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Fashion Victims

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On April 25, 2007, the Design Piracy Prohibition Act was introduced in Congress, sparking heated discussion in the fashion industry. Today, the bill remains locked in committee with no clear end in sight. On this over one-year anniversary of the bill, it is worth reviewing the impact of legislative attempts to address a heightened atmosphere of piracy occasioned by the digital age.

The United States is one of very few countries in the world today that does not grant copyright protection to fashion designs. There have been numerous legislative attempts to copyright fashion designs to no avail (some 70 bills have been introduced in Congress since 1914). The fashion industry is estimated to be a $350 billion industry in the United States, with estimated multibillion-dollar annual losses caused by the proliferation of counterfeit fashion items. Despite the prevalence of knock-offs and the claims of fashion designers that their works are "creative" and not utilitarian, copyright protection has rarely been extended to designers.

The resistance to extending copyright protection for fashion designs has been based on the fundamental theory that copyright law protects creative/artistic works - not functional designs. Clothing garments have traditionally been viewed as useful articles with utilitarian rather than artistic value and thus have not been protected. Traditionally, designers have been limited to seek protection against knock-offs based on trademark or patent law theories. However, that protection is very limited and designers have long been frustrated by the fact that if a unique bag or clothing item is replicated without use of the designer's logo, there has often been virtually no redress under the copyright law (unless a unique fabric design has been copied). As a result, copying of fashion designs is still commonplace in the United States. With the advent of digital communication, where fashion designs can be transmitted from the runway to a knock-off designer's studio in a matter of minutes, now more than ever the issue of unauthorized copying of fashion designs has captured the attention of the fashion industry.

The proliferation of new technologies and the accessibility of counterfeit products have reinvigorated the debate between haute couture designers (represented by the Council of Fashion Designers of America), and those who replicate those items for mass consumption (represented by the American Apparel & Footwear Association). Based on new technologies that permit virtually instantaneous replication of original design, luxury fashion designers have argued that leaving designs unprotected by copyright law encourages piracy, counterfeit products, undercuts sales of original designs and unfairly prejudices young designers, who find themselves unable to maintain new brands after their designs are "cannibalized" by cheaper knock-off manufacturers. In contrast, populist designers argue that copyright protection will make the designing process costly and litigious, and that there is, in fact, very little true originality in fashion. They express concern that if copyright law is extended to cover fashion designs, only the very wealthy will be able to afford fashion, and lawsuits will flood the courts. Steve Maiman, co-owner of Stony Apparel Corp., a women's and children's apparel manufacturer in Los Angeles, noted recently that he is "in this business to make cute garments at a fair price for the average American, not to sit in depositions in copyright lawsuits."

To address this debate, Rep. Bill Delahunt introduced the Design Piracy Prohibition Act. The Senate version of the bill (SB 1957) was introduced by Sens. Dianne Feinstein, Charles Schumer, Orrin Hatch and Hillary Clinton four months later. The bill was referred to the House Subcommittee on Courts, the Internet, and Intellectual Property on May 4, 2007 for review. On Aug. 2, 2007, the bill was referred for review to the Senate Judiciary Committee.

The act would amend Chapter 13 of the Copyright Act, which provides copyright protection for useful designs in the area of "vessel hulls." According to 17 U.S.C. Section 1301, a "vessel" is defined as "a craft

that is designed and capable of independently steering a course on or through water through its own means of propulsion; and that is designed and capable of carrying and transporting one or more passengers." A "hull" is "the frame or body of a vessel, including the deck of a vessel, exclusive of masts, sails, yards, and rigging." The design protection for vessel hulls in the Copyright Act is a specifically carved exception to the general rule excluding designs for useful articles from the zone of copyright protection. Chapter 13 of the Copyright Act presently provides protection for vessel hull designs for a period of 10 years if the application for registration of the design is made within two years of becoming public. A design is made public "when an existing useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner's consent."

The act would amend the definition of "useful article" in Section 1301 to include fashion design and apparel. Yet, this protection would not be absolute. Only unique and original designs would be protected, and fashion staples such as the white shirt or the black pant would be exempt. The act proposes a limited three-month window for registration of a fashion design after it has been made public in order to encourage prompt registration. The act would afford fashion designs with a three-year term of copyright protection. Proponents of the act believe that a three-year protection term is sufficient because its purpose is to protect designs when they are first sold at expensive prices. As fashion trends arise and fade quickly, the three-year term is a sufficient period of time for the designer to have exclusive rights.

According to the act's authors, it is infringement to make, import, sell or distribute any article embodying a design that was created with knowledge or with reasonable grounds to know that protection for the design is claimed. Secondary and contributory infringement theories would also apply to fashion designs under the proposed act.

The act would also extend the definition of "infringing article" to include any article whose design has been copied from an image of a protected design without the consent of the owner. The act contains proposed amendments to Section 1323 to increase recovery for design infringement from $50,000 or $1 per copy (as currently provided by 17 U.S.C. Section 1323) to $250,000 or $5 per copy.

As has been the case with prior efforts to extend copyright protection to fashion designs, the proposed legislation has created much controversy in the fashion world. Haute couture designers (e.g., Diane von Furstenberg in her role as president of the CFDA, Joseph Abboud, Jeffrey Banks, Marc Bouwer, Nicole Miller, Zac Posen and Gela Nash-Taylor of Juicy Couture) have traveled to Washington D.C., lobbied and/or provided congressional testimony. Proponents of the act have also launched a Web site in support of the bill (www.stopfashionpiracy.com) with the goal of educating the public regarding the harms caused by unauthorized copying of creative fashion designs.

While luxury brands enthusiastically support the act, mass retailers such as Kohl's and J.C. Penny are vehemently opposed. Peter Gabbe, chairman of the American Apparel & Footwear Association, has made clear that the organization cannot support the bill in its current form for several reasons, including the perception of: inadequate provisions in the existing draft ensuring that only truly original designs receive protection; a potential for a major disruption in trade and new liabilities with United States Customs in the form of civil detentions or criminal penalties; added expected costs associated with anticipated lawsuits and research of copyrighted designs; and an anticipated chilling effect on marketing activities for legitimate companies that cater to a non-couture customer base.

Efforts have been made to break the deadlock between the Council of Fashion Designers of America and American Apparel & Footwear Association members. For example, Kevin Burke, president of the American Apparel & Footwear Association, indicated earlier this year that the two groups were trying to find a compromise with respect to the standard for liability and definition of "original design." These efforts proved fruitless on March 10, 2008 when American Apparel & Footwear Association's 60-member board voted to turn down the compromise proposal negotiated by representatives from the American Apparel & Footwear Association, and the Council of Fashion Designers of America - two major industry groups. Perhaps the American Apparel & Footwear Association and Council of Fashion Designers of America leadership could turn to the legal community - or procedures like mediation - to develop a mechanism for moving beyond the current impasse to find a workable solution to deal with the fashion counterfeit issue.

In the absence of such innovative efforts to reach common ground, the split in the fashion industry seems to have led to legislative gridlock. That said, the Council of Fashion Designers of America and other proponents of the bill are not giving up. Steven Kolb, executive director of the Council of Fashion Designers of America, indicated that high-end designers will continue to champion the act and other copyright protections because this is what their membership needs to protect their creativity.

Companies licensing their marks to the fashion industry or that are otherwise involved with luxury items should monitor the progression of this bill closely. Intellectual property lawyers should look for opportunities to assist their clients with developing positions on the act, as well as developing policies for addressing the counterfeit issue in the fashion industry in a broader context.

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