

Law, Brands, and Innovation: How Trademark Law Helps to Create Fashion Innovation

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**Abstract**

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My dissertation explores the role of trademark law in the fashion industry. For years, the fashion industry has drawn legal scholars' attention for its maintenance of creative endeavors within a legal environment that offers limited protection against design copying. Some influential legal studies argued that copying paradoxically helps the fashion industry as unregulated copying stimulates the creation of new designs. Yet, I observe that the driver for new design creation is already built into the contemporary fashion industry. The question should rather be directed at who creates fashion and how, to discover the role of law, if any, in aiding the subject and mechanism of making fashion. I illuminate the significant role that established fashion houses (so-called luxury companies or high-end designers) play in making fashion. I also suggest that these fashion houses require brands to make fashion. On this ground, I then demonstrate the capacity of trademark law to protect established fashion houses' brands.

The dissertation begins in Part One with an observation of the contemporary fashion industry and elaborating on the social mechanism of making fashion. I argue that the creation of design does not simply make fashion until it is adopted by majority of people. I use the term “fashion innovation” to refer to adopted designs, distinguished from the created designs that some legal scholars called “innovation.” What trademark law helps is “fashion innovation,” that is, the law helps the adoption of new designs created by established fashion houses. An adoption is a communication process that engages the brand, a semantic mechanism of making fashion innovation. Brands are a sum of associations made in relation with other signs.

Part Two and Three unfolds how trademark operates to protect brands of established fashion houses throughout case law analysis. Part Two examines the capacity of trademark law in governing iconic designs associated with established brands, which, under copyright law, would receive limited legal protection. Part Three identifies the capacity of trademark law to govern consumer associations with established brands. After all, it is the interplay among trademark law, brands, and innovation that supports the thriving fashion industry.

## **DEDICATION**

To my parents,

In-hwa Chung and Yaeduk Kang

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## INTRODUCTION

The fashion industry exists within a legal environment that offers only limited protection for fashion designs. Legal commentators have almost uniformly noted and criticized the limitation of existing IP protection and its failure to protect fashion designs and thus fashion designer's incentives.<sup>1</sup> The three core forms of intellectual property ("IP") law – copyright law, trademark law, and patent law – are not specifically tailored to protect fashion design. Copyright law largely denies copyright protection to the class of useful articles in which creative expression is compounded with practical utility such as apparel.<sup>2</sup> For years, legislative attempts to provide a *sui generis* copyright protection for fashion design have not been successful.<sup>3</sup> It was not until March 2017, in its *Star Athletica, L.L.C. v. Varsity Brands, Inc.* decision that the U.S. Supreme Court opened the possibility of using copyright law as an effective form of protecting fashion design.<sup>4</sup>

Patent law permits design patents only for a design "embodied in, or applied to an article

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<sup>1</sup> Jessica Litman, *The Exclusive Rights to Read*, 13 Cardozo Arts & Enter L J 29 (1994);

<sup>2</sup> 17 USC 101 (2006) (defining a "useful article as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information"); *Jack Adelman, Inc. v. Sonners & Gordon*, 112 F Supp 187 (1984) (holding that dress *per se* is purely functional that it is not eligible for copyright protection).

<sup>3</sup> Design Piracy Prohibition Act (DPPA), S. 1957, 110th Cong. (2007), available at <http://www.gpo.gov/fdsys/pkg/BILLS-110s1957is/pdf/BILLS-110s1957is.pdf> (also on file with author); Innovative Design Protection and Piracy Protection Act (IDPPPA), S. 3728, 111th Cong. (2010), available at <http://www.gpo.gov/fdsys/pkg/BILLS-111s3728rs/pdf/BILLS-111s3728rs.pdf> (also on file with author).

<sup>4</sup> 137 S Ct 1002 (2017) (decided on March 22). I discuss the contents of the Varsity Brands decision and its possible effect on the fashion industry in chapter four.

of manufacture” upon the meeting of requirements such as novelty and non-obviousness.<sup>5</sup> The article of manufacture must not be dictated primarily by its function and the design patent is granted only to the non-functional, new, original, and ornamental design.<sup>6</sup> A design for surface ornamentation is inseparable from the article to which it is applied and cannot exist alone.<sup>7</sup> The claimed design could be a portion of the design, the entire design, or ornamentation applied to a design.<sup>8</sup> The patent requirements, however, are not an ideal fit for fashion designs, which hardly ever meet the novelty requirement for fashion designs, since they are a reworking of previously existing designs most of the time. In addition, fashion trends change relatively quickly compared to other creative industries with a seasonal change, but on average, it takes about fifteen months for the United States Patent and Trademark Office (USPTO) to issue a design patent.<sup>9</sup> Not surprisingly, the rate of design patents issued for the fashion industry is low. In 2017, USPTO issued 2,572 new design patents, but only over 170 were for fashion related products (nearly 7%).<sup>10</sup> Trademark law is also not tailored for fashion design protection. Trademark law protects designs only when they come to integrate a source-identifying function as to indicate truthful

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<sup>5</sup> 35 USC § 102 (2006) (stating design patents are available only for designs that are truly new); 35 USC 102 (requiring the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious).

<sup>6</sup> 35 USC § 171 (stating design patents protect how an article looks, not how it functions); 37 CFR § 1.153 (2010) (describing the design patent application as only asking for a description of the ornamental design of the article).

<sup>7</sup> US Patent and Trademark Office, *A Guide To Filing A Design Patent Application*, archived at [https://www.uspto.gov/web/offices/com/iip/pdf/brochure\\_05.pdf](https://www.uspto.gov/web/offices/com/iip/pdf/brochure_05.pdf) (also on file with author). This requirement is different from the copyright law requirement that for a design applied on useful article to be copyrightable, the design feature should be separable from the useful article. More details will follow about the separability test in copyright law in chapter four.

<sup>8</sup> Id.

<sup>9</sup> Elizabeth Ferrill and Tina Tanhehco, *Protecting the Material World: The Role of Design Patents in the Fashion Industry*, 12 North Carolina J L and Tech 251, 278 (2011).

<sup>10</sup> Loni Morrow and Jason J. Jardine, *2017 Brings Issuance of New Design Patents for the Fashion Industry*, (Knobbe and Martens, Feb 26, 2017), archived at <https://www.knobbe.com/news/2017/02/2017-brings-issuance-new-design-patents-fashion-industry> (also on file with author).

information about the producer of products.<sup>11</sup> Even if the design indicates a source, the functionality doctrine bars trademark law protection to keep the basic designs in the public domain for competition.

The conundrum of the fashion industry for IP legal scholars was that the US fashion industry thrives despite the failed legislative attempts for a *sui generis* copyright protection and the inadequacy of design patents and trademark law to regulate design copying. The economic theory of IP law does not provide a satisfactory explanation for the thriving fashion industry given the low level of IP protection for fashion designs. The economic incentive theory assumes that intellectual property rights induce creators to engage in creative activities by granting exclusive property rights to their works for a limited time period so that they can recoup research, design, and production costs. According to the incentives approach, limited IP protection and the ensuing rampant copying culture should discourage investors and designers to engage in fashion-related creative endeavors. This copying conundrum observed in the fashion industry has led legal scholars to pose the question as to why rampant copying does not harm innovation?<sup>12</sup>

Use of the term “innovation” requires special attention because the main focus of my analysis – the role of trademark law in the thriving fashion industry – centers on capturing what “innovation” stands for in the fashion industry context. Previous literature attempted to explain

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<sup>11</sup> *Wal-Mart Stores, Inc. v Samara Bros.*, 529 US 205 (2000) (holding product designs can only be protected upon the showing of source). Chapter five discusses how the trademark law grants protection for designs in detail.

<sup>12</sup> Kal Raustiala and Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 Va L Rev 1687, 1688-92 (2006).

the copying conundrum by looking at “innovation” as if it were isolated from adoption. In earlier discourse, the legal scholars conceptualized innovation as creating an invention, which is a physical, material production activity. I characterize this previous understanding of innovation as the ‘creation of design,’ or ‘design creation.’ However, I argue that the creation of design is not innovation until the design is adopted by the majority of people. My use of the term innovation refers to ‘adopted designs,’ and this essentially is what constitutes the term “fashion” as it is distinguished from material dress or design. Fashion has to go through an adoption process. So I treat the term “innovation” and “fashion” as synonymous. I will combine the two and use the term “fashion innovation” throughout this dissertation. I believe this term better distinguishes the concept from ‘design creation.’

Some scholars argued that copying is paradoxically beneficial for the fashion industry,<sup>13</sup> specifically, because it provides a catalyst for design creation. This argument is based on the view that fashion goods are essentially positional goods in that they confer social status on the wearer. Copying is said to motivate people to seek new designs, as dispersed designs can no longer distinguish early adopters from late adopters or imitators. Thus, the scholars conclude, copying fails to deter design creation. Some other scholars argue that fashion goods are cultural goods in that people relate to clothing emotionally as a visual marker expressing their identity.<sup>14</sup> Hemphill and Suk argue copying is only helpful for the industry to the extent that it does not hamper individuals’ ability to differentiate while participating in common designs or styles.

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<sup>13</sup> Raustiala and Sprigman, 92 Va L Rev at 1688-1775 (cited in note 12).

<sup>14</sup> Scott Hemphill and Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 Stan L Rev 1147, 1158 (2008-2009).

But these views do not explain how the fashion industry keeps the producers engaging in creative endeavors to recoup research, design, and production costs while they know that copies of their designs (usually at a lower price) will be distributed soon after they release new designs. Especially given the fact that contemporary copying technology allows design pirates to be quicker and more accurate than ever in copying original designs, we should explore how originators recover their associated costs of production in such a rampant copying culture. I argue that businesses can recoup their investment in producing new designs because people desire not only to be first to adopt new designs but also, simultaneously, they want to signal and distinguish their social status, identity, or personality distinguished from others who will participate in similar styles a little later with copying. As legal scholars on the previous literature identified, I embrace the premise that clothing bears both positional and cultural aspects, but I suggest that both of these features should be viewed more as a result of a symbolic creation made through branding rather than naturally given to material clothing. I aim to facilitate our understanding of brands beyond a simple source-identifier to a crucial means of communication signaling and receiving messages about the wearer.

My dissertation calls attention to the capacity of trademark law to protect high-end houses' brand image as a luxury goods producer. I argue trademark law's capacity to protect fashion contributes to fashion innovation. If the previous legal scholarship has focused on what has *not* been protected (design copying) to explain the thriving fashion industry, I explain flourishing fashion innovation by looking to what is protected (high-end fashion brands' image). I explore how the high-end fashion houses' brand image moves the whole fashion industry forward to fashion innovation. I identify two important functions of a brand image: one, the

brand image becomes a source of desirability that it induces people to join a trend either by purchasing branded products or copied designs, and thus contributes to the trend distribution; and two, the brand helps to maintain the first adopters ability to distinguish themselves from the later adopters who may join the trend with copied products, as the brand image allows wearers to either signal their social or economic status or express their identity. I do not totally reject the beneficial role of copying within a legal environment that offers low copyright protection for fashion as argued by some legal scholars. I argue that the role of copying lies in helping consumers see the result of fashion innovation and thus in speeding up the rate of adoption.

Brand image, I argue, is a sum of mental associations (both positive and negative) that consists of either branding activities such as naming products and advertising, or involuntarily constructed images, such as consumers' feedbacks about the products or news reports about the company. People associate objects with ideas. Such objects not only include trade names, logos, and slogans, but also extend to designs or advertisements, among others. I identify trademark law's capacity to offer legal protection for the elements that are capable of identifying their source or origin. Unlike trademark law, copyright law is incapable of entitling legal protection for designs upon the finding that copying associates consumers with a particular brand.

My dissertation consists of three parts. The first part focuses on the fashion industry *per se*. More specifically, I discuss the role of fashion goods in trend setting and self-expression. In the first chapter, *The Piracy Paradox Debate*, I introduce how legal scholars have understood the fashion industry and gauged the role of law within the industry. In the second chapter, *A Model of Trend Adoption*, I offer a new model of trend adoption. I observe and describe the behavior of

actors in the fashion industry, drawing upon empirical social studies of fashion and other primary sources (e.g. documentary films, newspapers). I use what communication scholars refer to as the diffusion model<sup>15</sup> to explain how we perceive what is ‘in fashion’ and adopt them as new trends. My motivation in building a trend adoption model is threefold. One, I reveal that the hierarchical structure in the fashion industry – the notion of high-end and lower-end brands – is a socially constructed reality. Two, trends trickle-down along this created structure and, in a strict sense, those who are on top of the pyramid should be viewed as true innovators; the rest play an adopter role. Three, I suggest that the viability of the fashion industry is, in part, attributable to the industry’s uniquely fast and reliable communication system which fosters the rapid diffusion of new designs produced by those whom I call “true innovators.”

In the third chapter, *A Model of Product Diffusion*, I offer a model of product differentiation. This model explains how we are persuaded to choose certain fashion goods as a visible marker of self-expression among other similar alternative designs by participating in the trends. I draw on the marketing scholarship to suggest that difference is often expressed through the medium of brands. I make use of semiotics to elaborate that the heart of difference lies within the symbolic meaning that the brand attaches to material goods. The less room there is for counter-interpretation of the brand meaning, the easier it is for the business to differentiate their new products. I show that maintaining a consistent and coherent narrative about their brands fosters rapid adoption of new fashion goods. Law provides means both for legitimating and for contesting dominant brand meanings, and the rights bestowed by trademark law over signifying vehicles – e.g. marks, logos, packages, designs – play a critical role in this process.

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<sup>15</sup> Everett M. Rogers, *Diffusion of Innovations* 11 (Free 1983).

Diffusion scholarship, in the subfield of communication research, acknowledged difficulties in getting a new idea, practice, or object adopted, even if it has obvious advantages. Scholars studied the ‘diffusion of new ideas’ across the various disciplines in sociology, public health, agriculture, marketing, and education, among others. In the diffusion scholarship context, the term “diffusion” refers to a “process by which an innovation is communicated through certain channels over time among the members of a social system.”<sup>16</sup> It is a special type of communication in that the messages are concerned with new ideas. My two models of trend adoption and product differentiation are rooted in this communication framework that a diffusion theory offers. A model of trend adoption explains how the fashion industry operates to communicate what emerging trends are; a model of product differentiation explains how brands are a mechanism for fashion companies to inform the public about their products and that their goods are differentiated to be chosen over other goods that are participating in the same trends. In the subsequent part two and three, I discuss how trademark law doctrines tend to help some fashion goods preserve their differentiating features from other goods.

In part two, I examine how trademark law has expanded its scope of protection to basic design elements (e.g. colors, shapes), and thus legitimized them as a source of signification for the benefit of established firms. Yet the aesthetic functionality doctrine withholds trademark protection from ornamental features, since the granting of exclusive rights over designs would significantly hinder competition by impoverishing other designers’ palettes. I describe how courts address this concern, and ask what role the aesthetic functionality doctrine has (or should have) played within the courts’ analysis. Traditionally, design belongs to the realm of copyright

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<sup>16</sup> Rogers, *Diffusion of Innovations* at 10 (cited in note 15).

law. I also explore the “conceptual separability” test through which courts decide the copyrightability of the fashion design at issue. I demonstrate that designs that are likely to fall outside the realm of copyright protection are often recognized as protectable valid trademarks. Part two begins with chapter 4, which discusses, as the title demonstrates, *How Copyright Law Offers Limited Protection for Fashion Design*. Then in chapter five, I examine, as the title suggests, *How Trademark Law has Expanded to Protect Iconic Designs of a Brand*.

In part three, I examine how two kinds of trademark claims, infringement and dilution, help to preserve a fashion house’s image as a producer of prestigious, exclusive, or unique fashion goods. In chapter six, *How Trademark Infringement Claims Help Established Brands to Maintain Prestigious Brand Image*, I show that although an infringement claim is based on consumer confusion about the source or sponsorship, courts routinely protect consumers’ emotional resonance with the established brands, ostensibly on confusion grounds. Then in chapter seven, *How Trademark Dilution Claims Help Established Brands to Maintain Prestigious Brands*, I explore how the exercise of trademark rights based on the dilution claim protects consumer association of an established brand as a producer of luxury goods. In the last chapter eight, *How Trademark Law Protects Prestigious Brands from Parodies*, I examine the capacity of both confusion and dilution claim to regulate parody works, which in turn prevents others from transmitting a subversive message to the original meaning of the established brands.

Trademark dilution occurs when consumers associate an established trademark with a junior mark. One harm that a dilution claim aims to address is that a famous mark becomes less distinct if there is a created mental association between two brands. Even if there is no consumer

confusion as to the source, trademark law recognizes that famous mark holders suffer damage when their marks become less exclusive to identify one source. This type of dilution is called dilution by blurring. Trademark law also includes tarnishment as a type of dilution. Tarnishment claims protect famous marks' reputation when a junior user undermines the image of a famous mark. For example, the word "Enjoy Cocaine" printed on marketing posters featuring the same typeface and red and white color scheme as Coca-Cola's "Enjoy Coca-Cola" advertisements was found to tarnish Coca-Cola's famous mark.<sup>17</sup> The line between tarnishment and legitimate free speech in the form of parody, however, is not always clear-cut. Many of the cases involve traditional examples of parodies that make fun of trademarks to socially comment on them. If there are no comments made to the trademark but only general social comments using the mark, it is classified as satire – not parody – in which case courts tend to provide limited protection as free speech. Other cases involve parodies that are used as brands, a situation where a defendant uses parody as a source designator. For example, Black Bear Roastery sells Charbucks coffee in parody of the famous coffee brand Starbucks; Dog toy products were named Chewy Vuitton in parody of the luxury brand Louis Vuitton. I demonstrate that courts have applied a variety of different doctrinal tools to avoid holding obvious parodies illegal, but for parodies as brands, the fact that parodies are used as a source indicator complicates legal analysis.

Rosemary Coombe, in her seminal book for the critical cultural legal studies, writes: "The law's recognition and protection of some activities of meaning-making under the guise of authorship...and its delegitimation of other signifying practices of meaning-making as forms of

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<sup>17</sup> See *Coca-Cola Co. v Gemini Rising, Inc.*, 346 F Supp 1183 (EDNY 1972).

piracy...create particular cartographies for cultural agency.”<sup>18</sup> My dissertation is very much part of this critical study of law: I examine the operation of trademark law in the interpretive practice of our social life in fashion. I aim to show through legal case analysis that trademark law helps to build a difference in favor of established fashion firms, and as a result, these firms’ capacity to inform and sell their fashion goods is enhanced by trademark law. The firms appeal to consumers because their designs do not only participate in trends, but also enable us to signal social status or express individuality.

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<sup>18</sup> Rosemary J. Coombe, *The Cultural Life of Intellectual Properties: Authorship, Appropriation, and the Law* 6 (Duke 1998).

## PART I

I begin by introducing two influential legal studies that have particularly addressed the copying conundrum in the fashion industry.<sup>19</sup> These articles provide a careful analysis to argue that copying is beneficial for the fashion industry. In chapter one, after a review of these articles, I identify what has been neglected in these analyses and briefly map out distinction points that my new analysis will offer. I then offer a model of trend adoption in chapter two and a model of product diffusion in chapter three.

### 1. The Piracy Paradox Debate

In their influential Article, *The Piracy Paradox*, Raustiala and Sprigman argued that design copying does not stifle design creation, and further claimed that copying “may actually promote [them] and benefit originators.”<sup>20</sup> They offered two interrelated models to explain how copying functions as an “important – even necessary – element of the apparel industry’s swift cycle of design creation.”<sup>21</sup> Viewing clothing as a status-conferral good, Raustiala and Sprigman claim that with copying, style diffusion<sup>22</sup> spreads to a broader clientele and erodes the positional value

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<sup>19</sup> Raustiala and Sprigman, 92 Va L Rev at 1688-1775 (cited in note 12); Hemphill and Suk, 61 Stan L Rev at 1148 (cited in note 14).

<sup>20</sup> The authors used the term “innovation,” but since they refer to creation of design in contrast to my definition of innovation as adoption of design, I changed the term to design creation. See Raustiala and Sprigman, 92 Va L Rev at 1691 (cited in note 12).

<sup>21</sup> Id at 1717-32.

<sup>22</sup> Raustiala and Sprigman do not define the word “diffusion.” Note that their use of the word “diffusion” is different from how the diffusion scholarship defines and uses the word as a “process by which an innovation is communicated through certain channels over time among the members of a social system” as I elaborated in the Introduction. Raustiala and Sprigman’s usage of the word “diffusion” rather seems to refer to an achievement of more visibility for particular designs or styles.

of clothing by diminishing the prestige for the social elites.<sup>23</sup> Due to this style diffusion, fashion items are no longer capable of signifying their status, which drives early-adopters to seek a new style for the purpose of distinguishing themselves from the mass. The authors posit style change as a cyclical feature: certain styles become fashionable, copied, diffused, and then driven by early-adopters, new styles arise. *The Piracy Paradox* reduces the fashion cycle to the cycle of design creation, highlighting the role of copyright law in fostering the fashion cycle by providing for the free appropriation of fashion designs.<sup>24</sup> Raustiala and Sprigman argue that copying hastens the fashion cycle by inducing “obsolescence” with the rapid diffusion of styles, and also by “anchoring” trends, which is a communication function by which new designs become fashionable, and which informs consumers that the styles have changed.<sup>25</sup> In summary, as copying accelerates the fashion cycle with the “induced obsolescence” and “anchoring” function, copying, in turn, offers more cycles to innovate for fashion designers. It may hurt individual

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<sup>23</sup> Id at 1720 (“This process of diffusion leading to dissipation of social value occurs for at least two reasons. First, the diffusion of cheap, obviously inferior copies may tarnish by association [of] the original article...Second, for the class of fashion early-adopters, the mere fact that a design is widely diffused is typically enough to diminish its value. It can no longer signify status if it [is] widely adopted.”). Note that when inferior products tarnish the brand reputation of the original article, a trademark law dilution by tarnishment claim may provide a legal basis to ban such a use of the mark with inferior quality products. But this claim is not generally applicable to clothing designs that do not serve a trademark function to indicate source of product origin. Chapter Seven will discuss tarnishment claims.

<sup>24</sup> Raustiala and Sprigman, 92 Va L Rev at 1722-24 (cited in note 12). Free appropriation of clothing designs contributes to the process of “induced obsolescence” in at least two broader ways. “First, copying often results in the marketing of less expensive versions, thus pricing-in consumers who otherwise would not be able to consume the design...[Second,] copying contributes to the rapid production of substantially new designs that were creatively inspired by the original design...The many variations made possible by unrestricted exploitation of derivatives contributes to product differentiation that induces consumption by those who prefer a particular variation to the original. To the extent that derivatives remain visibly linked to the original design, they help diffuse the original designs.”

<sup>25</sup> Id at 1718-34. Free appropriation of clothing designs induces obsolescence in two broad ways: “Copying often results in the marketing of less expensive versions, and what was elite quickly becomes mass”; “Many copies are not “point-by-point reproductions”

designers, but overall, according to Raustiala and Sprigman, copying is beneficial for the fashion industry.

In *The Law, Culture and Economics of Fashion*, Hemphill and Suk seek to refute the thesis of *The Piracy Paradox*. Hemphill and Suk argue that fashion items are better viewed as cultural goods that people use to “signal and communicate about oneself and of perceiving messages about others.”<sup>26</sup> Based on this view, that fashion is a visible marker of self-presentation, the scholars offer a model of trend adoption and trend production. To ground their new model, Hemphill and Suk begin by discussing two principal theories of fashion – Status Theory and Zeitgeist Theory – in an effort to conceptualize what fashion is.

Status Theory posits fashion as a site of struggle over social status. German sociologists Georg Simmel articulated this view on fashion, which was influenced by Thorstein Veblen’s *The Theory of the Leisure Class*.<sup>27</sup> Status theory postulates fashion as an emulation process. Fashion is adopted by social elites in their motivation to demarcate themselves as a group from the lower classes. The lower classes desire and imitate the high society and people belonging to this social stratum. Social elites then seek a new fashion to set them apart from the lower classes. Thus change in fashion is propelled by the desire of class distinction, and the joining trend necessarily involves emulation. Although this social class account of fashion is criticized for being too simplistic or one-dimensional, the influence of human desire to signal social status constitutes a big part of consumer fashion behavior even in today’s supposedly classless society. And brands play on aspirational idea of class.

