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Little Red Riding Lawsuit :

An Analysis of The Legality and Application of Single-Color Trademarks in India, With Reference To Christian Louboutin S.A.S. v. Abubaker and Ors.

Manan Katyal*

Abstract

With the shift in international trade, the manner in which brands choose to manifest themselves in the global domain has been modified considerably. Trends worldwide are being experienced which result in the deviation from conventional to non-conventional trademarks, which include a variety of components beyond the traditional words, figures, shapes, etc. This paper focuses on signifying the importance of such a shift and incorporating single-color trademarks into the Indian legislation in light of the implications of its absence, and furthermore, how the position established by the Indian Trade Marks Act, 1999 has failed the development of the jurisprudence on single-color marks across the world. The case of Christian Louboutin S.A.S. v. Abubaker and Ors., comes into play as it shows how a multi-million dollar multinational organization, which has catered to society's crème de la crème for the past three decades, after attaining trademark protection for its red-soled footwear in more than 35 countries worldwide, including India, has been failed by the Delhi High Court in asserting a right over its own distinctive image and single-color mark. A critical analysis of this judgment highlights the impact of the limitation imposed by the exclusive interpretation of the legislation and the archaic and restrictive approach adopted by Courts while assessing matters related to single-color marks. More importantly, this paper suggests that these marks play an invaluable role in strengthening and invigorating an inadequate trademarking regime by widening its applicability, approach and functionality. Lastly, this paper proposes that the impact of inclusivity in trademarking on the economics of trademarks,

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business operations and national market and economy is a proposition considerable enough to allow their adoption under the Indian Trade Marks Act.

KEYWORDS: Non-traditional trademarks, Single-color trademarks, Trade Marks Act 1999, Christian Louboutin

INTRODUCTION

Initially, the purpose and function of trademarks was to act as a source identifier[1], but with the increasing dynamicity of international trade and globalization, the approach has experienced a shift towards providing an immersive and distinguishable brand experience. In coherence to this, businesses worldwide are exploring the infinite opportunities provided by non-conventional or non-traditional trademarks. Such marks have often been considered to be the most striking branding strategy of the 21st century.[2] The technological revolution persuaded many companies to experiment with 'extreme branding' with the aid of color, sound, smell, tastes or even 3D and holographic images.

An integral element of non-conventional trademarks is single-color marks, which associates a specific color with a brand, possessing a certain degree of acquired distinctiveness. Color psychologists and experts hold that through marketing studies and analysis, color can increase brand recognition by up to 80%.[3] Single-color trademarks act as a more potent source-identifier than a conventional trademark as practical employment of these marks have shown visual aspects of brands that transcend languages.[4] For example, a candy bar wrapped in a purple packaging, irrespective of whether the text on the wrapping is in Greek or Japanese, would instinctively allow consumers to associate it with Cadbury.

Hence, single-color marks encompass a full spectrum of sensory perception beyond commonplace visual signs and bear a high potential of economic value, leaving a greater degree of commercial impression on the consumers with its unique appearance, smell, touch or experience.

1 Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense,* 108 YALE L J 1687, 1695 (1999).

2 LINDSTORM MARTIN, BRAND SENSE: BUILD POWERFUL BRANDS THROUGH TOUCH, TASTE, SMELL, SIGHT AND SOUND 205-6 (1st ed. 2006.)

3 Jill Morton, *Why Color Matters*, COLORCOM (Aug. 09, 2020, 10: 02 AM), https://www.colorcom.com/research/why-color-matters.

4 Margaret A. Boulware, *Emerging Protection for Non-Traditional Trademarks: Product Packaging & Design,* Baker & McKenzie LLP 68 (2015).

Single-Color Marks as Non-Traditional Trademarks

Concept of Non-Traditional Marks

Traditional or conventional trademarking includes a variation between words, figures, symbols, numbers, combination of colors, etc. but of late trademarks have undergone a revolutionary change and have proved to serve a holistic purpose. Modern innovative technology has produced more products to see, smell, touch, taste or hear than people would otherwise get through their non-augmented faculties. Corporations are no longer limiting their scope to only provide a tangible good as they are witnessing a shift towards selling experiences alongside commodities or services. Hence, the new form of trade requires a new form of trademarks, which go beyond the traditional trademarks in nature, characteristics, scope and economic potentials.[5] The development of non-traditional marks proves to show that trade mark law is subject to a dynamic process from which new types of marks may constantly evolve.[6] These marks are of great commercial value to an enterprise and an important part of evolving business strategy and intellectual property portfolio.[7]

Color is arguably one of the most potent tools in packaging, which a single-color mark perfectly encapsulates. Multiple studies of eye movement have reiterated that colors prompt the fastest response of any aspect of a package.[8] It can serve as a fundamental base to assert brand identification and distinction in consumers. The impact and significance of a color in trademarking would be further discussed.

International Jurisprudence on Single-Color Marks

Although a single color had been protectable as a trademark globally, it was only in the 1980s that its registrability was recognized in a judicial precedent. This was a result of the *Think Pink* campaign launched by Owens-Coming Fiberglass Corp. by insulating its fiberglass with a pink tint.[9] This campaign was the genesis which led to the development of the jurisprudence on single-color trademarks around the world. From here on, the impetus required by such marks to develop globally was predominantly contributed by the United States and European Union.

