

THE NEW TREND: PROTECTING AMERICAN FASHION DESIGNS THROUGH NATIONAL COPYRIGHT MEASURES ♦

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I. INTRODUCTION

In Ancient Greece, the activity of weaving clothing and other household goods was used as a metaphor for female deception and trickery.¹ The concept of making clothing has changed drastically since then, with the emergence of well-known designers and fashion houses like Chanel, Rodarte, and Marc Jacobs. Today's fashion world has evolved into a massive industry with more than \$180 billion sales annually, of which approximately \$47 billion comes from the New York fashion business.² The public's fascination with the fashion industry has also translated into several reality television shows, including *Project Runway*, *The Fashion How*, *Launch My Line*, and *The Rachel Zoe Project*. Recently, several documentaries about the fashion world have made their way to theaters, such as "The September Issue," "Valentino: The Last Emperor," and "Eleven Minutes."

Even though the fashion industry channels massive amounts of revenue into the American commercial market, the United States is still losing a huge portion of these revenues to counterfeiting. The U.S. Customs and Border Protection ("CBP") stated that the value of counterfeit products seized domestically in the "Fiscal Year (FY) 2008 increased by 38.6% to \$272.7 million (M) from \$196.7M in FY 2007."³ According to the International Anticounterfeiting Coalition ("IACC"), the counterfeiting problem "is directly responsible for the loss of more than 750,000 American jobs."⁴ In a 2004 study, Bill Thompson, former New York City Comptroller, disclosed that New York City loses a total of \$1 billion to counterfeiting from sales taxes, business income taxes, and personal incomes taxes annually.⁵ U.S. Customs has also reported that China was the number one originating country for counterfeit goods, accounting for eighty-one percent of the total value seized.⁶

In this Note, I will argue that the United States needs to place more of an emphasis on the internal regulation and enforcement of intellectual property rights in fashion designs through copyright

¹ In Homer's *Odyssey*, Penelope, wife of Odysseus, deceived her suitors by agreeing to wed again when she finished weaving a funeral shroud. While she weaved during the daytime, she would unweave it at night, thereby stalling any possibility of marriage until Odysseus came back. See HOMER, *ODYSSEY* 17 (E. V. Rieu trans., Penguin Group 2003).

² See Steven L. Weisburd, Dawn Rudenko Albert, & Brian M. Kudowitz, *The Design Piracy Prohibition Act: In style, but fashionably late?*, N.Y. L.J., Jan. 20, 2009, at S2.

³ U.S. Customs, IPR Seizure Statistics, http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/seizure/ (last visited Aug. 17, 2010) [hereinafter Customs Report].

⁴ IACC.org, About Counterfeiting, <http://www.iacc.org/counterfeiting/counterfeiting.php> (last visited Aug. 17, 2010).

⁵ See William C. Thompson, *The Impact of Counterfeit Goods Trade on New York City*, <http://www.comptroller.nyc.gov/bureaus/bud/04reports/Bootleg-Billions.pdf> (last visited Aug. 17, 2010) [hereinafter Thompson Report].

⁶ See Customs Report, *supra* note 3.

protection. It is ineffective for the United States to wait for foreign governments to make changes in their current policies when they may not be adequately incentivized to comply with international standards. The United States' efforts to address this problem internationally have failed, most recently, with its complaint against China through the World Trade Organization Dispute Settlement Body.⁷ On April 30, 2009, the Design Piracy Prohibition Act ("DPPA") was re-introduced into Congress to give fashion designs copyright protection.⁸ Under the DPPA, a fashion design refers to the overall appearance of an article, the original elements of the article, or the original arrangement of non-original elements.⁹ An alternative bill to the DPPA is the Innovative Protection and Piracy Prevention Act ("IDPPPA") introduced on August 5, 2010.¹⁰ The IDPPPA's definition of a fashion design also includes original elements that result from the designer's creative efforts and provide a unique variation from other designs.¹¹ Both the DPPA and the IDPPPA are possible solutions to the current intellectual property and economic issues facing the American fashion industry. In addition, copyright protection is better suited for the fashion industry than trademark or patent law. If the United States takes the lead in protecting fashion designs and improving enforcement, these proactive efforts would better control intellectual property rights within the United States. Part II of this Note will analyze the United States' recent attempt to challenge China's intellectual property rights policies and to explain why this has failed. Part III will explore the policies that other countries have implemented to protect fashion designs. Since several nations have enacted laws protecting fashion designs, the United States should look to those regulations as models in implementing its own laws. Part IV will examine the current types of legal protection available to fashion designs in the United States and will explain why both the DPPA and the IDPPPA, through copyright protection, are a better fit for the fashion industry. Part V will address the current debate over whether copyright protection should extend to fashion designs and will ultimately conclude with why such protection should be granted.

⁷ See Panel Report, *China - Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, ¶ 7.399, WT/DS362/R (Jan. 26, 2009) (adopted Mar. 20, 2009) [hereinafter Panel Report].

⁸ See Design Piracy Prohibition Act, H.R. 2196, 111th Cong. (2009), available at <http://thomas.loc.gov/cgi-bin/query/z?c111:H.R.2196>: [hereinafter H.R. 2196].

⁹ See *id.* at § 2(a)(7).

¹⁰ See Innovative Design Protection and Piracy Prevention Act, S. 3728, 111th Cong. (2010), available at <http://thomas.loc.gov/cgi-bin/query/z?c111:S.3728>: [hereinafter S. 3728].

¹¹ See *id.* at § 2(a)(7).

II. AMERICA'S FAILURE TO RECEIVE INTERNATIONAL PROTECTION

A. *The U.S. Complaint Against China*

The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) “establishes minimum levels of [intellectual property rights] protection” that each World Trade Organization (“WTO”) member must provide to other members.¹² All WTO members, including the United States, have agreed to resolve disagreements under the TRIPS Agreement with the Dispute Settlement Body (“DSB”).¹³ The first step of the dispute settlement process is a consultation period in which the opposing parties in the complaint meet to see if they can come to an agreement by themselves.¹⁴ If no agreement can be reached, a panel will be appointed to the case.¹⁵ Other countries can join as third parties if they believe that they have some rights and interests in the outcome of the case.¹⁶ The process continues with written arguments from the parties, then hearings, written rebuttals, an interim panel report, a review period, a final panel report, and a final ruling.¹⁷ In addition, the parties may appeal the panel’s decision.¹⁸

As with any arbitration and trial process, there is no guarantee that the party bringing forth the complaint will get what it wants from the DSB. This was the case when the United States filed a complaint against China with the DSB in 2007.¹⁹ The complaint had four main concerns regarding Chinese law and the treatment of intellectual property rights.²⁰ First, the United States contended that China’s threshold levels for criminal measures and sanctions against counterfeiting and piracy of copyrighted works violated Articles 41.1 and 61 of the TRIPS Agreement.²¹ Second, the complaint alleged that the Chinese practice of removing infringing marks and releasing the goods back into commerce violated Articles 46 and 59 of TRIPS.²² Third, the United States claimed that the lack of criminal penalties for commercial distribution and reproduction of copyrighted materials

¹² WTO.org, Understanding the WTO: The Agreements, http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e.htm (last visited Aug. 17, 2010).

¹³ See JULIE COHEN, LYDIA PALLAS LOREN, RUTH L. OKEDIJI, & MAUREEN A. O’ROURKE, COPYRIGHT IN A GLOBAL INFORMATION ECONOMY 39 (2d ed. 2006).

¹⁴ WTO.org, Understanding the WTO: Settling Disputes, http://www.wto.org/english/thewto_e/whatis_e/tif_e/displ1_e.htm (last visited Aug. 17, 2010).

¹⁵ See *id.*

¹⁶ See *id.*

¹⁷ See *id.*

¹⁸ See *id.*

¹⁹ See generally Request for Consultations by the United States, *China - Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WT/DS362/1 (Apr. 16, 2007) [hereinafter U.S. Request].

²⁰ See generally *id.*

²¹ See *id.*, at 1-2.

²² See *id.* at 3.

violated TRIPS Articles 41.1 and 61.²³ Last, there were concerns over China's denial of copyright protection for censored works.²⁴ I will focus my discussion on the first three issues.