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<sup>26</sup> Hemphill and Suk, 61 *Stan L Rev* at 1164 (cited in note 14).

<sup>27</sup> Thorstein Veblen, *The Theory of the Leisure Class* (Renaissance Classic, 2012).

Hemphill and Suk do not reject the aspect of fashion as a site of struggle over social status but embrace Zeitgeist Theory. Herbert Blumber declared that fashion emerges through a “collective selection” process wherein individuals make their own choices among competing styles and form collective tastes. According to Blumber, these collective tastes are what we recognize as trends.<sup>28</sup> The driver of fashion is not necessarily the emulation of high-status individuals, but rather lies in people’s desire to be ‘in fashion’ while expressing their identity. Therefore, the fashion trend that emerges reflects the zeitgeist.<sup>29</sup>

Under the rubric of Zeitgeist Theory, Hemphill and Suk posit two simultaneously existing desires that constitute trend adoption, individuals’ desire for differentiation while wanting to participate in common trends. The scholars articulated this dynamic relationship between the desire to be distinct as individual and the desire to connect with a collectivity” as a “differentiation” desire within “flocking.”<sup>30</sup> They argue fashion should be viewed as a result of individual choices to express individuality that combine into collective tastes.

Hemphill and Suk argue that, in this postulation, copies play only a limited role in the rise and fall of trends because trend joining does not equate to copying or emulation of the upper

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<sup>28</sup> Id at 1157, citing Herber Blumer, *Fashion: From Class Differentiation to Collective Selection*, 10 Soc Q 275 (1969) (“The process of trend formation begins vaguely and then sharpens until a particular fashion is established.”).

<sup>29</sup> Id at 1164 (“The rise of a trend may be a “manifestation of a desire to partake of the collective moment, to be in step with society, or to be in touch with the present.”).

<sup>30</sup> Id at 1164-68.

classes.<sup>31</sup> “Status does not exhaust the motivations for fashion,” the scholars write. Copying is “not the engine without which [design creation] would slow and stagnate.”<sup>32</sup>

Identifying human desires of “differentiation” and “flocking” to constitute the rise of trends,<sup>33</sup> Hemphill and Suk argue that what makes the fashion industry a “creative endeavor is the drive to differentiation” resisting “sheer replication of existing works even while incorporating them.”<sup>34</sup> The impulse to flock in fashion is expressed in the aspects of fashion that draw on copying existing works.<sup>35</sup> Without the differentiation component, fashion would not be a “form of design creation.”<sup>36</sup> The scholars further argue, on this basis, for disaggregating the phenomenon of close copying from the phenomenon of trends. The scholars argue that close copying should be banned as a matter of policy for copyright law, because line-by-line copying hampers individuals’ differentiation desire.<sup>37</sup> And yet, regulation of derivative reworking of original designs is not desirable because it does not impair consumers’ ability to differentiate by being visually distinguishable, as well as consumers’ ability to participate in trends.<sup>38</sup> While Hemphill and Suk’s policy stance is different from Raustiala and Sprigman in drawing a

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<sup>31</sup> Hemphill and Suk, 61 Stan L Rev at 1157-59 (cited in note 14).

<sup>32</sup> Id at 1159-1161. The authors offer three circumstances that consumers can join trends without necessarily entailing copying: i) by being influenced to wear clothes in that style that is recognized as fashionable; ii) by joining trends without an imitation motive but with a motive to join a collective moment and; iii) for designers, by engaging in interpretation or reference or remixing work of a fashionable style.

<sup>33</sup> Kal Raustiala and Christopher Sprigman, *Response: The Piracy Paradox Revisited*, 61 Stan L Rev 1201, 1205 (2008-2009).

<sup>34</sup> Raustiala and Sprigman, 92 Va L Rev at 1166 (cited in note 12).

<sup>35</sup> Hemphill and Suk, 61 Stan L Rev at 1166 (cited in note 14).

<sup>36</sup> Id.

<sup>37</sup> Id at 1184-1195.

<sup>38</sup> Raustiala and Sprigman, 61 Stan L Rev at 1205 (cited in note 32).

distinction between inspired works and close copying, both sides share common ground in their analysis at least in that in a general sense, copying helps to push potential trends to emerge.<sup>39</sup>

Hemphill and Suk then establish a trend adoption and production model reflecting “differentiation” and “flocking” desire for both consumers and designers. Consumers seek goods that contain the trend feature but are differentiated. Consumers recognize a trend by seeing particular styles or designs in stores or seeing enough other people buying items.<sup>40</sup> In their recognition of potential trends, consumers seek other features that could satisfy their own individual taste.<sup>41</sup> Designers also engage in a process of “differentiation” and “flocking.” They flock to or converge on similar styles in any given season but “the precise result reached by each producer is different.”<sup>42</sup> Designers can flock from the influences of what society is experiencing such as war, women’s entry into the professional work place, movies or dramas. Designers also get inspired by other designers by hearing from fabric suppliers, stylists, magazine editors, and buyers about what other designers incorporated into their collections of clothing for fashion shows.<sup>43</sup> But since designers are pressed to cope with a consumer demand to be differentiated, they seek out a differentiated niche from other producers’ designs.

My problem with the previous analyses is their treatment of consumer psychology – be that in the form of ‘conferring status’ or ‘differentiating from the group’ – as a cause of driving new fashion trends in its interaction with rampant copying. I draw three main distinction points

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<sup>39</sup> Raustiala and Sprigman, 92 Va L Rev at 1204 (cited in note 12).

<sup>40</sup> Hemphill and Suk, 61 Stan L Rev at 1167 (cited in note 14).

<sup>41</sup> Id at 1166.

<sup>42</sup> Id at 1168.

<sup>43</sup> Id at 1168-69.

from the previous analyses by offering a new analysis. Firstly, a motivation for design creation is already built into the industrial practice of holding a fashion event called Fashion Week. Fashion innovation is set to occur on a regular schedule, rather than copying being the main cause of design change. I restrict the concept of ‘fashion innovation’ to refer to a widely recognized and informed designs or styles created by designers and ultimately adopted by adopters. In fact, not every physical production deserves innovation status. Secondly, I view the role of copying as speeding up the adoption rate of new designs rather than being an engine for new production of designs. This view differs from the perspectives in previous literature that see the role of copying as a catalyst for innovation. Thirdly, designs alone hardly provide vocabularies of self-expression to differentiate. It is more likely through the symbolic meaning the brand is believed to embody. More holistically, one very powerful brand often elevates a whole outfit when put together with other clothing items. The November 1988 Vogue Magazine cover was said to have made a symbolic statement of beginning the new era of mixing low-end fashion items with more expensive pieces. Anna Wintour, the editor in chief, had the model outfitted in a pair of \$50 jeans and a \$10,000 jewel-encrusted t-shirt (Figure 1).<sup>44</sup> Lastly, the two major articles I discussed here are published between 2006-2009, before fast fashion radically transformed the fashion industry and our idea of copying.

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<sup>44</sup> Meredith Lepore, *Anna Wintour Has Been Breaking The Rules Since Her First Vogue Cover* (The Grind Stone, 2012), archived at <http://www.thegrindstone.com/2012/08/14/mentors/anna-wintour-has-been-breaking-the-rules-since-her-first-vogue-cover-651/> (also on file with author).

Figure 1. Vogue Cover, November Issue 1988



My new model may be applicable to other creative industries to explain how innovation is generated by producers and perceived by consumers. The car industry, for instance, shares similar innovation patterns with the fashion industry. The new car design is introduced and recognized from the auto shows. For instance, in 1948 General Motors Company introduced for the first time tailfins on its Cadillac model. Car designers in the world picked up tailfin styling trends from the US automobile industry, and soon tailfin styling was adopted by other

manufacturers with variations, such as tailfins growing larger and bolder, peaking between 1957-1961. Moreover, cars serve more than a utilitarian function. There is a message that a car brand sends to a driver to relate with and for the general public to read. Some brands are more or less functional than others. Mercedes-Benz may signal high social status; Tesla may imply that you are an environment conscious and/or technology savvy person; and Toyota Camry may be more about economic choices than about a choice for a self-expression.

## **2. A Model of Trend Adoption**

I argue that one should understand the rise of fashion trends as an institutional practice, endorsed and enforced on a regular timetable, with a seasonal change marked through the recurring event of “Fashion Week.” I draw upon empirical social studies of fashion, documentary films, and newspaper interviews with professionals committed to the fashion business to describe Fashion Week. Specifically, I describe groups of professionals working in and for the event, including fashion houses, the media, fashion buyers, and celebrities among others. Then, on the basis of institutional theory in sociology, I further explain why this fashion event should be viewed as an institutional practice through which fashion trends emerge. Lastly, I apply diffusion theory from a subfield of communication to analyze the process of trend adoption and show how we perceive and ultimately adopt trends alongside Fashion Week.

### **A. Creation of Possible Trends**

Fashion Week marks an important event in the contemporary fashion industry. The four major fashion capitals, New York, London, Milan, and Paris, each host a fashion show twice a year to preview the next season’s trends for either Spring/Summer or Fall/Winter. Other cities around the world such as Los Angeles, Sao Paulo, Tokyo, Melbourne, have recently begun to host their own fashion weeks. However, it is Fashion Week in the four major fashion capitals that have the most influential impact in the change of fashion trends due to their established capacity to present the shows of famous brands and attract major retailers and members of the press in attendance. Thus, in my analysis, I use the term “Fashion Week” to refer to only the four major fashion week events that take place in New York, London, Milan and Paris.

Given the limited availability of spaces and associated massive expenses, Fashion Week sets up an entry barrier for emerging, independent, small designers. Usually a trade association administers the events and functions like a board for Fashion Week. For New York's Fashion Week, the Council of Fashion Designers of America works as a governing body for the event, yet the mega-marketing corporation IMG coordinates the shows, the venues, and the calendar to arrange showings for about 150 designers over seven days in a limited space. In theory, fashion designers/houses should be admitted to the show to present their clothing collections if applicants can afford the venues, which range from \$22,000 to \$ 42,000, and if there is space available for them. In reality, however, even if these designers can afford the affiliated costs, spaces are granted first to established and famous brands.<sup>45</sup> Consequently, high-end designer brands' participation in the fashion week events confers a prestigious status on that particular Fashion Week.

According to Josh Patner, a former assistant designer for a designer brand Donna Karan, major Fashion Week expenses include: fees for models starting at \$2,500 each (most shows include about 25 models); invitation designing and printing costs running up to \$ 5,000; a team of hair and makeup artists, with top stylists costing more than \$25,000 and each assistant another \$250; shoe designs specifically to be paired with the clothes for the runway show reaching up to tens of thousands of dollars for multiple pairs, often in collaboration with top shoe designers like Manolo Blahnik and Christian Louboutin.<sup>46</sup> More prestigious fashion houses that sell shoes

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<sup>45</sup> Josh Patner, *Fashion Week FAQ* (Slate, Sep 13, 2004) archived at [http://www.slate.com/articles/arts/fashion/2004/00/fashion\\_week\\_faq.html](http://www.slate.com/articles/arts/fashion/2004/00/fashion_week_faq.html) (also on file with author).

<sup>46</sup> Id.

under their own brand label, such as Gucci or Prada, tend to use their own shoes for these events.<sup>47</sup>

A fashion show is essentially a parade of outfits designed around fashion designers' visions, ideas, or themes. The selection of models, shoe designs, makeup and hairstyles, background music during the catwalk, and the runway stage decorations, all work together with clothing collections to express the designer's vision. Fashion editors look for specific trends, and a prevailing mode of styles as they attend important shows. Editors identify similar styles or colors emerging from each show, such as, satin shirts and the color violet, for example. Editors at a given magazine or paper then decide which pieces from which collections to introduce and where and how to photograph the clothes they choose to publish.

Front row seating at the fashion show venue requires extensive planning by publicists and sales teams to put the most important guests, such as editors in chief of the major fashion magazines, presidents of the major retailers, and celebrities, before other guests. Celebrities usually get invitations months before the show and make a grand entrance in the photo zone at Fashion Week, and are then escorted to their front row seats.<sup>48</sup> A photo of a celebrity at a show adds glamour or value to the given designer's or fashion brand's reputation. They affect the "cult of the absolutely fabulous,"<sup>49</sup> by fetishizing goods with their celebrity persona. Celebrities today go further than playing an ambassador role for fashion brands by participating in designing

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<sup>47</sup> Id.

<sup>48</sup> Id.

<sup>49</sup> Jennifer Wicke, *Enchantment, Disenchantment, Re-Enchantment: Joyce and the Cult of the Absolutely Fabulous*, 29 *Novel: A Forum on Fiction* 128, 128-137 (1995).

fashion items in their collaboration with fashion brands,<sup>50</sup> and even further, often utilize their image as a style icon to launch their own brands.<sup>51</sup>

The prevailing value that the runway show offers is a value of art. Far beyond its utilitarian value, a fashion house wants its clothing collections to be viewed as artwork and the runway show stage becomes a site of performance art.<sup>52</sup> The value of commerce should refrain from penetrating the catwalk. Deals and sales with buyers should not draw much media attention, in order to maintain the image of designers' collections as art and in fact, this aspect receives very little media coverage.<sup>53</sup>

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<sup>50</sup> H&M has collaborated with celebrities such as Madonna (2006, 2007), Kylie Minogue (2007), David Beckham (2012), Anna Dello Russo (2012), and Beyoncé (2013), For more information, see H&M website, archived at <http://about.hm.com/en/About/facts-about-hm/fashion-for-all/collections/collaborations.html> (also on file with author).

<sup>51</sup> Top 10 celebrity fashion lines named by Time Magazine include: Jessica Simpson, Nicole Richie, Victoria Beckham, Mary-Kate and Ashley Olsen, Gwen Stefani, Jay-Z, Justin Timberlake, Beyoncé, Diddy, and Kanye West. See Nate Rawlings, *Top 10 Fashion Lines* (Time, Oct 03, 2011), archived at [http://content.time.com/time/specials/packages/article/0,28804,2095867\\_2095865\\_2095910,00.html](http://content.time.com/time/specials/packages/article/0,28804,2095867_2095865_2095910,00.html) (also on file with author). Brands that celebrities launch are not necessarily limited to fashion brands but expands to a life-style brand. Gwyneth Paltrow, for example, launched her brand Goop (2008), initially an e-mail newsletter that introduces her audience to her lifestyle including health-centric recipe, beauty tips, parenthood, where to shop and go, and whom to see for expert advice on certain issues.

<sup>52</sup> For discussion on how high end fashion is socially created in comparison to mass fashion, see Agnes Rocamora, *Field of Fashion: Critical Insights into Bourdieu's Sociology of Culture*, 2 *Journal of Consumer Culture* 341-362 (2002).

<sup>53</sup> Joanna Entwistle and Agnes Rocamora, *The Field of Fashion Materialized: A Study of London Fashion Week*, 40 *Sociology* 735, 739 (2006) (“The ‘creative’ and ‘artistic’ are celebrated through the privileging of the fashion catwalk to the detriment of the ‘commercial’ exhibition, which receives little press coverage.”).

Commercial transactions take place in a separated, if not segregated, trade venue.<sup>54</sup> The trade venue is located separately but next to the runway show venue, and is a place for buyers from the world to purchase orders of their selected-collections to sell at department stores or at boutique shops. Buyers are said to usually complete their purchase orders in advance of the runway shows. This commercial practice also plays into the idea that ‘unique’ collectibles from Fashion Week are then to be mass-ordered and available to everyone. Thus, Fashion Week is premised on the idea of promoting copying (although distinguishable) while artificially promoting the aura of the original artwork.

Drawing on the institution theory in the field of sociology, I now turn to argue why and how we can consider the rise of trends as an institutional practice enacted via the Fashion Week. The concepts of “institution” and “institutionalization” vary among different approaches. Drawing upon these various approaches, I posit three reasons to view Fashion Week as an institutional practice.

Firstly, Fashion Week gives artwork value or status to the presented clothing collections. One of the earliest and most influential views of institutionalization defines it as a process of instilling value.<sup>55</sup> To institutionalize is to infuse with value beyond the technical requirements of the task at hand. By instilling value, institutionalization promotes stability, persistence of the structure over time.<sup>56</sup> Fashion Week event does more than simply presenting the fashion houses’

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<sup>54</sup> Entwistle and Rocamora, 40 *Sociology* at 739 (cited in note 53).

<sup>55</sup> Philip Selznick, *Leadership in Administration* (Harper & Row 1957); Charles Perrow, *Complex Organizations: A Critical Essay* (Random House 3d ed 1986).

<sup>56</sup> Richard Scott, *The Adolescence of Institutional Theory*, 32 *Administrative Science Quarterly* 493, 493-494 (1987).

works. Participating fashion houses that present in the show acquire an artwork value for their clothing collections, which is evidenced by the reactions of participants – the media, buyers, celebrities, power bloggers – as well as the general public, who love to be part of the events as participants of a trend. The lack of opportunity for small designers to present at Fashion Week events contributes to stabilizing the existing fashion structure.

Secondly, the Fashion Week creates the social reality of what we perceive as a world of high fashion. Another theory views institutionalization as a process of creating social reality.<sup>57</sup> In seeking an answer to the nature and origin of social order, scholars have argued that the social order is a human construction coming into being as individuals take action, interpret that action, and share with others their interpretations. To institutionalize means to go through a social process by which individuals come to accept a shared social reality. Berger and Luckmann explain that institutionalization involves three phases of externalization, objectivation, and internalization.<sup>58</sup> People take action (externalization) and interpret our actions as if there is an external reality separate from ourselves (objectivation). Further, this objectified world is internalized by us.<sup>59</sup> Fashion Week evokes the cognitive convictions of high-end fashion with forms of actions taken by various actors involved in the fashion show. Entwistle and Rocamora observe London Fashion Week and write:

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<sup>57</sup> Peter L. Berger and Thomas Luckmann, *The Social Construction of Reality* (Doubleday 1967); John W. Meyer and Brian Rowan, *Institutional Organizations: Formal Structures as Myth and Ceremony*, 83 *American Journal of Sociology* 340, 341 (1977).

<sup>58</sup> Berger and Luckmann, *The Social Construction of Reality* at 54-55 (cited in note 57).

<sup>59</sup> Robert Wuthnow, et al, *Cultural Analysis* 39 (Routledge & Kegan Paul 1984).

“[t]he catwalk theater is a particularly visible realm where identities are created through very visible performances...” “...all players are both subject and object of the gaze in the game of visibility.”<sup>60</sup>

This, in turn, allows us to associate participant fashion houses with a class of high-end producers and create a social reality of what we believe to exist, a world of high fashion.

Thirdly, Fashion Week serves as a source of legitimacy for the fashion houses to introduce fashion innovations. Another version of institutional theory emphasizes that organizations conform to a set of institutionalized beliefs often because they are rewarded for doing so through increased legitimacy, resources, and survival capabilities.<sup>61</sup> To institutionalize is to cause an organization to change its structure in ways that make it conform to an institutional pattern.<sup>62</sup> Today, Fashion Week has become a gateway for fashion designers to present their new works and attain status as an innovator. Designers aim to make a Fashion Week debut and have their name included in the circle of prestigious fashion brands. But given the high entry barrier of the Fashion Week events due to the decision making process by the board, costs, and space, independent designers think that a Fashion Week debut is a dream that is unlikely to come true in their lifetime.<sup>63</sup>

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<sup>60</sup> Entwistle and Rocamora, 40 *Sociology* at 744 (cited in note 53).

<sup>61</sup> Paul J. Dimaggio and Walter W. Powell, *The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields*, 48 *American Sociological Review* 147 (1983).

<sup>62</sup> Scott, 32 *Administrative Science Quarterly* at 498 (cited in note 56).

<sup>63</sup> At the newspaper interview, one of the small designers who participated in New York Fashion Week said, "...[i]t is every designer's dream to be at the Fashion Week here in New York. I'm so happy and flattered that I was invited again. Not everybody gets this chance." See Molar Visaya, *Forne One's Amato Closes S/S 2015 New York Fashion Week* (Asian Journal, Sep 26,

The fast fashion brands further initiated their own Fashion Week outside or inside the mainstream Fashion Week calendar. The English fashion brand, Topshop, held their fashion show entitled “The Future of the Fashion Show” in the basement of the Tate Modern Museum in London in collaboration with Google.<sup>64</sup> The show was broadcast on the Topshop’s YouTube page and each model was equipped with a mini camera. The Swedish fast fashion retailer H&M had their Paris Fashion Week show in the gardens of the Musee Rodin in Paris.<sup>65</sup> This practice may well be understood as lower-fashion brands’ effort to gain the ‘value of art’ for their goods to create a cognitive connection of their brand in the high fashion world, and to acquire legitimacy as a producer of prestigious goods. These marketing efforts aim to promote the idea of ‘accessibility’ and ‘pervasiveness’ in opposition to high-end brands to broaden the range of customers and markets. Yet, by creating their own runway stage (although outside the main stream fashion week event), the brands intend to promote the aura of a luxury goods producer.

## **B. The Adoption of Trends**

How do we perceive newness in dress generated at Fashion Week events and ultimately adopt them? I trace this process of fashion trend adoption within the framework of diffusion theory, in the subfield of communication research. The problem diffusion studies identify is a difficulty in informing others about new ideas or practices and getting them adopted because adoption entails uncertainty for consumers who decide to adopt.<sup>66</sup> Rogers defines innovation as an “idea, practice,

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2014), archived at <http://asianjournal.com/aj-magazines/furne-ones-amato-closes-ss-2015-new-york-fashion-week/> (also on file with author).

<sup>64</sup> Charlie Byrne, *Topshop moves to Tate Modern* (The Times, Jan 17, 2014), archived at <http://www.thetimes.co.uk/tto/life/fashion/article3978166.ece> (also on file with author).

<sup>65</sup> Tina Isaac-Goizé, *H&M Puts Its Spin on 300 Years of Fashion Tina Isaac-Goizé's picture* (Vogue, Apr 6, 2016), archived at <http://www.vogue.com/article/caroline-de-maigret-bianca-brandolini-hm-paris-museum-party> (also on file with author).

<sup>66</sup> Rogers, *Diffusion of Innovations* at 1 (cited in note 15).

or object that is perceived as new by an individual or other unit of adoption.”<sup>67</sup> Uncertainty is the “degree to which a number of alternatives are perceived with respect to the occurrence of an event and the relative probabilities of these alternatives.”<sup>68</sup> It motivates an individual to seek further information about innovation in order to cope with the uncertainty. Information is a “difference in matter-energy that affects uncertainty in a situation where a choice exists among a set of alternatives.”<sup>69</sup> Brands become a medium through which information about fashion goods comes in and out, and ultimately affect consumers’ purchase decisions among alternatives by reducing uncertainty about the product. The information exchange about innovation occurs among communication agencies involved in the process. Adoption is viewed as a decision process throughout which potential adopters collect information regarding innovation.

The diffusion scholarship defines “diffusion” as a “process by which an innovation is communicated through certain channels over time among the members of a social system.”<sup>70</sup> When the public sees celebrities wearing designs from a particular brand or when designs are featured in influential fashion magazines like Vogue, diffusion happens by providing information to the public that such design features are trends now. I think the word “innovation” carries two dimensions in the fashion industry context. The conventional understanding of innovation is design as a material production while diffusion theory allows us to view innovation as design turning into a trend as an immaterial, social process. Clothing design, in a sense, is a container that captures the idea of trends. The role of trademark law lies in governing such information that

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<sup>67</sup> Id at 11.

<sup>68</sup> Id at 6.

<sup>69</sup> Id.

<sup>70</sup> Rogers, *Diffusion of Innovations* at 6 (cited in note 15).

