

Congress has designs for piracy prevention legislation

By Robert Darwell and Ted Max

Fashion designers are often irritated when their designs have been critically acclaimed on the runway, but do not achieve retail success. Similarly, proponents of the proposed Innovative Design Protection and Piracy Prevention Act and other design piracy bills have been repeatedly frustrated because these bills, introduced in Congress in numerous variations, have never been voted on before the entire Senate or House. The fashion world continues to wait anxiously for a full legislative review, much like eager fashionistas sitting front row at the Lincoln Center tents during the Mercedes Benz Fashion Week.

In each of 2006, 2007 and 2009, Congress introduced the Design Piracy Prohibition Act (DPPA), which sought to amend the U.S. Copyright Act to provide protection for certain types of fashion designs. Hailed by American designers who grew tired of constantly battling cheap knockoffs, the proposed bill was feared by retailers and larger apparel manufacturers as a Pandora's box for litigation over designs that have been re-invented again and again for decades. Due to the strong opposition, these proposed bills were unsuccessful and never become law.

Last year, New York Sen. Charles E. Schumer introduced a revised version of the bill in the Senate, S. 3728 (111th Cong., 2d Session), called the Innovative Design Protection and Piracy Prevention Act. The Act represented a compromise version of the former proposed DPPA. The proposed Act signified a meeting of the minds between pro-protection American designers and the Council of Fashion Designers of America, on the one hand, and formerly anti-protection apparel and accessory industry retailers and manufacturers and organizations such as the American Apparel and Footwear Association, on the other.

On Dec. 1, 2010, the Senate Judiciary Committee passed the Act, placing it on the Senate Legislative Calendar on Dec. 6, 2010. Due to the busy legislative maneuverings during the close of the 111th Congress, however, the Act never reached the Senate Floor for a vote. On July 13, Virginia Congressman Bob Goodlatte introduced the Act as a new bill in the current 112th Congress, and the bill was referred to the House Judiciary Committee. Amongst those who testified in favor of the Act were Lazaro Hernandez, designer and co-founder of fashion label, Proenza Schouler; Kurt Courtney, from the American Apparel and Footwear Association; and Jeanie Suk, a professor at Harvard Law School. Testifying against the Act was Christopher Sprigman, a professor at the University of Virginia School of Law. The Act will require both a Senate vote and a House vote before it can become law.

The Act would amend Chapter 13 of the Copyright Act to create protection for original and novel fashion and accessory designers based upon a "substantially identical" standard. The maximum damages available under the Act are a fine of \$50,000 in the aggregate (\$1.00 per copy). The Act, if passed, would have extended copyright protection to "the appearance of an article of apparel as a whole, including its ornamentation," as well as to some

accessories. In addition, the Act would have provided a three-year term for the protection of fashion designs and would have extended protection to men's, women's, and children's clothing, including undergarments, outerwear, gloves, footwear, headgear, handbags, purses, tote bags, belts, and eyeglass frames.

The latest version of the proposed design protection legislation reflects an amended version of the former proposed DPPA, to incorporate a few changes. Most notably, infringement based on secondary liability has been removed, keeping the "infringement" provision in Chapter 13 of the Copyright Act free of secondary liability-based infringement. It modifies the standard of knowledge for infringement, to more specifically require knowledge that is "actual or reasonably inferred from the totality of the circumstances," while completely redefining what an "infringing article" is to provide separate definitions of infringing vehicle hull designs and infringing fashion designs. The Act creates a new "home sewing exception" to infringement, where a single copy of a protected design is made for personal use and is "not offered for sale or use in trade during the period of protection."

Further, the Act refines the definition of a "fashion design" to include original elements that are the result of the designer's creative endeavors and that provide a "unique, distinguishable, non-trivial and non-utilitarian variation over prior designs for similar types of articles." Additionally, the Act adds a limitation to the determination of protection of a fashion design or infringement by stating that the "presence or absence of a particular color or colors or of a pictorial or graphic work imprinted on fabric shall not be considered."

To the former proposed DPPA, the Act adds a definition of "substantially identical" fashion designs that previously wasn't included, while also incorporating a "rule of construction" to determine that a defendant's design will be deemed substantially identical to a "non-trivial" fashion design variation entitled to protection. The Act removes the requirement of registration for fashion designs, but not for vessel hull designs, where previously under the DPPA, fashion designs were required to be registered within three months of the date that the design was first made public in order to be protected.

For the entitlement to bring an action for infringement of the design, the Act distinguishes fashion designs and vessel hull designs, adding a pleading requirement specifically for fashion designs only, where previously the DPPA did not amend the Copyright Act to distinguish between the two types of designs. With respect to the Secretary of the Treasury and the U.S. Postal Service being able to separately or jointly issue importation regulations for the enforcement of the designer's exclusive rights, the Act distinguishes fashion designs and vessel hull designs, where the DPPA previously did not distinguish between the two types of designs. Finally, the Act increases the maximum penalty for false representation in order to obtain registration of a design, from \$1,000 to \$10,000.

The debate as to whether the pirating of fashion harms design creativity or advances innovation has been renewed by the reintroduction of the Act. Proponents of the Act argue that it promotes creativity by providing

protection for creators, evens the playing field with international designers, and avoids distortion of current trade dress law. Some have claimed that the lack of protection injures the designer both economically and by reputation, and encourages piracy to continue, which in the long-run adversely affects competition. In addition, people have claimed that design counterfeiting can also injure the consumer in the long run as designers are driven out of business and the cost of fashion works increase. There is little doubt that the passage of the Act would greatly extend the protections offered to U.S. fashion designers, giving them protections similar to those afforded in the European Community.

Opponents argue that the Act stifles creativity by providing too much protection and threat of liability against retailers, where fashion is driven by ever changing fads and re-invention of past styles. They also contend that mass copying creates design obsolescence and spurs further creations, where the ability to freely appropriate encourages new designs that are creatively inspired by original designs. In addition, others have argued that counterfeiters and their customers generate a positive externality by drawing attention to the popularity of the fashion goods.

Commentators have also claimed that the existence of a cheaper copy encourages some to purchase the luxury goods, thus enhancing its value. While it may be argued that the Act takes a more narrow approach to the former DPPA by only protecting unique designs and making illegal copies that are "substantially identical," it has been suggested that the interpretation of the law by lawyers and judges will expand the law in a manner that may harm designers and consumers.

Until such protections become a reality, fashion designers will have to take advantage of the disparate protections afforded by U.S. copyright, patent and trademark laws. With the advent of the Internet, the challenges facing designers have become more complex and difficult to meet. But with proper planning, careful and vigilant protection of the designer's intellectual property, and tactical and strategic enforcement of intellectual property rights, designers can build and protect a valuable fashion brand, including the brand's heart and soul — its innovative and distinctive fashion designs.

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Robert Darwell is a partner in the Century City office of Sheppard Mullin Richter & Hampton LLP where he leads the firm's Fashion, Apparel and Beauty Industry team.



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