Article 41.1 of the TRIPS Agreement states:

Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights.²⁵

In addition, each Member, under Article 61, must provide “criminal procedures and penalties to be applied at least in cases of wilful [*sic*] trademark counterfeiting or copyright piracy on a commercial scale.”²⁶ However, Article 213 of the Chinese Criminal Law attaches criminal liability to trademark infringement only if “the circumstances are serious.”²⁷ According to Article 1 of Judicial Interpretation No. 19 [2004], “the circumstances are serious” when a person uses the same mark as the registered trademark without permission and “the *illegal business operation volume* of not less than 50,000 Yuan or the *amount of illegal gains* of not less than 30,000 Yuan” or when two or more marks are used, “the *illegal business operation volume* of not less than 30,000 Yuan or the *amount of illegal gains* of not less than 20,000 Yuan.”²⁸ Therefore, in China, criminal liability depends on the definition of a “serious circumstance,” not on the infringer's willful intent on a commercial level as specified by the TRIPS Agreement.

The United States has also claimed that China's release of confiscated counterfeit goods back into the stream of commerce is inconsistent with Articles 46 and 59 of the TRIPS Agreement.²⁹ Article 46 specifies that in the case of counterfeit goods, the practice of simply removing the infringing mark would not permit the goods to reenter the stream of business, except in extraordinary cases.³⁰ Article 59 also explains, “[A]uthorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46.”³¹ However, China has a compulsory scheme for officials to donate confiscated counterfeit goods to charities, sell the goods back to the copyright holder, or auction the goods after the illegal trademarks

²³ See *id.*, at 6.

²⁴ See *id.*, at 4-6.

²⁵ Article 41.1 of Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments-Results of the Uruguay Round, 33 I.L.M. 81, 99 (1994) [hereinafter TRIPS Agreement].

²⁶ *Id.*, art. 61, at 105.

²⁷ See Panel Report, *supra* note 7, at ¶ 7.399.

²⁸ *Id.* at ¶ 7.400.

²⁹ U.S. Request, *supra* note 19, at 3.

³⁰ See TRIPS Agreement, *supra* note 25, art. 46, at 101.

³¹ *Id.*, art. 59, at 104.

have been removed.³² Only after none of these measures was available, were the officials able to destroy the counterfeit goods.³³

B. *The WTO Panel Decision*

After several countries joined as interested third parties to the U.S. complaint,³⁴ the Dispute Settlement Body reached a decision on January 26, 2009.³⁵ The Panel held that the United States did “not [establish] that [China’s] criminal thresholds are inconsistent with China’s obligations under the first sentence of Article 61 of the TRIPS Agreement.”³⁶ The Panel concluded that while China finds criminal liability for “serious circumstances” instead of the TRIPS definition of “willful infringement on a commercial scale,” China’s definition included circumstances “(of those) engaged in buying and selling, or a relative magnitude or extent pertaining to, or bearing on, buying and selling.”³⁷ Therefore, the United States did not provide enough evidence to show that the Chinese thresholds for criminal liability fell below the TRIPS standard.³⁸

With respect to the U.S. claims against the Chinese Customs practices, the Panel found that with the exception of the practice removing infringing trademarks, the Customs procedures were consistent with the TRIPS Agreement.³⁹ The Panel decided that in consideration of Article 59 of the TRIPS Agreement, “the obligation that competent authorities ‘shall have the authority’ to make certain orders is not an obligation that competent authorities shall exercise that authority in a particular way.”⁴⁰ Therefore, there is no indication that Article 59 specifies only certain types of remedies against infringement.⁴¹ In addition, the Panel decided that Article 59 only applied to export goods, so it is inapplicable when these practices take place within China.⁴²

The Panel also made a decision regarding the practice of removing the infringing trademark and allowing the goods to reenter the market. Article 46 specifies that except for exceptional cases, simply removing the illegal trademark does not sanction the reentrance of the goods into the stream of business.⁴³ Article 59 states, “authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject

³² Panel Report, *supra* note 7, at ¶ 7.197.

³³ *Id.*

³⁴ Third party countries included Argentina, Australia, Brazil, Canada, European Communities, India, Japan, Korea, Mexico, Chinese Taipei, Thailand, and Turkey. *See id.*, at ¶ 1.6.

³⁵ *See generally id.*

³⁶ *Id.*, at ¶ 8.1(c).

³⁷ *Id.*, at ¶ 7.535.

³⁸ *Id.*, at ¶¶ 7.617, 7.628, 7.29, 7.632.

³⁹ *Id.*, at ¶ 8.1(b).

⁴⁰ *Id.*, at ¶ 7.238.

⁴¹ *Id.*, at ¶¶ 7.239, 7.240.

⁴² *Id.*, at ¶ 8.1(b)(i).

⁴³ *See* TRIPS Agreement, *supra* note 25, art. 46, at 101.

them to a different customs procedure, other than in exceptional circumstances.”⁴⁴ Thus, China is wrong to define “exceptional cases” in terms of the number of instances in which the removal and reentrance has occurred.⁴⁵ In addition, this practice would not effectively deter future infringement.⁴⁶ Therefore, China’s practice of removing the infringing trademark has violated Article 59 of TRIPS, when it was considered in conjunction with Article 46.⁴⁷

C. Effects of the Decision On Current U.S. Copyright Law

The WTO Panel Decision on Chinese intellectual property law should be seen as a loss to the United States. Since China, by and large, was found to be compliant with the TRIPS Agreement, the United States must find another way to resolve the current counterfeiting and enforcement problems. In addition, the Chinese policies regarding intellectual property rights are based on Communist and Confucian principles, which value group interests above individual interests.⁴⁸ Thus, while the TRIPS Agreement provides a minimum basis of international protection, it may take years for countries like China to actually conform to European and American standards of enforcement. In the meantime, this discrepancy in intellectual property regimes has led to huge economic losses in the U.S. fashion industry.

When the United States itself is lacking in sufficient enforcement within its own borders, it is sending the message that the protection of fashion designs are not a priority. Street vendors sell counterfeit goods to tourists in Herald Square and Canal Street in New York City within plain sight of police officers. U.S. Customs can only seize known counterfeit products.⁴⁹ Federal prosecutors are also hesitant to pursue infringement cases.⁵⁰ According to Professor Peter K. Yu, “some district attorneys’ offices in the United States have simply refused to prosecute those cases.”⁵¹ Since federal priorities have shifted away from protecting intellectual property rights, local law enforcement have been more involved.⁵² However, many local police also lack the time and financial resources to investigate potential infringement claims at warehouses, stores, and side streets.⁵³

⁴⁴ *Id.*, art. 59, at 104.

⁴⁵ See Panel Report, *supra* note 7, at ¶ 7.392.

⁴⁶ *Id.*

⁴⁷ *Id.*, at ¶ 7.394.

⁴⁸ See Donald P. Harris, *The Honeymoon is Over: the U.S.-China WTO Intellectual Property Complaint*, 32 *FORDHAM INT’L L.J.* 96, 103 (2008).

⁴⁹ See BARBARA KOLSUN & HEATHER J. MCDONALD, *FASHION LAW: A GUIDE FOR DESIGNERS, FASHION EXECUTIVES, AND ATTORNEYS*, 105, 118 (Guillermo C. Jimenez, Barbara Kolsun eds., 2009).

⁵⁰ See Peter K. Yu, *Three Questions that Will Make You Rethink the U.S.-China Intellectual Property Debate*, 7 *J. MARSHALL REV. INTELL. PROP. L.* 412, 416 (2008).

⁵¹ *Id.*

⁵² See KOLSUN & MCDONALD, *supra* note 49, at 119.

⁵³ See Yu, *supra* note 50, at 416.

III. INTERNATIONAL COPYRIGHT MEASURES FOR PROTECTION OF DESIGNS

The United States is lagging behind many countries in its copyright policies concerning fashion designs. While American law has not provided copyright protection to fashion designs, the other major fashion-centered countries have already done so. The United States should look to these countries for guidance in developing its own form of protection to designs.

