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INTELLECTUAL PROPERTY LAW: FAILING THE FASHION INDUSTRY

And Why the "Innovative Design Protection Act" Should be Passed

By: Kelly Grochala

I. INTRODUCTION

Fashion has become a global industry, with designers catering to consumers all over the world. The design teams at high-end luxury brands, such as Gucci, Louis Vuitton, and Prada develop highly coveted merchandise, dictating fashion trends worldwide. In the United States, fashion designers are not only pillars of creativity and innovation, but they contribute to a $350 billion industry.[1] Despite all this, designers are unable to fully and completely protect their work in the way that a musician, for example, would be able to protect his song. Any reasonably savvy consumer in the United States is able to purchase merchandise that imitates the trends the designers of these brands create. These imitations are often made with such accuracy that it is almost impossible to discern which item is the original work. It is the common cliché that any visitor to New York City will be approached on a street corner by a vendor with a dozen counterfeit watches inside his coat, offered at bargain prices. While this seems harmless, the U.S. Attorney General Eric Holder stated, "Intellectual property crimes are not victimless. The theft of ideas and the sale of counterfeit goods threaten economic opportunities and financial stability, suppress innovation and destroy jobs."[2]

Like the music industry, the fashion business is rife with unauthorized copying. Internet retailers based overseas and street merchants selling counterfeit goods on Canal Street, in addition to other recognized brands, and the emergence of "fast-fashion" retailers such as Forever 21, enable the fashionista on a budget to own highly coveted styles without spending the money the price tag of the original design demands. When it

is illegal to download a song without paying the singer, or buy a piece of artwork without paying the artist, why can't fashion designers in the United States protect the fruits of their labor from cheap imitations when creators of artistic expression in other mediums can?

The problem is that Intellectual Property law does not extend to articles of clothing.[3] There is an apparent reluctance by legislators to acknowledge the fashion industry as a conduit of artistic expression on par with other industries such as publishing, music, movies, and art. This oversight leaves fashion designers with very few options when someone infringes upon their work. The laws reflect a now archaic view of the fashion world, which is that imitation and copying one another drives innovation, ultimately benefitting consumers and the industry as a whole.[4] The reality however, is that now consumers gain access to the knock off goods before the original is even on the market.[5] A designer will create a collection to debut on the runway in September, and because of the time it takes to manufacture these pieces for sale in their stores, generally six months, there is plenty of time for copies to be made.[6] All it takes is one person with a camera phone to be backstage at a fashion show, and the prototype for a design can be in a factory overseas within moments. Technological advances to the means of textile and garment production, as well as increases in the number of distribution channels and the availability of cheap labor in emerging economies have enabled those who would copy these designs to do so quickly and inexpensively.[7] Legislation targeting design piracy has already been enacted in Europe, India and Japan, and the United States is lagging.[8] A fashion designer's existing federal intellectual property rights have included the ability to make claims for trade dress violations as well as trademark infringement, however these

options have significant limitations in the applicability to apparel, and therefore rarely provide the relief sought. Legal teams representing the original designer have been forced to stretch what bits of intellectual property law they can grasp, leaving much of a designer's work unprotected.

In Recent years, support has emerged in the fashion industry for legislation proposing to expand The Copyright Act.[9] Several versions of this legislation have gotten to Congress and failed, and the current iteration of these attempts, titled the "Innovative Design Protection Act," ("IDPA"), has been heralded by the heads of the fashion industry as a tool that may finally level the playing field in the counterfeit goods and design infringement cases that have been exploding in recent years due to the ease at which individuals are able to steal designs.[10] The IDPA proposes to give limited protection to fashion designs.[11] As it stands, no single intellectual property right protects a clothing design's aesthetic and functional aspects, and therefore if this Bill is passed, designers will finally have a regulatory framework protecting the fruits of their labor. Fashion is a form of cultural and artistic expression, and art moves forward when people create and take chances; however, without adequate legal protections in place, designers are going to take fewer chances.

II. BACKGROUND OF THE PROBLEM

The problem of design piracy arises in two contexts that have been treated very differently by the law. The first context is the sale of counterfeit goods, or knock offs, by vendors on city streets or Internet retailers who attempt to sell the fake version of a major label's merchandise. Counterfeits are unauthorized, close copies of labels, logos or other distinctive markings – "like a "Prada" bag, or "Louis Vuitton" scarf, for sale on Canal

Street.[12] These are illegal under trademark and counterfeit law, and manufacturing or selling them can lead to having to pay damages to the trademark owners or even criminal sanctions.[13] The second, and more troublesome context, is the sale of imitation designs that do NOT include the label or other types of design signature, by mainstream retailers. These retailers profit from cheaper imitations of major trends, created by high-end designers, which are passed off as their own design. It is a glaring inconsistency that counterfeit goods on the street and pirated designs in stores are treated by the law so differently, when the threat of infringement and dilution to the original designer is the same in both scenarios.