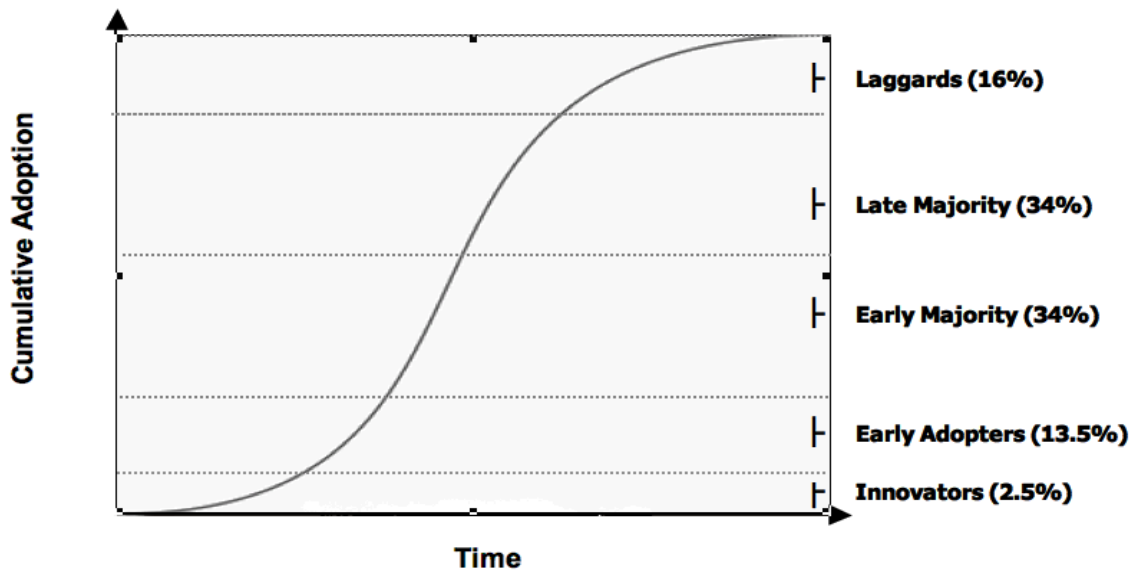
the goods of a prestigious brand carry, which may include desirability, exclusivity, uniqueness, or quality.

Research on the diffusion of innovations has been conducted independently across various disciplines. For example, rural sociologists investigated the diffusion of agricultural technology to farmers; educational researchers studied diffusion of new teaching methods among schools. The principal diffusion scholar Rogers argued that although these approaches to diffusion research are distinctive, each uncovered remarkably similar findings. Rogers defined “rate of adoption” as the “relative speed with which an innovation is adopted by members of a social system.”<sup>71</sup> When the number of individuals adopting an innovation is plotted on a cumulative frequency basis over time, the resulting distribution is an s-shaped curve though there is variation in the slope of the “s” from innovation to innovation as Figure 2 illustrates.

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<sup>71</sup> Id at 23.

Figure 2. S-Shaped Innovation Diffusion Curve<sup>72</sup>



At first, only a few adopt an innovation, and the diffusion scholarship includes innovators as one of the adopter categories since innovators themselves are the ones who choose to adopt the new idea. Soon the diffusion curve begins to climb as more and more individuals adopt the new idea. The trajectory of the rate of adoption begins to level off as fewer and fewer individuals remain who have not yet adopted. Finally, the s-shaped curve reaches its asymptote, and the diffusion process is finished.

Rogers divided adopters into five categories – innovators, early adopters, early majority, late majority, and laggards – on the basis of innovativeness. Innovativeness is “the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than other

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<sup>72</sup> Note that this s-shaped curve graph is a modification from Rogers’ work by Chantelle Garritty, et al, *Who’s Using PDAs? Estimates of PDA Use by Health Care Providers: A Systematic Review of Surveys*, 8 *Journal of Medical Internet Research* 1438 (2006). I used this graph because it incorporated adopter categories with the innovation diffusion curve. Rogers originally did not put the adopter category together with the innovation diffusion curve, but explained the category in a separate normal distribution graph, see Rogers, *Diffusion of Innovations* at 243 (cited in note 15).

members of a system.”<sup>73</sup> For Rogers, innovators are willing to experience new ideas and bring innovation. Early adopters, Rogers argues, hold leadership roles in the social system, which means other members come to them to get advice or information about the innovation. Rogers writes that early adopters “put their stamp of approval on a new idea by adopting it.”<sup>74</sup> Early majority, on the other hand, do not play the leadership role that early adopters play, but they have strong interpersonal networks to be informed of innovations.<sup>75</sup> The late majority adopts after most of their peers adopt the innovation. They tend to share skepticism about the innovation.<sup>76</sup> Rogers related laggards’ lack of awareness to limited resources; he claims laggards decide to adopt after observing that the innovation is successfully adopted by other members in the society.<sup>77</sup>

I apply Rogers’ diffusion of innovations concepts to identify the process of fashion innovation adoption in terms of an efficient and faster communication system. I argue that fashion innovation diffusion occurs around the institutionalized Fashion Week. As I showed in the above subchapter, Creation of Possible Trends, Fashion Week serves as an institutional venue in which participant designers and fashion companies acquire status as legitimate innovators and introduce their collections of clothing in expectation of being chosen to emerge as the next season’s trends. Fashion editors and buyers who participated in Fashion Week play an early adopter role. Early adopters are opinion leaders who are the “first to adopt and are willing

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<sup>73</sup> Rogers, *Diffusion of Innovations* at 22 (cited in note 15).

<sup>74</sup> *Id.* at 248-51.

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> Rogers, *Diffusion of Innovations* at 248-51 (cited in note 15).

to maintain their position by evaluating innovations for the others.”<sup>78</sup> Buyers are obviously the important opinion leaders; their choice of collections in the Fashion Week trade venue is displayed at the retail level to be adopted by the public audience. Fashion editors also play an influential opinion leader role.<sup>79</sup> Fashion magazines devote much of their editions to cover emerging trends from their business trips to Fashion Week events. Their choice of which pieces from which collections to exclude or include, whose collections, and in what manner, affects the rapid adoption by magazine readers. The degree of “opinion leadership” for major fashion magazines such as Vogue is particularly high. With a large number of subscribers, they influence “individuals’ attitudes or overt behavior informally in a desired way with relative frequency.”<sup>80</sup>

Editorials provide analysis of reigning trends from Fashion Week, referencing renowned designer brands and often also identifying their creative directors. The number of collection pieces presented in a show may be more than thousands. Among them, some styles distinctively overlap across brands. Fashion editors identify reigning trends from the collections and enlighten the public as to what is next season’s “big thing.”<sup>81</sup> Fashion magazine Allure claims, for example,

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<sup>78</sup> Tahir Ahmad Wani and Syed Wajid Ali, *Innovation Diffusion Theory: Review & Scope in the Study of Adoption of Smartphones in India*, 3 Journal of General Management Research 105 (2015).

<sup>79</sup> See *The September issue*, Video, directed by R.J. Cutler, (LA: Roadside Attractions, 2009). A documentary film, *The September Issue*, gains unprecedented access to the inner workings of the US Vogue, a prestigious fashion magazine. The Film reveals how the legendary Vogue editor-in-chief Anna Wintour and her team of editors making the September issue of the magazine. The Film informs us of Anna Wintour’s powerful influence over designers and fashion magazine in the selection of styles for the next season’s collection for Fashion Week shows.

<sup>80</sup> Rogers, *Diffusion of Innovations* at 27 (cited in note 15).

<sup>81</sup> See, for example Nikki Ogunnaike and Justine Carreon, *A Comprehensive Guide to Spring 2016 Fashion Trends* (Elle, Oct 7, 2015), archived at <http://www.elle.com/fashion/trend-reports/g26822/spring-2016-fashion-trends/> (also on file with author); Kerry Pieri, *Spring 2017 Trend Report: New York Fashion Week* (Harpersbazaar, Sept 20, 2016), archived at <http://www.harpersbazaar.com/spring-fashion/> (also on file with author).

that 2016 Spring trends are “Wearing heart on Your Chest” (Figure3),” “Tudor Style (Figure 4),” “Super Stripes (Figure 5),” “Dresses over Pants (Figure 6),” among others, by identifying repeated patterns of styles across brands from their collections.<sup>82</sup>

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<sup>82</sup> Kristen Bateman and Seunghee Suh, *A Guide to the Most Wearable Spring 2017 Fashion Trends* (Allure, Oct 5, 2016), archived at <http://www.allure.com/gallery/spring-2017-fashion-trends> (also on file with author).

**Figure 3. Wearing Heart on Your Chest: Rodarte, Gucci, Proenza Schouler (from left)**



**Figure 4. Tudor Style: J.W.Anderson, Burberry, Gucci (from left)**



**Figure 5. Super Stripes: Rosie Assoulin, Proenza Schouler, Ports 1961 (from left)**



**Figure 6. Dresses over Pants: Sportsmax, Rodarte, Derek Lam (from left)**



Once collections are released during Fashion Week, some designs in collections become an object of rampant copying, ranging from derivative/inspired works to identical copies by many layers of lower-end manufacturers or counterfeiters. Fashion magazines also contribute in proliferating collection designs with articles providing information on where one can get a cheaper version of fashionable clothing.<sup>83</sup> Figure 7 shows a fashion feature that introduces tapestry as the trend from the runway collections and then informs the reader of a way to participate in this trend of style on a budget with a price under \$200, displaying a range from high-end designer brand Tory Burch to fast fashion manufacturers Zara and Mango.

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<sup>83</sup> Lynn Yaeger, *The Ultimate Guide to Fall Fashion Shopping on a Budget* (Vogue, Sept 9, 2015), archived at <http://www.vogue.com/13332282/best-fall-fashion-trends-budget/> (also on file with author).

**Figure 7. Tapestry Style in the Runway (Top) and Alternative Items from the Lower-end Brands/Prices (bottom)**



*Zara* fringed scarf, \$70; *Topshop* premium geo jacquard flares, \$85; *Scotch & Soda* reversible jacket, \$199; *Tory Burch* printed cotton jersey long-sleeve T-shirt, \$125; *Joe Fresh* print pleat skirt, \$44; *Mango* floral print top, \$50 (from the top left to right then to bottom from right to left; emphasis added to brand names).

These Fashion Week inspired copies communicate to us which designs are fashionable.<sup>84</sup> The practice of rampant copying in the fashion industry plays a key role in that it allows innovators to rapidly proliferate their new styles or designs to the public. Copying enhances the “degree to which the results of an innovation are visible to others.” Rogers termed this as “observability,” and identified it one of the qualities that affect adoption rates.<sup>85</sup> The easier it is for individuals to see the results of an innovation, the more likely they are to adopt it.<sup>86</sup> A low level of copyright protection contributes to the distribution of trends, and yet the law is not capable of preserving early adopters’ interest to be the first to adopt trends, as well as to differentiate themselves from others participating in trends with copying works. In this context, I think the lower-end brands’ power to diffuse their products derives almost exclusively from the fact that their innovations follow common trends already in existence.

Once the designs inspired by Fashion Week collections reign in the market, the early majority adopts: these are usually trendsetters sensitive to the emerging trends, such as celebrities, fashion bloggers, fashion models, and stylists. Then the late majority and laggards adopt. The reign of the fashion week inspired innovations extends far to the second-hand clothing store. The manager at a Seattle thrift shop informed me how she and her merchandiser colleagues decide what clothing to buy when their customers come to sell used clothing:

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<sup>84</sup> Some argue that fast fashion brands democratize fashion for everyone to participate in trends at a less cost without having to buy high-end designer brands. See Liroy Choufan, *Fashion’s Democratic Disease* (BOF, March 25, 2013), archived at <https://www.businessoffashion.com/articles/opinion/op-ed-fashions-democratic-disease> (also on file with author) (citing Sarah Jessica Parker, a fashion icon celebrity: “I think it makes luxury available for people and I think that’s wonderful and very democratic.”).

<sup>85</sup> Rogers, *Diffusion of Innovations* at 16 (cited in note 15).

<sup>86</sup> *Id.*

“We look for styles that align with what we think is fashionable at the moment confirmed from our little field trip to department stores and/or fast fashion manufacturers. If clothes are from well-known brands, they still sell because of the brand name even though they are outdated season. We can see that the trend has gone through almost a full cycle by the time we buy those used-clothing.”<sup>87</sup>

My trend adoption model sheds lights on the fashion industry’s unique faster communication system. Communication channels themselves – e.g. fashion magazines, celebrities – simultaneously serve an innovation adopter role and further the rampant copying practice of the industry by promoting “observability” of the result of innovation to speed up the adoption rate. During the relatively short life cycle of innovation, such an organized communication system fosters the diffusion of innovation. Distinguished from the previous analysis, I treat innovations directly made by Fashion Week participants and Fashion Week inspired innovation differently. Innovator status must be *earned* through having their collections on the Fashion Week stage. Those designers or manufacturers who make Fashion Week inspired designs did not earn that status; they merely adopted innovations made by high-end fashion brands that presented their collections in a major Fashion Week show. The copycats play an adopter role helping trends become visible to the public more quickly and to be distributed with copied designs.

But if copying is around soon, how come originators of possible trends, that is, Fashion Week participants recoup their investment for their collections of new designs? What makes consumers want to buy goods from a more expensive designer brand than more affordable copies?

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<sup>87</sup> Jessica Abel (thrift store manager) in discussion with the author, September 2016.

Steve Madden produced its BTotally bag at the price of \$108, while its allegedly original design Falabella bag from the designer brand Stella McCartney costs at \$1,100 (Figure 8).

**Figure 8. Stella McCartney (left) and Steven Madden (right)<sup>88</sup>**



What difference does the famous Kelly bag (over \$8,000), which Hermes originally designed for Grace Kelly (a Queen of Monaco), make compared to other persuasive copies or parody bags (over \$40) (Figure 9)? Why would you choose sneakers from Gucci over Guess if they share almost identical look and feel (Figure 10)?

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<sup>88</sup> Lydia Dishman, *How Stella McCartney, Tory Burch, Hermes are fighting 'cheap knockoffs'* (Fortune, Oct 24, 2015, archived at <http://www.thefashionlaw.com/home/longchamp-sues-bed-bath-beyond-over-fake-handbags> (also on file with author).

Figure 9. Grace Kelly with Hermes Kelly Bag (left)<sup>89</sup> and Parody Bag from Jelly Kelly (right)<sup>90</sup>



Figure 10. Guess (left) and Gucci (right)<sup>91</sup>



<sup>89</sup> Jenny Mearns, *1950s Hangbags, Purses, and Evening Bag Styles* (Vintage Dancer), archived at <http://vintagedancer.com/1950s/1950s-handbags-purses-styles/> (also on file with author).

<sup>90</sup> See online shopping mall website archived at <http://www.nowcollection.my/product/bag-of-parody-jelly-kelly-pink/> (also on file with author).

<sup>91</sup> Chantal Fernandez, *Gucci Loses Trademark Infringement Case Against Guess in France* (Fashionista, Feb 2, 2015), archived at <http://fashionista.com/2012/05/guess-ordered-to-pay-4-7-million-to-gucci-in-trademark-infringement-case> (also on file with author).

In the following section of this chapter, I argue that it is the brand meaning that a set of branding effort attaches to clothing that makes products desirable and differentiates them from other similar products. The legal mechanism I intend to highlight throughout the dissertation is that trademark law is well suited to help, and it actually does help to maintain brand meanings created by the relatively established brands. The next subchapter elaborates a mechanism of how brands can operate as a vehicle to attach symbolic meanings to material goods, thus enabling us to express our social status (e.g. the rich or powerful), personality, or identity apart from others.

In subsequent chapters, I unfold how trademark law operates and protects the self-expressive side of goods. The current thriving fashion industry may be attributable to the combined role of copyright law and trademark law. Limited copyright protection for fashion design allows us to rapidly adopt trends with copying. Trademark law prevents the kind of copying that associate a consumer with a product source, which helps to preserve the innovators or early adopters' interest in differentiating themselves from others. Trademark law does not completely bar copying; it allows copying that does not indicate a product source. This, in turn, helps to distribute new fashion trends in line with copyright law, while keeping the early adopters' interest in signaling their leisure status. I argue that trademark law helps to maintain original designs' capacity to differentiate the wearer from others by protecting brand meaning for the established firms.<sup>92</sup>

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<sup>92</sup> Part two will cover in detail legal battles between originators and copyists that I previously mentioned through the examples provided in Figure 7 (Bag with stitched chains around), Figure 8 (Hermes Kelly bag parody), and Figure 9 (Sneakers), among other cases.

### 3. A Model of Product Diffusion

In the previous subchapter, I focused on a model of trend adoption reflected in features of fashion goods that tend to share a component of collective trends. I illustrated the emergence of trends identified by fashion magazines, such as “Wearing Heart on Your Chest,” “Tudor Style,” “Super Stripes,” “Dresses over Pants,” in Figures 2 through 5. These figures showed that each brand presented their own designs that came to share features with designs made by other brands. However, what makes people choose, for example, the Gucci version of Tudor style over Burberry? How can we distinguish ourselves as distinctive individuals while we participate in common trends? In this subchapter, I examine a model of product diffusion that reflects another feature of fashion goods, their use as a visible marker of self-expression either to signal wearer’s social status or identity. Drawing on the marketing scholarship, I argue that brands become a mechanism of diffusing products by making differences among other competing goods. Further, based on semiotics, I elaborate how difference is created via branding. This model complements a model of trend adoption in terms of providing explanation on how Fashion Week participants manage their identity as high-end fashion producers. The aim here is to provide a mechanism to explain what makes consumers choose one product over another when these products share many similar design features.

Marketing scholar Kornberger claims that the formula of a brand is “brand=functionality+meaning.”<sup>93</sup> Nike is performance (not just running shoes); Burberry is English classic (not just trench coat); Gucci is Italian luxury (not just handbag); Apple is

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<sup>93</sup> Martin Kornberger, *Brand Society* xii (Cambridge 2010).

innovation (not just electrical device) and so on.<sup>94</sup> Early marketing practice focused on the functionality of goods to appeal to consumers and based their marketing on the scientific facts and statistics.<sup>95</sup> Then marketing commentators began to understand that people relate to goods emotionally and unconsciously, and marketers attempted to attribute symbolic meaning to goods without changing their functionality.<sup>96</sup> Trademark law expanded from its initial purpose of protecting a mark to convey truthful information about the source, qualities, or characteristics of a product, towards including the symbolic meaning of products too.

Edward Barney, in the course of working to find a way to sell cigarettes and make women smoke, used the following strategy, as described by Kornberger: “He organized a group of women at the New York City Easter Day Parade to have cigarettes strapped to their legs; at a signal, they would all light up during the parade as a sign of resistance against a male-dominant society. The cigarette would become synonymous with an act of rebellion – it would be seen as a torch of freedom.”<sup>97</sup> Goods turn into a brand when they come to embody a symbolic dimension to represent a certain meaning. The soap manufacturer Ivory, for instance, branded its goods to represent purity and cleanliness to differentiate their more expensive Ivory Soap from other cheaper soap products: what consumers bought was not a bar of soap but the idea of purity.<sup>98</sup> Likewise, what draws the line between high fashion brands and non-high fashion brands is whether the fashion house has successfully acquired symbolic meaning via a brand so that consumers come to believe purchased goods carry the meaning within.

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<sup>94</sup> Kornberger, *Brand Society* at 13 (cited in note 93).

<sup>95</sup> *Id.* at 53-60.

<sup>96</sup> *Id.* at 6.

<sup>97</sup> *Id.*

<sup>98</sup> Kornberger, *Brand Society* at 16 (cited in note 93).

The symbolic meaning that a brand offers is critical for the high fashion brands to recoup the investment for their research, design, and manufacturing. In the age of close copying technology, high fashion brands have lost their first-to-market advantage because imitators can instantly capture images of collections with their cell-phones and reproduce the latest catwalk creations with a modicum of variations. In earlier days, imitators had to sneak in to the fashion show theater, sketch the styles from memory, and then send the sketches to the factory to reproduce designs. This time lag allowed high fashion houses to recoup the investment in production before copies become available in the market. Today, once the date is set for a Fashion Week show, high-end designers showcase their collections months before they go on sale, and the fast-fashion retailers can usually get runway inspired designs to the market much faster. In addition, the fast-fashion retailers such as H&M and Forever 21 have a faster cycle of design change, producing a new clothing line within two or three weeks. If it were not for branding, the meaning and value a brand offers to consumers, the high-fashion houses would likely witness a decline in sales in our current technological context.

People not only desire to be first in adopting new styles, but also want new styles to affiliate them with a leisure status. Trademark law is well suited to serve these innovators and early adopters' desire with its capacity to protect features of a product designating a source. Luxury brand products enable consumers to send messages to others about their power, wealth, and prestige compared to others who possess copied works. To take an example from Figure 2 of identified emergent trends, one may want to be first to adopt the style of "Wearing Heart on Your Chest," but she/he wears not just any heart. It is the Gucci heart, which will help the wearer to signal her/his leisure status as distinguished from others who also wear a heart on their chest.

## A. Brands as Diffusion Mechanism

Marketing scholars analyze brands with different perspectives and there is no single definition scholars and practitioners would agree on for what we mean by brands. In the early days, brands were narrowly understood as product features or an additional implement in management's toolbox.<sup>99</sup> Brands were considered to be a managerial tool for the individual organization to use to simply market its products and services. The brand, according to this view, is simply a logo, mark, slogan, advertisements, or one of the techniques or tactics used to promote a company's goods and services. Challenging and expanding this view, other scholars shift the focus from the product to understand brands in relation to the corporation. Scholars argue that, as the key strategic principle that organizes the corporation and its employees, brands affect the internal structuring of the organization. Brands force businesses to rethink and restructure around how they view themselves around brand identity.<sup>100</sup> Although these two streams of thoughts on brands differ in their understanding, they both focus on the organizational level to analyze what brands are. In extension of this view, I align with other marketing scholars to conceptualize brands as a tool to actively create and manage the identity of an organization. Brands are identities built and managed through language.<sup>101</sup> The brand and identity become mutually constitutive concepts.

Semiotics provides a useful conceptual tool to understand how brands create identity

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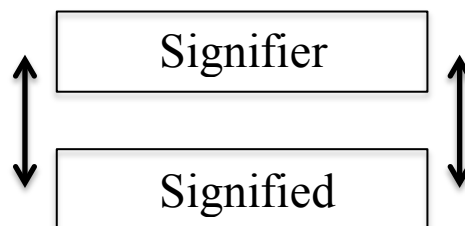
<sup>99</sup> David Aaker, *Building Strong Brands* (Free 1996).

<sup>100</sup> Majken Schultz and Mary Jo Hatch, *Taking Brand Initiative: How Companies Can Align Strategy, Culture, and Identity Through Corporate Branding* (Jossey-Bass 2008).

<sup>101</sup> For the broader understanding of brands, see generally Marcel Danesi, *Of Cigarettes, High Heels, and Other Interesting Things: An Introduction to Semiotics (Semaphores and Signs)* (Palgrave Macmillan 2008); Kornberger, *Brand Society* at 31 (cited in note 93); Celia Lury, *Brands: The Logos of the Global Economy* (Routledge 2004).

through language. I urge to think of brand identity as what semiotics describes as signs. A sign is defined by not ‘what is’ but, rather functionally, based on ‘what it does.’ One of the principal founders of semiotics, Charles Sanders Peirce (1839-1914) defined a sign as “something which stands to somebody for something in some respect or capacity.”<sup>102</sup> Another principal founder, the Swiss linguist Ferdinand de Saussure (1857-1913), writes that the sign is “the whole that results from the associating of the signifier with the signified.”<sup>103</sup> In the dyadic sign model, Saussure proposed that the sign is a “double-entity” formed by the relation between a “signifier” and the “signified,” as the Figure 11 illustrates.<sup>104</sup>

**Figure 11. The Saussurean Sign<sup>105</sup>**



Generally speaking, the signifier is the “perceptible form of the sign (e.g. the sound of a word, the visual appearance of a street sign).”<sup>106</sup> The signified consists of the particular mental idea for which the perceptible form stands. In the sign BOOK, for example, the sound or appearance of the word “book” (the signifier) typically stands for the concept of a book (the signified).<sup>107</sup> The sound “book” is not itself a “sign” of the concept of a book. Rather, the sound and the concept together form the sign. The relation between the sign’s signifier and its signified,

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<sup>102</sup> Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L Rev 621, 636 (2004).