A. *European Community Copyright Law*

The European Union has passed measures to promote uniformity in copyright law among its Members.⁵⁴ The Council Directive 98/71/EC (“E. C. Directive”) required all Member States to protect designs by registration.⁵⁵ The E. C. Directive defined design as “the appearance of the whole or a part of a product resulting from the features of . . . the lines, contours, colours, shape, texture . . . or its ornamentation.”⁵⁶ A “design right” is given to designs that are “novel” and have “individual character.”⁵⁷ A design is “novel” if there are no identical designs available to the public.⁵⁸ The design has “individual character” when the overall impression, from an informed user’s point of view, is different from other designs available to the public.⁵⁹ This is a heightened standard of infringement because even if a design has not been copied exactly, infringement can occur if it has the same overall impression on an informed user.⁶⁰

Under the E. C. Directive, protection for designs lasts five years from the date of filing of the application, and is renewable in five-year terms for up to twenty-five years.⁶¹ The design right gives the holder control of “the making, offering, putting on the market, importing, exporting, or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.”⁶²

In 2002, Council Regulation 6/2002/EC (“E. C. Regulation”) extended protection to unregistered designs, as well as registered designs.⁶³ While registered designs can be protected for a maximum of twenty-five years, unregistered designs can only be protected for three years from the first date they are available to the public.⁶⁴ The Council

⁵⁴ See Council Directive 1998/71, art. 3, 1998 O.J. (L 289) 28, 30 (EC) [hereinafter E. C. Directive].

⁵⁵ See *id.*, pmbl. 8, at 28.

⁵⁶ See *id.*, art. 1, at 30.

⁵⁷ See *id.*, art. 3, at 30.

⁵⁸ See *id.*, art. 4, at 30.

⁵⁹ See *id.*, art. 5, at 30.

⁶⁰ See Erika Myers, *Justice in Fashion: Cheap Chic and the Intellectual Property Equilibrium in the United Kingdom and the United States*, 37 AIPLA Q.J. 47, 63 (2009).

⁶¹ See E. C. Directive, *supra* note 54, art. 10, at 31.

⁶² *Id.*, art. 12, at 32.

⁶³ See Council Regulation 2002/6, art. 1, 2002 O.J. (L 3) 1, 4 [hereinafter E. C. Regulation].

⁶⁴ See *id.*, art. 11, at 5.

Regulation further provides that “[a] registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it.”⁶⁵ Thus, a defendant cannot raise the innocent infringer defense, claiming that because there was no copyright notice, he has not infringed on the plaintiff’s design right.

Each Member State must also designate courts or tribunals to deal with infringement cases.⁶⁶ Therefore, a plaintiff has the option of commencing a lawsuit under the Member State’s own judicial system or under the E. C. Regulation. In addition, the possible remedies against infringement are injunctions against the infringer, seizure of infringing goods, and other civil and criminal sanctions that are allowed under each Member State’s own laws.⁶⁷

Despite these measures giving protection to designs, there have not been drastic increases in the number of adjudicated infringement cases.⁶⁸ Plaintiffs, who do bring lawsuits, have successfully sued defendants under the E. C. Regulation. In *Karen Millen Ltd. v. Dunnes Stores & Anor.*, the Irish High Court held that the plaintiff’s unregistered designs of three tops were protected and that the defendant, Dunnes Stores, was ordered to: (1) stop selling the copied tops; (2) deliver the remaining stock to the plaintiff; and (3) provide an account of the profits.⁶⁹

B. French Copyright Law

France has had a long history of using copyright to protect fashion designs,⁷⁰ probably because of its reputation as the center of the fashion industry and the concentration of *haute couture* fashion houses. The Copyright Act of 1793 considered fashion design as applied art.⁷¹ The Copyright Act of 1909 broadened protection to non-functional designs and patterns.⁷² France’s current copyright law is codified in the *Code de la Propriete Intellectuelle* and lists fashion as a protected work in Article L. 112-2.⁷³ Uniform protection is given to original fashion designs automatically on the date of creation, regardless of registration, unlike different protection schemes given to registered and unregistered designs under the European Union regulations.⁷⁴

⁶⁵ *Id.*, art. 19, at 7.

⁶⁶ *Id.*, art. 80, at 19.

⁶⁷ *Id.*, art. 89, at 20-21.

⁶⁸ See Shayne Adler, *Pirating the Runway: the Potential Impact of the Design Piracy Prohibition Act on Fashion Retail*, 5 HASTINGS BUS. L.J. 381, 390 (2009).

⁶⁹ *Karen Millen Ltd. v. Dunnes Stores & Anor.* [2007] I.E.H.C. 449, [2008] 2 I.L.R.M. 368 (21st December 2007) (H.Ct.) (Ir.), available at <http://www.bailii.org/ie/cases/IEHC/2007/H449.html>.

⁷⁰ See Judith S. Roth, David Jacoby, & Schiff Hardin LLP, *Copyright Protection and Fashion Design*, 967 P.L.I./PAT. 1081, 1101 (2009).

⁷¹ See Anya Jenkins Ferris, *Real Art Calls for Real Legislation: An Argument Against Adoption of the Design Piracy Prohibition Act*, 26 CARDOZO ARTS & ENT. L.J. 559, 573-74 (2008).

⁷² See *id.*

⁷³ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1101.

⁷⁴ See Ferris, *supra* note 71, at 574.

Under French law, the designer obtains both moral and patrimonial rights to the design.⁷⁵ The moral right ensures that the designer's "name and work are respected" forever as the right passes to the heirs at death and does not terminate.⁷⁶ The patrimonial right gives the designer control of the work for financial gain.⁷⁷ France has also imposed civil and criminal liability, with fines of 300,000 Euros and a maximum sentence of three years prison time.⁷⁸ In addition, if the infringement is committed by a criminal organization, the fines increase to 500,000 Euros and a maximum five-year jail sentence.⁷⁹ Since there is no specified term of protection, the French courts determine the duration of protection on an individual basis.⁸⁰

Several French designers have successfully sued American designers in infringement cases by using the French court system.⁸¹ For example, in *Yves Saint Laurent S.A. v. Societe Louis Dreyfus Retail Management S.A.*, Yves St. Laurent was awarded an injunction and \$383,000 in damages against Ralph Lauren for his copying of a tuxedo dress.⁸² The French courts have also found that eBay was liable for failing to prevent the sales of counterfeit items of several designers, including Christian Dior, Louis Vuitton, Hermes, and Tiffany & Co.⁸³

C. Italian Copyright Law

Italian copyright law, like French law, recognizes fashion design as art, thus extending protection to fashion design.⁸⁴ To be copyrightable, the work must "have creative character or inherent artistic character."⁸⁵ Copyright protection lasts the life of the designer plus seventy years after his death.⁸⁶ Italy, which is a member of the European Community, provides protection to both registered and unregistered works.⁸⁷ In 1991, the Italian Association of Designers

⁷⁵ See Laura C. Marshall, *Catwalk Copycats: Why Congress Should Adopt A Modified Version of the Design Piracy Prohibition Act*, 14 J. INTEL. PROP. L. 305, 319 (2007).

⁷⁶ See *id.*

⁷⁷ See *id.*

⁷⁸ See *id.*

⁷⁹ See Susana Monseau, *A Review Of European Design Protections Does Not Support The Fashion Industry Contention That Congress Should Single Out Fashion For Special Design Protection*, 32 SOCIAL SCIENCE RESEARCH NETWORK, Mar. 31, 2009, http://works.bepress.com/susanna_monseau/2.

⁸⁰ See Ferris, *supra* note 71, at 574.

⁸¹ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1102.

⁸² See Tribunal de Commerce [T.C.] [Commercial Court] Paris, May 18, 1994, E.C.C. 512 (English translation unavailable). See also Monseau, *supra* note 79, at 38.

⁸³ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1102. However, the American court held in *Tiffany Inc. v. eBay, Inc.*, that since it was the trademark holder's responsibility to monitor the use of its marks, eBay was not liable unless it had knowledge of infringing activities. See *Tiffany Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 470 (2008).