Design Piracy & Counterfeit Goods

The Lanham Act, which protects trademarks from infringement, has a number of provisions pertaining to counterfeiting; additionally, a number of states have their own anti-counterfeiting laws that supplement federal law.[14] Counterfeit goods are a major plague for fashion and luxury brands, and numerous companies have made legal efforts to block the sale of counterfeit goods, most of which come from China.[15] Counterfeit clothes, shoes and handbags from designer brands are made in varying quality; sometimes the intent is only to fool the gullible buyer who only looks at the label and doesn't know what the real thing looks like, while others put significant effort into imitating fashion details for the savvier consumer who knowingly purchases a fake motivated by a desire to be on trend without the expensive price tag. Counterfeit goods have become so ubiquitous on city streets that most consumers do not even realize that they are perpetuating the sale of goods that were made in violation of the law.

The counterfeit good market is in fact so widespread and established that Thailand has opened a museum of counterfeit goods, displaying over 3,500 different items, in 14 different categories, which violate trademarks, patents or copyrights.[16] In fact, according to estimates by the Counterfeiting Intelligence Bureau of the International Chamber of Commerce, counterfeit goods make up 5 to 7% of world trade.[17] The reason for the growth of the sale of counterfeit goods is that more of the world's manufacturing is being transferred overseas, in conjunction with the growth of internet e-commerce sales and the fact that consumers hit by the recession will seek lower-cost items.[18]

Contributory infringement in the context of the sale of counterfeit goods has become an issue as a result of the emergence of Internet retailers.[19] Under *Inwood Labs v. Ives Labs.,* a defendant is contributorily liable for infringement when it "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement." [20] Fashion designer's have long attempted to take action against this problem, and the law has responded to their plight.

Enforcement efforts in the United States have accelerated. For example, on November 29, 2010, the U.S. Department of Homeland Security seized and shut down 82 websites as part of a U.S. crackdown of websites that sell counterfeit goods, and was timed to coincide with "Cyber Monday," the start of the holiday online shopping season. This effort served to disrupt the sale of thousands of counterfeit goods while also cutting off funds to those willing to exploit the ingenuity of others for their own personal gain.[21] During a counterfeit bust in New York in 2007, federal police seized $200 million in fake designer clothing, shoes, and accessories from one of the largest-ever counterfeit

smuggling rings.[22] Labels seized included Chanel, Nike, Burberry, Polo, Ralph Lauren and Baby Phat.[23] Despite domestic efforts, counterfeiting is an international problem, and on October 1, 2011 the governments of eight nations including Japan and the United States signed the Anti-Counterfeiting Trade Agreement (ACTA), which is designed to help protect intellectual property rights, especially costly copyright and trademark theft.[24] There are 11 parties to the agreement however it is arguably entirely ineffective without Chinese involvement, as China is the main source of the world's counterfeit goods.[25]

While the responsiveness of the law in this area has aided in assuaging the concerns of many fashion companies one concern that still remains is creating consumer awareness of the problem and the impact it really has on the industry when a consumer innocently purchases a knock off.[26] The Council of Fashion Designer's of America (CFDA) and other supporters, including EBay, the world's largest online marketplace, have created a campaign to generate such awareness.[27] The "You Can't Fake Fashion," campaign intends to celebrate the importance of original design.[28] Each year, during New York Fashion Week, this campaign features a collection of original handbag designs from a collective of 76 CFDA designers who each have customized a tote as one-of-a-kind, featuring the slogan "You Can't Fake Fashion."[29]

Design Piracy & Fast-Fashion

Design Piracy is a highly contentious issue. As opposed to counterfeit goods, where you have a manufacturer hawking a fake imitation of a designer product, in an attempt to pass it off as the real thing, here you have an enterprise, producing copies of original designs under their own label, in order to profit from the invention of another.[30] While many different retailers, targeting many different types of customers are guilty of

pirating designs from high-end labels, the problem has exploded in recent years with the emergence of "fast-fashion" retailers.[31] "Fast fashion" is a term acknowledging that designs move from the catwalk to stores in the fastest time, in order to capture current trends in the market.[32] Fast fashion clothing collections are based on the most recent fashion trends presented at Fashion Week in both the spring and the autumn of every year.[33] These trends are then designed and manufactured quickly and cheaply to allow the mainstream consumer to take advantage of current clothing styles at a lower price while the cost of this process to the original designer is overlooked.[34] Such "fast-fashion" retailers notoriously include Forever 21, Zara, H&M, and Topshop. These duplicate versions of the original design flood the market and devalue the original by their ubiquity, poor quality, and the speed at which they reach the consumer.[35]

Intellectual Property Law Options for the Fashion Industry & Why they are Inadequate