<sup>103</sup> Beebe, 51 UCLA L Rev at 634 (cited in note 102).

<sup>104</sup> Id at 633.

<sup>105</sup> Id at 634.

<sup>106</sup> Id.

<sup>107</sup> Beebe, 51 UCLA L Rev at 633-34 (cited in note 102).

Saussure held, is “arbitrary,” meaning there is no natural connection between the concept and the sound or appearance of the word.<sup>108</sup> Saussure asserts that the signifier and signified form a structural relation of mutual interdependence; one cannot exist without the other.<sup>109</sup> In his famous passage, Saussure compares language to a sheet of paper:

thought is the front and the sound the back; one cannot cut the front without cutting the back at the same time; likewise in language, one can neither divide sound from thought nor thought from sound; the division could be accomplished only abstractedly, and the result would be either pure psychology or pure phonology. Linguistics then works in the borderland where the elements of sound and thought combine; their combination produces a form, not a substance.<sup>110</sup>

In emphasizing form rather than substance, Saussure argues, “there are no pre-existing ideas, and nothing is distinct before the appearance of language.”<sup>111</sup> Language and experience are mutually constitutive in that language forms every aspect of perceptual existence. Strictly speaking the relation between the signifier and signified is not one of “standing for,” but rather one of mutual linguistic construal.<sup>112</sup> All the world is articulated as and through language. Nothing is outside of the text.

Structuralists conceive of identity “not as something intrinsic, but rather as something depend entirely on extrinsic, oppositional relations, that is, on relations of differential value to

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<sup>108</sup> Id 634.

<sup>109</sup> Id at 635.

<sup>110</sup> Id.

<sup>111</sup> Beebe, 51 UCLA L Rev at 635 (cited in note 102).

<sup>112</sup> Id at 635.

other identities in a system.”<sup>113</sup> The value of any one element depends on the simultaneous coexistence of all the others. Value describes place-value, context, and situation: “Signs function...not through their intrinsic value but through their relative position.”<sup>114</sup> The meaning of book, for example, is not located in the thing itself. Rather, difference is more fundamental in the construction of meaning; that is, the meaning of book is based on non-books such as a piece of paper, journals, magazines, or newspapers.

In semiotic terms, the brand identity is a relational construct enacted in language. The brand meaning emerges out of the relation with other brands: Coca-cola is different from Pepsi; Seven-Up is non-cola; Apple is not IBM or Microsoft and so on. As a key point of this dissertation, I suggest that brand value be understood as a “commodity’s differential value as against all other commodities, and thus the commodity’s capacity to differentiate its consumer.”<sup>115</sup> Brands do not consist of single language (e.g. words, designs) but of complex stories.<sup>116</sup> Language is part of the grand narrative. Heilbrunn writes: “a brand acts as a narrative programme, which must promote a system of material and discursive differences so as to justify and legitimize its existence among other brands and so as to create consumers’ preferences.”<sup>117</sup> Because the brand consists of language, brand identity can be stable and change at the same time. The stability of brand identity is a temporary illusion. Identity is a fluid concept. The final meaning is always socially constructed by people through their interpretation of brands to contest

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<sup>113</sup> Id.

<sup>114</sup> Id at 640.

<sup>115</sup> Beebe, 51 UCLA L Rev at 643 (cited in note 102).

<sup>116</sup> Kornberger, *Brand Society* at 108 (cited in note 93).

<sup>117</sup> Id. See also, Roland Barthes, *The Fashion System* (University of California, 1983). Barthes took fashion as a field to study workings of language or sign. He analyzed the descriptions in the fashion magazines, Elle and Le Jardin des Modes, for the years 1958-59 through the semiology and showed how fashion, as a meaning people perceive, has changed.

and/or confirm to reach a mutual agreement on what the brands stand for. There are many fragmented identities and realities and the organization strives to achieve congruence between the identities viewed by the company and the perceived image by the public by lessening the gap between the two. The image is how people outside the organization perceive its brand identity, and it is likely to de-stabilize and challenge identity. Because brand identity emerges within the link between the self-identified identity and perceived image, identity lies in constant flux, Kornberger writes, “the brand becomes the arena in which those clashes occur, and at least temporary, resolved.”<sup>118</sup>

## **B. How Brands Operate on Our Lives**

The fine line between ‘reality’ and ‘appearance’ (how brands describe themselves through language) gets blurred as the organization successfully situates the brand in context and into one consistent narrative. Advertising stimulates the consumer to experience the story of the brand as opposed to the product. For example, the luxury jewelry company Tiffany’s advertising turns layers of rings into layers of love to show off. On its official website, the company displays many pictures of rings to choose from, and these words appear in the middle of the product options, “This one. Or that one? With so many sophisticated options, choosing more than one is often the only course. After all, love has many layers—and so does a modern stack.”<sup>119</sup> By targeting customers looking to buy rings as a gift, through these words Tiffany generates symbolic meaning that buying more than one ring and having them layered equates to show many layers of a purchaser’s love. The luxury car company BMW placed their car in the James

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<sup>118</sup> Id at 112.

<sup>119</sup> See Tiffany’s social media webpage on Facebook, archived at [http://www.tiffany.com/gift-guide?omcid=sm-us\\_facebook\\_owned\\_valentines+day&utm\\_medium=social\\_media&utm\\_source=facebook-owned&utm\\_campaign=us-valentines+day](http://www.tiffany.com/gift-guide?omcid=sm-us_facebook_owned_valentines+day&utm_medium=social_media&utm_source=facebook-owned&utm_campaign=us-valentines+day) (also on file with author).

Bond films to use as 007's vehicle of choice.<sup>120</sup> The English fashion brand Burberry featured a short musical film telling the tale of a young couple falling in love against a theatrical backdrop of London. In 1984, the technology company, Apple, launched a commercial during the Super Bowl which did not even show or describe the actual product it intended to promote, the Macintosh personal computer.<sup>121</sup> The commercial features images of mindless drones brainwashed by the tyrant on the screen. A girl runs into the screen and throws the sledgehammer, which then crawls up the screen to liberate the drones from the tyrant's speech. Apple, in this commercial, intended to portray itself as breaking through as a liberator and true innovator.<sup>122</sup> The commercial creates what it means for you to possess a Macintosh computer: you are not just another drone in the crowd but a unique and different being. From the brand point of view, products are vessels carrying a brand meaning, narrative, or story.

A powerful collection of brand stories is what consumers seek to buy today instead of a meaning-emptied commodity. Usually, high fashion houses are the ones who can deliver their own brand story from their history: It is the founder designer Coco Chanel's legacy that adds value to the brand Chanel in freeing woman's body from physically restrictive dress back in the day; Dior's value is significantly rooted in the founder designer Christian Dior's accomplishment in reviving the feminine shape after World War II. But this does not imply that a fashion house must wait ten to a hundred years to attain actual history or to make a legacy to grow to become a high fashion house. This is because the nature of a brand is not about "capturing a timeless

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<sup>120</sup> Kornberger, *Brand Society* at 109 (cited in note 93).

<sup>121</sup> *Apple 1984 Super Bowl Commercial Introducing Macintosh Computer* (Youtube, Oct 08, 2011), archived at <https://www.youtube.com/watch?v=2zfqw8nhUwA> (also on file with author).

<sup>122</sup> *The Real Story Behind Apple's Famous '1984' Super Bowl Ad Computer* (Youtube, Dec 3, 2014), archived at <https://www.youtube.com/watch?v=PsjMmAqmbIQ> (also on file with author).

essence,” but about creating one and gradually “grow[ing] it to be a reality.”<sup>123</sup> As Saussure rejected a notion that “ready-made ideas exist before words,”<sup>124</sup> brands as a form of language can create and manage reality through signifiers such as names, logos, slogans, and advertisement.<sup>125</sup> Take the relatively young (compared to a hundred year old European luxury brands) American high-end fashion house, Ralph Lauren, for example. Over forty years, the company has nurtured its brand to embody a prestigious image in modeling clothing styles imagined as worn at America's Ivy League colleges. The founder designer Ralph Lauren created a dream of living an upscale, elite life in its iconic preppy look. The flagship store in Manhattan, the Rhineland Mansion, seeks to provide an actual experience that is coherent with their brand through the customer's shopping experience in their themed interior and décor in accordance with its brand identity.<sup>126</sup>

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<sup>123</sup> Kornberger, *Brand Society* at 102-104 (cited in note 93).

<sup>124</sup> Beebe, 51 *UCLA L Rev* at 635 (cited in note 101).

<sup>125</sup> Kornberger, *Brand Society* at 87-114 (cited in note 93).

<sup>126</sup> Stephanie Clifford, *At Polo Store, the Feel of a Mansion to Bolster a Brand* (NY Times, Oct 13, 2010), archived at <http://www.nytimes.com/2010/10/14/business/14polo.html> (also on file with author).

Figure 12. Ralph Lauren's Iconic Preppy Look (left)<sup>127</sup> and the Interior of the Flagship Store, New York City (right)<sup>128</sup>



This is the performing power of brands in our life. The brand identity (appearance) becomes reality (essence) because people perform the brand as it describes and enact it in every speech and every interaction. It creates what it is imagined to describe.

Today, luxury businesses increasingly claim their brands to be a lifestyle brand, expanding their production line beyond their original focus of apparel. Many luxury apparel brands expanded into fragrances (starting in 1930s); jewelry, watches, and home products (early 2000s); and in the last few years, the luxury business expanded to open restaurants, hotels, and

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<sup>127</sup> *Polo Ralph Lauren Spring/Summer 2013 Campaign* (The Wild Swans, Feb 28, 2013), archived at <http://www.thewild-swans.com/fashion/polo-ralph-lauren-springsummer-2013-campaign/> (also on file with author).

<sup>128</sup> *Ralph Lauren Through the Years* (NY Times, Sept 29, 2015), archived at <http://www.nytimes.com/interactive/2015/09/29/business/Ralph-Lauren-career.html> (also on file with author).

cafés.<sup>129</sup> With a notion of lifestyle, brands provide a dominant blueprint that shapes the way we live our lives.<sup>130</sup> Lifestyle is said to offer a growth opportunity beyond a traditional sales category. By depicting a luxury lifestyle consistently across multiple communication channels, including, not only fashion magazines but also social media, language weaves products into one grand narrative by association with a luxury lifestyle. Figure 13 is a “Core Values” campaign of the Louis Vuitton brand in its effort to place its products in slightly broader contexts sending a lifestyle message regarding travel.

**Figure 13. Selected Ads from the Core Value Campaign by Louis Vuitton<sup>131</sup>**



Larisa Latynina and Michael Phelps

<sup>129</sup> Linda Dauriz and Thomas Tochtermann, *Luxury lifestyle: Beyond the buzzwords* (McKinsey & Company Article, March 2013), archived at <http://www.mckinsey.com/industries/retail/our-insights/luxury-lifestyle-beyond-the-buzzwords> (also on file with author).

<sup>130</sup> Kornberger, *Brand Society* at xiv (cited in note 93).

<sup>131</sup> Louis Vuitton social media website (Facebook), archived at <https://www.facebook.com/ILVOELV/photos/a.10151120463123028.468116.76210553027/10151120469133028/?type=3&theater> (also on file with author).



Angelina Jolie



Francis Ford Coppola and Sofia Coppola

On Louis Vuitton's Facebook page, the description about this campaign goes as follows:

Travel is a fundamental and defining value of Louis Vuitton's more than 150-year heritage. The Core Values campaign was launched in 2007 as a long-term restatement of Louis Vuitton's legacy as the pioneer of the Art of Travel. Travel is much more than the physical act of going from one place to another or the discovery of a new destination. Travel is an emotional experience, a process of self-discovery. We all have the potential to accomplish our own personal journeys. Louis Vuitton has a long tradition of associations with exceptional people. Naturally, the Core Values campaign features personalities of truly global stature ranging in professions and backgrounds. Above and beyond their celebrity status, they are individuals who are widely recognized to have lived full and interesting lives – people who have accomplished personal journeys of their own.<sup>132</sup>

As the brand offers experiences and meaning beyond utilitarian products, over time, it affects our mental maps of the world and informs our actions. Appearance effectively becomes the reality we believe to exist. The executives of luxury brands are aware of the risk of brand dilution in expanding their brand name to new product categories and customer base. Marketing experts advise brands to remain tied to their brand identity to successfully offer a broad spectrum of products and experiences. The brand exercises power in that the language it deploys creates identity, and with it we enact our life and constitute our world. The question for law is, thus, how the law governs the language of brands that create and manage their identity. I turn to case law analysis to demonstrate how trademark law intervenes in brand identity construction by controlling language and our interpretations of brand meaning. Before I move on, however, I

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<sup>132</sup> Louis Vuitton social media webpage (Facebook), archived at [https://www.facebook.com/pg/ILVOELV/photos/?tab=album&album\\_id=10151120463123028](https://www.facebook.com/pg/ILVOELV/photos/?tab=album&album_id=10151120463123028) (also on file with author).

would like to touch briefly on the luxury brand design process through the case of Dior to offer reflections on the link between brands and innovation, and particularly for the purpose of this dissertation, fashion innovation.

### **C. Brands and Fashion Innovation**

Brand identity may operate as a critical source of innovation for high-end fashion producers. *Dior and I*,<sup>133</sup> a documentary film, provides the opportunity to observe the prestigious French fashion house Dior's Fashion Week preparation process. Basically, the film reveals that designers create collections strictly upon how they reinterpret their brand identity as Dior. The newly appointed creative director Raf Simon takes a considerable amount of time to understand the legacy of the company Dior passed down to generations of creative directors since the founder designer Christian Dior. He reviews previous Dior collections to read and find out what Dior employees see as the Dior "code."<sup>134</sup> Simon also visits Christian Dior's house to get a better understanding of the founder designer. The efforts to reinterpret Dior's identity and reinvent designs are based strictly upon his interpretation of the Dior brand. As a creative director, and a visionary of the company, Simon exercises his full autonomy to create a contemporary version of the Dior look, which will be manifested through his collections. And yet, his creativity is bound to Dior's brand identity, which the company claims to bring "something new to every season" with "its vision through elegant, structured, and infinitely feminine collections."<sup>135</sup> In fact, a fashion critic in the film interview says that the appointment of Simon as the visionary of Dior

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<sup>133</sup> *Dior and I*, Video, directed by Frederic Tcheng (Paris: CIM Production, 2015). The film features pressures of the new Creative Director of Dior, Raf Simon, in the process of creating collection for his first Haute Couture show with dedication of group of collaborators including talented artisans in the fashion house.

<sup>134</sup> But the employees do not define the word "code" when they used it.

<sup>135</sup> See Identity (LVMH), archived at <https://www.lvmh.com/houses/fashion-leather-goods/christian-dior/> (also on file with author).

was a surprise to the industry because he was known as a minimalist whose design philosophy would reduce clothing design to its necessary elements.<sup>136</sup> However, his collections demonstrate that his design is all about reinventing Dior’s iconic New Look that focuses on a female curvy body shape accentuating the waist, the volume of the hips, emphasizing the bust.<sup>137</sup> In addition to the collections themselves, the models should also best represent the spirit of Dior in the runway show. The film reveals behind-scenes of model casting: judges happily comment on a female model that she looks like ‘Miss Dior,’ – who seems to exist in their imagination – and she gets the casting vote for the show. Indeed, the film lends the insight that company identity precedes clothing design in the course of making fashion.

Dior is not the only prestigious fashion house proclaiming their identity as a creator who constantly invents designs upon the basis of their heritage. Many other prestigious fashion houses do the same: Louis Vuitton is a “spirit of adventure” “expressed through its unique heritage, values, and rigorous spirit of innovation and ingenuity;”<sup>138</sup> Bulgari says by “nurturing its hallmarks, it invents new ways to express its creativity;”<sup>139</sup> Gucci is “about reinventing a wholly modern approach to fashion,” emphasizing the “eclectic, contemporary, romantic,” or

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<sup>136</sup> The interviewee did not provide the meaning of ‘minimalist’ when she said the word. Minimalism is a philosophy of dressing that has endured for decades, and we may understand it in general that the clothing style is reduced to its necessary elements.

Raf Simon was a designer at Jil Sander, a fashion house known for its minimalism designs and Simon himself was considered to be a minimalist.

<sup>137</sup> See *The New Look, A Legend (LA MAISON DIOR)*, archived at [http://www.dior.com/couture/en\\_us/the-house-of-dior/the-story-of-dior/the-new-look-revolution](http://www.dior.com/couture/en_us/the-house-of-dior/the-story-of-dior/the-new-look-revolution) (also on file with author).

<sup>138</sup> See *Identity (LVMH)*, archived at <https://www.lvmh.com/houses/fashion-leather-goods/louis-vuitton/> (also on file with author).

<sup>139</sup> See *Identity (LVMH)*, archived at <https://www.lvmh.com/houses/watches-jewelry/bulgari/>.

“Italian craftsmanship.”<sup>140</sup> The implication is that the prestigious fashion houses create designs based on how they view or define their brand identity. Designs constantly change and get reinvented every other season; brand identity stays through time. Brand identity becomes a source of guidance and simultaneously a limit for a prestigious fashion house in its course of creating new designs. The high fashion houses seem to generate brand-identity-driven design creation: the brand identity precedes design and governs the whole process of designing. Figure 14 shows variations of Dior’s iconic New Look by Simon in the Paris Couture Haute Week in 2012 and the original New Look by Christian Dior in 1947. The pieces well demonstrate the brand-identity-driven designing practice of the high fashion brand.

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<sup>140</sup> See About Gucci (GUCCI) archived at <https://www.gucci.com/us/en/st/about-gucci> (also on file with author).

Figure 14. Christian Dior's Iconic New Look (far left)<sup>141</sup> and Variations by Raf Simon<sup>142</sup>



Moreover, marketing scholarship seems to support this real world observation with the explanation that how the organization defines its brand identity affects the way it derives design creation.<sup>143</sup>

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<sup>141</sup> The New Look, A Legend (LA MAISON DIOR), archived at [http://www.dior.com/couture/en\\_us/the-house-of-dior/the-story-of-dior/the-new-look-revolution](http://www.dior.com/couture/en_us/the-house-of-dior/the-story-of-dior/the-new-look-revolution) (also on file with author).

<sup>142</sup> Tim Blanks, *FALL 2012 COUTURE Christian Dior* (Vogue, July 1, 2012), archived at <http://www.vogue.com/fashion-shows/fall-2012-couture/christian-dior/slideshow/collection> (also on file with author).

<sup>143</sup> Celia Lury, *Brands: The Logos of the Global Economy* (Routledge 2004).

## PART II

Part Two demonstrates how trademark law is capable of protecting designs that consumers associate with a design producer while allowing the free copying of designs that do not designate any source or origin of the product. Copyright law does not offer protection for designs unless they are conceptually separable from the useful article to qualify as a work of art. However, designs that fall outside the scope of copyright protection may be eligible for trademark protection upon the showing that the design indicates source. Throughout Chapter Five and Six, I provide specific examples of design features protected under trademark law, which would have not qualified for legal protection under copyright law. As a caveat to trademark protection, the aesthetic functionality doctrine exists to balance competitors' interest in using basic design elements to create their own works and thus to keep free and fair competition in the market. If designs are found to be "functional,"<sup>144</sup> that is, contributing to utilitarian purpose of the object, then even if they have acquired secondary meaning, the designs belong to the public domain for subsequent users to use and appropriate from for their creative works.

Both copyright law and trademark law attempt to avoid granting monopoly rights over utilitarian function. Then why does the analysis differ? This may be in part due to the fact that there is a fundamental distinction between copyrights and trademarks as a matter of policy.<sup>145</sup>

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<sup>144</sup> The definition of the term "functionality" and the uncertainty problem of its meaning will be discussed in detail in chapter five of Part Two.

<sup>145</sup> Also note that the Supreme Court in *TrafFix* made it clear that duplicate protection does not exist with a utility patent and trade dress. The Court writes, "[a] utility patent is strong evidence that the features therein claimed [for trade dress protection] are functional... [thus] one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional [to be trade dress protected]." See *TrafFix Devices, Inc., v Marketing Displays, Inc.*, 532 US 23, 29-30 (2001).

Copyright law has a constitutional basis under a specific grant of power in the Constitution to “promote the progress of science and the useful arts.”<sup>146</sup> Trademark protection, however, is not concerned with the development of new technology or skills, but rather focuses on the protection of identifying symbols and consumer confusion about the origin of products. The Supreme Court in the *Trade-Mark Cases* rejected the idea of a Constitutional basis for trademark protection under the Copyright Clause.<sup>147</sup> The Court held that Congress has power over trademarks only under its Constitutional power to regulate commerce with foreign nations, among the States, and with Native American Tribes.<sup>148</sup> Given the fundamental differences between copyright law and trademark law, the Supreme Court in *Sony* writes that the Court does not look to the standard set forth in trademark cases in a copyright case.<sup>149</sup> The Court writes: “[I]n this copyright case we do not look to the standard for contributory infringement set forth in [Ives Laboratories], which was crafted for application in trademark cases.”

In Chapter Five, *How Trademark Law Has Expanded to Protect Iconic Designs of a Brand*, I intend to show how the secondary meaning requirement offers a competitive legal advantage for the established brands to control their iconic designs. I also illuminate that the courts reject or limit the use of aesthetic functionality by preventing a wide interpretation to find the existence of aesthetic functionality.

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<sup>146</sup> US Const Art 1, § 8, cl 8.

<sup>147</sup> *Trade-Mark Cases*, 100 US 82, 94(1879).

<sup>148</sup> US Const Art 1, § 8, cl 3.

<sup>149</sup> *Sony Corp. of America v Universal City Studios, Inc.*, 464 US 417 (1984) (“We have consistently rejected the proposition that a similar kinship exists between copyright law and trademark law.”).

Before I examine the role of trademark law, I begin with looking at, as the title suggests, *How Copyright Law Offers Limited Protection for Fashion Design* in Chapter Four. In the eyes of copyright law, fashion goods are defined as a “useful article” that is deemed to serve an utilitarian function. The Copyright Act protects only literary, artistic, or musical expressions and utilitarian function is deferential to patent law.<sup>150</sup> The useful article rule puts fashion goods into a non-protectable subject matter category under the domain of copyright law. However, copyright law does not completely bar protection of designs on fashion goods. If a design feature can “independently exist” and is “conceptually separable” from the utilitarian aspect of a useful article, then the design feature, though not the whole article is copyrightable.<sup>151</sup> To draw the line between protectable designs from the useful article, the courts apply a conceptual separability test. To understand this test, I introduce the recently released Supreme Court case *Star Athletica, LLC v. Varsity Brands, Inc.*, which attempts to resolve the inconsistency of the conceptual separability test applied by the circuit courts.<sup>152</sup> I analyze the case and identify the tests that have been applied at lower-level courts that the Supreme Court negated and also predict the effect of the Supreme Court decision on the fashion industry. The gap will be revealed between copyright law’s understanding of fashion goods as serving purely utilitarian function and the real-world operation of fashion goods as goods with social meaning, as I have elaborated through Part One.

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<sup>150</sup> 17 USC § 101 (1976). The Copyright Act defines useful article as an “article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.”

<sup>151</sup> 17 USC § 101.

<sup>152</sup> 137 S Ct 1002 (2017).

## 4. How Copyright Law Offers Limited Protection for Fashion Design

### A. The Useful Article Rule Renders Fashion Design Not Copyrightable

American copyright law is predominantly based on the utilitarian purpose to promote social benefit by conferring a reward upon authors.<sup>153</sup> The Constitution grants Congress the power to enact copyright laws in order to “promote the Progress of Science and useful Arts.”<sup>154</sup> In *Mazer v Stein*,<sup>155</sup> Justice Stevens commented, “the limited grant [of monopoly upon creative works] is a means by which an important public purpose may be achieved.”<sup>156</sup> It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of this genius after the limited period of exclusive control has expired. In *Twentieth Music Corp. v. Aiken*,<sup>157</sup> Justice Stewart also described the ultimate goal of the Copyright Act is to “stimulate artistic creativity for the general public good” through its immediate effect “to secure a fair return to an author’s creative labor.”<sup>158</sup> Thus, copyright law strives to achieve an optimal balance between keeping incentives for creators to engage in creative endeavors and securing use and dissemination of such works for the public to benefit from them.<sup>159</sup>

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<sup>153</sup> But see Alfred Yen, *Restoring the Natural Law: Copyright as Labor and Possession*, 51 Ohio St L J 517 (1990) (tracing roots of natural law in American copyright law); Justin Huges, *The Philosophy of Intellectual Property*, 77 Goe L J 287, 350–53 (suggesting personhood justification).