⁸⁴ See Monseau, *supra* note 79, at 39.

⁸⁵ Law No. 633 of April 22, 1941, § 2(10), Protection of Copyright and Rights Related to its Exercise (It.), available at http://www.wipo.int/clea/en/text_html.jsp?lang=en&id=2582.

⁸⁶ *Id.*, at § 25.

⁸⁷ See Monseau, *supra* note 79, at 39.

established the Jury of Design, consisting of ten experts in the fashion industry, to decide whether a design should be protected.⁸⁸ Although the Jury of Design's decisions are nonbinding, it provides a unique approach to resolve issues without the Italian courts.⁸⁹

D. *United Kingdom Copyright Law*

The United Kingdom extends copyright protection to fashion designs as a type of artwork so long as they "relate back" to the original sketch.⁹⁰ United Kingdom legislation provides protection for both registered and unregistered designs.⁹¹ Under the Copyright, Designs, and Patents Act of 1988 ("CDPA"), a design has to be original and includes "any aspect of the shape or configuration . . . of the whole or part of an article."⁹² In order to gain a "design right," the design must be "recorded in a design document or an article has been made to the design."⁹³ Under the CDPA, design protection lasts fifteen years from the earlier date of recordation "or an article was first made to the design."⁹⁴ The possible remedies are "damages, injunctions, accounts or otherwise is available to the plaintiff as is available in respect of the infringement of any other property right."⁹⁵ However, an alleged infringer can raise the innocent infringement defense and will not be liable to the designer.⁹⁶ In addition, criminal liability requires that the offender had knowledge of the infringement of a copyrightable work.⁹⁷ For summary convictions, the maximum jail term is six months and for indictments, the maximum prison time is ten years.⁹⁸

E. *TRIPS Agreement*

The United States, along with other members of the WTO, signed the Agreement on Trade-Related Aspects of Intellectual Property Rights in 1994.⁹⁹ The five main goals of the TRIPS Agreement are: (1) applying trade principles with international intellectual property agreements; (2) giving enough protection to intellectual property rights; (3) enforcing intellectual property rights within each Member territory; (4) settling disputes between the WTO Members; and (5) having transitional agreements.¹⁰⁰

⁸⁸ *Id.* at 40.

⁸⁹ *Id.*

⁹⁰ Ferris, *supra* note 71, at 571.

⁹¹ *Id.* at 572.

⁹² Copyright, Designs and Patents Act, 1998, c.48 (Eng.), at § 213(2), available at http://www.opsi.gov.uk/acts/acts1988/UKpga_19880048_en_1.htm.

⁹³ *Id.* at § 213(6).

⁹⁴ *Id.* at § 216(1).

⁹⁵ *Id.* at § 229(2).

⁹⁶ *Id.* at § 233.

⁹⁷ *See id.* at § 107(1).

⁹⁸ *See id.* at § 107(4).

⁹⁹ *See generally* TRIPS Agreement, *supra* note 25.

¹⁰⁰ WTO.org, *Understanding the WTO: The Agreements*, *supra* note 12.

While the TRIPS Agreement “[recognized] the need for a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods,”¹⁰¹ it left the specifics of dealing with design protection to each Member State.¹⁰² Article 25(2) of the Agreement states:

Each Member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.¹⁰³

This provision could be interpreted broadly or narrowly.¹⁰⁴ Since the United States has trademark, design patents, and limited copyright protection to certain aspects of fashion design, American law would comply with a narrow reading of the TRIPS Agreement.¹⁰⁵ However, a broader construction would consider fashion designs as copyrightable subject matter, making the United States noncompliant with the provision.¹⁰⁶

IV. HISTORY OF UNITED STATES FASHION DESIGN PROTECTION

A. *Current U.S. Protection Afforded to Fashion Design*

The United States does not currently protect most fashion designs because articles of clothing are considered “useful articles.”¹⁰⁷ A “useful article” has copyright protection “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”¹⁰⁸ In *Kieselstein-Cord v. Accessories by Pearl, Inc.*,¹⁰⁹ the court ruled that in order to qualify for copyright protection, the original artistic elements of a useful article must be physically or conceptually separable from the functional elements.¹¹⁰ Therefore, only fabric pattern designs and some types of original artworks on clothing are protected under the current copyright law.¹¹¹

Designers can also seek design patent protection for “new,

¹⁰¹ TRIPS Agreement, *supra* note 25, pmb1. 2, at 84.

¹⁰² *See id.* art. 25(2), at 93.

¹⁰³ *Id.*

¹⁰⁴ *See* Marshall, *supra* note 75, at 320.

¹⁰⁵ *See id.*

¹⁰⁶ *See id.*

¹⁰⁷ *See* Adler, *supra* note 68, at 383.

¹⁰⁸ 17 U.S.C. § 101 (2006).

¹⁰⁹ 432 F.2d 989 (1980).

¹¹⁰ *See id.* at 993.

¹¹¹ *See* Ferris, *supra* note 71, at 566.

original, and ornamental design for an article of manufacture.”¹¹² The design patent lasts for fourteen years from the date of issuance.¹¹³ The patent holder may prevent others from making, using, selling, or importing the design.¹¹⁴ However, since most fashion designs fail the statutory requirement of novelty, only a few items, like shoe designs, have been successful in obtaining design patents.¹¹⁵ In addition, acquiring a design patent can be a costly and time-consuming process.¹¹⁶ Currently, the average examination period before obtaining a patent is eighteen months.¹¹⁷ The fourteen-year term of the design patent protection may also be too long for the fashion industry.¹¹⁸

Trademark law provides limited protection to fashion designs. Trademark law, under the Lanham Act, provides protection to “any word, name, symbol, or device” that is distinctive to the designer.¹¹⁹ While trademark law does not protect the overall design of an item, the law does protect logos, brand names, or other registered marks.¹²⁰ Therefore, trademark law permits the copying of the overall design, but not of the registered marks.¹²¹

One specific type of trademark protection is trade dress, which protects the overall appearance and packaging of a product.¹²² Under 15 U.S.C. Section 1125(a), a plaintiff must show that his product is not functional and that the infringing feature is “likely to cause confusion” between the plaintiff’s and defendant’s product.¹²³ The Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.* concluded that the plaintiff must be able to prove secondary meaning for trade dress protection to apply.¹²⁴ In addition, the design is functional if it gives the plaintiff a competitive edge, such as when the design is necessary for the product’s usage or affects the production cost or quality.¹²⁵ Thus, since most fashion designs are functional and made in a certain way, it is unlikely that this will help protect fashion designers.

Fashion designers may have a claim for trademark dilution. However, trademark dilution only protects against infringement of a “famous mark” that is “widely recognized by the general consuming public of the United States as a designation of source of the goods or

¹¹² 35 U.S.C. § 171 (2006).

¹¹³ See 35 U.S.C. § 173 (2006).

¹¹⁴ See 35 U.S.C. § 271 (2006).

¹¹⁵ See Marshall, *supra* note 75, at 311.

¹¹⁶ See *id.* at 312.

¹¹⁷ See COHEN, LOREN, OKEDIJI, & O’ROURKE, *supra* note 13, at 228.

¹¹⁸ See Marshall, *supra* note 75, at 313.

¹¹⁹ See 15 U.S.C. § 1127 (2006).

¹²⁰ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1091.

¹²¹ See *id.*

¹²² See *id.* at 1092.

¹²³ See 15 U.S.C. § 1125(a) (2006). See also *Wal-mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 210 (2000).

¹²⁴ See *Wal-mart Stores, Inc.*, 529 U.S. at 216.

¹²⁵ See *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 165 (1995).

services of the mark's owner."¹²⁶ In *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, the plaintiff alleged that the defendant violated trademark law when Haute Diggity used Louis Vuitton's famous "LV" mark on dog toys.¹²⁷ Louis Vuitton argued that Haute Diggity's use diluted the mark.¹²⁸ The court, however, held that since the defendant's successful parody of the "LV" mark is distinctive enough to consumers, there was no trademark dilution.¹²⁹ This would not help protect designers since there are many clothing designs without any famous marks. In fact, having a famous mark as a requirement would hinder the creative process.