When a designer discovers that another brand has used their design, they have few options for legal recourse under the federal intellectual property framework.[36] This is because the Copyright Act does not cover articles of clothing.[37] "Useful articles" are categorically excluded from copyright protection, and the Copyright office has consistently taken the position that articles of clothing are useful.[38] The Copyright Act extends intellectual property rights to "works of authorship fixed in any tangible medium of expression."[39] The statute expands the U.S. Supreme Court's holding in *Mazer v. Stein*, and has been revised to extend protection to certain named industries.[40] Despite legislative expansion of the Copyright Act to benefit certain industries, copyright fails to incorporate the apparel industry, because designers are often unable to distinguish

between the useful and aesthetic aspect of their works, and would therefore need to assert separate rights to each.[41] In the fashion industry, copyright protects an original textile print, rather than the overall garment design.[42] Fast fashion retailers continue to copy, because copying a dress design, or even copying a dress design clearly made first by someone else, with stitch-by-stitch exactness, isn't in itself illegal in the United States.[43]

Design patent's also fail to meet fashion designers' need for protection over an entire garment, as patents are typically unattainable or impracticable.[44] In general, design patents, which arise under the Patent Act, do not extend to designs "essential to the use" of a protected work; rather, federal protection extends only to works that are primarily ornamental.[45] This is an issue, for example, in embroidery on a portion of a garment.[46] The embroidery would be primarily ornamental, but what about the garments overall configuration? For this reason, design patents fail to protect tailoring, because the aesthetic and useful value of tailoring is legally indistinguishable.[47]

Under U.S. law, while a company cannot copyright a design, it can register elements of that design as trademarks.[48] Trademarks can be stretched to cover the label, trade dress can be stretched a little further to cover very iconic designs.[49] Fashion designers often rely on trademark law for what little legal protection they have in the United States.[50] Trademark law, governed by the Lanham Act, requires that a mark be used in commerce, and that it incorporate suggestive terms as opposed to terms that are merely descriptive, unless secondary meaning can be shown.[51] The Lanham Act authorizes claims for trade dress infringement, false designation of origin, false advertising, and dilution.[52] In an infringement claim, the risk of confusion to the consumer is the key legal test of whether a knock-off has crossed the line into forgery.[53]

If the logo on a "Gucci" bag, or the shape of a certain "Tiffany's" necklace leads a likely Gucci or Tiffany's consumer to think the knockoff is genuine, then it is pretty easy to convince a court that the fake violates trademark law.

Trade dress infringement claims present the most viable legal strategy for designers who feel their work has been pirated, however this option is not without significant practical limitations.[54] Requisite to an infringement action, the claimant must establish: (1) the trade dress's non-functionality and "source identifying role," either through inherent distinctiveness or secondary meaning; and (2) a likelihood of consumers confusing the defendant's product with the claimants.[55] Trade dress refers to the "total image, design, and appearance of a product," including "size, shape, color, color combinations, texture or graphics."[56] Functional designs, like generic terms, cannot be protected as trademarks.[57] The Supreme Court has defined a functional design as one "essential to the use or purpose of the article or if it affects the cost or quality of the article."[58] This somewhat abstract test has proven difficult to apply in many instances in the context of the fashion industry, with courts considering other factors on an inconsistent basis.[59] The main inquiry typically becomes whether protection of the product design feature would put competitors at a significant non-reputation related disadvantage. If the asserted trade dress is not functional, it still needs to be distinctive in order to be afforded protection.[60]

The "distinctiveness" requirement of a trade dress claim presents another obstacle to designers trying to protect their work, as the rule is inconsistent with the industry practice of abandoning new designs well before they become ubiquitous.[61] The Supreme Court addressed trade dress's application to fashion design in *Wal-Mart Stores, Inc. v.*

Samara Bros., Inc. holding that a product design cannot be held inherently distinctive, however, product packaging can.[62] Since this holding, federal courts have extended trade dress protections on a case-by-case basis, leaving inconsistent case law ripe for legislative intervention.[63] Based on the *Samara* holding, trade dress protection hinges on the "secondary meaning" derived from mark use, and it is for the courts to evaluate the strength of a designs secondary meaning.[64] This is a problem, because a designer will not establish "secondary meaning" instantaneously, or even after a single runway show, but must instead cultivate the trade dress until consumers come to associate it with the designer.[65]