<sup>154</sup> US Const Art I, § 8, cl 8.

<sup>155</sup> 347 US 201 (1954).

<sup>156</sup> *Mazer*, 347 US at 219.

<sup>157</sup> 422 US 151 (1975).

<sup>158</sup> *Twentieth Music Corp*, 422 US at 156.

<sup>159</sup> Robert P. Merges, Peter S. Menell, and Mark A. Lemley, *Intellectual Property in the New Technological Age* 437 (Wolters Kluwer 6th ed 2012).

The threshold for copyright protection is that the work should be original and fixed in a tangible medium.<sup>160</sup> The standard of originality is not novelty, ingenuity, or aesthetic merit.<sup>161</sup> Rather, if the work is an independent creation that reflects a modicum of creativity not copied from another source, it is an original work.<sup>162</sup> The fixation requirement is satisfied when the work’s embodiment in a “copy” or “phonorecord” by or under the authority of the author and sufficiently communicated for a period of more than transitory duration.”<sup>163</sup>

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<sup>160</sup> 17 USC § 102(a) (“Copyright protection subsists...in “original works of authorship fixed in any tangible medium of expression, now or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device...””).

<sup>161</sup> See *Bleistein v Donaldson Lithographing Co.*, 188 US 239, 251–52 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.”).

<sup>162</sup> There is an important distinction between patent and copyright law in understanding ‘independent creation.’ See *Alfred Bell & Co. v Catalda Fine Arts, Inc.*, 191 F 2d 99, 103 (2d Cir 1951) (“The alleged inventor is chargeable with full knowledge of all the prior art, although in fact he may be utterly ignorant of it. The “author” is entitled to a copyright if he independently contrived a work completely identical with what went before; similarly, although he obtains a valid copyright, he has no right to prevent another from publishing a work identical with his, if not copied from his.”) See also *Sheldon v Metro-Goldwyn Pictures Corp.*, 81 F 2d 49, 54 (2d Cir 1936) (“If by some magic a man who had never know it were to compose anew Keats’ Ode on a Grecian Urn, he would be an “author” and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats’.”). But see *Fiest Publications v Rural Telephone Service*, 499 US 340 (1991) (holding that facts contained in a telephone book such as names, addresses, telephone numbers are not copyrightable as the mechanical arrangement does not require creativity).

<sup>163</sup> 17 USC § 101 (“Copies” are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed”); (“Phonorecords” are material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “phonorecords” includes the material object in which the sounds are first fixed).

Copyright law protects literary, musical, and artistic expression as its own subject matter, not its ideas, concepts, or discovery.<sup>164</sup> Copyright law protects the expression of ideas; patent law protects the utilization of ideas. American law does not protect ideas themselves. The idea-expression dichotomy in copyright law was developed in the case of *Baker v Selden*.<sup>165</sup> Selden argued that Baker's use of his particular book-keeping system that Selden described in his book infringed Selden's copyright. The Court held that "[t]he copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book."<sup>166</sup> The Court does not deny copyright over Selden's book, which is the way he expressed his idea. The Court ruled, however, that a copyright on the book does not prevent Baker's use of the forms because that would in effect create a monopoly over the accounting system in question.

Copyright law protects expression not utility. In particular, the Copyright Act does not protect so-called useful articles as a whole. The Act defines a useful article as an "article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information."<sup>167</sup> Examples of useful articles include an "airplane, ladies' dress, food processor, television set, or any other industrial product" according to the House of

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<sup>164</sup> 17 USC § 102(a) (listing eight categories of protectable works of authorship as "(1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural; works; (6) motion pictures and other audiovisual works; (7) sound recordings; and (8) architectural works"); 17 USC § 102(b) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.").

<sup>165</sup> *Baker v Selden*, 101 US 99 (1879).

<sup>166</sup> *Baker*, 101 US at 103.

<sup>167</sup> 17 USC § 101.

Representatives Report accompanying the 1976 Act.<sup>168</sup> Although useful articles as a whole do not receive copyright protection, artistic expression upon the useful article may qualify for copyright protection. The line between useful article (unprotectable) and artistic expression (protectable) is drawn by the conceptual separability test. The lower courts have used a variety of tests based on the statutory language that says: “the design of a useful article...shall be considered a pictorial, graphic, or sculptural work 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.”<sup>169</sup>

In early days, some courts viewed the separability test narrowly, requiring that artistic elements be physically separable from the utilitarian article.<sup>170</sup> A design element is considered to be physically separable from the useful article “if it can stand alone from the article as a whole and if such separation does not impair the utility of the article.”<sup>171</sup> But the House Report on the 1976 Act opened the door to a broader view by “indicating that not only physically separable features, but also “conceptually separable features could qualify for protection.”<sup>172</sup> Since then, most courts have accepted conceptual as well as physical separability as a ground for protection.<sup>173</sup> The notion of conceptual separability exists to protect work of authorship, for example, “pictorial, graphic, and sculptural works,” one of the protectable categories that the

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<sup>168</sup> *Committee on the Judiciary*, HR Rep No 94–1476, 94th Cong, 2d Sess 55 (1976).

<sup>169</sup> 17 USC § 101.

<sup>170</sup> *Esquire, Inc. v Ringer*, 591 F 2d 796, 803-04 (DC Cir 1978) (finding that the overall shape of an outdoor lighting fixture was not copyrightable because it was not physically separable from the lighting fixture itself. But see *Mazer*, 347 US 201 (finding that the statue used to embellish the lamp is copyrightable applied art).

<sup>171</sup> Merges, Menell, and Lemley, *Intellectual Property in the New Technological Age* at 490 (cited in note 159).

<sup>172</sup> Paul Goldstein, *Goldstein on Copyright* § 2:74 (Wolters Kluwer 3d ed 2016).

<sup>173</sup> See, for example, *id* at § 2:74 n 113.

copyright law intends to protect.<sup>174</sup> The Act further writes that pictorial, graphic, and sculptural works “shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned.”<sup>175</sup>

## **B. When Does A Design Become a Copyrightable Work of Art?**

The conceptual separability test is not straightforward. Courts have applied various inconsistent approaches. To resolve the disagreement over the proper test for implementing the separability inquiry, the Supreme Court recently released its decision in *Star Athletica, LLC v. Varsity Brands, Inc.*,<sup>176</sup> and addressed how Section 101’s separability requirements should be interpreted. The article of clothing at issue was the cheerleading uniform and the issue in *Star Athletica* was whether some design elements (stripes, chevrons and color blocks) on the cheerleading uniforms are copyrightable (Figure 15).

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<sup>174</sup> 17 USC § 101 (“Pictorial, graphic, and sculptural works include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans...”).

<sup>175</sup> 17 USC § 101.

<sup>176</sup> 137 S Ct 1002 (2017).

**Figure 15. Designs Registered by Varsity Brands with the Copyright Office<sup>177</sup>**



At the appellate level, the Sixth Circuit majority opinion viewed the utilitarian function of cheerleading uniforms is to “cover the body, wick away moisture, withstand the rigors of athletic movements.”<sup>178</sup> Following their determination on the utility part of the conceptual separability analysis, the majority went on to hold that the design elements do not enhance or contribute to the function of cheerleading uniforms, and hence are conceptually separable and eligible for copyright protection.<sup>179</sup> The dissenting opinion, however, framed the utility part of their analysis for the cheerleading uniforms as serving to “identify cheerleaders” in their team, and that certain design elements serve this function, so they cannot be conceptually separable, and are thus not copyrightable.<sup>180</sup>

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<sup>177</sup> Stephen Carlisle, *Gimme a “©”! A Court’s Conclusion on Cheerleader Clothing Copyright* (Nova Southeastern University, August 28, 2015), archived at <http://copyright.nova.edu/cheerleader-clothing/> (also on file with author).

<sup>178</sup> *Varsity Brands, Inc. v Star Athletica, LLC*, 799 F 3d 468, 491 (6th Cir 2015).

<sup>179</sup> *Id.*

<sup>180</sup> *Id.* at 493 (McKeague dissenting).

The Sixth Circuit’s analysis demonstrates the importance of framing the utilitarian function of garments in deciding conceptual separability.<sup>181</sup> If we frame the utility of garments in terms of its social meaning, the chances for designs to be copyrightable decrease because the design feature of the article is evaluated to enhance that function and thus, not conceptually separable. Furthermore, it could be a very subjective test. One legal commentator expressed the concern as: “social meaning changes over time, and is different from culture to culture, that how we define social meaning remains to be far more subjective test than the counter-approach taking fashion goods strictly in a utilitarian sense.”<sup>182</sup> On the other hand, if we frame the utility of garments by solely focusing on their practical functionality, then the design elements will likely receive broader protection since the design can be said to serve an ornamental function separate from the useful function.

The Supreme Court held that Respondent Varsity Brands’ design features on cheerleading uniforms are valid copyrightable subject matter that meets the conceptual separability requirements. As an initial matter, the Court addressed whether separability analysis was necessary in this case.<sup>183</sup> Varsity Brands claimed that the surface decorations in this case are

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<sup>181</sup> Previous lower court decisions are also based on separability. See also *Chosun Intern., Inc. v Chrisha Ceations, Ltd.*, 2004 WL 962906 (SDNY) (“Chosun I”) (concluding that the utilitarian function of Halloween costume is to “allowing the wearer to pretend to be something else”); *Chosun Intern., Inc. v Chrisha Ceations*, 413 F 3d 324 (2d Cir 2005) (“Chosun II”) (concluding that a costume’s utilitarian function as ‘clothing’ to the contrary of the district court’s view as a device with which to masquerade). See also *Jovani Fashion, Ltd. v Fiesta Fashions*, 2012 WL 4856412 (2d Cir) (viewing prom dresses as serving both a clothing function and decorative function and that these two functions cannot be detached).

<sup>182</sup> Robert Welsh and Chad Rutkowski, *How Will the Supreme Court Function With the Varsity Brands Test?* (Copyright, Content, and Platforms Baker Hostetler, May 6, 2016), archived at <https://www.copyrightcontentplatforms.com/2016/05/how-will-the-supreme-court-function-with-the-varsity-brands-test/> (also on file with author).

<sup>183</sup> *Star Athletica*, 137 S Ct at 1006.

two-dimensional works that appear *on* useful articles, but are not *of* useful articles. Therefore, they argued, there is no need to apply the separability test. William Patry supports this argument in his treatise on copyright law, but the Court rejected Patry’s opinion and the respondents’ underlying claim that relied on Patry’s argument.<sup>184</sup> The Court’s test seems to direct a focus away from the importance of framing the utilitarian function of garments to focus on the design features themselves as to whether they qualify as an artistic expression. The Court defines the conceptual separability test as the following:

A feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two-or three-dimensional work of art separate from the useful article, and (2) would qualify as a protectable pictorial, graphic, or sculptural work – either on its own or fixed in some other tangible medium of expression – if it were imaged separately from the useful article into which it is incorporated.<sup>185</sup>

For the (1) separate-identification requirement, the Court’s instructions were to “look at the useful article and spot some two or three dimensional element that appears to have pictorial, graphic, or sculptural qualities.”<sup>186</sup> For the (2) independent-existence requirement, the Court instructs decision makers to examine whether the “separately identified feature has the capacity to exist apart from the utilitarian aspects of the article.”<sup>187</sup> The Court elaborated that to qualify as an art of work, the feature cannot itself be a useful article or part of a useful article, nor could

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<sup>184</sup> Id at 1010.

<sup>185</sup> Id at 1011.

<sup>186</sup> *Star Athletica*, 137 S Ct at 1010.

<sup>187</sup> Id.

someone claim a copyright merely by creating a replica of that article in some other medium like a cardboard model of a car.<sup>188</sup>

The Court further applied this test to surface decorations at issue on the cheerleading uniforms and concluded that separability is “straightforward.”<sup>189</sup> The Court states:

“First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium – for example, on a painter’s canvas – they would qualify as two-dimensional...works of ...art. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself.”

Star Athletica and Justice Breyer in dissent argued that “the designs are not separable because imaginatively removing them from the uniforms and placing them in some other

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<sup>188</sup> *Id.*

<sup>189</sup> The Court writes that a separability inquiry is “not a free-ranging search for the best copyright policy, but rather “depends solely on statutory interpretation.” The Court claims that their interpretation to grant copyright protection to works of art of useful articles is supported by the statute as a whole, especially in the two provisions of the Copyright Act, § 113(a) (protecting “a work of art first fixed in some tangible medium other than a useful article and subsequently applied to a useful article”) and § 101 (protecting “art first fixed in the medium of a useful article”). The Court also supports their claim through relying on the history of the Copyright Act (that Congress eliminated the old “fine arts” requirement in 1901 Act; the Supreme Court in *Mazer v Stein*, 347 US 201 (1954), determined that under 1909 Act, otherwise copyrightable work does not lose its copyright protection if incorporated into a useful article; the Copyright Office responded to the *Mazer* ruling and created the separability standard in regulation (37 CFR § 202.10(c)(1960)) which was later codified in the 1976 Copyright Act. See *id.* at 8-10.

medium of expression... would create pictures of cheerleader uniforms.”<sup>190</sup> The majority stated that this does not bar copyright protection. Taking a fresco painted on a wall, ceiling panel, or dome, as an example, the Court explains, “just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied.”<sup>191</sup>

The Supreme Court’s new test shifts the focus of analysis from the problem of defining the utility of the article to the qualification of a design feature as a work of art. However, the independent-existence requirement does not provide meaningful guidance on deciding the design feature’s ability to exist alone. The Court’s instruction to examine the independent-existence requirement by looking to whether the “separately identified feature has the capacity to exist apart from the utilitarian aspects of the article” does not say anything about how one should decide an article’s capacity to exist alone, nor does it say how to define the utility of garments.<sup>192</sup> Although the Court seems to shift the focus away from the utility of an article to the design feature’s qualification as artwork, given that the Court expressly bars copyright to any feature that qualifies as a useful article, the decision maker must still define the utility of a useful article. The Court’s instruction for the independent-existence requirement is no less than a restatement of the statutory provision. In his dissent, Justice Breyer points out that the likely result of this interpretation is that almost always find that the design can exist alone from the useful article. Justice Breyer writes, “virtually any industrial design can be thought of separately as a work of

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<sup>190</sup> *Star Athletica*, 137 S Ct at 11.

<sup>191</sup> *Id.*

<sup>192</sup> *Id.* at 7.

art.”<sup>193</sup> Mentioning Marcel Duchamp’s “ready made” series, that is, the functional mass-produced objects the artist designated as art, Justice Breyer ask “what is there in the world that, viewed through an esthetic lens, cannot be seen as a good, bad, or indifferent work of art?”<sup>194</sup>

After applying the suggested test, the Court considered several objections raised by Star Athletica. First, Star Athletica contended that the independent-existence requirement is met only if a feature can “stand alone as a copyrightable work and if the useful article from which it was extracted would remain equally useful.”<sup>195</sup> Star Athletica viewed the function of a cheerleading uniform to be an identifier of the sports team and that by taking away the decoration, a plain white cheerleading uniform remains, which is not as equally useful as before. The Court, however, makes it clear that the debate over the relative utility of the article is unnecessary.<sup>196</sup> Justice Thomas writes for the majority of the Court: “The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction.”<sup>197</sup> The Court emphasized that Congress did not intend to distinguish between purely aesthetic articles and useful works of art to provide copyright protection in both the 1909 and 1976 Act. Relying on *Mazer*, the Court further rejected the argument that the only protectable features are those that play absolutely no role in article’s function.<sup>198</sup> In *Mazer*, for example, the Supreme Court held that a statuette depicting a dancer that was intended for use as a lamp base can be copyrightable.

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<sup>193</sup> Id at 7 (Breyer dissenting).

<sup>194</sup> *Star Athletica*, 137 S Ct at 7 (Breyer dissenting).

<sup>195</sup> Id at 12.

<sup>196</sup> Id at 13.

<sup>197</sup> Id.

<sup>198</sup> *Mazer*, 347 US 201, 214, 218-19.

Secondly, the Court considered Star Athletica's objection that the test should consider whether the design element reflects "the designer's artistic judgment exercised independently of functional influence."<sup>199</sup> In *Kieselstein-Cord v. Accessories by Pearl, Inc.*,<sup>200</sup> the Second Circuit considered methods of a design in conducting the separability analysis of a belt buckle design. The Court looked into a set of facts, including the fact that that the designer "carved [the buckle] by hand," "worked from original renderings which... [the designer] had conceived and sketched" and "inspired by a book on design of the art nouveau school."<sup>201</sup> Based on this set of facts, the court inferred the designer's intent that his work was meant to be art as well as a commodity. From the inferred producer's intent, the Court goes on to assume wearers' intent in using the belt at issue as primarily being ornamental over the subsidiary utilitarian purpose of keeping tops of trousers at waist level.

The Court essentially shut down the possibility of considering the method behind or intent of the article's design process in the separability inquiry. The Supreme Court confirmed that the separability inquiry is "limited to how the article and feature are perceived, not how or why they were designed."<sup>202</sup> The Court cited the concurring opinion of Justice Winter in the case of *Brandir Int'l, Inc. v. Cascade Pacific Lumber Co.* in which the Second Circuit found that the bicycle RIBBON rack design shape is not conceptually separable from the utility of the article (Figure 16).<sup>203</sup>

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<sup>199</sup> *Star Athletica*, 137 S Ct at 1016.

<sup>200</sup> 632 F 2d 989 (2d Cir 1980).

<sup>201</sup> Id at 990.

<sup>202</sup> *Star Athletica*, 137 S Ct at 1016.

<sup>203</sup> 834 F 2d 1142, 1152 (2d Cir 1987) (Winter concurring in part and dissenting in part). But see *Klauber Bros., Inc. v Target Corp.*, 2015 WL 4393091 (SDNY) (New York Southern District Court stated that designer's intent is not even a dispositive matter to acquire art status).

**Figure 16. Brandir Brand Bicycle Ribbon Rack<sup>204</sup>**



Star Athletica also urged the Court to consider the marketability of the design feature following the approach of the Fifth Circuit,<sup>205</sup> which applied the ‘likelihood of marketability’ test in its separability inquiry. According to the marketability test, conceptual separability exists where there is a “substantial likelihood that even if the article had no utilitarian use, it would be still be marketable to some significant segment of the community simply because of its aesthetic qualities.”<sup>206</sup> The Supreme Court rejected this approach in reasoning that “asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the Copyright Act.”<sup>207</sup> The Supreme Court’s decision seems to resolve the inconsistency of lower courts in applying their own separability requirements as it clearly states that one must ignore

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<sup>204</sup> The Original Ribbon Bike Rack by Brandir Website, archived at <http://www.ribbonrack.com/> (also on file with author).

<sup>205</sup> *Galiano v Harrah’s Operating Co.*, 416 F 3d 411 (5th Cir 2005) (adopting the likelihood of marketability standard only for garment design, because it appears firmly rooted as the implicit standard courts have been using for quite some time).

<sup>206</sup> *Galiano*, 416 F 3d at 419.

<sup>207</sup> *Star Athletica*, 137 S Ct at 1016 (citing *Bleisten v Donaldson Lithographing Co.*, 188 US 239, 251 (1903) that says “[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside the narrowest and most obvious limits.”).

design process, intent, or methods and only focus on perception. Yet, the ordinary observers' perception is a legal fiction that will inevitably engage subjective evaluation.

The Court writes that the new conceptual separability inquiry is consistent with the history of the Copyright Act. In *Mazer*, the Court decided that under the 1909 Copyright Act the respondents owned a copyright in the statuette depicting a dancer even though it was intended for use as a lamp base.<sup>208</sup> The Copyright Office, shortly thereafter, enacted a regulation implementing *Mazer* and introducing modern separability to copyright law.<sup>209</sup> The Court further note that “Congress essentially lifted the language from the post-*Mazer* regulations and placed it into Section 101 of the 1976 Act.”<sup>210</sup>

The real world effect on the fashion industry and designers of the *Star Athletica* decision remains to be seen since we do not know yet how the lower courts will apply the Supreme Court's new separability test. The Case provides a legal instrument for the fashion business along with design patent and trademark law to protect designs from copying that does not indicate its source (required by trademark law) or meet the high-novelty bar (required by patent law). This will provide an effective tool for high fashion brands to regulate fast fashion houses' rampant copying of Fashion Week designs. To take an example from Figure 3, Wearing Heart on

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<sup>208</sup> Id at 1006.

<sup>209</sup> Id, citing the regulation of 37 CFR 202.10(c) (1960) (“If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.”).

<sup>210</sup> Id at 1012. However, Justice Breyer in his dissent cites the House Report for the Copyright Act of 1976 to highlight that the concept of separateness should look to physical or conceptual separability and is not created by a mental picture of a uniform.

Your Chest in Part One identified as one of the new trendy styles, the new separability test from *Star Athletica*<sup>211</sup> would find that Gucci’s heart on the dress is copyrightable because it can be identified as decoration and could independently exist. Gucci’s heart adds the designer’s artistic expression on the simple heart shape with some decorations of a knife design crossing the heart and roman letters within the heart. The heart design on the dress of Rodarte and Proenza Schouler may be separable from the dress and yet the court will find there is a lack of originality because they are just a basic heart shape.

However, copyright eligibility alone does not determine copyright infringement; it merely allows courts to further proceed and analyze whether the designs at issue are substantially similar to each other to decide whether the defendant copied the plaintiff’s work. Although a focus of this subchapter is the conceptual separability test, I will briefly illuminate how courts evaluate the substantial similarity of designs drawing upon *Knitwaves*, the case which involved designs on children’s sweaters using leaves and squirrels as dominant elements in its autumn back-to-school theme (Figure 17 and 18).<sup>212</sup>

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<sup>211</sup> *Star Athletica, LLC v Varsity Brands, Inc.*, 137 S Ct 1002 (2017).

<sup>212</sup> *Knitwaves, Inc. v Lollytogs Ltd. (Inc.)*, 71 F 3d 996 (2d Cir 1995). Parties did not dispute the copyrightability of the sweater design, nor did the Defendant deny copying Plaintiff’s designs. The issue was whether the Defendant had sufficiently altered designs to make them not substantially similar. Note that “fabric designs” are considered “writings” for the purpose of copyright eligibility and distinguished from “dress designs” which fall into the useful articles category. The word “writing” is broadly construed, including “all its forms that may be used to the end that the author’s ideas are tangibly expressed.”) For a discussion on what constitutes writing, see *Burrow-Giles Lithographic Co. v. Savory*, 111 US 53, 56–58 (1884).

Figure 17. Knitwaves' Leaf Sweater<sup>213</sup>



Figure 18. Lollytogs' Leaf Sweater (left)<sup>214</sup> and Squirrel Sweater (right)<sup>215</sup>



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<sup>213</sup> *Knitwaves*, 71 F 3d at 1014.

<sup>214</sup> *Id* at 1015.

<sup>215</sup> *Id* at 1016.

This case captures design practice in the rampant copying culture of the fashion industry. A high-end brand becomes a desirable object and has its styles or designs appropriated by lower-end brands. A design executive from the Defendant company Lollytogs, testified that he presented his design department with Knitwaves' sweater designs at issue and "instructed to design sweater sets with the same feel as the Knitwaves."<sup>216</sup> Knitwaves testified that because of the direct competition from Lollytogs, they had to reduce the price of their Leaf Sweaters and Squirrel Cardigans, resulting in lost profits.<sup>217</sup> The Second Circuit compared the "total concept and feel" of the works, and in applying the "ordinary observer" test, it concluded that "an average lay "observer viewing the sweaters side by side" would perceive overwhelming similarity of the sweaters."<sup>218</sup> The Defendant contended that the district court should have used the "more discerning" test, which would extract the unprotectable elements of design, such as the use of common stripes and colors from a protectable original creation, and in this instance, the Plaintiff's "placement of leaves, squirrels, and other original elements."<sup>219</sup> The Defendant argues that the sweater design is substantially dis-similar when viewed without the unprotectable background of stripes and colors.<sup>220</sup> The Defendant made this claim relying on *Follio Impression*,<sup>221</sup> a case addressing the copying of a fabric design consisting of an arrangement of styled roses on a complex background. The Court in the *Follio Impression* found there was a lack of originality on the background part of fabric based on the fact that the pattern was

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<sup>216</sup> *Id* at 1000.