5 Lisa P. Lukose, *Non-traditional Trademark: A Critique,* J. IND. L. INS. 197, 198 (2015).

6 WIPO Secretariat 'New Types of Marks' (SCT/16/2) Sep. 1, 2006, at 57.

7 GRAHAM DUTFIELD & UMA SUTHERSANES, GLOBAL INTELLECTUAL PROPERTY LAW 73 (2nd ed. 2008).

8 D. P. MITTAL, TRADE MARKS: PASSING OFF & GEOGRAPHICAL INDICATIONS OF GOODS, 1.15 (2002).

9 *Re Owens-Coming Fiberglass Corp.*, 774 F.2d 1116 (Fed. Cir. 1985).

Contributions by the US

The authority relating to single color trademarks in the US is *Qualitex v. Jacobson*[10] where the court ruled that there would be no *per se* bar to registration as long as the mark meets the imperative condition of acquired distinctiveness. Trademarks, in their own essence, do not possess the ability to be inherently distinctive. Only once they have been associated with a brand and have acquired the distinctiveness by generating a secondary meaning for themselves, they can be legally registrable. The threshold of acquired distinctiveness can only be passed through consistent usage and market reach with the passage of time. In other words, the mark must have acquired a secondary meaning or a considerable level of significance, which differs from its most obvious and literal interpretation, throughout a substantial period of time.

This is the dominating reason because of which single-color trademarks have remained in the public domain. The mandate that the proprietor must be able to indicate the distinctive nature of the mark is rather restrictive due to the subjective interpretations a color may allow. More often than not, courts are of the opinion that a pure color can never have inherent distinctiveness, but leave open the scope of it being acquired through the process of time.

The acceptance that single-colors can acquire distinctiveness in order to be associated with a brand defied the principles heretofore established across the world and still continues to operate as a precedent even for the more contemporary issues. Since the *Qualitex* case, numerous companies have been successfully able to register their single-color marks, such as UPS[11], 3M[12], Tiffiany & Co.[13], etc. under the United States' trademark legislation.

Additional Mandates Imposed by the EU

The EU, however, adopted a more skeptical and cautious approach by further complicating the law on single-color trademarks and introducing an additional pre-requisite of graphical representation, which poses as a strong barrier to non-traditional trademark registration. A mark can only be graphically represented if its nature, description, features, technicalities, etc. can take the form of a pictorial representation, written description or both, concisely and accurately. Nonetheless, the implications of this condition were slightly more relieved for single-color marks due to the prevalence of a uniform system to standardize colors and

10 *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

11 Registration No. 2131693 (registering brown as applied to vehicles).

12 Registration No. 2390667 (registering canary yellow as applied to adhesive notes).

13 Registration No. 2359351 (registering robin's egg blue as applied to boxes).

reduce them to a specific and definite shade. This system graded colors by allotting them a numeric code, serving as their unique identifier worldwide. The most prominent example of such is the Pantone Matching System (PMS), apart from the lesser popular ones, such as CMYK, RAL and RGB. Since color standardizing techniques ensure consistency, courts have found them to be admissible while analyzing the graphical representation of single-color marks.

In the forefront of the precedents on graphical representation, lies *Sieckmann v. Deustsches Patent und Markenant*[14], which ruled that a single color could be represented graphically through a "*clear, precise, self-contained, intelligible, durable and objective*" manner.[15]

The irony of the whole situation came into play in 2017 when the EU Trade Mark Implementing Regulation (EUTMIR)[16] was passed which overrode the requirement of graphical representation in the EU altogether. This ultimately loosened the noose around companies on trademarking their non-traditional marks. However, the mandate of graphical representation still subsists in countries such as India, Australia, China and most of Latin America.

Protection through International Agreements

Single-color marks have quite literally left a huge mark worldwide that it even finds itself seeped into the purview of various international treaties, but most particularly covered by the following:

1. The International Registration of Marks under the Madrid Agreement and the Madrid Protocol, 1891, (to which India has been signatory since April 8th 2013)
2. The International Classification of the Figurative Elements of Marks, as established by the Vienna Agreement, 1973
3. The Trade Mark Law Treaty, 1994
4. The European Union Community Trade Marks Regulations, 1996

Despite that these marks are not explicitly mentioned in the definition clause of the TRIPS Agreement of 1994, a plain reading of the section suggests that since it provides an inclusive and open-ended definition, it is wide enough to include such unconventional marks within its ambit.[17]

14 (2003) Ch 487 ECJ.

15 *Id.* at 511. Also see *Libertel Group BV v. Benelux Merkenbureau*, (2004) FSR 65 (ECJ: Sixth Chamber).

16 Regulation (EU) 2017/1001.

17 *Supra* note 5.

Law on Color Trademarks in India

The Trade Marks Act 1999

The Trade Marks Act 1999 (hereinafter referred to as 'the Act'), as metamorphosed from the Trade and Merchandise Marks Act 1958, functions as the leading legislation in India which governs and regulates the qualifications and procedure of registrability of trademarks and the rights and liabilities of their holders.

