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## INTRODUCTION

Louboutin seeks to enforce its famous, federally registered lacquer red mark for the outsoles of women's footwear ("Red Sole Mark"); not, as YSL misleadingly argues, to claim a monopoly over the color red. Massive and *undisputed* evidence of broad media coverage and public recognition demonstrate that the Red Sole Mark is distinctive, protectible, and even famous. From Oprah to Barbie's special Louboutin shoes and Louboutin's half-million fans on Facebook, luxury goods consumers and the general public have overwhelming exposure to the Red Sole Mark. Against this tide, including YSL's own admissions about its prominence, YSL's legal arguments that the Red Sole Mark is not distinctive ring hollow.

But when YSL ignores countless color choices, including other reds, and apes the famous signature of the LOUBOUTIN brand, it infringes and exposes Louboutin to irreparable harm via a loss of control over its own brand identity and ravaging of the goodwill painstakingly built in the Red Sole Mark. Other competitors will likely join YSL with their own red soles. Unless this court enjoins YSL, the floodgates will open, and the Louboutin business will be devastated.

### I. LOUBOUTIN WILL LIKELY SUCCEED ON THE MERITS

#### A. Louboutin's Trademark Is Protectible And Strong

**1. The Red Sole Mark Has Strong Secondary Meaning.** Louboutin's federally registered mark is presumptively inherently distinctive. 15 U.S.C. § 1057(b).<sup>1</sup> Its a)

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<sup>1</sup> Trademark registration for the Red Sole Mark as distinctive throughout the 27 countries of the EU was granted by an EU appellate court on June 16, 2011 because Louboutin sought protection of a specific shade of red (Pantone No. 18,1663TP) applied to a high heel shoe and not the color red *per se*; the color red applied to the sole of a high heel shoe diverges significantly from industry standards and is so striking that it will be easily memorable; evidence, including media coverage, that the Red Sole Mark is perceived in the market as an indicator of commercial origin existed and Louboutin vigorously enforced and policed the mark. The special court in Europe considered and **rejected** all the arguments YSL submitted in this matter. Lewin S. Dec. at Ex. A.

"Dec.", "S. Dec." or "2d S. Dec." preceded by a surname refers to the declarations or supplemental declarations submitted, in support of Louboutin's application for a preliminary

substantially exclusive use over 19 years, b) media coverage, c) advertising expenditures, d) sales success, e) numerous copyists, and f) consumer survey evidence all prove strong secondary meaning. YSL concedes “a strong association, between red soles and Louboutin,” and that the red sole is the signature of the Louboutin brand and a strong visual code known by all. YSL’s Memorandum in Opposition dated July 12, 2011 (“YSL Opp.”) at 14.<sup>2</sup> Even the Poret Dec. admits that Louboutin is “the most prominent source” of red-soled shoes. Against this tsunami of undisputed evidence, YSL’s bogus argument that the proven association does not connect “red soles **exclusively** with Louboutin,” YSL Opp. at 14, collapses. That is exactly what the undisputed evidence proves.

YSL offers no real evidence to contest the issuance of a preliminary injunction. Instead, through the Samuels Dec., it presents an unseemly attack on the trademark examiner who granted the registration, and two ineffectual attacks on the Klein Survey submitted by Louboutin. Although the Klein Survey was designed to measure confusion, the frequency with which respondents identified the red soles as a source identifier (58%) and their exclusive association of red soles with Louboutin are strong evidence of secondary meaning. The Ford Survey yielded a lower recognition level, but it was flawed by a poorly chosen panel of respondents and by non-standard survey questions. Klein S. Dec. at ¶¶ 18-27. Despite these flaws, respondents in the Ford Survey most frequently identified Louboutin as the source of the red sole shoes shown. *Deere & Co. v. MTD Holdings Inc.*, No. 00 Civ. 5936, 2004 U.S. Dist. LEXIS 2550, at \*33 (S.D.N.Y. Feb. 19, 2004) (secondary meaning for color mark shown as plaintiff’s brand “comes to minds most frequently”).

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injunction, of Alexis Mourot, Robert Klein, Roman Khaykin, Xavier Ragot, Sharad Misra, Shawna Rose, Kristina Musailov, Lynne Beresford, Gabrielle Goldaper, Anne Chasser and Harley Lewin or to the declarations submitted by YSL in opposition.