<sup>217</sup> *Knitwaves*, 71 F 3d at 1000.

<sup>218</sup> The ordinary observer test asks whether "an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." See also *Follio Impressions*, 937 F 2d at 766; *Knitwaves*, 71 F 3d at 1003 (holding what is original and protectable is "[t]he original way in which the author has "selected, coordinated, and arranged" the elements of his or her work," citing *Feist Publications, Inc. v Rural Tel. Serv. Co.*, 499 US 340, 358 (1991)).

<sup>219</sup> *Knitwaves*, 71 F 3d at 1003.

<sup>220</sup> *Id*.

<sup>221</sup> *Follio Impressions*, 937 F 2d at 763.

photographed. They extracted the background from their analysis and “compared only the protected portion of the design, namely, the roses and the way they were arranged.”<sup>222</sup> The Second Circuit distinguished the *Follio Impression* from *Knitwaves*, stating that *Follio Impression* had rather “specialized facts,” in its rejection of the Defendant’s claim to “dissect [designs] into their separate components,” and compare only those copyrightable elements.<sup>223</sup> The Court stated that what is protectable is “the original way in which the author has “selected, coordinated, and arranged elements of his or her work,” and found substantial similarity in the defendant’s design choices “to feature the same two fall symbols of leaves and squirrels in a virtually same manner,” as well as its choice of background designs and using the same color scheme.<sup>224</sup>

Despite *Knitwaves*, the scope of copyright protection is thin for fashion designs.<sup>225</sup> Even if the design passes the separability test to be a valid copyright subject matter, the designs at issue must be substantially similar to find copying. Also, when there are only a few ways of expressing an idea, courts find that the idea behind the work merges with its expression and is thus not copyrightable (the merger doctrine).

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<sup>222</sup> Id at 765.

<sup>223</sup> *Knitwaves*, 71 F 3d at 1003.

<sup>224</sup> Id at 1003-04.

<sup>225</sup> The scope of copyright protection can be limited as courts distinguish protected expression from unprotected expression. See *Follio Impressions, Inc., v Byer California, Macy’s New York, Inc., Lida Manufacturing Co., and John Does 20*, 937 F 2d 759 (2d Cir 1991) (Fabric design was not substantially similar); *Computer Assoc. Intl., Inc., v Altai, Inc.*, 982 F 2d 693 (2d Cir 1992) (Distinguishing between protected and unprotected in computer programs by applying the abstraction-filtration-comparison method); *Howard v Sterchi*, 947 F2d 1272 (11th Cir 1992) (holding particular type of house design was not protectable for others’ use of architectural plans of this type).

## 5. How Trademark Law Has Expanded to Protect Iconic Designs of a Brand

I now turn to the domain of trademark law. Unlike copyright law, which preempts state law, the federal legislation governing trademark protection, the Lanham Act, does not replace state laws. Historically, trademarks have been protected under state common law. It was not until the late 1840s that the first state statute was passed to prevent fraud in the use of false stamps and labels.<sup>226</sup> Congress enacted the first federal trademark statute in 1870, but the Supreme Court struck down the law, holding that Congress had no power to enact laws to regulate trademark due to the copyright clause of the U.S. Constitution.<sup>227</sup> Congress reenacted a limited federal trademark statute in 1881, this time based on the Commerce Clause. Building upon the modification of the Act of 1905, and further amendment in 1920, the Lanham Act was enacted in 1946 and serves as the governing body of law for trademark today.<sup>228</sup> For the purpose of discussion in this chapter, trademark law refers only to the Lanham Act.

The history of the Lanham Act has been about the expansion of trademark rights. In chapter five, I draw attention to the fact that the trade dress doctrine has expanded to offer legal protection for designs that would fall short of legal protection by copyright law under the useful article rule. The trade dress doctrine, with its secondary meaning requirement to offer exclusive control to mark holders, provides a way to protect source-designating designs. Also, with aesthetic functionality, the trademark law tries not to prevent free copying of basic designs by competitors.

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<sup>226</sup> Merges, Menell, Lemley, *Intellectual Property in the New Technological Age* at 764 (cited in note 159).

<sup>227</sup> *Trade-Mark Cases*, 100 US 82, 94.

<sup>228</sup> 15 USC § 1051 et seq (1946).

## A. The Trade Dress Doctrine Protects Design Features Upon Proof of Secondary Meaning

To acquire trademark status, the mark should perform a designating function that distinguishes the product from other sources. The term “trademark” includes any word, name, symbol, or device, or any combination thereof that producers use to identify their goods.<sup>229</sup> The Lanham Act also protects “trade dress,” which initially included packaging, labeling, or container of a product, but further stretched the subject matter to include the design and shape of a product itself if they serve a source-identifying function.<sup>230</sup> The Supreme Court acknowledges trade dress to encompass the total image or overall impression of a product or feature of a product, such as size, shape, color, or color combinations, texture, graphics.<sup>231</sup> Whether the mark is distinctive enough to identify a unique product source turns on classification of the mark. If marks are labeled as “inherently distinctive,” then they are considered to serve source-designating function.<sup>232</sup> But if marks are deemed “not inherently distinctive,” the Lanham Act requires proof that a mark has acquired a secondary meaning to acquire valid trademark status.<sup>233</sup>

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<sup>229</sup> 15 USC § 1127.

<sup>230</sup> 15 USC § 1125(a) (stating most trade dress and product configurations are protected without registration.).

<sup>231</sup> See *Two Pesos, Inc. v Taco Cabana, Inc.*, 501 US 763 (1992) (finding that the overall image of a Mexican restaurant, including décor and festive color schemes, is inherently distinctive trade dress).

<sup>232</sup> Judge Friendly set out the classification of marks in *Abercrombie & Fitch v Hunting World Inc.*, 537 F2d 4 (2d Cir 1976). Inherently distinctive marks are subdivided into fanciful marks, arbitrary marks, and suggestive marks. Fanciful and arbitrary marks bear no relationship to the product it describes, such as Kodak for camera (*Eastman Kodak Co. v Weil*, 137 Misc 506 (holding that Kodak is a fanciful term for photographic supplies)) and Ivory for soap (*Abercrombie & Fitch*, 537 F 2d at 9 n 6 (holding that Ivory is an arbitrary term)). Suggestive marks suggest some characteristic of the goods to the consumer’s mind. The Court held that Coppertone in regard to sun tanning products to be a suggestive mark (*Douglas Laboratories, Inc. v Copper Tan, Inc.*, 210 F 2 d 453 (2d Cir 1954)).

<sup>233</sup> Marks that are not inherently distinctive are subdivided into descriptive marks, and generic marks. The example includes Alo with reference to products containing gel of the aloe vera plant (*Aloe Crème Laborotires, Inc. v Milsan, Inc.*, 423 F 2d 845 (5th Cir 1970)). While descriptive

The policy rationale requiring a secondary meaning for a non-inherently distinctive mark is that trademark law only concerns itself with the protection of marks that could identify the source of products. In doing so, trademark law balances the risk of granting monopoly rights over the use of descriptive words. Take as an example the descriptive word “best.” When applied to coffee, it connotes to buyers a self-serving assertion of quality. If the seller of BEST COFFEE, over a period of time with advertising and sales, developed a new, secondary meaning as a trademark other than the primary meaning of high-quality coffee, then the word would have acquired a mark status that is capable of designating the source of a coffee product.

The nature of secondary meaning is that buyers only need to know that a product or service comes from a “single source.” They need not know the identity of the source.<sup>234</sup> The pleading of secondary meaning can be supported by facts indicating both direct and circumstantial evidence. Direct evidence may consist of the testimony of random buyers in court or by the results of a professionally conducted consumer survey.<sup>235</sup> Circumstantial evidence consists of the seller’s effort in advertising the mark throughout a wide group of prospective

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marks can acquire trademark status upon the proof of secondary meaning, generic marks can never achieve trademark protection. A generic term is “the name of a particular genus or class of which an individual article or service is but a member.” (*Vision Center v Opitick Inc.*, 596 F2d 111, 115 (5th Cir 1979)). For example, the drug manufacturer Bayer sold their product under the name of Aspirin, but then the term becomes generic as to refer to painkiller in general that the mark lost its trademark status (*Bayer Co. v United Drug Co.*, 272 F 505 (SDNY 1921)).

<sup>234</sup> *Fleischmann Distilling Corp v Maier Brewing Co*, 314 F 2d 149, 155 (9th Cir 1963) (observing that few buyers of consumer products know the name of the maker of a brand they recognize; concluding that BLACK & WHITE beer confuses consumers as to sold by the company that made BLACK & WHITE whiskey); *A.J. Canfield Co. v. Honick-man*, 808 F 2d 291 (3d Cir 1986) (describing the secondary meaning exists when buyers know “single though anonymous source”). For more cases that confirmed association with a single, though anonymous source, see McCarthy, *McCarthy on Trademarks and Unfair Competition* § 15:8 (Thomson Reuters 4th ed 2016).

<sup>235</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 15:30.

buyers. The courts look at the “size of the seller, the number of actual sales made, large amounts spent in promotion and advertising, the scope of publicity given the mark, and any similar evidence showing wide exposure of the buyers’ class to the mark in question.”<sup>236</sup> The fact specific analysis on whether the mark has acquired a secondary meaning creates a competitive advantage for famous mark holders to protect their signature designs. Established brands not only have economic capacity to rigorously invest in advertising but also receive unsolicited media attention, from newspapers and fashion magazines to individual bloggers and social media.<sup>237</sup> Given the lack of economic capacity to market their products and decreased probability of eliciting media attention, designs from independent or relatively small designers are unlikely to meet the secondary meaning requirement.

For trade dress protection, the requirement for proof of secondary meaning depends on whether or not the trade dress is categorized as “inherently distinctive.” Prior to the 1992 *Two Pesos* decision, all types of trade dress required proof of secondary meaning to establish the validity of a mark.<sup>238</sup> In *Two Pesos*, the Supreme Court held that inherently distinctive trade dress is protectable without showing secondary meaning.<sup>239</sup> In *Wal-Mart Stores, Inc. Samara*

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<sup>236</sup> *Id.*

<sup>237</sup> See Part I, Chapter Two, *A Model of Trend Adoption* where I describe how Fashion Week events operate in the real world.

<sup>238</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 8:12.50.

<sup>239</sup> *Two Pesos, Inc. v Taco Cabana, Inc.*, 501 US 763 (1992) (finding that the overall image of a Mexican restaurant including décor and festive color schemes is inherently distinctive trade dress that requires no proof of secondary meaning). For cases after *Two Pesos* concerning service related trade dress, see *Best Cellars, Inc. v Wine Made Simple, Inc.*, 320 F Supp 2d 60, 70 (SDNY 2003) (“Method of displaying wine bottles in a retail wine shop was distinctive and thus protectable trade dress it is not necessary to consider the question of secondary meaning.”); *Happy’s Pizza Franchise, LLC v Papa’s Pizza, Inc.*, 2013 WL 308728 (ED Mich 2013) (“Décor of pizzeria was not so unusual as to qualify as “inherently distinctive.”). Courts realized that the word mark spectrum of distinctiveness does not work when deciding distinctiveness for non-

*Bros.*,<sup>240</sup> the Supreme Court ruled that secondary meaning is always required for trade dress in product design.<sup>241</sup> The Court ruled that trade dress in product design can never be classified as “inherently distinctive.”<sup>242</sup> The *Wal-Mart* decision is viewed as the Court’s effort to prevent misuse or over extension of trade dress claims by innovators, which could bar fair competition with alleged imitators.<sup>243</sup>

After *Wal-Mart*, parties fought over the issue of whether the design claimed as trade dress is product design or packaging.<sup>244</sup> The Supreme Court’s attempt to distinguish product packaging and product designs are based on assumptions about consumer perception.<sup>245</sup> While consumers use word marks or packing to identify a source, product designs and shapes are not used to designate the source. Thus secondary meaning is not required for inherently distinctive trade dress in packaging, but product design must be proven to have acquired secondary meaning

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word trade dress. Most courts have moved to use the Seabrook test from *Seabrook Foods, Inc v Bar-Well Foods Ltd.*, 568 F 2d 1342 (CCPA 1977), which asks: (1) whether the design or shape is a common, basic shape or design; (2) whether it was not unique or unusual in a particular filed; (3) whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods which consumers would view as mere ornamentation. Also, trade dress used to identify service does not comfortably fit into the Supreme Court’s product or package distinction in *Wal-Mart*.

<sup>240</sup> *Wal-Mart Stores, Inc. v Samara Bros., Inc.*, 529 US 205 (2000).

<sup>241</sup> *Wal-Mart*, 529 US at 213.

<sup>242</sup> *Id.*

<sup>243</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 8:12.50.

<sup>244</sup> The Federal Circuit has rejected the argument that to be classified as product design, the trade dress must encompass the whole product, not just a separate design feature of a product. See *In re Slokevage*, 441 F 3d 957 F 3d 957 (Fed Cir 2006). The following cases are the examples of categorizing trade dress as product or packaging: *Yankee Candle Co., Inc v Bridgewater Candle Co., LLC*, 259 F 3d 25 (1st Cir 2006) (decorative candle product line and catalog layout are product design not packaging); *Fedders Corp v Elite Classics*, 268 F Supp 2d 119 (D Mass 2000) (curved design on the decorative front of a room air conditioner is product design); *Fiji Water Co., LLC v Fiji Mineral Water USA, LLC*, 741 F Supp 2d 1165 (CD Cal 2010) (square plastic bottle for FIJI mineral water is packaging, not product). For more cases, see McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 8:12.50.

<sup>245</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 8:12.50.

since the Supreme Court assumed that “product design almost invariably serves purposes other than source identification.”<sup>246</sup>

In the *Wal-Mart* decision, the Supreme Court categorized children’s clothing “decorated with appliques of hearts, flowers, fruits, and the like” as product design, which required proof of secondary meaning (Figure 19).<sup>247</sup> In this case, the Court extended unregistered<sup>248</sup> trade dress protection to fashion design (children’s clothing), which, under copyright law would unlikely to receive legal protection. Under *Star Athletica*,<sup>249</sup> decorations might be identified and independently separated from the children’s clothing to pass the separability test to be copyrightable. Whether the Court will find that the decorations meet the substantial similarity test is hard to predict, but at least under the Second Circuit’s substantial similarity analysis in *Knitwaves*,<sup>250</sup> the court could possibly find there was improper copying here. The Second Circuit in this case compared the works’ total concept and feel in viewing the sweaters side by side and found that the average lay observer would perceive overwhelming similarity of the sweaters. Following this method, the average lay observer would likely to find decorations with fruits and the like similar.

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<sup>246</sup> *Wal-Mart*, 529 US at 213.

<sup>247</sup> *Wal-Mart*, 525 US at 213, 207.

<sup>248</sup> Federal registration is not a prerequisite to protecting a trademark. However, federal trademark registration confers several significant benefits. Registration on the Principal Register is *prima facie* evidence that the mark in question is valid and owned by the registrant (§§ 7(b) 33(a)). The filing of the application constitute constructive use of the mark, conferring nation wide priority with respect to the goods or services for which the mark is registered (§ 7(c)). Registration on the Principal Register also constitutes constructive notice of the registrant’s ownership of the mark, giving the registrant priority over junior owners even in markets where the registrant has not yet used the mark (§ 22). For details and more benefits, see Mary Lafrance, *Understanding Trademark Law* 87-88 (Carolina Academic, 3d ed 2016).

<sup>249</sup> *Star Athletica, LLC v Varsity Brands, Inc.*, 137 S Ct 1002 (2017).

<sup>250</sup> *Knitwaves, Inc. v Lollytogs Ltd. (Inc.)*, 71 F 3d 996 (2d Cir 1995).

**Figure 19. The Dresses at Issue: Samara Brothers (top) and Wal-Mart (bottom)**<sup>251</sup>



The courts also recognized trade dress for the shape of the Hermes Birkin Bag and its design features over the allegedly copying Jelly Kelly Bag despite the differences in design features between the two products, such as materials in calf leather versus rubber, keyhole cutout designs, and strap designs (See Figure 9 in Part I).<sup>252</sup> The Court found that these design features were “strongly associated with Hermes” and granted a permanent injunction against the sale of Jelly Kelly Bag along with an undisclosed settlement.<sup>253</sup> The high-end sportswear brand Adidas also successfully protected its SUPERSTAR Trade Dress that consists of its famous three stripes on the side of the shoe along with a rubber “shell toe,” a flat sole, and a portion on the outer back

<sup>251</sup> Michel G. Akins, *Trade Dress Protection in the US* (Presentation Material) archived at <https://www.slideshare.net/mikeatkins/alicante-presentation-7504041> (also on file with author).

<sup>252</sup> *Hermes Int'l v Steven Stolman, Ltd.*, No 03 Civ 3722 (EDNY 2003).

<sup>253</sup> Farella Braun + Martel LLP, *The Devil Wears Trademark*, 127 Harv L Rev 995, 1011.

heel section including a design (Figure 20)<sup>254</sup> from mass-retailer Target, which was selling shoes with four stripes on the side.

**Figure 20. Adidas Brand Superstar Shoes<sup>255</sup>**



Adidas claimed that their design was product packaging, but the Court classified it as product design. Nonetheless, the Court found that it has acquired secondary meaning.<sup>256</sup> With trade dress protection, Adidas obtained a monopoly over the overall look and feel of the shoe. Under copyright law, these design features would likely fall outside legal protection. According to the Supreme Court's new separability test from *Star Athletica*,<sup>257</sup> the three stripes and designs on the outer back heel would qualify as a copyrightable subject since these designs could be identified and separated from the shoes, but the basis for copyright protection is very thin because there is only a small modicum of originality, especially for the three stripes. The design on the outer back heel may have enhanced copyright protection in comparison to the simple stripes, but the design would have to pass the substantial similarity test to prove copying of their

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<sup>254</sup> Farella Braun + Martel LLP, 127 Harv L Rev at 1010 (cited in note 253).

<sup>255</sup> Adidas Official Website, archived at [http://www.adidas.com/us/superstar-shoes/C77124.html?pr=CUSTOMIZE\\_IMG\\_Superstar%2520Shoes](http://www.adidas.com/us/superstar-shoes/C77124.html?pr=CUSTOMIZE_IMG_Superstar%2520Shoes) (also on file with author).

<sup>256</sup> *Adidas-Salomon AG v Target Corp.*, 228 F Supp 2d 1192, 1207-09 (D Or 2002).

<sup>257</sup> *Star Athletica, LLC v Varsity Brands, Inc.*, 137 S Ct 1002 (2017).

design from others. Other examples that courts acknowledged of trade dress status, among others, include the appearance of the ROYAL OAK model of AUDEMARS PIGUET luxury watches (Figure 21); GUCCI “GG diamond motif” on handbags and luggage (Figure 22).<sup>258</sup>

**Figure 21. Audemars Piguet Brand Royal Oak Model<sup>259</sup>**



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<sup>258</sup> *Audemars Piguet Holding S.A. v Swiss Watch Intern., Inc.*, 2014 WL 47465 (SDNY 2014) (finding infringement of the registered trade dress appearance of the watch with an octanol bezel with eight hexagonal screw heads); *Gucci America, Inc. v Guess?, Inc.*, 868 F Supp 2d 207, 246 (SDNY 2012) (holding that GUCCI diamond motif design possess holds strong secondary meaning).

<sup>259</sup> Audemars Piguet Official Website, archived at <https://www.audemarspiguet.com/en/watch-collection/royal-oak/> (also on file with author).

**Figure 22. Gucci Brand GG Diamond Motif Trade Dress (left)<sup>260</sup> and the Trade Dress on Handbag (right)<sup>261</sup>**



**B. The Aesthetic Functionality Doctrine Allows Free Copying For Basic Design Elements and Yet the Courts Narrow the Wide Interpretation of Aesthetic Functionality**

Even if a trademark or trade dress serves a source-designating function, trademark law does not give exclusive rights to “functional” features. Congress codified the functionality principle by amending the Lanham Act in 1988. The philosophical ground of trademark is to promote fair competition in the market.<sup>262</sup> One of the policy reasons for the functionality bar to trademark protection lies within the law’s ultimate goal to “preserve free and effective competition by

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<sup>260</sup> Staff Writer, *Gucci versus Guess: The Sequel Fashion & Beauty* (Luxury Insider, May 8, 2013), archived at <http://www.luxury-insider.com/luxury-news/2013/05/gucci-versus-guess-the-sequel> (also on file with author).

<sup>261</sup> Gucci Official Website, archived at <https://www.gucci.com/us/en/pr/women/womens-handbags/womens-shoulder-bags/gg-supreme-hobo-p-414930KLQHG8526?position=337&listName=ProductGridComponent&categoryPath=Women/Womens-Handbags/Womens-Shoulder-Bags> (also on file with author).

<sup>262</sup> Unlike patent law or copyright law, trademark law does not aim to promote innovations for the public to benefit from.

ensuring that competitors can copy features that they need to compete effectively.”<sup>263</sup> The other reason for the functionality bar, McCarthy identifies, along with the concern with free competition, is that patent law is the only source of exclusive rights in functional and utilitarian features.<sup>264</sup>

The Supreme Court did not provide a comprehensive definition on what it means to be “functional.” The Supreme Court in *Inwood Labs, Inc. v. Ives Labs, Inc.*, (1982)<sup>265</sup> focused on utilitarian functionality, writing that a product feature is functional if it is “essential to the use or purpose of the article or affects costs or quality.”<sup>266</sup> Later, in *Qualitex Co. v. Jacobson Products Co., Inc.* (1995),<sup>267</sup> the Supreme Court interpreted the *Inwood* rule as saying that a product feature is functional if the “exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”<sup>268</sup>

In *Qualitex*, Qualitex colored their dry cleaning press pads with a shade of green-gold. Defendant Jacobson used a similar color on their dry cleaning press pads. Qualitex filed a lawsuit claiming that Jacobson’s use of the green-gold color confuses consumers as to the source of the product. The issue in *Qualitex* was whether color alone could serve as a trademark, having an ability to acquire secondary meaning to “act as a symbol that distinguishes a firm’s goods and

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<sup>263</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:36.

<sup>264</sup> *Id.* See also *Qualitex*, 514 US at 164 (“It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time.”); *Jay Franco & Sons, Inc. v. Franek*, 615 F 3d 855, 857 (7th Cir 2010) (“The functionality doctrine polices the division of responsibilities between patent and trademark law by invalidating marks on useful designs.”).

<sup>265</sup> *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 US 844 (1982).

<sup>266</sup> *Id.* at 850.

<sup>267</sup> 514 US 159 (1995).

<sup>268</sup> *Qualitex*, 514 US at 165.

identifies their source,” without serving another significant function beyond source-identification to make it non-functional. The Court quoted the Restatement (Third) of Unfair Competition: “A design is functional because of its aesthetic value only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs.”<sup>269</sup> The Supreme Court concluded that the green-gold color serves no function. The green-gold color serves no need in competition, such as being used to avoid stains, because other colors are equally usable for that purpose.<sup>270</sup>

The *Qualitex* court did not address the ambiguity between utilitarian functionality and aesthetic functionality.<sup>271</sup> In *TrafFix* (2001),<sup>272</sup> the Supreme Court adhered to the *Inwood* rule to say that *Qualitex*’s characterization of principal functionality should not be taken as a comprehensive definition of functionality.<sup>273</sup> Under the *TrafFix* test, when a design feature is either “essential to the use or purpose” of the article or affects its “cost or quality,” it is deemed to be functional. There is no need to probe further to examine whether competitors need the feature in order to compete in the market. If the feature does not fall into either of those two

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<sup>269</sup> *Qualitex*, 514 US at 170, citing Restatement (Third) of Unfair Competition § 17. See also *Jay Franco & Sons, Inc. v Franek*, 615 F 3d 855, 857 (7th Cir 2010) (holding that circular beach towel is functional and is not a valid trademark) (“So if a design enables a product to operate, or improves on a substitute design in some way (such as by making the product cheaper, faster, lighter, or stronger), then the design cannot be trademarked...”).

