sup>143</sup> Lisa Wan, *Weaving a Trademark*, The IP Law Blog, Oct. 28, 2013, <https://www.theiplawblog.com/2013/10/articles/copyright-law/weaving-a-trademark/>.

<sup>144</sup> *Id.*

<sup>145</sup> *Id.*

<sup>146</sup> The mark consists of the woven leather pattern, Registration No. 4527371 (U.S.).

<sup>147</sup> The mark consists of the woven leather pattern, Registration No. 3685850 (France).

<sup>148</sup> The mark consists of the woven leather pattern, Registration No. 006632905 (EUIPO).

<sup>149</sup> The mark consists of a knot, Registration Nos. 147923 (Kuwait), 012537081 (EUIPO), 86170650 (U.S.), D002014000894 (Indonesia), 2013063939 (Myanmar), T1407169D (Singapore), 1201398 (Philippines), 1621397 (Australia), and 1201398 (Chile).

<sup>150</sup> *In re Bottega Veneta Int’l S.A.R.L.*, 2013 WL 5655822 (T.T.A.B. 2013).

<sup>151</sup> *Id.* at 1.

<sup>152</sup> *Id.* at 2.

<sup>153</sup> *Id.* at 13.

mark description. This excludes products that have horizontal weaves (as opposed to the diagonally situated intrecciato weave), products with a weave made out of a material that is not leather (including materials that simulate leather), or with strips that are wider or narrower than the Bottega Veneta-prescribed 8 to 12 millimeters.<sup>154</sup>

Other administrative bodies have also reviewed the Bottega Veneta woven leather and other applications for a three-dimensional trademark. In the EU, the General Court denied registration to the same three-dimensional trademark of the leather weaves in the shape of two bags.<sup>155</sup> The Court upheld two decisions of the Board of Appeals on the matter—one for either of the bag shapes. In this case, the General Court said that the bags did not pass the test for distinctive character. In order to pass, the bags must “deviates significantly ... from the standard or customs of the sector and, therefore, allows the consumer to identify the bag, corresponding to the trademark applied for, as originating from a particular undertaking, and thus to distinguish it from bags produced by other companies.”<sup>156</sup> The overall shape of the bags in question was declared only a “simple variation” of those bags available on the market; there was nothing distinctive enough about the product to significantly prove to the Court that it could only originate from the Bottega Veneta brand.<sup>157</sup> While the General Court denied this three-dimensional mark, the Court did provide some guidance for future applications. Specifically, this explanation expanded on one reason that the three-dimensional mark is so hard to obtain: the average consumer is not in the habit of determining the source or origin of a good or product based only on the shape of that product.<sup>158</sup> This is particularly true in situations where there are no logos or brand elements on the product. Curiously the Court did not address the woven element on the surface of the bag.

#### IV. The Potential Negative Impact of Non-Traditional Trademarks on Creativity and Access to Styles

In this section, I conclude the chapter and attempt to draw some considerations based on the analysis of the examples above. In particular, what are the main takeaways from the analysis of the three examples described above—Louboutin, Gucci, and Bottega Veneta—and to what extent the conclusions that we could draw based on these examples could be applied, or could illustrate, some of the problems that relate, in general, to the protection of NTTMs?

First, it seems that persistence in insisting to register their colors and patterns as marks has paid off for Louboutin, Gucci, and Bottega Veneta in a variety of jurisdictions.<sup>159</sup> The companies were able to secure and still retain, even after some problematic outcomes of litigation proceedings in some countries, a number of trademark registrations.<sup>160</sup> Based on these registrations, the companies—so far

<sup>154</sup> TFL, *Bottega Veneta Granted Trademark for Weave Design*, THE FASHION LAW, Oct. 10, 2013, <http://www.thefashionlaw.com/home/bottega-veneta-granted-trademark-for-weave-design>.

<sup>155</sup> Joined Cases T-409 to 410/10, *Bottega Veneta Int'l v. OHIM*, 2013 EURLex 62010TJ0410.

<sup>156</sup> *Id.* <sup>157</sup> *Id.* ¶ 55. <sup>158</sup> *Id.* <sup>159</sup> See discussion *infra* Section III.

<sup>160</sup> *Id.*

primarily Louboutin and Gucci—have strictly enforced their rights and demanded that competitors refrain from using identical and similar colors style and color for shoes soles for Louboutin, similar patterns and stripes for Gucci, and similar pattern for Bottega Veneta.<sup>161</sup> In some instances, these demands have been met with resistance, and the companies had to face litigation. In some cases, this litigation concluded unsuccessfully. However, in other cases, the litigation proceedings concluded successfully for the companies. Moreover, as I highlighted in Section III, the litigation proceedings at issue most likely represent just a fraction of the actual claims that these companies may have made through demand and cease-and-desist letters to other competitors and third parties, which may have immediately accepted to cease to produce any products that looked similar, or may have entered into a specific transaction and settlement agreement after a short time. As the data related to the number of letters sent by these (or any other) companies are not publicly available, and the terms of any out-of-court proceedings remain confidential, it is thus not possible to assess the actual impact and effect that the NTTMs at issue may have on market competition and, in general, competitors’ access to similar style and product features.

This result is certainly problematic. As several of the chapters in this volume have highlighted, protecting and granting exclusive rights on NTTMs ultimately results in preventing access to competitors and third parties to relevant and aesthetically appealing designs and product features. Even though these product features have been first created by the companies that have applied to register them as trademarks, these features are again product designs or contribute to the style and appearance of the overall products, and often they may represent the whole product at issue. In other words, these features are far more than indicators of commercial origin in the traditional trademark sense, and their signaling function far extends from the traditional trademark signaling function of commercial original and product quality. Accordingly, by granting rights that allow trademark owners to prevent access to these features to anyone else besides themselves directly translates in securing a potentially perpetual monopoly on styles and aesthetic elements that appeal to creators and consumers.