<sup>2</sup> Lewin Dec. at Exs. B-D; Lewin S. Dec. at Ex. C at 11; Mourot, Ex. L.

The Schrader Dec., citing random internet offers to show that red-soled shoes are available in the United States is an attempt to mislead this Court. The shoes shown are for the most part eBay offers, which are one and two-offs and meaningless. *See Roederer v. J. Garcia Carrion, S.A.*, 732 F. Supp. 2d 836, 868 (D. Minn. 2010). Virtually **all** the shoes shown have been either rejected as non infringing by Louboutin or the subject of policing actions, which are ongoing. Ragot Dec. at ¶¶ 5-7.<sup>3</sup> The presence of copyists in the marketplace is in fact an affirmation of strong secondary meaning. *Cartier v. Samo's Sons, Inc.*, No. 04 Civ. 2268, 2005 U.S. Dist. LEXIS 23395, at \*14-15 (S.D.N.Y. Oct. 11, 2005). Louboutin's active enforcement efforts prove the strength of the Red Sole Mark. *See Misra Dec.* at ¶¶ 3-5; Ragot Dec. at ¶¶ 5-7.

**2. The Trademark Examiner Properly Registered The Red Sole Mark.** A color mark that has acquired distinctiveness and is not functional may be registered. Trademark Manual of Examining Procedure ("TMEP") at § 1202.05(a), (b); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995). As former Commissioner for Trademarks Beresford attests, the Red Sole Mark was properly registered. Beresford Dec. at ¶¶ 2, 14-23.

Contrary to Samuels's assertion, the Examining Attorney did follow the USPTO's regulations.<sup>4</sup> Beresford Dec. at ¶¶ 25, 28; Samuels Dec. at ¶ 7.<sup>5</sup> The USPTO warns of potential confusion in using "the term 'aesthetic functionality'." TMEP at § 1202.02(a)(vi).<sup>6</sup> To say, as

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<sup>3</sup> Louboutin also monitors, on a daily basis, the activities of 9 auction websites for listings that infringe the Red Sole Mark. Since 2009 alone, Louboutin has filed takedown notifications for over **325,000** internet auction listings of shoes bearing the Red Sole Mark. *See Misra Dec.* at ¶ 3.

<sup>4</sup> For example, Samuels states the examining attorney failed to properly consider the functionality issue because Mr. Louboutin stated in his 15 U.S.C. § 1052(f) declaration that he selected the color red because it is "engaging, flirtatious, memorable, and the color of passion." Samuels Dec. at ¶ 7.

<sup>5</sup> Samuels admits, however, Mr. Louboutin's declaration contains much evidence that the Red Sole Mark had acquired distinctiveness. *Id.* at ¶ 6.

<sup>6</sup> The identical language also existed in the fourth edition of TMEP at § 1202.02(a)(iii)(C), which governed when the application to register the Red Sole Mark was examined.



Samuels does, that an artist's use of words such as "engaging" or "flirtatious" should have given rise to further inquiry by the Examining Attorney is without merit; those very qualities are available to YSL by using red on the shoe uppers, straps, decorations, *etc.* The trademark for a shoe's outsole also does not prevent use by others of many shades of red (as well as other colors). Beresford Dec. at ¶ 27. Also, search and analysis did not show any competitive advantage for Louboutin's use of the Red Sole Mark. *Id.* at ¶ 26. Thus, the Examining Attorney properly concluded that the Red Sole Mark was registrable.

**3. The Red Sole Mark Is Not Aesthetically Functional.** Where color identifies source and is not "essential to the use or purpose of the article or if it [does not] affect[] the cost or quality of the article,' that is, if exclusive use of the feature would [not] put competitors at a significant non-reputation-related disadvantage," then it is protectible.<sup>7</sup> *Qualitex Co.*, 514 U.S. at 165 (quoting *Inwood Labs., Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 850 n.10 (1982)); *Johnson & Johnson v. Actavis Group hf*, No. 06 Civ. 8209, 2008 U.S. Dist. LEXIS 17680, at \*8 (S.D.N.Y. Feb. 21, 2008) (gold package color not functional for antibiotics and creams). "[T]hat a trademark is desirable does not ... render it unprotectable." *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 488 (5th Cir. 2008) (school colors on apparel not functional). As shown above, the Red Sole Mark is a source identifier. *See* Beresford Dec. at ¶ 2; Goldaper Dec. at ¶¶ 1b, 17; Chasser Dec. at ¶¶ 10, 14-15.