III. INTERPRETATION OF THE LAW IN FASHION DESIGN INFRIGEMENT CASES

Without a regulatory scheme for protecting fashion designs, designers are required to develop novel ways to enforce and protect designs that they believe are proprietary. There is very limited case law to guide the courts on these matters, due to the fact that the vast majority of lawsuits filed in this context settle. This is compounded by the fact that traditionally it is rare for designers to spend the time and effort it takes to go after offenders in court.[66] The expense of taking such action is often considered counterproductive.[67] Instead, many manufacturers simply tolerate the competition from lower priced look-alikes and seek to educate their customers about the value of owning the authorized version of a particular design. The rationale is that superior materials and construction used, lead to a longer product life, which makes spending more money cost-effective in the end; and, of course, original designs produced by authorized manufacturers carry the stamp of authenticity.[68] While designers have not had much past success in protecting their clothing designs, recent holdings have proven pivotal to the

fashion industry, and it appears the trend may be changing. Holdings in design infringement cases such as Apple v. Samsung, in which Apple won its case against Samsung with a $1 billion damages award; and Christian Louboutin v. Yves Saint Laurent, discussed further below have led to more designers trying to protect their rights in court.[69]

Victories for the fashion industry in Counterfeiting cases

As discussed above, the law takes a much clearer stance on addressing the concerns of the sale of counterfeit goods. In a landmark case against counterfeiting, Tory Burch was awarded $164 million in June 2011 after she successfully sued 41 "cyber squatters" who were selling fake versions of her shoes, handbags, and accessories across more than 200 websites.[70] The court also ruled that Burch had the right to shut down the offending sites.[71] The remaining problem is that as most of the cyber squatters are based in China, Burch has almost no chance of getting the money form the sites, which is believed to be the largest sum of damages ever issued to a fashion firm in the ongoing battle against online counterfeiters.[72] Despite this, the suit is symbolic and its implications are more about principle than a payday and thus will set a precedent for future online counterfeiting cases.[73] This case is also significant because it represents a victory in a long battle against online counterfeiters.

Courts seem to have taken a "pro-designer" stance in this context, as counterfeit goods often deal with blatant trademark infringement. This issue first came to pass in *Louis Vuitton Malletier SA v. Akanoc Solutions Inc.,* wherein Louis Vuitton sued Akanoc for contributory trademark infringement because they operated websites that contained links to vendors selling counterfeit Louis Vuitton products.[74] The jury returned a verdict

for Louis Vuitton after they made a showing that Akanoc had direct control and monitoring of the means the third parties used to infringe.[75] In 2008, eBay was forced to pay Louis Vuitton $61 million over the sale of counterfeit bags and accessories on the auction marketplace.[76] Furthermore, a judgment in favor of Polo Ralph Lauren and The North Face against a ring of 130 Chinese cyber squatters yielded an award of $78 million for the two brands, as well as the ability to collect money rom payment services that were used on the sites, like PayPal.[77]

Significant decisions in the battle against design piracy

When the issue of design piracy reaches the trial level, it is a rare occasion, and an examination of the reasoning applied in these holdings illustrates the inconsistent application of intellectual property law. An older case highlights the courts reluctance to embrace issues of design piracy. Abercrombie and Fitch, ("A&F") sued American Eagle Outfitters, ("AE") to stop American Eagle from infringing on what A&F describes as its unregistered "trade dress," made protectable by section 43(a) of the Lanham Act.[78] A&F claimed that AE impermissibly copied the designs of certain articles of clothing, in-store advertising displays, and a catalog.[79] The court found that the clothing designs A&F sought a monopoly on are functional as a matter of law, and therefore not protectable as trade dress.[80] Significantly, the court conceded that "evidence of intentional copying shows the strong secondary meaning of a product, because there is no logical reason for the precise copying save an attempt to realize upon a secondary meaning that is in existence…AE's limited admission of intentional copying constitutes evidence that A&F's dress has acquired strong secondary meaning."[81] The implication here is that had the court not viewed clothing designs as merely functional, A&F's claim would have

succeeded. The court also found that the "A&F quarterly catalog" constitutes non-functional distinctive trade dress, however the AE catalog is not confusingly similar to it, as a matter of law.[82] The court identified and evaluated eight factors informing their likelihood of confusion inquiry on this point.[83] In so doing, the court stated "While both companies liberally using their trademarks through their catalogs is a similarity, it is also a difference, because each uses its own trademark and trademarks are designedly an indication of a products origin." [Original emphasis].[84]

Coach, a New York Corporation, has been engaged in the design, manufacture, marketing, distribution and sale of high quality, leather fashion products for over fifty years.[85] AnnTaylor, a prominent retailer of quality women's apparel, like Coach, considers its market to consist of the stereotypical successful career woman.[86] In May, 1991, in an effort to maintain its market share and its preferred status among customers, Coach instituted a lawsuit against AnnTaylor, for trademark infringement pursuant to section 43(a) of the Lanham Act.[87] Coach alleged that AnnTaylor produced imitations of its distinctive leather handbags in a manner likely to cause confusion in the marketplace.[88] Though Coach bags are not themselves registered, the Coach tag is registered on the Principal Register of the USPTO.[89] Apparently seeking to capitalize on the popularity of the Coach "look," the AnnTaylor handbags, in the Coach style, carry a similar leather tag embossed, however, with AnnTaylor's name and distinctive typeface.[90] In his decision, the judge commented, "Regretfully, the body of law relating to the Lanham Act has developed into a tangled morass."[91] However, he ultimately decided that AnnTaylor's replication of the Coach tag violated Coach's trademark under section

32 of the Lanham Act. The court's concession here proves how difficult it has been to come to a decision in design piracy matters.