<sup>270</sup> *Qualitex*, 514 US at 166.

<sup>271</sup> Note that a theory of “aesthetic functionality” is said to stem from a comment in the 1938 Restatement of Torts: When goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended. See McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:78.

<sup>272</sup> *TrafFix Devices, Inc., v Marketing Displays, Inc.*, 532 US 23 (2001).

<sup>273</sup> *TrafFix*, 532 US at 33.

categories, then its exclusive use must put competitors at a “significant non-reputation-related disadvantage” to be aesthetically functional.<sup>274</sup>

The idea of aesthetic functionality is nebulous and does not search for what constitutes aesthetic design. Rather, it is just another name to explore utilitarian functionality or what is necessary for competition. Commentators criticize the theory of aesthetic functionality for its uncertain nature.<sup>275</sup> Professor McCarthy argues that aesthetic functionality is an “unwarranted expansion of the utilitarian functionality policy.”<sup>276</sup> McCarthy points out that appending both terms, “utilitarian” and “aesthetic,” to the same base word “functionality,” is misleading semantics; ornamental aesthetic designs are the antithesis of utilitarian designs.<sup>277</sup> The Second Circuit in *Louboutin*,<sup>278</sup> while admitting that the Court had long accepted the doctrine of aesthetic functionality, calls out its counter-intuitiveness by asking, “how can the purely aesthetic be deemed functional?”<sup>279</sup> In another case, with respect to the trademark validity issue on china plate designs, the Second Circuit said that “even when the doctrine is referred to as ‘aesthetic functionality,’ it still seems an apt description only of pleasing designs of utilitarian features.”<sup>280</sup>

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<sup>274</sup> *TrafFix*, 532 US at 32-33.

<sup>275</sup> See also McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:81.

<sup>276</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:81 (“When it uses the label “aesthetic functionality,” a court transforms an extra-statutory value judgment that certain features are needed by competitors into a statutory Lanham Act “functionality” defense; “[E]ven if there is evidence that a valid trademark or trade dress is being infringed and is confusing the public, the judge can say that not having this feature would disadvantage competitors.”). See also Parmenter, 40 Pepperdine L Rev at 1061.

<sup>277</sup> *Id.*

<sup>278</sup> *Christian Louboutin S.A. v Yves Saint Laurent America Holdings, Inc.*, 696 F 3d 206 (2d Cir 2012) (“Louboutin II”).

<sup>279</sup> *Id.* at 220-21.

<sup>280</sup> *Wallace Intern. Silversmiths, Inc. v Godinger Silver Art Co., Inc.*, 916 F 2d 76, 80-81 (2d Cir 1990).

The Ninth Circuit in *Pagliario*<sup>281</sup> adopted a wide interpretation of aesthetic functionality. In *Pagliario*, the court held that Wallace China’s floral designs on plates are “functional” because they satisfy “a demand for the aesthetic as well as for the utilitarian,” and that competitor *Pagliario* is free to copy floral designs for their use in selling plates. The court paraphrased the 1938 Restatement that “...if the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright.”<sup>282</sup> This, so-called “important ingredient test” is criticized for its broad language as the standard finds the feature aesthetically functional if it plays any role in the sale of a product. If read literally, McCarthy argues, this “would wipe out the law of trademarks” because deprivation of a right to copy a popular trademark would substantially hinder competitors in competition.<sup>283</sup> Most courts abandoned the *Pagliario* test and adopted a different test or expressly rejected the theory of aesthetic functionality.<sup>284</sup>

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<sup>281</sup> *Pagliario v Wallace China Co.*, 198 F 2d 339 (9th Cir 1952).

<sup>282</sup> *Pagliario*, 198 F 2d at 343.

<sup>283</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:79.

<sup>284</sup> Note that the Supreme Court has never directly addressed aesthetic functionality as a dispositive issue in a case and that some comments about the aesthetic functionality the Court has made are viewed as dictum. See McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:80. That is why lower courts could reject aesthetic functionality (it does not mean that they reject the functionality principal as a whole.). The Fourth and Fifth Circuit rejected the aesthetic functionality theory. The Ninth Circuit appears to have not totally given up use of the theory. See *Auto-Tomotive Gold, Inc. v Volkswagen of America, Inc.*, 457 F3d 1062 (9th Cir 2006) (holding that defensive aesthetic functionality did not permit a maker of key chains and auto license plate holders to use the Volkswagen trademark on those items). See also *Wallace Intern Silversmiths, Inc. v Godinger Silver Art Co., Inc.*, 916 F 2d 76 (2d Cir 1990) (“We rejected *Pagliario* in *Sportsac*,” and “reiterate that rejection here.”), citing *LeSportsac, Inc. v K Mart Corp.*, 754 F 2d 71, 77 (2d Cir 1985); *Louboutin II*, 696 F 2d at 221 (“We have rejected, however, the circular ‘important ingredient’ test formulated by the *Pagliario* court, which inevitably penalized mark holders for their success in promoting their product.”) (holding that the design on hotel china was not functional). The Sixth Circuit characterized the issue as “ornamentally” not aesthetic functionality (*WSM, Inc. v Tennessee Sales Co.*, 709 F 2d 1084 (6th Cir 1983)). For various positions of the federal circuits on the aesthetic functionality issues, see McCarthy, *McCarthy on Trademarks and Unfair Competition* at § 7:80.

The Fifth Circuit rejects the theory of aesthetic functionality since the “important ingredient in the commercial success standard would almost always permit a junior user’s free copy of a distinctive trade dress.”<sup>285</sup> The Third Circuit rejected the notion of aesthetic functionality, addressing the concern that if the Court applies the *Pagliari* test, then the result would be that “[t]he more appealing the design, the less protection it would receive.”<sup>286</sup> It is not clear whether the Sixth Circuit ever adopted the aesthetic functionality. In *Maker’s Mark*,<sup>287</sup> the Court held that the bottle top configuration of MAKER’S MARK bourbon whiskey with dripping red wax seal (Figure 23) was not aesthetically functional, reasoning that there were numerous alternative methods to seal a bottle to make it look appealing, and thus other competitors were not put a competitive disadvantage.<sup>288</sup>

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<sup>285</sup> *Sicilia Di R. Biebow & Co. v Cox*, 732 F 2d 417 (5th Cir 1984) (a case concerning a lemon juice bottle shape was remanded for determination under the utilitarian functionality standard).

<sup>286</sup> *Keene Corp. v Paraflex Industries, Inc.*, 653 F 2d 822 (3d Cir 1981).

<sup>287</sup> *Maker’s Mark Distillery, Inc. v Diageo North America, Inc.*, 679 F 3d 410, 418 (6th Cir 2012).

<sup>288</sup> *Maker’s Mark*, 679 F 3d at 418 (“Even assuming we were to recognize aesthetic functionality doctrine, regardless of which test we would apply under that doctrine, the outcome is the same. Under either test, Cuervo’s appeal on this claim does not succeed.”).

**Figure 23. Dripping Red Wax Seal: Maker's Mark (left) and Jose Cuervo (right)**<sup>289</sup>



The Ninth Circuit and Second Circuit have developed prominent approaches for the aesthetic functionality doctrine, while other federal circuits have rejected the doctrine and thus have not developed discernable jurisprudence.<sup>290</sup>

The Ninth Circuit appears to have limited the use of aesthetic functionality theory since its creation of a wide application of aesthetic functionality in *Pagliero*. In *Pagliero*, the Court used aesthetic functionality analysis in its consideration of whether a feature played any role in the commercial success of a product. In the later *Vuitton* decision<sup>291</sup>, the Ninth Circuit examined whether copying the Louis Vuitton “LV” on luggage amounted to trademark infringement. The Court limited the application of aesthetic functionality by defining “functional” to connote only features “which constitute the actual benefit that the consumer wishes to purchase, as

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<sup>289</sup> Mark, *Maker's Mark Locks Up Dripping Red Wax as a Trade Dress for Alcohol* (Trademark’Em, June 22, 2012), archived at <http://trademarkem.com/makers-mark-locks-up-dripping-red-wax-as-a-trade-dress-for-alcohol> (also on file with author).

<sup>290</sup> Margot E. Parmenter, *Loubutins and Legal Loopholes: Aesthetic Functionality and Fashion* 40 *Pepperdine L Rev* 1040, 1049 (2013).

<sup>291</sup> *Vuitton et Fils v J. Young Enterprises, Inc.*, 644 F 2d 769 (9th Cir 1981).

distinguished from an assurance that that a particular entity made...[the] product.”<sup>292</sup> The Court concluded that the “LV” pattern was not functional because it was not appealing beyond identifying the luggage with a Vuitton brand. One commentator noted that the Court seemed to presume that the luggage sales are mainly attributed to the strength of the “LV” mark or the “prestige associated with the brand” and “required more proof that there was some appeal beyond this source-identification.”<sup>293</sup>

In *Au-Tomotive Gold*,<sup>294</sup> the Ninth Circuit significantly limited the instances in which aesthetic functionality would apply to only those features serving an “aesthetic purpose *wholly independent* of any source-identifying function.”<sup>295</sup> In the case, *Au-Tomotive Gold* (Auto Gold) sold automobile accessories, including key chains, license plates bearing the unique insignia of Volkswagen and Audi. Auto Gold used the aesthetic functionality theory in its defense, suggesting that the insignia were functional because they provided an “actual benefit” that consumers wished to purchase beyond their associated source-identity.<sup>296</sup> The Court found that the aesthetic functionality doctrine should be applied only to those features serving an “aesthetic purpose wholly independent of any source-identifying function.”<sup>297</sup> Based on this formula, the Court concluded that they found “no evidence that consumers buy Auto Gold’s products solely because of their ‘intrinsic’ aesthetic appeal,” and thus did not find the insignia to be functional.<sup>298</sup>

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<sup>292</sup> *Vuitton et Fils*, 644 F 2d at 774.

<sup>293</sup> Parmenter, *Loubutins and Legal Loopholes: Aesthetic Functionality and Fashion* at 1052 n70.

<sup>294</sup> *Au-Tomotive Gold*, 457 F 3d at 1062.

<sup>295</sup> *Id* at 1073.

<sup>296</sup> *Id* at 1066.

<sup>297</sup> *Id* at 1073.

<sup>298</sup> *Au-Tomotive Gold*, 457 F 3d at 1073.

The Second Circuit adopted the “alternative design” approach for aesthetic functionality theory. According to the Second Circuit formulation, a design feature is functional only when the stakeholders cannot compete in the market without access to the design feature at issue. In *Wallace*,<sup>299</sup> although the Court ultimately found the baroque design on china plates to be aesthetically functional, it refused to adopt the Ninth Circuit’s “important ingredient” test in *Pagliari*. The Court expressed its concern that the *Pagliari* test would discourage originators from developing pleasing designs.<sup>300</sup> The Court found that the baroque design used upon the china plates for which Wallace sought trademark protection was a basic design element. The Court writes that the precise expression of the decorative style would have been protected, but found in this case that the plaintiff was seeking trademark protection for basic elements that are necessary for others to make baroque designs.<sup>301</sup>

Five years later, in *Knitwaves*, the Second Circuit again applied the alternative design test, but this time found that the design feature at issue was not functional. In *Knitwaves*, the court considered whether the design features on Knitwaves line of “fall motif” children’s sweaters, that is, leaves, acorns, and squirrels, were barred from trademark protection because of functionality. Defendant Lollytogs contended that “Knitwaves sweaters are functional in that their primary purpose is aesthetic – to enhance the sweater’s ornamental appeal – rather than to identify the sweaters as Knitwaves’ products.”<sup>302</sup> Under the Ninth Circuit’s reasoning that design appeals to customers beyond source-identification, Lollytogs might have won the case. But the

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<sup>299</sup> *Pagliari*, 198 F 2d 339 (9th Cir 1952).

<sup>300</sup> But it is questionable whether this a legitimate concern in light of the purpose of trademark law that does not aim to promote creative works.

<sup>301</sup> *Parmenter*, 40 Pepperdine L Rev at 1095 n98.

<sup>302</sup> *Id* at 1006.

Second Circuit applied its alternative design test and concluded that the designs at issue would not prevent Lollytogs from creating a unique design composed of the same basic elements to express a “fall motif” in its sweaters.<sup>303</sup> The court distinguished *Wallace*, finding that Wallace sought to monopolize the basic elements of the baroque style, while Knitwaves sought to protect compilation of specific designs, which did not prevent Lollytogs from using the same basic elements to create alternative designs using fall colors and images of leaves, acorns, and squirrels.<sup>304</sup>

The difference between the aesthetic functionality theory under trademark law and the conceptual separability test under copyright law lies in how each law defines the meaning of functionality. The aesthetic functionality theory is concerned with competition. It asks whether a design feature is necessary for competition or if an alternative design is available. Any feature related to competition is considered functional –ornamentally or aesthetically functional – under trademark law. Under copyright law’s separability test, however, an ornamental feature may be copyrightable as a work of art which is defined as a protectable expression of ideas. The separability test’s analysis of function focuses on the utilitarian function of a useful article.

The Southern District Court of New York took into account the uncertain guidance of the aesthetic functionality doctrine in other courts in reaching its decision in the high profile case between two famous designer shoemakers. The French high-end shoe designer Louboutin lacquered the bottom sole of high heels with the color red to its sale products, and the company registered Red Sole as a trademark at the U.S. Patent and Trademark Office (“USPTO”).

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<sup>303</sup> Id at 1004.

<sup>304</sup> *Knitwaves*, 71 F 3d at 1006-07.

American competitor Yves Saint Laurent (YSL) introduced a Monochrom line of shoes in a variety of colors, including purple, green, yellow, and red. The red version of YSL's monochrome shoes featured all red on the entire shoe, including the insole, heel, upper, and outsole (Figure 24).

**Figure 24. Louboutin's Red Sole (left) and YSL's Red Shoe (right)<sup>305</sup>**



Louboutin claimed trademark infringement for the red Monochrom shoe because YSL used a red sole. The Court denied Louboutin's claim. YSL responded by seeking cancellation of Louboutin's registered Red Sole Mark based on the aesthetic functionality doctrine by rebutting the presumption of the color mark's validity.

The Southern District of New York accepted the premise that Louboutin has created a secondary meaning in the red sole in reference to pop culture, consumer studies, and recognition

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<sup>305</sup> *Christian Louboutin vs. YSL: The Battle over the Red Sole* (Wall Street FAB, Jan 26, 2012), archived at <https://wallstreetfab.wordpress.com/category/fashion/shoes/> (on file with author).

by other high fashion designers. Before going into the functionality analysis for the color red used on the bottom of the shoes, the Court abruptly concluded that a single color *per se* is aesthetically functional in the fashion industry and that it cannot be trademark protected:

“[I]n fashion market color serves not solely to identify sponsorship or source but is used in designs primarily to advance expressive, ornamental and aesthetic purposes,” thus “there is something unique about the fashion world that militates against extending trademark protection to a single color.”<sup>306</sup>

Then the Court begin to analyze aesthetic functionality based on the Supreme Court guidance on *Qualitex*,<sup>307</sup> defining functionality as forbidding the “use of a product’s feature as a trademark when doing so will put a competitor at a significant disadvantage because the feature is “essential to the use or purpose of the article” or “affects cost or quality.”<sup>308</sup> The district court found that trademarking Louboutin’s color mark would “significantly hinder competition” by preventing other designers from “achieving those stylistic goals necessary to effective competition in the industry.”<sup>309</sup> The Court reasoned that the use of the red outsoles serves non-trademark functions, because the choice of the color red is “to attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal.”<sup>310</sup> Louboutin appealed to the Second Circuit.

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<sup>306</sup> *Christian Louboutin S.A. v Yves Saint Laurent Am. Holding, Inc.*, 778 F Supp 2d 445, 451, 453-57 (SDNY 2011) (“Louboutin I”).

<sup>307</sup> *Qualitex*, 514 US at 169.

<sup>308</sup> *Louboutin I*, 778 F Supp 2d at 453.

<sup>309</sup> *Id* at 454.

<sup>310</sup> *Id* at 453-54.

When it comes to the fashion industry, the district court seemed to solely rely on the Supreme Court's *Qualitex* decision that held that color alone is a valid mark. In the fashion industry, where color is crucial to create visually pleasing ornamentation, color may almost always be found to have a competitive need compared to other industries. For other industries, the courts seem to apply aesthetic functionality with less difficulty to show the competitive need for color. For example, in *Qualitex*,<sup>311</sup> the Supreme Court noted that the use of any one particular color is not necessary for effective competition in the dry cleaning pads manufacturing industry because "other colors [are] equally useable" to achieve the primary purpose of the color on the cleaning pads, which is, to "avoid noticeable stains."<sup>312</sup> In *re Owens-Corning*,<sup>313</sup> the court found no competitive need for the color pink in fiberglass insulation because the color bore "no relationship to the production of fibrous glass insulation."<sup>314</sup>

Of course, there are some cases where the courts have found that there is a competitive need for color in non-fashion industries, but the analysis on functionality is clearly grounded on specific competitive needs. In *Deere & Co.*,<sup>315</sup> the Court found the color green was functional in the tractor industry based on the consumer's (farmers) need to match their loaders and their tractors. In *Brunswick Corp.*,<sup>316</sup> the color black in the outboard marine engine industry filled a competitive need because applying the color black to the engines rendered the engines compatible with many different boat colors and made them appear smaller.<sup>317</sup>

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<sup>311</sup> *Qualitex*, 514 US 159.

<sup>312</sup> *Id* at 166.

<sup>313</sup> *In re Owens-Corning Fiberglas Corp.*, 774 F 2d 1116, (Fed Cir 1985).

<sup>314</sup> *Id* at 1123.

<sup>315</sup> *Deere & Co. v Farmhand, Inc.*, 560 F Supp 85, 91-92 (SD Iowa 1982).

<sup>316</sup> *Brunswick Corp. v British Seagull Ltd.*, 35 F 3d 1527 (Fed Cir 1994).

<sup>317</sup> *Id* at 1531.

Unlike in these other industries, the fashion industry’s success mainly depends on aesthetic appeal or pleasing ornamentation, so there is a higher bar to trademark protection for color marks. The district court in *Louboutin* asked whether the Red Sole Mark protection would “significantly hinder competition” by “permitting one competitor...to interfere with legitimate (non-trademark-related) competition through...exclusive use of an important product ingredients.”<sup>318</sup> The Court noted that the threat to competition is significant when allowing the Red Sole Mark trademark protection since it may prevent other designers from achieving their various “stylistic goals” like “[referencing] traditional Chinese lacquer ware, [making] a cohesive look consisting of color-coordinating shoes and garments.”<sup>319</sup> The Court’s analysis represents the application of *Qualitex* guidance on the aesthetic functionality in reference to the peculiar industry at issue to decide what constitutes a hindrance to competition. However, it fails to account for the *TrafFix* formula of determining whether and to what extent the Red Sole Mark would put competitors in any significant non-reputation-related disadvantage.

The Second Circuit reversed in part and found that color *per se* is functional in the fashion industry.<sup>320</sup> This may be a correct realignment with the Supreme Court *Qualitex* decision. And yet, the Second Circuit affirmed that the Louboutin red outsole acquired a secondary meaning limited to the part that the outsole “contrasts with the remainder of the shoe.”<sup>321</sup> Having decided that Louboutin’s Red Sole Mark is a valid mark only when it contrasted to other colors of the upper part of the shoe, the Court concludes that consumer confusion as to the source of the shoe does not exist because YSL used the red color on the

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<sup>318</sup> *Louboutin I*, 778 F Supp 2d at 454 (citing *Qualitex*, 514 US 159, 170 (1995)).

<sup>319</sup> *Id* at 454.

<sup>320</sup> *Louboutin II*, 696 F 3d 206.

<sup>321</sup> *Id* at 212.

bottom sole with the monochrome red body of the shoe. Thus, the Second Circuit writes, it need not consider aesthetic functionality.

In *Louis Vuitton Malletier v Dooney & Bourke, Inc.*,<sup>322</sup> the Second Circuit presents a way that trademark law could expand to control use of a similar color combination without evaluating whether the color combination has acquired a secondary meaning or is merely functional. Louis Vuitton collaborated with Japanese artist Takashi Murakami to create new designs for their fashion products. Murakami re-designed the LV Monogram mark, which has been a famous mark indicating a Louis Vuitton brand, by adding thirty-three bright colors on it against the background of either white or black canvas (“LV Monogram Multicolor” or “Murakami Color”). Louis Vuitton claimed trademark infringement for the LV Monogram Multicolor against Dooney & Bourke, a handbag manufacturer, for putting interlocking DB initials in a repeating pattern on their handbag product.<sup>323</sup>

**Figure 25. Louis Vuitton (left) and Dooney & Bourke (right)**



<sup>322</sup> *Louis Vuitton Malletier v Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006).

<sup>323</sup> *Id.*

Louis Vuitton did not claim separate trademark protection for the colors alone; it emphasized instead that the color combination display is an “essential part of a mark design” and that one cannot “dissect the colors from the pattern.”<sup>324</sup> Louis Vuitton also claimed that “other handbag manufacturers are free to create their own brightly-colored handbags so long as they do not do so in a manner confusingly similar to the Vuitton combination of color and defined design.”<sup>325</sup> Although the Second Circuit found no likelihood of confusion, it did not invalidate the Multicolor mark, which could result in Louis Vuitton’s exclusive use of the color combination on the mark.<sup>326</sup> The Court relied on the reputation and fame that the LV Toile Monogram had established as an indicator of Louis Vuitton, and extended that fame to validate the new Multicolor mark, if asked. The Court held that the Murakami color was “created as a source-identifier for Vuitton in the new millennium.”<sup>327</sup>

If the Plaintiff were Dooney & Bourke – if the DB mark were registered and they modified it with colors and claimed trademark infringement against Louis Vuitton, the Court would not have recognized the mark design to be a valid trademark. The DB mark has not acquired sufficient fame as to indicate Dooney & Bourke as a source, and in the public’s imagination, this color combination is not associated with the Dooney & Burke brand. Courts recognize exclusive rights of logos, even though they are design choices or color combinations, for the relatively more established companies because their fame has accumulated through time and marketing. In a way, the Louis Vuitton identity contained in their re-invented designs over their old classic LV Monogram could become an exclusive source of brand elements.

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<sup>324</sup> Id at 115.

<sup>325</sup> Id at 115-16.

<sup>326</sup> Farella Braun + Martel LLP, 127 Harv L Rev at 1003-1005 (cited in note 253).

<sup>327</sup> Id.

Under copyright law, the Multicolor Monogram design will not be offered recognition to be eligible for copyright. Under the conceptual separability analysis, the Multicolor mark design will face the question of whether the design is separable from the utilitarian function of a handbag, which will likely be defined based on its practical function. Within this frame of functionality, design is likely to be viewed as serving an ornamental function, not enhancing utility. However, if separated, the design feature is nothing more than color combinations with letter designs for LV, and a court will find the basis for copyright for the Multicolor Monogram very thin and not worth protecting. This illustrates that copyright law is not a good fit for protecting early adopters' status to distinguish them from later adopters wearing copied products since the design that indicates the source as a Louis Vuitton product is not expressive enough to be copyrightable. Legal protection based on source-indication, rather, is well served by the operation of trademark law.

Throughout Part Two, I have demonstrated how trademark law operates via trade dress doctrine to offer legal protection for designs that identify their source, while allowing free copying of basic design elements through the aesthetic functionality doctrine. With the tendency of circuit courts to limit the application of aesthetic functionality doctrine, however, the established fashion brands are evidently capable of acquiring control over color, color combination, or shapes for their designs, thus reinforcing their iconic status. Now I turn to Part Three and explore how the reputation of established brands as a prestigious, exclusive, or luxurious goods producer is protected under the two types of trademark law claims, infringement and dilution.