Section 2(1)(zb) reads:

> *"'trade mark' means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors."* [18]

Section 2(1)(m) reads:

> *"'mark' includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof."* [19]

Hence the conditions to be qualified for a registered trademark in India are similar to those as contributed by the EU, i.e. graphical representation and acquired distinctiveness. Additionally, a mark must not fall within the absolute grounds for refusal of registration as provided under Sections 9 & 10 of the Act.

The Manual of 2015 by the Ministry of Commerce

In order to compliment the Act, the Ministry of Commerce and Industries released The Manual (Draft) of Trademarks Practice and Procedure of Indian Trademark Registry. The Manual analyzed that Section 2(1)(m) does not exhaustively cover the categories of legally protected marks and due to its open-ended nature determined that single color packaging has the potential to be classified as a valid trademark, subject to judicial scrutiny on a case-to-case basis.[20] Adopting a cautious stance towards assessing distinctiveness for colors, the Manual states:

> *"As color per se is not normally used by traders as a means of brand identification, unlike words or pictures, consumers are not in the habit of*

18 Section 2(1)(zb), Trade Marks Act, 1999, No. 47, Acts of Parliament, 1999 (India).

19 Section 2(1)(m), Trade Marks Act, 1999, No. 47, Acts of Parliament, 1999 (India).

20 Dev Gangjee, *Non-Conventional Trademarks in India,* 22(1) NLSI R. 67, 86 (2010).

> *making assumptions about the origin of goods and services based solely on their color or the color of their packaging. It follows therefore, that a single color will only in exceptional circumstances be capable of denoting the origin of a product or service. Marks consisting of a single color will usually be liable to objection under Section 9(1)(a) of the Act because they inherently lack the capacity to distinguish."* [21]

The Manual also suggests that unless colors are used in a special or particular pattern or arrangement, it is not an imperative that the color would lend distinctiveness as a badge of origin,[22] i.e. the colors may be considered generally decorative or a mere property of things, and not sufficiently distinctive as a trademark.[23]

Case Study of Christian Louboutin S.A.S. v. Abubaker & Ors.

Background of Christian Louboutin

French footwear designer Christian Louboutin sells more than five hundred thousand pairs of shoes bearing his name each year[24], generating an average annual revenue of $300 million through its 71 stores spanning 29 countries. At prices between $400 and $6,000 a pair[25], these high-heels are fashion's ultimate symbol of status and opulence.[26] In a comparatively short span of time, Louboutin's brand skyrocketed as it had been spotted on many of their high profile clients, including celebrities, global icons and even the royalty. Over the years, the red sole has become a great visual cue, widely recognized by consumers as a trademark of the Louboutin brand[27] and shaken the fashion industry to its core. Louboutin, apart from trademarking its red soles in more than 35 countries across the world is also a valid holder of a total of eight marks in the Indian Trademark Registry[28] since 2008.

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21 Ministry of Commerce & Industries, Section 12.2.5, The Manual (Draft) of Trademarks Practice and Procedure of Indian Trademark Registry, 2015 (May 28, 2015).

22 *Id.* Section 5.2.1.

23 *Supra* note 20.

24 Lauren Collins, *Sole Mate: Christian Louboutin and the Psychology of Shoes,* NEW YORKER (Aug. 09, 2020, 11:30 AM), http://www.newyorker.com/reporting/2011/03/28/110328fa_fact_collins.

25 *Ibid.*

26 *High Net Worth Shoppers Rank Luxury Brands on Multiple Criteria,* LUXURY INSTITUTE BLOG (Aug. 09, 2020, 11:45 AM), http://blog.luxuryinstitute.com/?p=993.

27 Alison Frankel, *Louboutin Red Sole Trademark Case: Color War at the 2nd Circuit,* THOMSON REUTERS (Aug. 09, 2020, 12:10 PM), http://blogs.reuters.com/alison-frankel/2012/01/06/louboutin-red-sole-trademark-case-color-war-at-the-2nd-circuit/.

28 Indian Trademark Registration Numbers 1644051, 1839047, 1922048, 1931553, 2341890, 2341891, 2341895 & 2341896.

Analysis of the Judgment

Genesis of the Dispute: The Original Civil Petition

The case finds its origin from the Original Civil Petition filed in the Delhi High Court, adjudged on 25th May, 2018 by a Single-Judge Bench comprising of Justice Valmiki J. Mehta.[29] In this matter, Louboutin had filed for an injunction against the Respondent, a Mumbai-based company named Abubaker, who had been manufacturing and selling footwear bearing a red sole, alleging infringement and passing-off. Not only was the placement of the mark on the sole problematic, but the shade used by the Respondent appeared to be strikingly similar to the one globally used by Louboutin.

The judgment manifests a sense of peculiarity as on one hand the Court acknowledges Louboutin's trademarks of its red sole, as granted by the Registrar of Trademarks,[30] and on the other hand considered multiplicity of colors as a *sine qua non* for the interpretation of Section 2(1)(m). In conclusion, the Court isolated a single color mark from the scope of Act and stated that if the red sole cannot qualify as a valid mark under the Act, then it corresponds to the validity of its trademark.