In 2009, Gucci filed a lawsuit against Guess, citing copyright infringement of their diamond "G" pattern and signature red and green stripe.[92] Guess CEO Paul Marciano admitted to being "inspired" by Gucci's designs and experts explained that copying designs was a common practice in the footwear industry.[93] The judge ordered Guess to pay $4.7 million to Gucci, and along with the settlement, Gucci was awarded a permanent injunction barring Guess from using the Quattro G pattern and the green-red-green stripe.[94] The verdict found that Guess' products were likely to cause trademark dilution, not, as Gucci had claimed, that they were knockoffs.[95] Courts have uniformly restricted trademark counterfeiting claims to those situations where entire products have been copied stitch-for-stitch.[96] Even though the case did not result in a huge financial windfall, it is likely to have greater ramifications in the fashion industry, creating stricter limitations on the use of patterns that could be considered similar to another brands.[97] The courts finding of dilution also illustrates the difficulties designers and their legal teams have in knowing what claims they can bring when infringement arises.

The most significant holding in design piracy to date has been the hotly contested "battle of the red sole," the Christian Louboutin Case, decided at the appellate level in August 2012, which presents what is essentially a limited victory to both parties. The French designer, Christian Louboutin, designs what are arguably the most revered shoes around the globe.[98] His "red sole mark" was awarded trademark registration in the United States in 2008, affording protection to "a lacquered red sole on footwear."[99] In 2011 Christian Louboutin filed suit against Yves Saint Laurent ("YSL"), claiming a

trademark infringement on his signature "Chinese red" soles because YSL featured a red-soled shoe in its 2011 resort collection.[100] YSL then counterclaimed for the cancellation of the marks registration, on the grounds that single colors in the realm of fashion are per se aesthetically functional.[101] While a federal judge in New York initially ruled that Louboutin's trademark on the color was "overly broad" and not protected, the U.S. court of appeals ultimately ruled that YSL may continue selling shoes with red soles, under the condition that the whole shoe is red.[102]

The Second Circuit court also determined, however, that Christian Louboutin retains the exclusive right to use the color red on the bottom of its shoes whenever the outer portion of the shoe is any color besides red.[103] The decision affirmed the court's previous denial of a request from Louboutin for an injunction to prevent YSL from selling women's shoes that are all red, including the soles, in the United States.[104] The court cited a 1995 U.S. Supreme Court decision that granted Qualitex Co. the exclusive right to use a particular green for its dry-cleaning pads.[105] "We conclude that the trademark, as thus modified, is entitled to trademark protection," U.S. Circuit Judge Jose Cabranes wrote in the decision. Both YSL and Louboutin are claiming victory.[106] "This is a complete win for YSL," said David Bernstein, the lawyer representing YSL.[107] "The Court has conclusively ruled that YSL's monochromatic red shoes do not infringe any trademark rights of Louboutin, which guarantees that YSL can continue to make monochromatic shoes in a wide variety of colors, including red."[108] Similarly, Louboutin lawyer Harley Lewin said their camp is "tremendously pleased" with the decision, which will allow Louboutin "to protect a life's work as the same is embodied in the red sole found on his women's luxury shoes."[109] It will be interesting to see which brands will be

first to receive cease and desist letters, as opposing parties typically do not rest after such an explosive reversal of a district court decision.

It is the disparity between the district courts initial holding, in comparison with the appellate decision that illustrates how difficult trademark law is to interpret in this context. There were many problems within the district courts rationale, but most notably the fashion industry reacted against what came across as a "per se" rule against the protectability of a single color trademark.[110] This is problematic because it is based on a generalized analysis of the fashion industry, and as such, could erode trademark protection within fashion beyond just single color marks.[111] If this rationale were more broadly applied, many currently enforceable multi-color trademarks in fashion, such as the green and red Gucci stripe, or trademarks that use color in patterns or combinations, such as the Burberry check, could be canceled under the construals of functionality, aesthetic functionality and color depletion theory.[112]

Fear of litigation? Noteworthy Settlements

Settlements are the norm in the context of design piracy lawsuits in the fashion industry. Litigation is expensive, and the lack of established precedent leaves a lot of uncertainty as to the strength of the claim. Often however, the mere threat of litigation is enough. For example, in December 2009, Balenciaga sued Steve Madden for copying the Lego shoe—a multicolored buckled sandal-- from its fall 2007 collection.[113] Balenciaga and Madden quietly settled the matter in October 2011, with the details remaining undisclosed.[114] Perhaps the implications of these settlements are overstated however, when considering that this suit came just two months on the heels of a similar case

brought by Alexander McQueen, who accused Steve Madden of copying its shoe design.[115]