A designer may also seek protection under a state claim of unfair competition, which requires a showing that the plaintiff's mark has obtained a secondary meaning and that the public might confuse the infringing mark with the plaintiff's mark.¹³⁰ Secondary meaning "exists only if a significant number of prospective purchasers understand the term, when used in connection with a particular kind of good . . . [as] an indication of with a particular [designer]."¹³¹ Thus, it is hard for fashion designs to acquire a secondary meaning because many trendy designs do not last long enough for the public to associate the article with its designer.

B. Copyright Law a Good Fit for Fashion Designs

Copyright protection is better suited for fashion designs than are the other forms of protection that are currently available. Design patent protection may give the patent owner too much protection as it lasts for fourteen years.¹³² This would be contrary to the rapidly evolving nature of the fashion industry since trends usually end within one or two seasons. Trademark protection is also limited by several principles. While trademark law gives protection to logos and registered marks,¹³³ clothing designs often do not contain these distinctive marks. Similarly, claims under trademark dilution are also limited because it only covers the use of a "famous mark."¹³⁴ The creative process should not be constrained by this requirement of having to incorporate a logo into the design. In addition, for trade dress protection to apply there must be secondary meaning attached to the article of clothing such that the consumer will think of the producer first in their mind.¹³⁵ This is difficult for the public to do, especially since they often see multiples of

¹²⁶ 15 U.S.C. § 1125(c) (2006).

¹²⁷ See *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 256 (2007).

¹²⁸ See *id.* at 266.

¹²⁹ See *id.* at 262.

¹³⁰ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1094.

¹³¹ RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. e (1995).

¹³² See 35 U.S.C. § 173 (2006).

¹³³ See 15 U.S.C. § 1127 (2006).

¹³⁴ See 15 U.S.C. § 1125(c) (2006).

¹³⁵ See *Wal-mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 216 (2000).

similar articles of clothing that reflect a trend. If an article of clothing, such as a crocheted sweater, can only be produced efficiently in a certain way, it is also precluded from protection.¹³⁶ However, copyright protection is not concerned with these constraints. Copyright only requires the fashion designs be “original works of authorship fixed in any tangible medium of expression.”¹³⁷ In addition, other countries such as France and Italy, which are major fashion centers, already provide copyright protection to fashion designs. Thus, copyright protection, under the terms of the Design Piracy Prohibition Act, would be more fitting for the fashion industry without limiting the creative process.

C. *Early Efforts to Protect Fashion Designs*

Since 1914, Congress has considered more than seventy bills that would provide copyright protection to fashion design, but none have been successful.¹³⁸ While the Design Copyright Bill of 1930 passed through the House, which would have given protection to dressmakers, the Senate voted against giving fashion designs copyright protection.¹³⁹ In 1932, the Fashion Originators’ Guild (the “Guild”), made up of fashion retailers and designers, was the first organized effort, outside the U.S. legislature, to promote the protection of fashion design.¹⁴⁰ The Guild implemented several successful measures to regulate fashion designs: its members had to register their designs with the Design Registration Bureau; tribunals determined whether there was infringement; retailers had to sign a “Declaration of Cooperation” to transact with the members; and members who dealt with retailers who sold unauthorized copies of registered designs were fined.¹⁴¹ In 1941, the Supreme Court struck down the Guild’s practices and found that they violated antitrust laws.¹⁴² In response, the Guild soon dissolved after the Supreme Court decision.¹⁴³ Likewise, an association of hat makers disbanded after engaging in similar practices.¹⁴⁴ As it stands, fashion designs remain excluded from copyright protection.

D. *The Design Piracy Prohibition Act*

The Design Piracy Prohibition Act represents continued efforts to

¹³⁶ See *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 165 (1995).

¹³⁷ 17 U.S.C. § 102(a) (2006).

¹³⁸ See Ferris, *supra* note 71, at 564.

¹³⁹ See Lisa J. Hedrick, *Tearing Fashion Design Protection Apart At the Seams*, 65 WASH. & LEE L. REV. 215, 234-35 (2008).

¹⁴⁰ See Roth, Jacoby, & Schiff Hardin LLP, *supra* note 70, at 1095.

¹⁴¹ See *id.*

¹⁴² See *Fashion Originators Guild v. FTC*, 114 F.2d 80, 85 (2d Cir. 1940), *aff’d*, 312 U.S. 457, 467-68 (1941).

¹⁴³ See Lynsey Blackmon, *The Devil Wears Prado: A Look at the Design Piracy Prohibition Act and the Extension of Copyright Protection to the World of Fashion*, 35 PEPP. L. REV. 107, 130 (2007).

¹⁴⁴ See *id.*

include fashion designs under copyright law. The DPPA would amend Title 17 of the United States Code to give copyright protection to fashion designs.¹⁴⁵ The current proposed bill defines “fashion design” as “the appearance as a whole of an article of apparel, including its ornamentation” and “includes original elements of the article of apparel or the original arrangement or placement of original or non-original elements as incorporated in the overall appearance of the article of apparel.”¹⁴⁶

Representative Bob Goodlatte introduced the first version of the DPPA into the House of Representatives on March 30, 2006, but Congress never voted on the proposal.¹⁴⁷ A second version of the DPPA was then reintroduced on April 25, 2007 by Representative William Delahunt.¹⁴⁸ Meanwhile, Senator Charles Schumer introduced the Senate version of the DPPA on August 2, 2007.¹⁴⁹ Congress did not vote on either initiative.¹⁵⁰ The latest version of the DPPA, H.R. 2196, was introduced by Representative Delahunt on April 30, 2009 into the current Congressional session.¹⁵¹

The current proposed bill defines “apparel” under three categories: “(A) article[s] of . . . clothing, including undergarments, outerwear, gloves, footwear, and headgear”; “(B) handbags, purses, wallets, duffel bags, suitcases, tote bags, and belts”; and “(C) eyeglass frames.”¹⁵² To qualify for protection, the applicant must register the fashion design within six months of “the date on which the design is first made public” and provide “a brief description of the design” with the Copyright Right Office.¹⁵³ Protection would then last three years.¹⁵⁴ The DPPA would also create a free electronically searchable database of registered fashion designs.¹⁵⁵

The DPPA specifies that an instance of infringement occurs when “any article the design of which has been copied from a design protected under this chapter.”¹⁵⁶ However, there is no infringement under the DPPA in three circumstances: (1) “if [the design] is original

¹⁴⁵ See generally H.R. 2196, *supra* note 8.

¹⁴⁶ *Id.* at § 2(a)(7).

¹⁴⁷ Design Piracy Prohibition Act, H.R. 5055, 109th Cong. (2006), available at <http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5055>; [hereinafter H.R. 5055]; Design Piracy Prohibition Act, Bill Tracking Report, 109 Bill Tracking H.R. 5055, 109th Cong. (2nd Sess. 2006).

¹⁴⁸ Design Piracy Prohibition Act, H.R. 2033, 110th Cong. (2007), available at <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:h2033>; [hereinafter H.R. 2033].

¹⁴⁹ Design Piracy Prohibition Act, S. 1957, 110th Cong. (2007), available at <http://thomas.loc.gov/cgi-bin/query/z?c110:s.1957>; [hereinafter S. 1957].

¹⁵⁰ Design Piracy Prohibition Act, Bill Tracking Report, 110 Bill Tracking H.R. 2033, 110th Cong., (1st Sess. 2007); Design Piracy Prohibition Act, Bill Tracking Report, 110 Bill Tracking S. 1957, 110th Cong. (1st Sess. 2007).

¹⁵¹ H.R. 2196, *supra* note 8.

¹⁵² *Id.* at § 2(a)(9).

¹⁵³ *Id.* at § 2(f).

¹⁵⁴ See *id.* at § 2(d).

¹⁵⁵ *Id.* at § 2(j).