The court also relied on the functionality doctrine, a well-established principle of trademark law which invalidates any mark that may be functional in nature.[31] Any feature of a product that may be considered functional cannot be trademarked in order to prevent a brand from unduly monopolizing it and in the larger scheme of events, to foster healthy competition. Section 9 of the Act declares functionality as an absolute ground for refusal by stating that color is applied to certain goods for the purpose of creating appeal, resulting in aesthetic functionality and the use of color performs only a non-trademark function, as it is a characteristic of the goods.

Appeal to the Division Bench

Subsequently, an appeal was filed to a Division Bench comprising of two judges of the same court, which released a homonymous judgment on April 11th 2019.[32] The Court ruled that the Single Judge was incapable of rendering an accurate decision due to the limitation of representation on behalf of the Respondents and any determination could only be provided after a deliberation of their case. Also, the procedure adopted by the Single

29 *Christian Louboutin S.A.S. v. Abubaker and Ors.*, 2018 (74) PTC 301 (Del) (India).

30 *Supra* note 28.

31 *See* Qualitex.

32 *Supra* note 29.

Bench, of determining a trademark matter *suo motu* by the Court on its very first hearing, was looked down upon. In conclusion, this Court adjudged to set aside the judgment of the Single Bench and ridiculed the lack of procedural compliance, but reinstated the original civil petition by referring this case to a different bench. Regardless of the consequences, the Division Bench had implicitly agreed with the rationale provided in support of the previous judgment, without going into the merits of the case.

Criticism of the Judgment

Narrow Interpretation of Section 2(1)(m)

Section 2(1)(m) defines a mark within the scope of the Act. On a bare reading, without an in-depth interpretation of the statute, the nature of the section is open-ended, inclusive and, more importantly, inexhaustible. Noticeably, it uses the word 'includes' while enlisting examples of permissible marks and not 'is limited to'. The Bench analyzed the legislation to have *deliberately* and *intentionally* used the expression 'combination of colors' and is of the opinion that the legislators carefully omitted a singular color. This signifies the narrow interpretation of the section as the Court looked deeper into it than necessary. A primary function of any statute is to be accommodating towards the advancements or developments in the jurisprudence of the law as well as with the time, which the open-ended nature of the section aimed to fulfill. Unfortunately, a motive the court had completely overlooked.

Disregards Louboutin's Registered Trademarks under the Indian Trademark Registry

As specified, Louboutin holds 8 valid trademarks with the Indian Trademark Registry.[33] Irrespective of whether the court deems the Louboutin's trademark status to be tenable, it essentially allowed the Respondent to pass-off and misuse a registered trademark under Indian law and override the status of registration granted by the Registrar of Trademarks. The jurisprudence of trademarks in India recognizes both a statutory and common-law remedy in order to protect the mark of a proprietor, both of which were bypassed by the judgment. By disregarding these registered trademarks while stating that the single-color mark cannot qualify as a trademark, the Bench set a very dangerous precedent that may prove to be detrimental in upholding the value, status and integrity of not only trademarks, but intellectual property as a whole.

33 *Supra* note 28.

Violates Sections 29(1) & 31 of the Act

Each of the conditions of infringement, as provided under Section 29(1) have been fulfilled in this case and each of the resultant circumstances have been actualized as under Section 29(4). Irrespective of whether such a mark is within the common practice of the industry, it was infringed by Respondent, who, rather than being penalized, was awarded the case. Additionally, the judgment omitted the consideration of Section 31 which affirms that there exists a *prima facie* presumption in the validity of a registered trademark in any legal proceedings, as the Bench failed to provide the benefit of the doubt to the Petitioner regarding the acquired distinctiveness of the brand.

Neglects the Application of Section 2(1)(zb)

Each mark contesting registration under the Act must pass the two conditions under Section 2(1)(zb); the mark must be capable of being graphically represented and distinct/ distinguishable. As put forward, single-color trademarks can be graphically represented through international color standardizing systems. Louboutin's red can be graphically represented on the Pantone scale as PANTONE 18-1663 TPX Chinese Red.[34] Moreover, Louboutin has acquired its distinctiveness through the differentiation of their product from the prevalent standards in the fashion industry in the past three decades. At the time of its conception, no brand had ventured into capitalizing on the color of the soles of a pair of stilettoes. Also, through the passage of time, the mark has become a symbol of high fashion and a unique brand identifier, not only to a fashion-savvy person, but even an extra-terrestrial.

Overlooks Indian Jurisprudence and Precedents on Trademarks

Previously in the same court, in the case of *Christian Louboutin S.A.S. v. Pawan Kumar & Ors.*[35], the Bench relied on the following in determining the red sole as a distinct trademark: (i) Louboutin's status as a well-known luxury brand in over 60 countries; (ii) extensive and continuous use of the red sole trademarks since 1992; (iii) knowledge of Indian customers of the red sole trademarks; (iv) Louboutin's status as the sole licensor of the red sole trademarks and several successful enforcement actions in the past and (v) extensive promotion of the red sole trademarks in India. However, the Single Judge failed to give their regard towards this precedent and a contradictory judgment had been released. Not only so, but with respect to the cancellation or revocation of registered trademarks

34 *Pantone 18- 1663 TPX Chinese Red,* PANTONE (Aug. 09, 2020, 12:05 PM), https://www.pantone.com/color-finder/18-1663-TPX.