Perhaps no company is more familiar with the illusory implications of settlements than forever 21. The company has been sued over 50 times in its 27 years of business over alleged violations of Intellectual Property rights.[116] The lawsuits contend that certain pieces of merchandise at the retailer can effectively be considered knock-offs of designs from such designers as Diane Von Furstenberg, Anna Sui, Prada and many others.[117] With 440 stores nationwide, and $3 billion net worth, however, Forever 21 has deep enough pockets to settle disputes, and the chain has never lost a case in court.[118] This is essentially their business model; they keep copying designs because they can, and the outcome of a settlement is probably more cost effective compared to licensing in the first place. [119]

Famed designer, Diane Von Furstenberg filed a copyright infringement lawsuit in 2007 against Forever 21, claiming the retailer willfully copied the pattern, colors, and measurements of one of her popular dresses, as well as another dress from a previous season.[120] Both the original design and the offending copy are 100% silk, and both are made in China, and therefore to the untrained eye the construction seems almost the same.[121] In recent months, Von Furstenberg has taken an aggressive stance against design piracy, filing lawsuits in five states in an effort to protect her brands intellectual property.[122] In addition to seeking unspecified financial damages, von Furstenberg requested a court order that Forever 21 remove and recall the dresses and any promotional display or commercial distribution of products that infringer on her copyrights.[123] Diane von Furstenberg, the president of the CFDA, has made this her

crusade to pursue this kind of litigation, however it is important to remember that most lesser known designers do not have the resources to do so.

In a case where the designs were not even that similar, in January 2011, Hermes filed suit against the Los Angeles based accessories company, "Thursday Friday", for infringing on its legendary "Birkin" bag.[124] Thursday Friday silkscreened an image of the iconic bag onto a canvas tote, retailing for $35.[125] Although Thursday Friday did not use the actual Hermes logo and claimed its tote was protected because it is a "parody" a judge disagreed, and the case was settled for an undisclosed amount and sale of the tote bag was discontinued.[126] Despite the lack of real similarity here, the settlement illustrates the fear of litigating against one of the "giants" in the high-end fashion industry.[127] It also shows courts being more willing to support original design than they have been historically.

Most recently, an issue came to pass that many advocates of design protection hoped would play out in court. On August 13, 2012 Lululemon Athletica filed an action before the U.S. district court for the District of Delaware against Calvin Klein, Inc. and their manufacturer, G-III Apparel Group, for direct and willful infringement of lululemon's design patents for certain yoga pants.[128] Lululemon asked the court to find that Calvin Klein's and G-III's sale of the accused pants, which incorporate substantially the same design elements as those in lululemon's patents, constitutes direct and indirect patent infringement.[129] Lululemon requested injunctive relief as well as damages. However, in November 2012, the Canadian yoga-wear retailers settled their lawsuit, the terms of which are confidential, and withdrew the case.[130] This highlights the problem of

creating precedent for other designers to follow because the prospect of drawn out and expensive litigation is so undesirable in a majority of circumstances.

Potential future conflicts emerging

In light of the aforementioned holdings, more and more designers are speaking out in courts to protect their works. In the latest efforts we see conflicts between designers emerging that have yet to reach an outcome. Derek Lam, another high-end shoe designer, is a perfect example of this. The designer sent a cease-and-desist letter to Ivanka Trump Footwear over what he describes as Trump "blatantly and intentionally" copying the design of one of his shoes.[131] The shoes at issue are Trump's "Cadie" wedge sandals that retail for $150, which Lam alleges is virtually identical to his "Ayami" wedge, which retails for $780.[132] While it is very difficult in court to win a battle such as this one, requiring the designer to first prove that the shoe is recognizable enough to be a trademark, it is likely that Lam's legal team is hoping that the letter alone, as well as the resulting bad publicity, will be enough to force Trump Footwear and its licensee, Marc Fisher Footwear, to pull the shoe from the shelves.[133] Marc Fisher Footwear responded to Lam's letter through a statement reported to the publication Women's Wear Daily, saying the company has no intentions of meeting Lam's demands, and adds that the design is not iconic.[134] The Lam wedge sandals are of a popular design type that has been used by numerous manufacturers for many decades.[135] There is nothing iconic about the appearance of the Lam sandal, and the Ivanka Trump sandals prominently display the Ivanka trump name, and there can be no confusion as to the source of the Ivanka Trump sandals.[136] Therefore, Marc Fisher Footwear strongly denies Lam's claims.[137] This case illustrates the tough decision faced by designers such as Derek Lam;

risk a lawsuit, or hope that the damage of a moment of bad press is enough to make the Trump design team more cautious going forward. Also, the counter argument presented by Marc Fisher represents a widespread belief that nothing is original anymore, and that everything in fashion is a copy of something else. It is this exact line of flawed thinking that designers like Diane Von Furstenberg and the CFDA are speaking out against.

