

Fashion Design under the Innovative Design Protection and Piracy Prevention Act

By Tiffany W. Shimada

The Innovative Design Protection and Piracy Prevention Act (IDPPPA), Senate Bill 3728, was unanimously approved by the Senate Judiciary Committee on December 1, 2010, and sent to the Senate for a final vote. Past versions of the bill received tremendous bipartisan support in both the House of Representatives and the Senate. Once approved, the IDPPPA will extend quasi-copyright protection to fashion designs for a three-year term. The IDPPPA will essentially change the entire fashion industry, making the knock-off market for protected fashion designs illegal. Although increased protection of fashion design offers substantial benefits for innovators, there is some debate as to whether such protection will present formidable challenges in litigation and drive up prices for consumers.

Purpose and Scope of the IDPPPA

The IDPPPA will fall under title 17 of the United States Code, but the protection it will offer to fashion design is different from copyright protection in many ways, particularly in term and scope. The IDPPPA will extend quasi-copyright protection to fashion design for a three-year nonrenewable term by amendment to the Vessel Hull Design Protection Act, title 17, chapter 13. Any design made public in the United States or in a foreign country before the enactment of the IDPPPA, or more than three years before protection is asserted, will be exempt from protection and in the public domain.

Although fashion design has received some protection under intellectual property law, such protection has been limited and has resulted in unpredictable litigation due to nuances such as the useful articles limitation under the Copyright Act and the distinctiveness requirement under the Lan-

ham Act. Under the Copyright Act, useful articles, or those that have an “intrinsic utilitarian function,” are not copyrightable. Thus, clothing and accessories are typically unprotected by copyright, as they inevitably are found to constitute a useful article because they provide warmth and coverage for the body. Only articles of apparel that can be physically separated or considered to be aesthetically pleasing separately as artwork (e.g., belt buckles) are presently copyrightable.

Further, protection is limited under the Lanham Act, because designs must first acquire secondary meaning before garnering trademark protection. See *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006) (following the analysis of the U.S. Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), which stipulated that clothing design is product design, which may not be inherently distinctive and, therefore, requires proof of acquired distinctiveness to qualify for trademark protection).

Patent protection of fashion designs is also limited, because the design must be new and nonobvious over prior art. In addition, the process for obtaining a patent is expensive and slow in comparison with other areas of intellectual property law. The IDPPPA will provide a means for fashion designers who create truly unique apparel to protect their designs, albeit for a limited time, without such limitations.

Consumers who independently create designs at home for themselves, or for immediate family members, are protected through the IDPPPA's home sewing exception. The exception allows a person to produce a copy of a protected design, as

long as it is not offered for sale or use in trade during the three-year term of protection. The exception attempts to aid consumers who wish to have a copy of the protected design but cannot obtain an authorized copy for whatever reason, be it limited availability or prohibitive cost. Although the exception seems generous at first glance, it is overwrought. For example, if Aunt Bessie wants to sew a dress for her great-grandniece that is identical to a Versace design she has seen on the red carpet, it is doubtful that Versace will file suit against her for infringement. The act will likely be most useful against infringers who operate on a much larger scale than Aunt Bessie.

Key Definitions of the IDPPPA

The IDPPPA defines fashion design as the “appearance as a whole of an article of apparel, including its ornamentation,” which includes original elements or the “original arrangement or placement of original or non-original elements as incorporated in the overall appearance of the article of apparel.” Further, the design must “provide a unique, distinguishable, non-trivial and non-utilitarian variation over prior designs for similar types of articles.”

The act defines apparel as “(A) men’s, women’s, or children’s clothing, including undergarments, outerwear, gloves, footwear, and headgear; (B) handbags, purses, wallets, tote bags, and belts; and (C) eyeglass frames.” Notably, fabric designs are excluded under the IDPPPA, because they are already copyrightable. The act specifically focuses on protection for fashion design or articles that traditionally have been excluded based on the useful articles exception to the Copyright Act.

Infringement under the IDPPPA

An infringing article is considered to be any unauthorized copy of a protected design or an image of that protected design. Illustrations or pictures of protected designs

used in advertisements, books, periodicals, newspapers, photographs, broadcasts, motion pictures, or a “similar medium” are not considered infringing articles. The home sewing exception, however, makes it clear that any instructions or patterns of protected designs are forbidden from publication or distribution.

An action for infringement cannot be brought until the design is made public, meaning that it is “exhibited, distributed, or offered for sale or sold to the public.” Further, an infringing design must be more than “substantially similar” to the registered design; it must be “substantially identical,” which is defined under the act as “so similar in appearance as to be likely to be mistaken for the protected design, and contain[ing] only those differences in construction or design which are merely trivial.”

The act further sets out that the claimant in an infringement action under the act must plead, with particularity, that the design is protected under the act, that the defendant’s design infringes on the protected design, and that the protected design or its image was available at a place and time that are “sufficient to reasonably infer from the totality of the surrounding facts and circumstances” that the defendant saw or knew about the protected design. An infringer of a registered fashion design will be held liable for copying the design by creating a “substantially identical” design deliberately and without the owner’s consent. Inadvertent buying and selling of illegal copies by retailers will not create secondary liability under the IDPPPA, because the bill was amended to remove a section addressing secondary liability for infringing designs. However, sellers may still face liability if they are also considered manufacturers of the infringing articles.