35 (2018) 73 PTC 403 (Del) (India).

that the Single Bench had moved for, neither did the Act nor its bylaws authorize the court to invalidate the registration on a *suo motu* basis. The Hon'ble Bombay High Court has previously held on this matter that a court has this exceptional authority only when the invalidity of registration is raised by the Respondent at an interim stage.[36] The court also cautioned that such discretionary power can only be exercised as a consequence of a considerable threshold of *prima facie* proof being submitted before the court establishing the ex facie illegality or fraud involved in securing the registration from the Trade Marks Registry.[37] Since this condition was not met in the present case and the motion of revocation was solely raised by the Bench, it was in contravention with the precedent set by the apex court.

Should the Indian Legislation Focus on Inclusive Trademarking by Adopting Single-Color Marks within its Ambit?

In the absence of an encompassing legislative system, various grey areas tend to appear with respect to the application of laws, which ultimately led to inconsistent judicial pronouncements. The battle fought in *Christian Louboutin SAS v. Abubaker* was not one specifically for single color marks but was a fight for a greater representation of inclusive trademarking in India. Many a times, the Indian judiciary has turned a blind eye towards maintaining an inclusive approach with ruling on non-traditional trademarks,[38] which have only deepened the ambiguity with respect to their legality.

In a nutshell, the essence of this section moves to substantiate the case for the adoption of single color marks within the Indian legislation, as this approach strengthens and invigorates a national trademark regime. As non-traditional marks, most notably single-color marks, instill flexibility within a trademark system, they can serve the most integral and fundamental purposes of trademarks in a more efficient and effective manner, as compared to traditional marks. From functions such as enforcing product differentiation to enhancing branding, single-color marks witness an all-pervasive impact on the trademarking regime. The chain reaction that this has on business operations w.r.t. the economics of trademarks can allow businesses to expand their market reach and experience greater profits. With limited trademarking, not all business can take advantage of their intellectual currency, which as the recent age has shown, can be of any form and feature. Inclusivity in trademarking allows business to expand their brand presence in unprecedented ways. Further, stronger

36 *Lupin Ltd. v. Johnson & Johnson*, 2015 (61) PTC 1 [BOM] [FB] (India). See also *Shakti Bhog Foods Ltd. v. Parle Products Pvt. Ltd.*, NM (L) No. 2178 of 2012 along with Appeal (L) No. 674 of 2012 (India).

37 *Ibid.*

38 See *Britannia Industries Ltd. v. ITC Ltd.*, (2017) 70 PTC 66 (Del) (India); *Cipla Ltd. MK Pharmaceuticals*, (2008) 36 PTC 166 (Del) (India).

trademarks have a significant influence on the domestic market and economy as it allows the Indian legislation to be more consistent and compliant with international trends and practices in trademarking, providing a lucrative growth to both FDI and foreign exchange.

How Does the Adoption of Single-Color Marks Strengthen & Invigorate a Trademark Regime?

Product Differentiation & Identification

Any form of trademarks across the world primarily aim towards product identification & differentiation.[39] Single-color trademarks are a more potent source-identifier than a conventional trademark as they manifest visual aspects of brands that transcend languages.[40] Clinical psychology and neuroscience tell us arguably that color is a very powerful tool in learning and educational settings as our brain can recall a color stronger, faster and with a greater sense of recollection than it can for words or figures.[41] Color psychologist and expert, Jill Morton goes beyond to hold that through marketing studies and analysis, color can increase brand recognition by up to 80%.[42] Courts have also been of the opinion that if a color is sufficiently distinct and peculiar, it has the power of overriding all of the brand's other trademarks and can serve as a sole primary mark.[43] As a conclusion, colors have a greater weightage in our minds, which allows us to associate and link it with a brand in a way that traditional trademarks would be incapable of. While making consumer choices, a consumer would, hence, be able to identify and differentiate a product bearing a single-color mark in an unprecedented way, allowing trademarking to be more effective and impactful.

Protects the interests of the Consumer

As the identity of a brand has been embedded deeper in our minds with the help of color, these marks assist in protecting the consumer, one of the fundamental objectives of trademark law. An ordinary consumer is riddled with a myriad of choices in the market, which can only be filtered through their image of the brand. This protection can be against deceptive and unethical trade practices, misrepresentation or even extended by providing a standard of authentication. Not only so, but once product identification and differentiation

39 V. V. Solpe, Managing Intellectual Property 39 (5th ed. 2016).

40 *Supra* note 4.

41 Mariam Dzulkifli & Muhammad Mustafar, *The Influence of Color on Memory Performance: A Review,* 20(2) MALAYS. J. MED. SCI. 3, (2013).

42 *Supra* note 3.

43 Dyson Ltd's Trade Mark Application, 2003 RPC 47.

is enhanced, a consumer's search costs reduce considerably, which plays a compelling role while exercising consumer choices.

Allows Branding to Adopt a Wider Approach

Additionally, single color marks provide a wider approach in low literacy areas. Companies are continually endeavoring to expand into a new consumer base, market or territory and with single color trademarks, they are able to provide a multi-sensory perception. Visual perceptibility cannot be the unconditional prerequisite for developing a brand image.