In a much different outcome, Monica Botkier, high-end handbag designer, sent a similar cease-and-desist letter to Sears, who is the exclusive retailer of the "Kardashian Kollection."[138] Botkier claims that a handbag released as a part of the collection is a knockoff of her "Clyde" handbag design, and the iconic elements of the bag may very well add up to trade dress protection.[139] Following the receipt of the cease-and-desist letter, Sears has since pulled the offending bag from their shelves.[140] This response, while not the norm, may become more typical in light of the trend of courts to hold in favor of the original designer.

The aforementioned examples in this section all support the notion that an undeniable trend has emerged, which continues to gain momentum. This trend where designers are pursuing infringement claims, makes the necessity for legislation which protects fashion designs all the greater. Furthermore, the consistent string of victories in the war against counterfeit goods is evidence that fashion is deserving of protection, and with technology enabling the next wave of opportunists capitalizing on another's hard work, the law should demonstrate the same level of responsiveness. This can only be accomplished through legislation expanding the Copyright Act.

IV. PROPOSED SOLUTION: THE INNOVATIVE DESIGN PROTECTION ACT

The Innovative Design Protection Act S. 3523, ("IDPA"), is the latest in a series of proposed legislation backed by the CFDA and a number of other supporters in the fashion industry.[141] The bill was introduced on September 10, 2012 and the committee assigned to the bill sent it to the House and Senate as a whole for consideration on September 20, 2012.[142] Industry insiders have hailed the bill as a breakthrough for high-end fashion designers looking to protect their work from the piracy and knockoffs that inevitably appear after a trend comes into vogue.[143] Furthermore it will serve to protect the lesser-known designers, who do not have a label to hide behind.[144]

Legislative History

The movement to provide copyright protection to fashion designs commenced when the "Design Piracy Prohibition Act," (DPPA) was introduced into the United States House of Representatives on March 30, 2006.[145] Under the bill, designers would submit fashion sketches and/or photos to the U.S. Copyright Office within three months of the products "publication."[146] The bill would protect the designs for three years after the initial publication.[147] If infringement of copyright occurred, the infringer would be fined $250,000 or $5 per copy, whichever sum was larger.[148] Despite support from several well-known designer's and New York's Council of Fashion Designer's of America (CFDA), the bill met with resistance on Capital Hill and stalled in committee.[149] The bill was suspended after the House session concluded in 2006, resulting in the bill being cleared from the agenda.[150]

The principal opponent of the DPPA has been the American Apparel & Footwear Association (AAFA).[151] The AAFA has argued, among other things that the Copyright Office would never be able to handle the flood of applications; the proposed protection

standard was not sufficiently well defined; and the standard for infringement was too vague, so that the courts would spend years trying to define it, rather than enforcing it.[152] The AAFA's strong lobbying efforts were a major reason why the DPPA has never made headway in Congress.[153] While representatives from the CFDA tried to work together with the AAFA to refine the language of the DPPA, the bill again stalled in 2007 and 2009 when it was reintroduced, as the AAFA continued to lobby against its passage.[154]

Senator Schumer began working with both the CFDA and the AAFA to remedy this disconnect, and the result of these efforts was the "Innovative Design Protection and Piracy Prevention Act (IDPPPA), which was introduced on August 5, 2010.[155] While many provisions remained the same, the main changes to this version included a "substantially identical" infringement standard; no registration requirement; a heightened pleading standard to discourage litigation; and a home sewing exception, allowing an individual to copy a protected design for personal, non-commercial use.[156] With the support of BOTH the CFDA and the AAFA this time, comprising a majority of the creative designers, manufacturers and suppliers in the fashion industry, it was expected that this version would pass.[157]

Counter arguments for the IDPA

Those who are against the bill and its various versions over the years argue that for most of the fashion industry, copying is a way of life.[158] The head of the fashion design department at New York's Fashion Institute of Technology stated, "It is expensive and risky to actually create new designs. It is cheaper and easier to simply knockoff successful ones. Typically, designers just let copies go, after all, new designs will come out in a couple months and lawsuits are time consuming and expensive and with the

unclear precedent there is no guarantee you are going to win."[159] Rather than encouraging innovation, skeptics argue that fashion copyrighting could ensure certain designers maintain a monopoly on fashion trends and stifle the need for constant reinvention.[160] The fashion industry thrives because of the lack of copywriting, because it helps create important customer segmentation in the market, which actually increases the value of top designers.[161] Marc Jacobs is not going to sell any more $7,400 blazers because the cheap alternatives have been put out of business; all that is going to happen is that poor people are going to look less fashionable than ever when they have to wait to buy this years runway looks. These reasons are why many refer to this legislation as the "Destruction of Affordable Fashion Act."[162] This way of thinking has been dubbed the "piracy paradox," that copying results in greater industry-wide sales, causing design trends to have a shorter lifespan, which, in turn, spurs innovation.[163] With copyright protection, fashion prices would rise and the creative cycle would slow down.[164]