Interpreting “Substantially Identical”

The IDPPPA requires that infringing goods be “substantially identical” to protected goods. By this standard, protection under

the act will be narrower than under copyright law. “Substantial similarity,” which is the current test under copyright law, is a much broader test than “substantially identical” in that it provides more leeway for the fact finder to identify a product as infringing.

Under the IDPPPA, the test of “substantially identical” may be applied only to the differences in construction or design that are merely trivial. Thus, the overall look and feel of the design may be copied freely, but only the trivialities of the design will be examined to determine infringement. Such a standard will aid designers whose unique designs are infringed, but only to the extent that the trivialities in their design are copied.

To illustrate this limitation using copyright law, the Ninth Circuit Court of Appeals recently examined the protectable elements of dolls in *Mattel, Inc. v. MGA Entertainment, Inc.*, 616 F.3d 904 (9th Cir. 2010), to determine whether MGA copied Mattel’s unique expression of a “bratty” line of dolls in creating its line of Bratz dolls. The court held that the expression of “bratty” dolls, or dolls that are youthful, attractive, and trendy, with exaggerated proportions such as large heads and long arms, is highly constrained. As a result, the Mattel dolls were entitled to only narrow copyright protection.

At some point, a fashion-forward, hip-looking doll is simply an idea, and not a protectable expression of that idea. Similarly, with fashion design, the idea of the design itself is not protectable, but the unique expression of that idea may be protectable under the IDPPPA. Although the Ninth Circuit used the “substantial similarity” test in the *Mattel* case, a parallel may be drawn to the problems in interpreting “substantially identical,” because only the most trivialized details will be compared under the test.

Available Remedies under the IDPPPA

Remedies under the IDPPPA include compensatory damages, disgorgement, and attorney fees as well as equitable or injunctive relief. Statutory damages are also made available under section 1323 of the act, which states that the court may increase available damages up to \$50,000 or \$1 per copy, whichever is greater.

Economic Effect of the IDPPPA

While some argue that the IDPPPA will provide protection for fashion designers and the U.S. apparel industry, others may view the act as bad for consumers, because the resulting economic effect may be higher consumer prices.

Senator Orrin Hatch (R-Utah) introduced the bill in the Senate in August 2010, stating that the U.S. apparel industry has lost billions of dollars to competing knock-off markets based in mainland China, Hong Kong, Pakistan, and Singapore. 156 *Cong. Rec.* S6893–94 (Aug. 5, 2010) (statement of Sen. Hatch). Not only do the copied fashion designs cheat the designers who put time and labor into creating the designs, Hatch opined; they also affect contributors of raw materials, shippers, distributors, and retailers who would all benefit financially from the goods if they were first produced in the United States.

Basic economics teaches that a decrease in supply coupled with an increase in demand leads to increased prices for consumers. Applying that theory to the fashion industry after enactment of the IDPPPA, a decreased supply of a protected design (given that only one owner can license or manufacture the goods), coupled with an increased demand for a truly unique fashion design among consuming fashionistas, will drive up the price of that design. On the other hand, reasonable substitutions are sold by discount retailers, which already offer designs that are not “substantially identical” to the more expensive designer brands.

Moreover, upscale designers wishing to capture the lower-end retail market may offer cheaper versions of their high-end designs, thereby capturing the market share from both the fashionistas and the bargainistas. This innovation has already proved successful, as traditionally high-end designers like Stella McCartney and Vera Wang have offered cheaper designer lines to mass market retailers like H&M and Kohl's, respectively. The IDPPPA may thus encourage designers to create apparel that may be licensed on a broader scale, which would further encourage designers and retailers to work together to bring trends to the masses without forfeiting protection over the designs.

Secondary Market Effects

The first sale doctrine would allow those who legally obtain articles protected under the IDPPPA to sell those articles in a legitimate secondary market. For those who manufacture and distribute infringing articles on a larger scale, this secondary market offers an easy avenue to sell their infringing products. While online retailers must actively police their websites for infringing articles and punish repeat offenders for selling counterfeit designs, there is nothing they can do to stop people from reselling protected designs once they have been legally obtained. There is no way for a consumer to know, nor in some cases for the online retailer to know, whether the goods offered in secondary markets are legitimate. Thus, infringers still have a legitimate market in which to sell their infringing fashion designs, despite increased protection over the designs.

Impact on the Fashion Industry

Ultimately, the IDPPPA should have a positive impact on the fashion industry. Those designers who are tired of designing and showcasing a truly unique design only to see an identical, cheaper version debut the very next day, will have some redress. Even though limitations like the first sale doctrine and the difficulty in interpreting

substantially identical elements will present challenges in litigation, the act offers a positive step in the right direction by extending quasi-copyright protection to true innovators in a field that is constantly reinventing itself.

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