The world of fashion is no exception; color marks are protectible against infringers. *See, e.g., Burberry Ltd. v. Euro Moda, Inc.*, No. 08 Civ. 5781, 2009 U.S. Dist. LEXIS 53250 (S.D.N.Y. June 10, 2009).<sup>8</sup> YSL's reliance on *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855

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<sup>7</sup> It is undisputed that the Red Sole Mark does not improve the performance of Louboutin shoes.

<sup>8</sup> The Burberry plaid consisting of black, tan, red, and white is a federally registered trademark. *See, e.g.,* U.S. Registration No. 3,529,814. The USPTO has also registered the color yellow for

(7th Cir. 2010), is misplaced. The Court there acknowledged that “designs...that are merely pleasing” are protectible and only “rudimentary” elements, such as “all shades of the color purple rather than a single shade” encounter functionality objections. *Id.* at 860. Here Louboutin’s trademark covers a specific red for outsoles, not the broad spectrum of red hues.<sup>9</sup> Many shades of red and other colors are available for use by any party who wants to produce a shoe, “monochrome” or otherwise, without infringing the Red Sole Mark. Even Louboutin’s red color is available for competitors on other, more visible, parts of the shoe. Goldaper Dec. at ¶¶ 1b, 18. The huge variety of other reds (and colors) repudiates Mr. Samuels’s assertion of competitive advantage. *See, e.g., id.* at ¶ 18; *see also McNeil-PPC, Inc. v. Merisant Co.*, No. 04-1090, 2004 U.S. Dist. LEXIS 27733, at \*44 (D.P.R. July 29, 2004) (no competitive need for the color yellow in trade dress of no calorie sweeteners).

**B. A Strong Likelihood Of Confusion Is Demonstrated By Undisputed Evidence**

By YSL’s own admissions, the Red Sole Mark is strong and prominent in the market. YSL uses the identical color on its infringing shoes, and the products are essentially the same -- luxury high fashion women’s footwear. These key *Polaroid* factors prove a strong likelihood of confusion on the undisputed evidence. But there is more.

The Klein Survey found net confusion of 47.1% among respondents, who thought a YSL shoe with a red outsole came from Louboutin. Klein Dec. at ¶¶ 6-7. 96% of these respondents said the red sole showed it was a Louboutin shoe. *Id.* This proves actual confusion.

Contrary to claims in the Poret Report, the Klein Survey photograph showed actual street conditions and was not “leading”; many features of the shoe were on display. Klein S. Dec. at ¶¶

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bracelets for cancer research fundraising and education (U.S. Reg. No. 3,317,268), Tiffany blue for bags and boxes (*see, e.g.,* U.S. Reg. No. 2,184,128) and blue, bluish-gray, and bluish-black for U.S. Post Office uniforms (U.S. Reg. No. 3,061,551).

<sup>9</sup> Commissioner Beresford indicates the color on the registration is the color protected, no more nor less. Beresford Dec. at ¶ 12.

8-12. The ability of a respondent to view the image while answering questions enhances the accuracy of the survey by eliminating perception and memory test concerns; it is accepted practice. For example, Dr. Ford, YSL's other survey expert, used this practice in the survey he designed for this case. Ford Dec. at ¶ 21. Courts have excluded an expert's survey where the respondent could not see the image while the questions were being asked. Klein S. Dec. at ¶ 10.

Because the Poret Survey gives respondents only a fleeting glance at the trademark (only a few of the 17 seconds of video) and made no effort to determine if respondents had seen the red soles, it is not surprising that fewer identified the YSL shoes as Louboutin. If a respondent does not focus on or see the red soles of the shoes, then their responses are irrelevant. *Id.* Contrast the Klein Survey, where confirmation that respondents saw the red soles yielded much higher levels of confusion. *Id.*

A deliberate copying of the Red Sole Mark to bolster sagging sales is also proven on this record by Louboutin, without contradiction by YSL. This constitutes "bad faith" under the *Polaroid* factors and further proves likelihood of confusion. Unable to refute the evidence, YSL proffers an excuse: fashion made them do it. YSL Opp. at 11-12. But fashion creates no need to copy Louboutin's red sole on a shoe, "monochrome" or otherwise, when so many choices of color and color placement exist. Goldaper Dec. at ¶¶ 1a, 1b.