In low-literacy areas, people often perceive and connect brands with the corresponding color of the product or its packaging. As the illiterate populace is more susceptible to being misled or misguided, their only source of identification is a color, which to them surpasses language. They simply cannot rely on the arrangement of characters they cannot decipher in a word mark or shapes and figures they have no relatability towards in a shape mark. Not only so, but non-conventional marks in general have tapped into the market of specifically catering to visually impaired people where they identify goods through their scent, feel and sounds.[44]

Provides an Enhanced Appeal

Selling a product with which a consumer can associate a memory or an experience, has been proven to be more appealing and attractive. Modern-day marketing doesn't limit itself to a mere product or service, but to a whole immersive and memorable experience. Attaching a memory or a cultural significance to a product makes it more preferable as it doesn't only provide a good, but a holistic service. In this way, colors have often been used to express an emotion or a sensation with which a consumer can attach with the brand.

Taking the example of Christian Louboutin, the reason why the color red was chosen to represent the identity of the brand is because it is flirtatious, the color of passion and irresistible by men.[45] Analyzed through a historical sociological approach, the color red was reserved only for the nobility, as it signified power, status and privilege,[46] and in

44 Lisa P. Lukose, *Non-traditional Trademark: A Critique,* J. IND. L. INS. 197, 198 (2015).

45 *Why Christian Louboutin Heels Have a Red Sole*, CULTURE TRIP (Aug. 09, 2020, 01:15 PM), https://theculturetrip.com/north-america/usa/new-york/new-york-city/articles/why-christian-louboutin-heels-have-a-red-sole/; *The Secret Behind the Red Soles of Christian Louboutin,* CATAWIKI (Aug. 09, 2020, 01:20 PM), https://www.catawiki.com/stories/4533-the-secret-behind-the-red-soles-of-christian-louboutin.

46 Susan Stamberg, *The Color Red – A History in Textiles,* NPR (Aug. 09, 2020, 10:00 AM), https://www.npr.org/2007/02/13/7366503/the-color-red-a-history-in-textiles.

order to allow his consumers to break from the constrains of society, he opposed from the industry standard to have a monochromatic or black sole. Only by employing one color, Louboutin has expressed his ideology and intent behind the whole brand.

Effect of a Stronger & More Inclusive Trademark System on the Economics of Trademarks and Businesses

Contribution to the Intellectual Currency of a Business

The modern economy has taken a complete shift from the *brick and mortar* economy, where wealth was measured through the possession of assets, to an economy governed by intellectual currency.[47] The number and diversity of a firm's IP is now paid an unprecedented weightage while ascertaining its wealth, market value and economic potential. In the long run, the competitiveness of the business organizations and their economic prosperity is enhanced by their trademarks and brand image.[48] In other words, the more trademarks an organization owns, it acts as a factor in reassuring investors and other stakeholders of their economic position, reaffirming their market reach, market value[49] and investment in R&D, and furthermore, enhancing their intellectual currency.

Including single-color trademarks would provide a comprehensive and thorough system which allows businesses to cover aspects of its trade dress that would've otherwise been unprotected and unregulated. This only opens the doorway for brands to counterfeit and pass off marks of another, which technically are excluded under law, but for the development of which, an uncountable sum of money, innovation and research has been invested. These marks go beyond the scope of traditional trademark protection and opens various avenues for brands to capitalize on their creations. This form of trademarking can be viewed as an additional tool to create exclusive rights[50].

Results in the Reduction of Marketing Costs

As firms in countries with a weaker system of trademarking cannot legally protect each aspect of their trade dress, they expose their brand to multiple risks. This subsequently

47 Kamil Idris, *Intellectual Property: A Power Tool for Economic Growth,* WIPO 55 (2003).

48 *Brand - Reputation and Image in the Global Marketplace*, WORLD INTELLECTUAL PROPERTY ORGANIZATION (Aug. 09, 2020, 02:30 PM), https://www.wipo.int/edocs/pubdocs/en/intproperty/944/wipo_pub_944_2013.pdf.

49 Christine Greenhalgh & Mark Rogers, *The Value of Innovation: The Interaction of Competition, R&D and IP,* 35(4) R POL. ELSEVIER 562, 577 (2006).

50 Irene Calboli, *Beyond Patents: The Problems of Non-Traditional Trademark Protection for Medicines and Health Technologies,* 51 INTL. R. IP & COMP. L. 1, 4 (2020).

translates into enhanced costs as compared to their counterparts in order to differentiate their products and strengthen their brand image. These costs can arise in the form of extraordinary promotional or marketing costs, costs incurred towards innovation and product development, and investments made to reinforce or emphasize their Unique Selling Proposition (USP). As counterfeiting and imitating goods muddle the perception of consumers with relation to originality, source and quality, such costs are primarily incurred to combat the counterfeited or imitated goods being sold in the market due to lack of protection provided by the legal regime. Under an inclusive trademarking system, a brand would not be compelled to expend a great amount towards aggressive marketing and promotion as the distinctive image of each element of their dress can be legally protected, allowing their products or services to be easily identifiable.