¹⁵⁶ See *id.* at § 2(e).

and not closely and substantially similar in overall visual appearance to a protected design”; (2) “[the design] merely reflects a trend”; or (3) “[the design] is the result of independent creation.”¹⁵⁷ A “trend” is further defined as “a newly popular concept, idea, or principle expressed in, or as part of, a wide variety of designs of articles of apparel that create an immediate amplified demand for articles of apparel embodying that concept, idea, or principle.”¹⁵⁸

Under the DPPA, an infringer could face maximum damages of \$250,000 or \$5 per copy, whichever is greater.¹⁵⁹ The penalty for making a false representation to register a design would be between \$5,000 and \$10,000.¹⁶⁰ These changes would tremendously increase the amount of damages and penalties available under current copyright law.¹⁶¹ Like the existing copyright law, an infringer might be subject to injunctions, damages, attorney’s fees, seizure of goods, and criminal sanctions.¹⁶² A person who willfully copies a protected design “for purposes of commercial advantage or private financial gain,” would receive a maximum one-year jail sentence and/or fines.¹⁶³ If an infringer made more than ten copies, totaling at least \$2,500 in value, he would receive a maximum jail sentence of five years and/or fines.¹⁶⁴ A repeat offender could face a maximum of a ten-year jail sentence.¹⁶⁵

E. *The Innovative Design Prevention & Piracy Prohibition Act*

The recently introduced Innovative Design Protection and Piracy Prevent Act is an alternative bill to the DPPA that would also give fashion designs copyright protection by amending Title 17 of the United States Code.¹⁶⁶ Senator Charles Schumer introduced the IDPPPA on August 5, 2010.¹⁶⁷ Unlike the DPPA, the IDPPPA represents the joint efforts of both the Council of Fashion Designers of America and the American Apparel and Footwear Association,¹⁶⁸ the two largest trade associations in the fashion industry. The IDPPPA defines a fashion design in the same manner as the DPPA, but also specifies that the original elements of apparel “are the result of a designer’s own creative endeavor” and must “provide a unique, distinguishable, non-trivial and

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at § 2(a)(10).

¹⁵⁹ *Id.* at § 2(g).

¹⁶⁰ *See id.* at § 2(h).

¹⁶¹ Compare H.R. 2196, *supra* note 8, at § 2(g), (h) with 17 U.S.C. § 1323 (2006); 17 U.S.C. § 1327 (2006).

¹⁶² *See* 17 U.S.C. §§ 502-506 (2006).

¹⁶³ *See* 18 U.S.C. § 2319(b)(3) (2006).

¹⁶⁴ *See* 18 U.S.C. § 2319(b)(1) (2006).

¹⁶⁵ *See* 18 U.S.C. § 2319(b)(2) (2006).

¹⁶⁶ *See generally* S. 3728, *supra* note 10.

¹⁶⁷ Innovative Design Protection and Piracy Prevention Act, Bill Tracking Report, 109 Bill Tracking S. 3728, 111th Cong. (2nd Sess. 2010).

¹⁶⁸ *See* Susan Scafidi, *IDPPPA: Introducing the Innovative Design Protection and Piracy Prevent Act, a.k.a. Fashion Copyright*, Aug. 6, 2010, <http://counterfeitchic.com/2010/08/introducing-the-innovative-design-protection-and-piracy-prevention-act.html>.

non-utilitarian variation over prior designs for similar types of articles.”¹⁶⁹ The categories of “apparel” in the IDPPPA are also very similar to the categories in the DPPA.¹⁷⁰ The term of protection would still be three years.¹⁷¹

The IDPPPA also includes several different provisions from current version of the DPPA. The IDPPPA specifies that infringement occurs when a protected design has been copied without consent.¹⁷² However, there is no instance of infringement when the design “is not substantially identical in overall visual appearance” to the protected design or “is the result of independent creation.”¹⁷³ The IDPPPA defines “substantially identical” as something “so similar in appearance as to be likely to be mistaken for the protected design, and contains only those differences in construction or design which are merely trivial.”¹⁷⁴ The IDPPPA also explains the pleading three requirements for fashion designs: (1) the design at issue is protected; (2) the defendant’s design is infringing the protected design; and (3) it can be reasonably inferred from the circumstances that the defendant was aware of the protected design.¹⁷⁵ The bill clarifies that when considering the pleadings for an infringement claim, the courts must “consider the totality of the circumstances.”¹⁷⁶ However, the recovery for infringement would remain at \$50,000 or \$1 per copy, instead of the much higher amounts in the DPPA.¹⁷⁷ There is also a “home sewing exception,” which allows a single copy of a protected design for personal use.¹⁷⁸ Another major difference is that there is no registration requirement at all in the IDPPPA because designs are protected once they are made available to the public.¹⁷⁹ Since there is no registration process, the DPPA’s searchable database has also been eliminated in the IDPPPA.¹⁸⁰

F. How DPPA and IDPPPA Address the Concerns of the Previous Proposals

Commentators have taken issue with several aspects of the previous proposals giving fashion designs copyright protection. One concern was the length of protection afforded to registered fashion designs.¹⁸¹ The term of protection in current DPPA and IDPPPA

¹⁶⁹ S. 3728, *supra* note 10, at § 2(a)(7).

¹⁷⁰ Compare S. 3728, *supra* note 10, at § 2(a)(9) with H.R. 2196, *supra* note 8, at § 2(a)(9).

¹⁷¹ See S. 3728, *supra* note 10, at § 2(d).

¹⁷² See *id.* at § 2(e)(1).

¹⁷³ *Id.* at § 2(e)(3).

¹⁷⁴ *Id.* at § 2(a)(10).

¹⁷⁵ See *id.* at § 2(g)(e)(1).

¹⁷⁶ *Id.* at § 2(g)(e)(2).

¹⁷⁷ Compare S. 3728, *supra* note 10 with H.R. 2196, *supra* note 8, at § 2(g).

¹⁷⁸ See S. 3728, *supra* note 10, at § 2(e)(i).

¹⁷⁹ Compare S. 3728, *supra* note 10, at § 2(f)(2) with H.R. 2196, *supra* note 8, at § 2(f).

¹⁸⁰ Compare S. 3728, *supra* note 10 with H.R. 2196, *supra* note 8, at § 2(j).

¹⁸¹ See Marshall, *supra* note 75, at 327.

remains unchanged at three years.¹⁸² Since the fashion cycle from the time of creation to the time of sale is approximately six months, some commentators have argued that a one-year protection term would better balance the interests of the designer and the consumer.¹⁸³ However, the Copyright Office believes that three years is a reasonable amount of time to protect fashion designs because it would adequately satisfy a “designer’s reasonable expectation of exclusivity.”¹⁸⁴ In addition, during the 2006 hearings before the Subcommittee on Courts, Professor Susan Scafidi, who specializes in Internet and Intellectual Property Law and is the creator of the blog *Counterfeit Chic*, testified that three years of protection would be appropriate.¹⁸⁵ Since designers would be allowed to create original pieces that are part of a trend, the length of protection would not matter. In addition, if a design were so popular that it is on sale for several seasons, the design would be adequately protected.

The previous proposals have been criticized for the lack of a definition for “fashion design.”¹⁸⁶ Past initiatives have defined fashion design as the “appearance as a whole of an article of apparel.”¹⁸⁷ The current DPPA proposal elaborates on the original definition to incorporate “original elements of the article of apparel or the original arrangement or placement of original or non-original elements as incorporated in the overall appearance of the article of apparel.”¹⁸⁸ The IDPPPA clarifies that the design also must provide a unique, non-trivial variation of similar designs.¹⁸⁹ While this explanation is still in general terms, this definition provides the factors give guidance to the courts in determining infringement cases and provides greater consistency among the courts.

The earlier proposals also lacked guidance in determining what constitutes infringement.¹⁹⁰ While the previous House version of the DPPA¹⁹¹ only stated that infringement occurred when there was copying, the previous Senate version of the DPPA¹⁹² specified that there is no infringement when the design “is original and not closely and

¹⁸² Compare H.R. 2196, *supra* note 8, at § 2(d) with H.R. 2033, *supra* note 148, at § 2(c); S. 1957, *supra* note 149, at § 2(c).

¹⁸³ See, e.g., Marshall, *supra* note 75, at 327-38.

¹⁸⁴ See *Protection for Fashion Design: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. (2006) (statement of the United States Copyright Office).