YSL resorts to unconvincing legalistic arguments to defend its copying and use of Louboutin's registered trademark. For example, contrary to YSL's contention, post-sale confusion is well recognized, even where the infringing product is not counterfeit goods. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986) (competing jeans); *Adidas Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1058-59 (D. Ore. 2008) (sneakers). Here both point-of-sale confusion and post-sale confusion are likely.

YSL's assertion that third-party use weakens the Red Sole Mark has no evidentiary support. *Roederer*, 732 F. Supp. 2d at 868 (CRISTAL mark for champagne commercially strong despite third party internet use of CRISTAL). The Schrader Dec. recounts one-off and post-market sales offers, many in noninfringing colors (e.g., pink), many others involving copyists subject to enforcement actions by Louboutin. As such, the Schrader Dec. supports the strength of the Red Sole Mark. *See Cartier*, 2005 U.S. Dist. LEXIS 23395, at \*14-15 (plagiarists show strength of mark).

Because YSL's red outsoles are virtually identical to the Red Sole Mark, confusion is likely. *Heisman Trophy Trust v. Smack Apparel Co.*, 595 F. Supp. 2d 320, 327 (S.D.N.Y. 2009). House marks on the shoes do not eliminate the potential for confusion. *See Camp Beverly Hills v. Camp Cent. Park*, No. 82 Civ. 2838, 1982 U.S. Dist. LEXIS 10019, at \*8 (S.D.N.Y. May 10, 1982); *Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 222 (1st Cir. 1989). This is especially the case because of the parties' prior collaboration.<sup>10</sup> *See Camp Beverly Hills*, 1982 U.S. Dist. LEXIS 10019, at \*8 ("The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.") (internal quotation omitted). This point-of-sale confusion, with both marks seen, is ignored by YSL.

### **C. YSL's Copying of the Red Sole Mark Is Not Fair Use**

The red outsoles identify the source (Louboutin) of women's shoes in the minds of consumers on the undisputed evidence. *See, e.g., Lewin S. Dec. at Ex. C at 31.* For this reason alone YSL's fair use defense fails. *See Venetianairs Corp. of Am. v. A & P Import Co.*, 429 F.2d 1079, 1082 (2d Cir. 1970) (defendant's "'trademark use' was both effected and intended"); *Nat'l Football League v. Coors Brewing Co.*, No. 99-7921, 1999 U.S. App. LEXIS 32547, at \*7 (2d

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<sup>10</sup> In 2002 Mr. Louboutin designed a shoe for use at Mr. Saint Laurent's final haute couture show. The shoe contained the Red Sole Mark as well as YSL's and Louboutin's house marks. *See Lewin S. Dec. at Ex. B at 23-24, 26-27.*

Cir. Dec. 15, 1999) (unpublished) (defendants' use of plaintiff's mark to indicate source not a fair use). Moreover, as shown in Section I.B., YSL acted in bad faith. *See EMI Catalogue P'Ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, No. 99-7922, 2000 U.S. App. LEXIS 30761, at \*24 (2d Cir. Sept. 15, 2000) (no fair use where "defendant in adopting its mark intended to capitalize on plaintiff's good will"). YSL's use of red soles to emulate Louboutin's success is not a fair use. *See* 15 U.S.C. § 1115(b)(4).

#### **D. The Fame Of The Red Sole Mark Supports The Dilution Claim**

A mark is famous when it is "widely recognized by the general consuming public," as a result of widespread publicity, promotion and sales. *Burberry*, 2009 U.S. Dist. LEXIS 53250, at \*31-32 (BURBERRY mark for high-end fashion apparel famous).

Undisputed evidence proves that the Red Sole Mark has become widely recognized by the general consuming public. Louboutin has a strong retail and advertising presence in the United States and enjoys voluminous unsolicited media coverage. *See, e.g.*, Mourot Dec. at ¶ 8; Rose Dec. at ¶¶ 7, 28. The Red Sole mark appears on nationally televised broadcasts and in widely circulated publications. From Oprah to Barbie to Facebook, the Red Sole Mark enjoys vast public exposure. Louboutin is likely to prevail on its federal dilution claim.