Boosts Innovation & Invention

Stronger trademarks also stimulate innovation and invention with the interplay between IP and competition. Trademarks regulate competition in the market as it grants the holder an exclusive right to monopolize their mark, restricting the power of competitors to make an undue profit. As competition and innovation are inversely related due to the entry of a large number of rivals in the market,[51] limiting competition through trademarking facilitates and encourages innovation. Once businesses are provided with security of protection against new entrants in the market, by stronger trademarks, it is perceived as an economic incentive to invent and as a tool to monetize on innovations into more and new aspects of their trade dress that previously fell within the public domain. These undertakings require substantial amount of expenditure and resources, they can only be entered into if foreseeably a business can be afforded protection.

The sole of a stiletto had often remained as an afterthought for any footwear designer, up until the rise of Louboutin. The brand's ability to attain a trademark moved the designer to adopt this unique and innovative take towards branding by trademarking a part of a stiletto often overlooked. With the protection granted worldwide, Louboutin has been incentivized to make the most of the sole by using innovative techniques to amplify its sales.

Allows Budding Companies to Establish their Unique Selling Proposition (USP)

Broader trademarking policies can assists micro, small and medium companies in finding their USP. As a nascent company, in order to compete with market leaders, it is essential to establish a competitive edge and a unique and differentiable identity. Smaller brands are

51 Philippe Aghion et al., *Competition and Innovation: An Inverted-U Relationship,* 120(2) QUART. J. ECON. 701, 703 (2005).

required to be more creative and inventive while developing their mark and brand image. In order to facilitate this, they often employ non-traditional trademarks to stand out from the norms. Considering the example of Christian Louboutin, in the early 90s, multinational brands such as Manolo Blahnik, Fendi and Gucci, just to name a few, were the frontrunners in the international luxury footwear market, each being valued at more than a hundred million dollars. The red sole played a huge role in allowing Louboutin to establish his mark and surpass his competitors, which had been reigning the market for half a century. It was *sole*ly on this mark that he was able to establish a secure customer base and attract media publicity with his unconventional take on the fashion industry

Effects on the Domestic Market and Economy

Reinforces the Flow of FDIs

Once a country is able to strengthen their trademark regime, the most primary and direct impact is on the inflow of FDIs, due to the enhanced appeal of the national market to the international economy. Quite naturally, a stronger legal system attracts and incentivizes businesses to expand operations as it assures security of their intellectual property and also contributes significantly to the ease of doing business.[52] Also, if a country's policies at are par with the developments on an international scale, expansion becomes a more harmonious process.

Often, businesses choose to avoid expanding into countries where they can foresee that they would not face utmost protection. As a matter of fact, around 25% of leading American, German and Japanese high-tech firms have been reluctant from investing, either directly or through joint ventures, in countries with weaker IPRs in order to prevent decade-long legal battles and also to avoid the complexities regarding their functioning.[53] Therefore, it is quite reasonable for business to take a precautious approach by inclining themselves towards expanding and diversifying in countries where they feel that every aspect of their intellectual property would be protected.

Further, econometric studies have indicated that FDIs respond positively and elastically to stronger IPR regimes, most notably towards trademarks.[54] Empirical work demonstrates that

52 Amanda Perry, *An Ideal Legal System for Attracting Foreign Direct Investment? Some Theory and Reality,* 15(6) A.U. INTL. L.R. 1627, 1632 (2000).

53 Edwin Mansfield, *Academic Research Underlying Industrial Innovations,* 77(1) R. ECON. & STATS. 55, 59 (1995).

54 Keith E. Maskus, *The Role of Intellectual Property Rights in Encouraging Foreign Direct Investment and Technology Transfer,* 9 DUKE J COMPARATIVE & INTL. L 109 (1998).

the strength of trademarks have important effects on multi-national enterprises' decisions on where to invest and whether to transfer advanced technologies and capital.[55]

To substantiate this school of thought, Park[56] and Reynolds[57] had developed a trademark rights index, which served as the standard for comparing and measuring the development of a country's trademark system. This index includes coverage (referring to the types of names and symbols which can be legally protected), procedures (which considers the degree of enforcement of rights and restrictions on the holder) and implementation of international treaties. As per a study conducted by the OECD over a period between 1990 and 2005, with a range of 120 countries, it was suggested that a 1% increase of the indices of trademark protection corresponded a 3.8% increase in FDI.[58] In conclusion, intricate and specialized trademark policies have been witnessed to be a factor in influencing investment decisions to a great degree.

Augments the GDP

While analyzing the bigger picture, a direct correlation can be found between the strength of a country's trademark protection and its economic competitiveness. In the words of the International Chamber of Commerce:

> *"…the countries that are perceived as having the strongest IP protection are routinely found to be among the most economically competitive countries in the WEF (World Economic Forum) surveys … those (countries) perceived as having the weakest IPR systems tend to rank among the bottom for growth and competitiveness."*[59]

The most noticeable impact can be discerned through the GDP. IP-intensive industries have been accounted as one of the most significant contributors to GDP in the US, as single-handedly in 2014, they had added a value of USD 6.6 trillion to the GDP which was 30% higher than that of 2010, out of which trademarks played the second largest

55 Keith E. Maskus, *Intellectual Property Rights In The Global Economy*, 151 (2000)

56 Walter G. Park, *Do Intellectual Property Rights Stimulate R&D and Productivity Growth,* AMERICAN U. J. 77, 90 (2003).