¹⁸⁵ See *Design Piracy Prohibition Act: Hearing on H.R. 5055 Before the Subcomm. On Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. (2006) (statement of Susan Scafidi, Visiting Professor, Fordham Law School).

¹⁸⁶ See Marshall, *supra* note 75, at 328.

¹⁸⁷ See H.R. 2033, *supra* note 148, at § 2(a); S. 1957, *supra* note 149, at § 2(a).

¹⁸⁸ H.R. 2196, *supra* note 8, at § 2(a)(7). This definition is similar to the definition of an architectural work, which is also considered “useful.” See 17 U.S.C. § 101 (2006).

¹⁸⁹ See S. 3728, *supra* note 10, at § 2(a)(7).

¹⁹⁰ See Ferris, *supra* note 71, at 584.

¹⁹¹ See H.R. 2033, *supra* note 148, at § 2(e).

¹⁹² See S. 1957, *supra* note 149.

substantially similar in overall visual appearance to a protected design.”¹⁹³ The current DPPA proposal tries to clarify three situations under which infringement has not occurred.¹⁹⁴ First, there is no infringement if the alleged infringing design is “not closely and substantially similar in overall visual appearance.”¹⁹⁵ Second, designs that are part of a trend are not infringing.¹⁹⁶ Third, there is no infringement through independent creation.¹⁹⁷ Meanwhile, the IDPPPA explains that infringement does not occur when the designs are not substantially identical or the design in question is the result of independent creation.¹⁹⁸ The IDPPPA further defines “substantially identical” as something that is so similar as to be likely to be confused for the protected design.

Both the current version of the DPPA and the IDPPPA recommend an analysis using the “substantially similar” test typically used in copyright infringement cases.¹⁹⁹ The DPPA specifies that designs that are part of a trend are not infringing on copyrighted designs,²⁰⁰ which would give courts greater flexibility in determining whether infringement has occurred. The IDPPPA lists three requirements for pleadings in infringement cases and requires courts to consider all the circumstances.²⁰¹ In addition, since the courts already have standards for the “substantially similar” test, they can easily apply those principles to fashion designs.

The current version of the DPPA also allows designers six months to apply for protection instead of three months.²⁰² Unlike prior initiatives, the current DPPA includes the creation of a searchable

¹⁹³ See *id.* at § 2(d).

¹⁹⁴ See H.R. 2196, *supra* note 8, at § 2(e).

¹⁹⁵ *Id.* at § 2(e)(3).

¹⁹⁶ See *id.*

¹⁹⁷ See *id.*

¹⁹⁸ See S. 3728, *supra* note 10, at § 2(e)(e)(3).

¹⁹⁹ The “substantially similar” test as used under current copyright law varies from jurisdiction to jurisdiction. See Joseph E. McNamara, *Modifying the Design Piracy Prohibition Act to Offer “Opt-Out” Protection for Fashion Designs*, 56 J. COPYRIGHT SOC’Y U.S.A. 505, 525 (2009). For example, the Second Circuit asks whether “an average lay observer would [] recognize the alleged copy as having been appropriated from the copyrighted work.” *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 766 (2d Cir. 1991). In addition, when comparing the infringing work with the copyrighted work, the court examines whether the protectable elements are substantially similar. See *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996, 1002 (2d Cir. 1995). In the Ninth Circuit, the “substantially similar” test is a two-part test. See *McNamara, supra*, at 525. The first part is an extrinsic objective test, examining whether the works “share a similarity of ideas and expression as measured by external, objective criteria.” *Swirsky v. Carey*, 376 F.3d 841, 845 (9th Cir. 2004). The second part involves an intrinsic subjective test from the perspective of the ordinary reasonable person and whether he would view the “total concept and feel of the works” as substantially similar. See *Cavalier v. Random House, Inc.*, 297 F.3d 815, 822 (9th Cir. 2002). Therefore, the different circuits can apply the existing “substantially similar” tests to fashion designs, along with the limitations provided by the proposed bill.

²⁰⁰ See H.R. 2196, *supra* note 8, at § 2(a)(10).

²⁰¹ See S. 3728, *supra* note 10, at § 2(e)(e).

²⁰² Compare H.R. 2196, *supra* note 8, at § 2(f) with H.R. 2033, *supra* note 148, at § 2(e); S. 1957, *supra* note 149, at § 2(e).

database of fashion designs available to the public.²⁰³ However, the IDPPPA does not require registration for fashion designs²⁰⁴ and does not include a searchable database.²⁰⁵ Both the recent DPPA and IDPPPA increase the statutory penalty for false representation, while the older versions did not include such penalty.²⁰⁶ These proposed changes have responded to some of the issues in the earlier bills.

V. CURRENT THEORIES AND DEBATE ON PROTECTING FASHION DESIGN

A. *Two Opposing Views on Protection*

Recently there have been two main schools of thought on whether any proposed legislation should be adopted to protect fashion designs. On one end of the spectrum are Professors C. Scott Hemphill and Jeannie Suk, who advocate for the adoption of the legislation. On the other side are Professors Kal Raustiala and Christopher Sprigman.

1. For Protection – Professors Hemphill and Suk

In a recent article, Professors Hemphill and Suk advocate for a system of copyright protection that distinguishes between exact copies of fashion designs and inspired designs from a common trend.²⁰⁷ They argue that fashion can be seen through the cultural phenomenon of “differentiation” and “flocking.”²⁰⁸ People express themselves through fashion and in unique ways.²⁰⁹ Therefore, the consumer demand for differentiation results in a large range of fashion goods.²¹⁰ Even though consumers participate in differentiation, they also flock together in buying similar items.²¹¹ While consumers want to be part of a common trend, they do not want the exact same article as everyone else.²¹² The fashion industry responds by flocking to imitating existing works, but differentiating by reinterpreting those works.²¹³

Hemphill and Suk contend that a threat to the creative fashion process is the advancement of technology.²¹⁴ It has become much cheaper and faster to copy a successful trend, and to sell it before that

²⁰³ Compare H.R. 2196, *supra* note 8, at § 2(j) with H.R. 2033, *supra* note 148; S. 1957, *supra* note 149.

²⁰⁴ See S. 3728, *supra* note 10, at § 2(f).

²⁰⁵ See H.R. 2196, *supra* note 8, at § 2(j).

²⁰⁶ Compare H.R. 2196, *supra* note 8 with H.R. 2033, *supra* note 148; S. 1957, *supra* note 149. See also S. 3728, *supra* note 10, at § 2(h).

²⁰⁷ See C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1153 (2009).

²⁰⁸ See *id.* at 1164.

²⁰⁹ See *id.*

²¹⁰ See *id.*

²¹¹ See *id.*

²¹² See *id.* at 1165.

²¹³ See *id.* at 1166.

²¹⁴ See *id.* at 1171.

trend has ended, or even before the original is in stores.²¹⁵ The nature of this kind of copying reduces the original design's profitability and the desire to produce new designs.²¹⁶ In some cases, the copy actually becomes the substitute for the original design, which diminishes the original's sales amounts.²¹⁷ In addition, the substitution process may create a "snob" effect in consumers who want to distance themselves from the original item when there are so many cheaper copies available.²¹⁸ In fact, a rise in the amount of copying will decrease the lifespan of an item, thereby diminishing the consumer's willingness to pay for the original item.²¹⁹ The lack of copyright protection and reduced profitability discourages innovation in creating new designs in the first place.²²⁰

According to Hemphill and Suk, there is also a distinction between exact copying and the copying of a trend to produce derivative designs.²²¹ While the "exact copyist" who sells lower quality copies of the original at discounted prices harms the creative process, the "on-trend" copyists, by contrast, are not harmful.²²² Companies like Zara and H&M are on-trend copyists and have in-house designers who adopt the latest trends from top designers, but do not offer an exact copy to the public.²²³

Hemphill and Suk argue that the DPPA should be adopted when copying harms innovation.²²⁴ They explain that fashion designs should be treated like architectural works to eliminate the requirement of separability for functional articles.²²⁵ The law should distinguish between exact copies and on-trend copies, since remixing will promote differentiation within flocking.²²⁶ A designer can adopt features of a trend but reinterpret the trend to develop new designs to provide for differentiation.²²⁷ Hemphill and Suk's proposed test would be a "substantial dissimilarity" test to distinguish between the original and infringing works would be whether "an ordinary observer could discern the copy from the original."²²⁸ Therefore, the phenomena of flocking and differentiation are best suited by drawing a line in the intellectual property rights law "between close copying and remixing."²²⁹

²¹⁵ *See id.*

²¹⁶ *See id.* at 1174.