## **II. LOUBOUTIN FACES IRREPARABLE HARM**

The likelihood of confusion demonstrated above shows that Louboutin faces the imminent risk that it will lose control over its famous Red Sole Mark. That loss of control will quickly erode the goodwill that Louboutin has built in the Red Sole Mark. Louboutin proves a threat of irreparable harm by showing loss of goodwill and loss of ability to control its reputation. *New York City Triathlon, LLC v. NYC Triathlon Club*, 704 F. Supp. 2d 305, 325 (S.D.N.Y. 2010). The "harm to the plaintiff's property interest has often been characterized as irreparable in light of possible market confusion." *Marks Org., Inc. v. Joles*, No. 09 CV 10629,

2011 U.S. Dist. LEXIS 28182, at \*28 (S.D.N.Y. Mar. 16, 2011) (quoting *Salinger v. Colting*, 607 F.3d 68, 81 (2d Cir. 2010)) (internal quotation omitted). Louboutin faces that threat here.

Louboutin actively polices the Red Sole Mark to shut down copyists. This task will become impossible if competitors can copy the Red Sole Mark at will, as YSL has done here. Already another competitor has signaled its intent to follow suit. Khaykin 2d S. Dec. at ¶ 6.c. A flood of red soles in high fashion women's footwear creates the danger that Louboutin's goodwill, market prominence and fame will be destroyed, thus threatening its entire business. See Declaration of former Commissioner of Trademarks Chasser at ¶¶ 15-19.

YSL's argument that Louboutin "delayed" lacks merit. Louboutin sought a business resolution before burdening the parties and this Court with litigation. That effort failing, Louboutin quickly filed suit. Such delays are justified. *Marks Org.*, 2011 U.S. Dist. LEXIS 28182, at \*24-25 (16-month delay no bar to preliminary injunction). YSL's argument that the briefing schedule it insisted upon counts against Louboutin as "delay" is facially absurd.

Contrary to YSL's opportunistic argument, an increase in plaintiff's sales during the time the infringing product was sold does not rebut irreparable harm. See, e.g., *Camp Beverly Hills*, 1982 U.S. Dist. LEXIS 10019, at \*10 n.13 (inferring plaintiff would have earned *more* in the absence of infringement); *Miramax Films Corp. v. Columbia Pictures Entm't, Inc.*, 996 F. Supp. 294, 300 (S.D.N.Y. 1998).

### **III. BALANCE OF EQUITIES AND PUBLIC INTEREST FAVOR LOUBOUTIN**

The threat of irreparable harm to Louboutin's Red Sole Mark and goodwill clearly outweighs any potential short term economic harm to YSL. *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 79 (2d Cir. 1985); *Ideal Toy Corp. v. Chinese Arts & Crafts, Inc.*, 530 F. Supp. 375, 380 (S.D.N.Y. 1981). If an injunction does not issue, Louboutin will be unable to enforce its

signature mark, opening the floodgates for unfettered use by third parties.<sup>11</sup> This would devastate Louboutin's business. In contrast, the harm to YSL, if any, would be miniscule as YSL's use of red outsoles on women's shoes has been intermittent and *de minimus* in the U.S. (only 1,631 pairs sold in Cruise 2011). Vaissie Dec. at ¶¶ 27, 32, 35. Louboutin, in contrast, expects 2011 U.S. sales of 240,000 pairs. Mourot Dec. at ¶ 30. Entry of an injunction would leave YSL's shoe business intact, with the slight exception of its infringing red outsoles.

“[T]he public interest embodied in the Lanham Act itself ... [is] sufficient to tip the balance in favor of [Louboutin].” *See AB Electrolux v. Bermil Indus. Corp.*, 481 F. Supp. 2d 325, 336 (S.D.N.Y. 2007). There is a “strong interest in preventing public confusion.” *ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy*, 314 F.3d 62, 68 (2d Cir. 2002).

### CONCLUSION

For the foregoing reasons, this Court should enter an order preliminarily enjoining YSL from selling footwear that infringes the Red Sole Mark.

Dated: July 19, 2011

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<sup>11</sup> Indeed, Louboutin's investigator was informed by a competitor, Christian Dior, that Dior would begin making shoes with red soles for the next season. Khaykin 2d S. Dec. at ¶ 6.c.