Provisions in the IDPA, Their Implications & Why the Nay-Sayers are Wrong

When one takes a close look at the actual provisions of the bill it is evident that the aforementioned counter arguments are inapplicable. The legislation, like its earlier counterparts, aims to provide unique fashion designs with three years of copyright protection.[165] This does not apply to anything already in the public domain.[166] In order for a design to count as infringing, the copy must be "substantially identical," and so similar it is likely to be mistaken for the protected design.[167] There is no liability for designs that are the work of a defendant's independent creation and there is no liability for someone who copies the design for his or her personal home use.[168] The legislation also protects retailers and consumers from liability.[169] In order to limit the costs of

frivolous litigation there is a high burden on plaintiffs to being a case to court.[170] The plaintiff will have to pleas facts establishing that he or she has a case, and there are severe penalties for misrepresentation by a plaintiff.[171] The main changes to this version of the bill include a 21-dyas written notice requirement before an enforcement action can commence, as part of efforts to prevent a flood of litigation, along with a 21-day grace period.[172] The overall bill provides a very narrow protection, with a high standard on the plaintiff designer to show 1) originality in their own work, 2) a substantially identical copy, 3) and a showing that the alleged infringer had a reasonable chance to make the copy.[173]

Having even this little bit of intellectual property protection will change the game for emerging designers, since they are unable to rely on consumer recognition of their trademarks.[174] Fashion's frivolous reputation is being replaced by the perception of the industry representing a cultural movement. While copying may play a role in fashion, it is not the driving force behind innovation.[175] Copying can be regulated without undermining the fashion industry.[176]

If this legislation were to pass, effectively creating a law against copying, designers would have much greater legal leverage in asking pirating companies to share the profits on its version of the merchandise, or better still, get the company to make a deal in advance.[177] However, the proof of the impact of the legislation will ultimately need to be tested by time.[178] Following the passage of the IDPA after years of buildup, fashion designers will face potentially years of interpretation, as the courts attempt to apply the statute to litigated claims. [179]

V. CONCLUSION

Fashion is a creative industry and fashion designers deserve the same respect from the law as other creative works, such as books, films and sound recordings. The cases discussed above highlight the difficulties associated with protecting fashion designs and the tendency of companies to imitate trends and successful products. Although designers can obtain limited protection for portions of their designs through trademark, trade dress, and design patent law, the absence of copyright protection is an oversight that should be corrected. Victories in the fashion industry are few and far between in court and are more likely in the counterfeit context as opposed to design piracy. However, it appears that the tides are changing in light of recent holdings, and in conjunction with the advancement of the IDPA in congress. One implication of the holdings discussed above is that we can expect similar trademark infringement cases to start popping up, and a statutory framework to address this issue can only benefit all parties involved.

The fashion industry has long been plagued by counterfeiters hawking knockoffs on Chinatown street corners, and it used to be that rarely would established mass-market retailers so brazenly mimic high-end designer's current season offerings.[180] The reality is that this is now the norm, and with the law responding effectively to the counterfeit market the lack of response in this area is only enabling its expansion. The harm done in the context of design piracy is greater than that of counterfeiting in that consumers are more likely to think they are buying the real thing at a retail outlet as opposed to a street corner.[181]

U.S. fashion designers have been seeking intellectual property protections from Congress for almost a century, but only in the last few years has "fashion law" emerged as an important legal topic.[182] This area of law has been gaining more recognition, with

its incorporation into law school curriculums and the establishment of the Fashion Law Institute, the world's first academic center on the subject. While only time will tell if the IDPA is a fashion industry friend or foe, it is indisputable that it will have a strong deterrent effect, and represents a significant step forward for both U.S. intellectual property law and for the fashion industry.[183]

Returning to the earlier example of Forever 21, the company's main competitors, retailers that share the business model built on selling rapidly mass produced runway inspired looks, like H&M, Zara and Topshop do not knock off designers' works with anything close to Forever 21's avidity.[184] This is because these other retailers are based in Europe, where copyright protection does extend to clothing designs.[185] This is better for consumers because anyone interested in a Stall McCartney piece, for example, can choose between H&M's interpretation, Zara's version, and Topshop's; making chains unable to rip off an entire garment forces them to be creative about it.[186] These protections afforded overseas have clearly not crippled their fashion industry and the United States should therefore follow suit and dismiss the baseless assertions that extending more intellectual property protection to clothing would limit competition among designers and purchasing power for consumers. [187]

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