57 Taylor W. Reynolds, *Quantifying the Evolution of Copyright and Trademark Law,* AMERICAN U. J. 145, 151 (2003).

58 Cavazos Cepeda et al., *Policy Complements to the Strengthening of IPRs in Developing Countries*, 104 OECD TRADE POLICY 21 (2010).

59 International Chamber of Commerce, *Intellectual Property, Source of Innovation, Creativity, Growth and Progress* 7 (2005).

role, after patents.[60] According to a study conducted on the effect of IP on the German economy between the period of 1999-2009, trademarks have a viable potential to influence a country's GDP with the strongest economic impact, ahead of patents and designs by a great margin.[61]

Positively Influences Imports & Exports

Moreover, empirical evidence prescribes that, *ceteris paribus*, countries with stronger trademarks are able to attract more imports and facilitate a greater volume of exports. Interestingly enough, the application of trademarks seems significantly important in increasing exports of relatively low-technology goods, for e.g. clothing and other consumer goods.

This is because under a more developed system, the goods produced by foreign firms would be lesser exposed to imitation and counterfeiting, hence incentivizing them to boost their exports.[62] This starts off chain reaction ultimately resulting in lowered costs of exporting, as global firms would not find themselves in a predicament to discipline local imitators through decreasing their prices in order to appear more competitive, aggressively market themselves or even undertaking legal action.[63]

Upgrades the Quality of Goods & Services

In an industry, which witnesses a large number of firms producing the same line of products, a competitive advantage can only be obtained by higher quality products. The operation of stronger and more inclusive trademarks upholds the quality of goods and services as it represses counterfeiting and infringement. This prevents free riding by firms with lower investments in R&D and innovation off of the products of their counterparts and producing lower quality products. This process is particularly important in the case of food products, beverages, pharmaceuticals, cosmetics, etc. where counterfeited goods can prove to be hazardous or injurious. Not only so, but it ups the ante for the standard of goods available in a national market, allowing it to be internationally competitive and simultaneously enhancing consumer expectations. This creates a ripple effect as firms would be compelled to invest a greater deal of resources in innovation to enhance their product quality and grasp a greater market share.

60 *Ibid.*

61 Andreas Bielig, *Intellectual Property and Economic Development in Germany,* 39 EU. J LAW & ECON. 607 (2015).

62 Keith E. Maskus & Mohan Penubarti, *How Trade-Related are Intellectual Property Rights,* J. INT'L ECON. 227, 234 (1995).

63 M. Scott Taylor, *TRIPs, Trade, and Technology Transfer,* 26 CAN. J. ECON. 625, 626-27 (1993).

Additionally, brands producing higher-quality products once trademarked would have assured returns on their products as trademarking allows them to monopolize over a market, product or service. Once a firm can foreseeably predict returns, they are encouraged to uphold the quality of their products, if not to enhance it, in order to maintain their consumer base. After all, a brand's trademark is not only an identifier of its source but also of its quality.

Conclusion

The decision of the High Court in *Christian Louboutin S.A.S. v. Abubaker and Ors.*[64] can be viewed as a setback to intellectual property law development in India as the judiciary deemed it appropriate to adopt such an archaic approach in the realm of trademarks. The Court showed inconsideration towards the magnitude to which non-conventional trademarks, specifically single-color trademarks, have increased in terms of popularity and consumer-response, not just globally but even in India.

One of the pressing questions of the case is the unclear and unspecified ambit of a 'mark' under the Act[65], continually unanswered by the Judiciary. The definition utilizes the word 'includes', from which it can be construed that the list of marks in the section is not exhaustive and not limited to the conditions provided in the section. The basis of the judgment is on a presumptuous ground as the Hon'ble Single Judge construed the interpretation of the section to not include any other ground for granting trademark protection. Ambiguity in statutory interpretation opens the doors for an inconsistent and incoherent judiciary, which in turn may invalidate and discredit the sole purpose for which a piece of legislation may have been enacted.

Middle-income economies have come to account for most trademark applications filed across the world, i.e. 54 percent.[66] To a considerable extent, this trend has also been witnessed in India. According to the WIPO, India received 2.5 times more trademark applications by GDP in 2011 than it did in 1985.[67] Undeniably, it is experiencing a spurt in the number of trademark applications and with the marks protectable under traditional trademarking limiting more day by day, businesses would be indubitably compelled to shift to non-traditional trademarks. This foreseeable shift, however, cannot be accommodated by the Trade Marks Act, 1999 presently.

64 (2019) 78 PTC 262 (Del).

65 Section 2(1)(m), Trade Marks Act, 1999, No. 47, Acts of Parliament, 1999 (India).

66 *Supra* note 48.

67 *Ibid.*

As single-color marks invigorate existing policies to provide a more realistic and an *avant-garde* touch, their inclusion would only strengthen and expand a trademarking regime by not only fulfilling its integral purposes in a more efficient and effective manner, but would also allow trademarks to go beyond the conventional scope of appeal, applicability and relatability. As a result, such an impact creates a ripple effect on businesses and the economics of trademarks, which cannot be overlooked as an actor in benefitting the national economy overall.

Hence, the Legislature is ultimately met with two options; it can either expand the scope of its trademark regime in order to accommodate the growth in trademarking being experienced or be left behind on a global sphere by letting its businesses and economy take the blow for its regressive approach.