²¹⁷ *See id.* at 1175.

²¹⁸ *See id.* at 1176.

²¹⁹ *See id.* at 1183.

²²⁰ *See id.* at 1176.

²²¹ *See id.* at 1172-73.

²²² *See id.*

²²³ *See id.* at 1173.

²²⁴ *See id.* at 1184.

²²⁵ *See id.* at 1186.

²²⁶ *See id.* at 1187.

²²⁷ *See id.* at 1188.

²²⁸ *Id.*

²²⁹ *See id.* at 1196.

2. Against Protection – Professors Raustiala and Sprigman

Professors Kal Raustiala and Christopher Sprigman argue that there is a “piracy paradox” because the fashion industry has prospered despite rampant copying.²³⁰ They explain that copying leads to “a process of induced obsolescence” because when copied designs diffuse the market, the copies lose their appeal and induce a desire for new designs.²³¹ Raustiala and Sprigman examine fashion as a “positional” good because its value grows as fashion conscious adopters consume it.²³² When the design diffuses into the market to the ordinary consumer, the early adopters begin to desire other designs and innovation starts anew.²³³ Therefore, copying designs speeds up this cycle of innovation and diffusion in a low-intellectual property law environment.²³⁴

In addition, copying designs “anchors” trends.²³⁵ The fashion industry communicates to consumers what trends the mass market should follow in order to drive consumption.²³⁶ The industry provides copies and derivative works of a few designs that characterize what is in style.²³⁷ Therefore, “[c]opying . . . signals a trend, solidifies it, and then exhausts it.”²³⁸ In fact, they argue that the desire for innovation in new designs is driven by the sales of copies to the ordinary consumer.²³⁹

Raustiala and Sprigman also contend that too often Congress expands copyright law beyond reasonable means because intellectual property rights have turned into property rights against the “pirates” of registered works.²⁴⁰ However, they argue that a low-intellectual property environment, in which there is little regulation, promotes more creativity from smaller fashion houses because it deprives large companies of the ability to use lawyers as an anti-competitive tool.²⁴¹ Thus, since the fashion industry actually operates optimally with minimal regulation, they argue that the DPPA should not be adopted.²⁴²

B. *The New Trend on Protecting Fashion Designs*

Even though there are limited forms of protection afforded to fashion designs in the United States, there is still an enormous problem of counterfeit goods and intellectual property rights enforcement.

²³⁰ See Kal Raustiala & Christopher Sprigman, *The Piracy Paradox Revisited*, 61 STAN. L. REV. 1201, 1203-1204 (2009).

²³¹ See *id.* at 1203.

²³² See *id.* at 1207.

²³³ See *id.*

²³⁴ See *id.*

²³⁵ See *id.*

²³⁶ See *id.*

²³⁷ See *id.* at 1207-1208.

²³⁸ *Id.* at 1210.

²³⁹ See *id.* at 1212.

²⁴⁰ See *id.* at 1220-21.

²⁴¹ See *id.* at 1221.

²⁴² See *id.* at 1204.

While the fashion industry brings in a large amount of profits and jobs to the United States, studies have shown that in New York City alone, the government loses a total of \$1 billion annually in tax revenue due to counterfeiting.²⁴³ This has a tremendous effect on the overall American economy, especially since the United States is facing an economic downturn.

Given that the United States can only control intellectual property rights within its own borders, it has limited means to mitigate the problems that flow from uncooperative countries such as China. According to U.S. Customs, China accounted for eighty-one percent of the total value of counterfeit goods seized.²⁴⁴ One method of confronting the problems of other regulatory regimes is through the dispute settlement process under the TRIPS Agreement. However, the United States has been largely unsuccessful in its complaint against Chinese policies regarding intellectual property rights. The Chinese government bases its own regulatory regime on Communist principles, which do not reflect American profit-maximizing norms. The United States cannot force China to change its regulations to conform to American economic policies.

The United States should focus on its internal regime of copyright protection, so that the U.S. legal system would follow American norms of design and infringement. Thus, one solution is to make sure that fashion designs are given copyright protection through the passage of the DPPA or the IDPPPA. After all, the countries of other major fashion centers, such as France and Italy, already have copyright protection in place. The enforcement problems stem from the current American regime of only allowing certain designs to be protected. Since the DPPA and the IDPPPA expand the definition of copyrightable subject matter to fashion designs, the U.S. government and designers would have a substantial cause of action against potential infringers. The high statutory damages and sanctions found in the DPPA and the IDPPPA would be a form of deterrent to potential infringers.

The terms of the DPPA and the IDPPPA would also answer the concerns of both the Hemphill/Suk and the Raustiala/Sprigman schools of thought. Both sides are concerned about new legislation's potential impact on the current state of the fashion industry. While Raustiala and Sprigman believe that the fashion industry has survived with minimal regulation, the problems of enforcement have cost the United States economic losses and jobs. Their main concern is that regulation would deter creativity. Both the DPPA and the IDPPPA, however, specifically address that issue by creating a "safe harbor" provision for designs. The DPPA excludes from infringement designs that embody the trends.

²⁴³ See Thompson Report, *supra* note 5.

²⁴⁴ See Customs Report, *supra* note 3.

Hemphill and Suk emphasized a distinction between inspired works and close copying. The DPPA separates these two concepts by giving protection to the former, while prohibiting the latter. The IDPPPA also specifically excludes any designs that are not substantially identical from infringement liability. Both proposals allow for independent creation. Thus, these proposals have responded to the issues of creativity from the spectrum of criticism.

At the same time, the proposed legislation should follow the European Community's high standard for determining whether infringement has occurred by examining the infringing and original designs from the perspective of an informed user. The proposals should include a panel of experts to decide whether a design should be protected, like the Italian Jury of Design.²⁴⁵ This would clarify the process by which the courts determine infringement cases. Both the DPPA and the IDPPPA's definitions of a "fashion design" should be more closely based on the E. C. Directive standard in that a design is "novel" if there are no identical designs available to the public²⁴⁶ and that it has "individual character" when the overall impression on an informed user is different from the other designs available to the public.²⁴⁷ However, the IDPPPA appears to clarify infringement standards better than the DPPA, as the IDPPPA explicitly urges courts to consider the totality of the circumstances and whether the infringing design is substantially identical to the protected design. In addition, while the DPPA, unlike the IDPPPA, requires a registration process, this does provide a searchable database. There should be a full term of protection to registered designs and a shorter term to unregistered designs. This scheme would treat fashion designs more like the other copyrightable subject matter under current law. Therefore, the United States should implement either DPPA or the IDPPPA to give American fashion designs more effective copyright protection. In addition, with the passage of either proposal, the United States would finally catch up to European copyright policies regarding fashion designs.

CONCLUSION

Since the United States lacks control over the policies of foreign countries to mitigate the differences in intellectual property regimes, the United States should look to internal regulation. American law is also lagging behind many countries in the European Union in giving copyright protection to fashion designs. Both the Design Piracy Prohibition Act and the Innovative Design Protection and Piracy Prevent Act would bring the United States one-step closer to better regulating and enforcing the intellectual property rights of the fashion

²⁴⁵ See Monseau, *supra* note 79, at 40.

²⁴⁶ See E. C. Directive, *supra* note 54, art. 4, at 30.

²⁴⁷ See *id.* at 30.

industry. Both the DPPA and the IDPPPA provide good starting points to determine which designs are copyrightable and whether there is infringement. Internal regulation would also send a strong message to the international market that the United States is very serious about protecting its fashion industry. Therefore, either the DPPA or the IDPPPA should be adopted as a protective measure.

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