However, the potential damage to creativity and product innovation is not limited to competitors. It also affects the companies that own these trademark registrations, by paradoxically “trapping” them in having to use their NTTMs repeatedly as part of their products, lest they could be accused of using their marks inconsistently and in manners that could affect the distinctiveness of the marks. In particular, all the companies in the examples above (and many other companies in the fashion industry and other industries) have certainly built their image—past, present, and to a large extent, their future image—on the characteristic shapes, patterns, and colors that they have fought hard to register as trademarks and later enforce against as many “copiers” as possible.<sup>162</sup> For example, a trip to any Louboutin store worldwide, or a search online, reflects the essential value of the red soles for the designer. Every single

<sup>161</sup> *Id.*

<sup>162</sup> See discussion *infra* Section III.

pair of shoes in these stores, be they shoes for woman or man, now uses the famed red soles. A Louboutin shoe would not be a Louboutin without the red sole. A trip to any Gucci store, reading a Gucci catalogue, or a visit to the online retailers and outlets selling Gucci products, would prove exactly the same point for Gucci. The typical pattern and stripes is omnipresent in almost the totality of Gucci products, again projecting the message that a Gucci product would not be a Gucci product without the typical monogrammed patterns (sometimes used as a full product trade dress and other times used more discretely) and stripe. Last but not least, every single Bottega Veneta product comes as an intrecciato pattern product. Thus, while the company has a large line of product and accessories in different colors, the pattern used for these products is always the intrecciato pattern.

Is this a positive result for these companies and the creativity of these designers, and the fashion industry at large, in the long term? Clearly, these companies have no choice and have to repeat their NTTMs as part of their design if they want to continue to secure trademark protection. At this time, these companies may be eager to do so, as those designs may drive more consumers to them based on the recognition of the designs and the status that wearing these (exclusive and not possible to (legally) copy) designs may mean for the purchasers and those seeing the purchasers wearing the products after the sale. Moreover, this repetition and acquired goodwill in those NTTMs continue to drive competitors to copy the desired aesthetic elements, which in turn triggers trademark enforcement on the part of these companies, and to “sanctify” the protected elements as the desirable (but untouchable) styles of the industry. Yet, would the designers of these companies like to change because consumers have become bored with the style, or simply because they would like to follow a different type of design? At this time, the need of this constant repetition of the same colors, patterns, and style seem to severely limit designers’ creativity as every shoe, bag, and any other product designed by these companies would need to carry the characteristic colored sole or patterns and stripes. Moreover, the temptation of continuing to extract value from the same shapes, colors, and patterns protected with NTTMs has the potential to also decrease investments in product quality, at least in the short term.

In other words, it seems clear that protecting NTTMs does not incentivize the creative process. In particular, any change would run against possible value extraction in the immediate term, and more relevantly would jeopardize trademark protection. As a result, protecting NTTMs seems to chill creativity and innovation for the companies that own these marks, as they find themselves almost obliged to continue repeating products with the same colors and patterns as part of their collections. Similarly, protecting NTTMs may have a very negative effect in the investment dedicated to improving product quality in product development in the long term, as extracting value through the marks becomes more profitable than investing in high product quality. These are, in my view, highly problematic results for the fashion industry, and for any industry as the trend of applying for registrations for NTTMs is common in many industries today. Even though company executives may be pleased with the extra value that NTTMs bring to their companies and profits, and (company) lawyers may

be proud of having managed to secure trademark rights in NTTMs, designers may ultimately be severely frustrated in pursuing new designs and experimenting with new collections. Likewise, companies may suffer in the long term for lack of creativity and product quality investment. At the same time, as the litigations analyzed in Section IV demonstrate, competitors are once again driven toward creating copies, and often lower quality replicas, of the original designer products, which in turn flood the market with the same or similar designs over and over, to the detriment of competing creativity and creativity in general for our society. In essence, beyond representing a challenge for competition, NTTMs also do not benefit their owners and the quality of their products and design in the long term, and thus their protection should be reconsidered and severely limited.

## V. Conclusion

The examples described in this chapter reinforce my previous critique regarding NTTMs, and illustrate the negative impact that the protection of these marks may have on market competition. In particular, these examples illustrate the potential chilling effect that NTTMs can have on innovation and creativity in product design and product development in the fashion industry and, in general, creative industries. As I described in this chapter, protecting NTTMs supports a system of intellectual property protection that promotes standardization and repetition, as repetition is necessary to acquire consumer recognition and, in turn, trademark distinctiveness—one of the conditions to secure protection as a mark. The use, over and over, by Louboutin, Gucci, and Bottega Veneta of their successful product designs—red lacquered soles, monogrammed patterns and stripes, and intrecciato leather patterns—for all their products demonstrates this phenomenon of repetition and product consistency to obtain trademark protection thereof. Certainly, these product features are highly valuable, and it is understandable that these businesses desire to protect them on an exclusive basis and for unlimited time. However, no matter how distinctive, original, and innovative, these product features were never meant to be protected as marks because they are integral product parts or the product per se. Instead, as other chapters in this volume have explained at length, these product features are, and should be protected, under the domain of industrial design or design patents. Ultimately, as the examples in this chapter illustrate, protecting NTTMs induces businesses to standardize instead of creating new designs. In turn, this can lead to less investment in product quality, as NTTMs allow businesses to extract value from their marks on an exclusive and potentially perpetual basis. However, neither of these effects are desirable for the fashion industry, or for any industry, and should be countered by reducing or prohibiting the protection of product designs and aesthetic features as NTTMs.