The irony is that trademark law does not work to promote competition, at least for the fashion industry, in direct contrast to the Law's existential purpose. Some design features, colors, or color combinations fall into the private property category and thus exclude competitors from using them for their creative works. Chances are higher for established fashion companies than small and independent designers to acquire property rights over their designs or color choices, with the secondary meaning requirement for designs to receive trade dress protection. While global companies that can afford marketing expenses are able to acquire secondary meaning, small designers usually lack capital to invest in advertising. The risk in granting property rights over designs or colors is the depletion of creation tools that are supposed to remain in the public domain for others to use. Moreover, the aesthetic functionality doctrine has not, as of this time, played a meaningful role in the analysis of most courts.

## **PART III**

In Part Three, I argue that trademark law doctrines contribute to maintaining the established fashion houses' image as a producer of prestigious, exclusive, or luxurious goods by offering a legal device to control associations with their famous marks. I argued throughout Part One that a brand image consists of a sum of associations in the consumer's mind. The brand image of a luxury goods producer, I also argued, plays a significant role in the fashion industry because it works as a sematic driver towards a new cycle of trends. Thus, I draw attention to trademark law's capacity to govern associations of consumers via brand signifiers. I point out largely three operations of trademark law doctrines: first, the expansion of trademark confusion theory, which is the trademark infringement test asking whether the defendant's use of a mark is likely to confuse consumers as to the affiliation, connection, or association of the user with the senior user (chapter six); second, the anti-dilution claim, which specifically aims to govern association with a famous mark (chapter seven); and third, the prevention of parody works that would possibly subvert an original meaning of the brands (chapter eight).

### **6. How Trademark Infringement Claims Help Established Brands Maintain Their Prestigious Brand Image**

Trademark law has expanded the actionable type of infringement claims. Previously, trademark law primarily existed to protect against consumer deception when one producer attempts to pass off its products as those of another. By ensuring truthful product information, trademark law sought to promote competition in markets. Truthful source indication is said to reduce consumer

search costs and allow producers to invest in the quality of products to maintain their reputation.<sup>328</sup> Whether the junior user's mark infringed upon the senior user's mark is governed by the likelihood of confusion test, which asks whether the defendant's use of a mark is "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association" with the senior user.<sup>329</sup> Initially, the Lanham Act required "confusion, mistake or deception of purchasers as to the source of origin of such goods and services."<sup>330</sup> The scope of the likelihood of confusion test was limited to purchaser confusion of source, which occurs at the time of purchase. This is called point of sale confusion or direct purchaser confusion. In 1962, Congress struck down this language in the Lanham Act, and several courts have interpreted Congress's amendment as an expansion of consumer confusion to include non-purchasers beyond as to the source of origin.<sup>331</sup> In 1989, the broad scope of "confusion" was codified to allow infringement claims even when the non-purchasers are likely confused about not only the source, but also the affiliation, connection or sponsorship.<sup>332</sup>

#### **A. Expansions on Actionable Types of Infringement with Lanham Act Amendments**

Even though no actual sale is completed as a result of the confusion, a party could bring an infringement claim based on initial customer interest.<sup>333</sup> This is pre-sale confusion, which occurs when one party has used another's mark in a manner calculated to capture initial consumer

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<sup>328</sup> William M. Landes and Richard Posner, *Trademark Law: An Economic Perspective*, 30 *Journal of Law and Economics* 265 (1987).

<sup>329</sup> 15 USC § 1125(a).

<sup>330</sup> Lanham Act § 32(1), 15 USCA § 1114(1), amended 1962, 76 Stat 769.

<sup>331</sup> See, for example, *Checkpoint Systems, Inc. v Check Point Software Technoliges, Inc.*, 269 F 3d 270 (3d Cir 2001) (noting that likelihood of confusion includes confusion other than by a purchaser at the point of purchase and thus initial interest confusion is actionable under the Lanham Act).

<sup>332</sup> 15 USC § 1125(a).

<sup>333</sup> See Burzga, *Sophisticated Purchaser Defense Avoided Where Pre-Sale Confusion is Harmful*, 78 *Trademark Rep* 659 (1988).

attention, even though no actual sale takes place as a result of the confusion.<sup>334</sup> In one of the cases developing the initial interest confusion theory, the Southern District of New York said (and the Second Circuit agreed) that there was a likelihood of confusion when a potential customer of an expensive piano would be attracted to the defendant piano maker's piano based on the mistaken impression that the plaintiff maker is somehow affiliated or connected to the defendant piano maker "even though later investigation revealed that there was no connection."<sup>335</sup> The Fifth Circuit found there was confusion in using the name of VELVET ELVIS for a sixties theme nightclub, noting that the name could cause people to believe that the place was connected or licensed by the estate of Elvis Presley and thus induce patrons to enter, even if they later realize there is no connection.<sup>336</sup>

The confusion theory expansion to post-sale confusion helps to confer exclusivity over the established brands' products by enjoining sales of imitations, whose quality oftentimes is inferior compared to the established brands. The post-sale confusion doctrine finds infringement when viewers are confused, even if the purchaser is not confused and actually knows that he or she is buying an imitation.<sup>337</sup> The denim apparel manufacturer Levis Strauss was able to prevent

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<sup>334</sup> Mary Lafrance, *Understanding Trademark Law* at 151-52 (cited in note 248).

<sup>335</sup> *Gortrian, Helfferich, Schulz, Th. Steinweg Nachf. v Steinway & Sons*, 365 F Supp 707, 717 (SDNY 1973), *aff'd*, 523 F 2d 1331, 1342 (2d Cir 1975) ("We decline to hold, however, that actual or potential confusion at the time of purchase necessarily must be demonstrated to establish trademark infringement under the circumstances of this case.").

<sup>336</sup> *Elvis Presley Enterprises Inc. v Capece*, 141 F 3d 188 (5th Cir 1998) ("Once in the door, the confusion has succeeded because some patrons may stay, despite realizing the bar has no relationship with EPE."). See also *Cartier, Inc. v. Deziner Wholesale, LLC.*, 2000 WL 347171 (SDNY) ("The label improperly triggers customer's interest in Deziner's product by capitalizing on the good will associated with the Cartier name.").

<sup>337</sup> The post-sale confusion therefore is non-purchaser confusion, whereas pre-sale confusion (or initial customer interest) concerns purchasers who were drawn to products because of a similar mark but later recognize a different source at the point he/she makes a purchase decision.

sales of pants by a defendant imitator with allegedly similar arcuate stitching design logo on the rear pocket (Figure 26).

**Figure 26. Levi's Strauss Brand Arcuate Logo**<sup>338</sup>



The Second Circuit<sup>339</sup> and Ninth Circuit<sup>340</sup> took into consideration a post-sale setting and found there could be confusion among potential buyers who see the design on the infringing pants when worn by others. The Fourth Circuit also applied the same principle of confusion to the public seeing the mark in use from an imitator's product. In *Polo Fashions, Inc. v Craftex, Inc.*,<sup>341</sup> the defendant sold a shirt with an imitation of the plaintiff's polo player logo on the front of the shirt, with a label having the defendant's

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<sup>338</sup> Wesley Scott, *Why The Famous Levi's Arcuate Was Painted: The 1944 S501XX* (Rope Dye, May 25, 2013), archived at <https://www.ropedye.com/2014/01/in-depth-look-arcuate/> (also on file with author).

<sup>339</sup> *Lois Sportswear, U.S.A., Inc. v Levi Strauss & Co*, 631 F Supp 735 (SDNY 1985), aff'd, 799 F.2d 867 (2d Cir 1986).

<sup>340</sup> *Levi Strauss & Co. v Blue Bell, Inc.*, 632 F 2d 817 (9th Cir 1980) ("Wranger's use of its projecting label is likely to cause confusion among prospective purchasers who carry even an imperfect recollection of Strauss' mark and who observe Wranger's projecting label after the point of sale."). See also *Abercrombie & Fitch Co. v Moose Creek, Inc.*, 486 F 3d 629 (9th Cir 2007) (holding that the district court erred in ignoring post-purchase confusion over a logo on wearing apparel.).

<sup>341</sup> 816 F 2d 145 (4th Cir 1987).

name on the inner neck of the shirt. The court concluded that the attachment of the defendant's label does not prevent confusion by observers who see a buyer wearing the shirt.

In *Payless Shoesource, Inc. v Reebok Int'l, Ltd.*,<sup>342</sup> the sportswear and shoes manufacturer Reebok sued retail shoe chain Payless for infringing on their trade dress in the design of several models of Reebok sports shoes because of the possibility of post-sale confusion. Reebok claimed that when the public viewers observed someone wearing a pair of the Payless shoes in question, they would mistakenly believe that the shoes were made by Reebok. Reebok pointed out the possibility that any association of perceived inferior quality of the Payless shoes with Reebok may damage its reputation and good will. The Court acknowledged, "an action for trademark infringement may be based on confusion of consumers other than direct purchasers, including observers of those wearing an accused article."<sup>343</sup>

The courts acknowledge that lessened scarcity or exclusivity of a product due to imitations causes harm to the original producers. In the case where a defendant sold copies of plaintiff Hermes' high fashion accessories fully informing buyers that the goods are copies, the Second Circuit nonetheless noted that a "loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing

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<sup>342</sup> 998 F 2d 985 (Fed Cir 1993).

<sup>343</sup> *Payless*, 998 F 2d at 989. See also, *Rolex Watch U.S.A., Inc. v. Canner*, 645 F Supp 484 (SD Fla 1986). The district court finds post-sale confusion is actionable even though a copier informs the buyer who purchases \$25 value Rolex watch that the goods are copies not original. The direct purchaser confusion is not necessary for the sale of counterfeit goods to be illegal.

public and achieving the status of owning the genuine article at a knockoff price.”<sup>344</sup> The key point we should note here is trademark law’s capacity to protect the consumer’s status. The Court further noted:

The creation of confusion in the post-sale context can be harmful in that if there are too many knockoffs in the market, sales of the originals may decline because the public is fearful that what they are purchasing may not be an original... [T]he purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.<sup>345</sup>

The following cases show that the courts unintentionally acknowledge that high-end brands carry symbolic meaning. In *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*,<sup>346</sup> the Court found that there was infringement by an alleged copyist manufacturer because some customers would buy its cheaper product “for the purpose of acquiring the prestige gained by displaying what many visitors at the customers’ homes would regard as a prestigious article.”<sup>347</sup> In another luxury brand case, *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*,<sup>348</sup> the Court took into consideration Ferrari’s reputation as a luxury car maker and acknowledged that when the viewers (who are non-purchasers) see the cheap replica on the road, Ferrari’s reputation for rarity and quality could be

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<sup>344</sup> *Hermes Intern. v Lederer de Paris Fifth Ave., Inc.*, 219 F3d 104, 109 (2d Cir 2000).

<sup>345</sup> *Hermes Intern.*, 219 F3d 104 (2d Cir 2000).

<sup>346</sup> 221 F 2d 464 (2d Cir 1955).

<sup>347</sup> *Mastercrafters*, F 2d at 466.

<sup>348</sup> 944 F 2d 1235 (6th Cir 1991).

damaged. In justifying a finding of infringement, the Sixth Circuit protected the luxury car brand's "image of exclusivity" and "uniqueness."<sup>349</sup>

Confusion can result even if plaintiff's product is no longer being made. In another Ferrari case,<sup>350</sup> the defendant sold a replica of a Ferrari sports car made from 1969-1974, which Ferrari no longer produced. While the purchaser may know that it is not a genuine car, the court held that he may think that the replica is sponsored, approved, or licensed by Ferrari. In *Gucci America, Inc. v. Dart, Inc.*,<sup>351</sup> the Court found that lessened prestige is a reason to find confusion. The Court said "[o]thers will be discouraged from acquiring a genuine Gucci because the items have become too commonplace and no longer possess the prestige and status associated with them."<sup>352</sup>

The question of the likelihood of confusion depends on the kinds of goods and services at issue. If the parties' goods are directly competitive, the question turns to whether the mark is sufficiently similar to confuse consumers. If the parties' goods are totally unrelated, there is no confusion. When the goods of the parties are not directly competitive but "related" goods, buyers are likely to assume or believe that there is a connection, affiliation, or sponsorship between the two goods at issue.<sup>353</sup> The meaning of "related" looks to the mind of the consuming public. The goods are related if consumers are "likely to believe that such goods, similarly marked, come

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<sup>349</sup> *Ferrari*, 944 F2d at 1237.

<sup>350</sup> *Ferrari S.p.A. Esercizio Fabriche Automobili e Corse v McBurnie*, 11 USPQ 2d 1843, 1989 WL 298658 (SD Cal 1989).

<sup>351</sup> 715 F Supp 566 (SDNY 1989).

<sup>352</sup> *Id.*

<sup>353</sup> Commentators criticized that the test of confusion over sponsorship or affiliation is too broad and vague. See Lemley and McKenna, *Irrelevant Confusion*, 62 Stanford L Rev 413, 427 (2010).

from the same source, or are somehow connected with or sponsored by the same company.”<sup>354</sup>

This is often referred to as the “related goods or services rule.” Congress partially codified the related goods rule in 1989 by rewriting Lanham Act § 43(a)(1)(A) to state that competition is not necessary for the alleged infringer to infringe the mark. In early cases, the Seventh Circuit found that there could be no trademark infringement when goods are not directly competing.<sup>355</sup> The modern trademark law requires no competition to find a likelihood of confusion as long as the goods are related.<sup>356</sup> The rule comes from the *Aunt Jemima Mills Co. v Rigney & Co.*,<sup>357</sup> which both provided a relatively expansive scope of protection for trademarks in noncompetitive fields. The Second Circuit protected the mark Aunt Jemima on the plaintiff’s pancake batter from the defendant’s use for pancake syrup. The Court rejected the competitive goods rule and held that the mark would be protected on any goods that buyers would be likely to think came from the same source as plaintiff’s goods:

[W]e think that goods, though different, may be so related as to fall within the mischief which equity should prevent. Syrup and flour are both food products, and food products commonly used together. Obviously, the public, or a large part

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<sup>354</sup> McCarthy, § 23:1; 23-14.

<sup>355</sup> *Borden Ice Cream Co. v Borden’s Condensed Milk Co.*, 201 F 510 (7th Cir 1912) (finding no infringement of BORDEN milk by BORDEN ice cream).

<sup>356</sup> See for example, *Fleischman Distilling Corp. v Maier Brewing Co.*, 314 F 2d 149 (9th Cir 1963) (finding BLACK & WHITE beer likely to confuse consumers as to have produced by BLACK & WHITE Scotch whiskey).

<sup>357</sup> 247 F 407 (2d Cir 1917) cert. denied, 245 US 672, 38 S Ct 222 (1918). For discussion of the development of the “related goods” rule, see Lunsford, *Trademark Infringement and Confusion of Source*, 35 Va L Rev 214 (1949). See also McCarthy on Trademarks 24:5 – 24:8. Professor McCarthy mentions the Seventh Circuit decision on *Zazu Designs v L’Oreal S.A.*, 979 F2d 499 (7th 1992) as a “strange and inexplicable” decision. In *Zazu*, the Court held that the senior user’s trademark ZAZU for a hair salon was not infringed by the junior user’s use of ZAZU for a hair care products.

of it, seeing this trademark on a syrup, would conclude that it was made by the complainant.<sup>358</sup>

But how far can the expansive nature of the test of likelihood of confusion as to sponsorship, affiliation or connection go? The so-called “collateral uses of a mark” on unauthorized apparel, such as t-shirts and caps, particularly raises this question. For example, when an unauthorized third party sells t-shirts with a Seahawks logo and the buyer purchases products from the unauthorized vendor to show his or her support for the football team, does the Seahawks trademark owner have a right to prevent such a use of a mark? Throughout the 1970s-1980s, trademark owners increasingly exercised their trademark rights to achieve exclusive control over merchandising.<sup>359</sup> In the 1975 *Boston Hockey* decision,<sup>360</sup> the Fifth Circuit appeared to create new merchandising rights by granting control over the trademark of a sports team by barring the unauthorized sales of cloth patches bearing sports team’s logos. The Court required evidence that customers recognized the defendant’s patches as bearing the logos of the sports teams to find infringement and did not require a proof of likelihood that customers would

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<sup>358</sup> *Aunt Jemima*, 247 F 407, 409.

<sup>359</sup> To trace the growth of the merchandising right theory, see Stacy L. Dogan and Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli*, 54 Emory L J 461, 466-478 (2005). Professors acknowledge that claims to merchandising rights to ban sale of merchandise with their name by third parties did not happen until the 1970s-1980s.

<sup>360</sup> *Boston Professional Hockey Ass’n, Inc. v Dallas Cap & Emblem Mfg., Inc.*, 510 F 2d 1004 (5th 1975). See also *University of Georgia Athletic Association v. Laite*, 756 F 2d 1535 (11th Cir 1985); *Nat’l Football League Props., Inc. v N.J. Giants, Inc.*, 637 F Supp 507, 515 (DNJ 1986)). But see *Board of Governors of the University of North Carolina v. Helpingstine*, 714 F Supp 167 (MDNC 1989) (rejecting the university’s suit against a t-shirt manufacturer based on the failure to prove consumer confusion); *United States v Giles*, 213 F 3d 1247, 1250 (10th Cir 2000) (criticizing the *Boston Hockey* court’s broad interpretation of the confusion); *University of Pittsburgh v Champion Products Inc.*, 686 F 2d 1040, 1048 (3d Cir 1982) (denying infringement on the grounds that unlicensed merchandise had been sold for over forty years and consumers did not seem to attach importance to their sponsor or endorser).

be confused as to the source or sponsorship.<sup>361</sup> The First Circuit court enjoined the sale of unauthorized T-shirts with a BOSTON MARATHON mark.<sup>362</sup> The Fifth Circuit found that the fact that customers were likely *to believe* that the product is officially sponsored (not whether a customer *cares* about the official sponsorship) triggered infringement.<sup>363</sup>

Judicial recognition of merchandising rights continued through the 1990s and the turn of the century. In 2006, the Sixth Circuit in *Audi AG v. D' Amato*<sup>364</sup> and the Ninth Circuit in *Automotive Gold, Inc. v. Volkswagen of America, Inc.*,<sup>365</sup> both ruled that the unauthorized sale of promotional goods bearing the marks of a car manufacturer amounted to trademark infringement. In 2008, the Fifth Circuit in *Board of Supervisors of Louisiana State University v. Smack Apparel Co.*,<sup>366</sup> held that defendant's selling of Sugar Bowl t-shirts infringed upon the plaintiff Louisiana State University's trademark solely because of likely consumer association with the color schemes and slogans.<sup>367</sup>

Commentators conclude that trademark owners' claims for the general right to control merchandising is based on the logic of preventing free riders or unjust enrichment: trademark owners derive product desirability from the allure of their mark and others should not reap the

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<sup>361</sup> *Boston Professional Hockey*, 510 F 2d 1004, 1012.

<sup>362</sup> *Boston Athletic Ass'n v Sullivan*, 867 F 2d 22 (1st Cir 1989).

<sup>363</sup> *Board of Supervisors for Louisiana State University Agricultural and Mechanical College v Smack Apparel Co.*, 550 F 3d 465, 458 (5th Cir 2008) (finding infringement of the identifying colors of several universities by use on t-shirts celebrating various college football championships).

<sup>364</sup> 469 F 3d 534 (6th Cir 2006).

<sup>365</sup> 457 F 3d 1062 (9th Cir 2006).

<sup>366</sup> 550 F 3d 465 (5th Cir 2008).

<sup>367</sup> *Id* at 478 (The public would "perceive the university as the source or sponsor of the goods because consumers want to associate with that source"); See also *University of Kansas v. Sinks*, 565 F Supp 2d 1216 (D Kan 2008) (similarly found infringement of defendant's t-shirts).

benefits of that desirability.<sup>368</sup> Legal commentators have criticized the courts' expansion of trademark infringement claims on the basis of consumer association and the tendency to acknowledge general merchandising rights to trademark holders. Professor Dogan and Lemley point out that trademark law has never been about preventing all forms of free riding but promoting competition.<sup>369</sup> If courts grant general merchandising rights to trademark owners, consumers would have no choice but to purchase licensed merchandise, losing the opportunity to choose between licensed and unauthorized cheaper version of products, which in turn, hinders competition even when the use of the mark is not for designating source of product.

Contemporary fashion business practice has the established brands extending their brand name to different categories of merchandise such as cosmetics, eyewear, watches, shoes, and home décor. This extension may influence any claims these brands may have based on the consumer's belief that these new items are connected to their brand. The Italian fashion house Armani, for example, has extended its brand name from the apparel category to furniture (Armani/Casa), food (Armani/Dolci), flower (Armani/Fiori) and hotels (Armani/Hotels).<sup>370</sup> Some prestigious fashion brands collaborate with mass-retailers. The fast fashion manufacturer and retailer H&M, for instance, has continued the high-end designer collaboration series since

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<sup>368</sup> Dogan and Lemley, 54 Emory L J at 478-95 (cited in note 359).

<sup>369</sup> Professors evaluate that the effect "the move from protecting trademark as label to trademark as mixed label-and-product" would bring is ambiguous: "While it can potentially reduce search costs by facilitating product identification and reducing marketplace confusion, it can also directly hinder competition 'on the merits in the sale of products,'" see Id at 461, 483, 470.

<sup>370</sup> Within the apparel product category, Armani created many lines of a brand: Armani Privé (haute couture line), Giorgio Armani (ready-to-wear line aimed at a younger age group), Emporio Armani (ready-to-wear and Milan Fashion Week collections), EA7 (sportswear line), Armani Collezioni (business suits aimed at an older age group), Armani Jeans (denim line), and Armani Junior (kids line), and Armani Exchange (street-inspired accessible line).

2004,<sup>371</sup> beginning with its first collaboration with Karl Lagerfeld, the creative director of the prestigious fashion brand Chanel. Most of the collaboration merchandise sold out in hours or minutes.<sup>372</sup>

As the established brands extend beyond their established sale products and collaborate with mid-price range mass retailers, consumers will likely believe there is official sponsorship to a product category at issue. Thus, these brands may be able to bring infringement claims more easily to control inferior quality merchandising from unauthorized producers. Courts also observed that strong marks cover a wide scope of goods and services. As a result, the established brands may have a relatively high chance of winning merchandising rights claims in comparison to less-famous brands. The Sixth Circuit observed: “The stronger the mark, the more likely it is that encroachment on it will produce confusion.”<sup>373</sup> The Third Circuit also acknowledged “under the Lanham Act, stronger marks receive greater protection.”<sup>374</sup> For example, the use of famous alcoholic beverage marks, such as JOHNNIE WALKER cigars,<sup>375</sup> BLACK LABEL cigarettes,<sup>376</sup> were held to be infringements.

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<sup>371</sup> For the history of the H&M collaboration with designers, see H&M official website, archived at <http://about.hm.com/en/About/facts-about-hm/fashion-for-all/collections/collaborations.html> (also on file with author).

<sup>372</sup> Stephanie Clifford, *Demand at Target for Fashion Line Crashes Web Site* (NY Times, Sept 13, 2011), archived at [http://www.nytimes.com/2011/09/14/business/demand-at-target-for-fashion-line-crashes-web-site.html?\\_r=0](http://www.nytimes.com/2011/09/14/business/demand-at-target-for-fashion-line-crashes-web-site.html?_r=0) (also on file with author); Matthew Schneier, *Lilly Pulitzer for Target: They Came, They Waited, They Went Home Mad* (NY Times, Apr 22, 2015) archived at <http://www.nytimes.com/2015/04/23/fashion/is-target-in-the-consumers-bulls-eye-after-the-lilly-pulitzer-dustup.html> (also on file with author).

<sup>373</sup> *Champions Golf Club v Champions Golf Club*, 78 F 3d 1111 (6th Cir 1996).

<sup>374</sup> *A & H Sportswear, Inc. v Victoria's Secret Stores, Inc.*, 237 F 3d 198 (3d Cir 2000).

<sup>375</sup> *John Walker & Sons, Ltd. v Bethea*, 305 F Supp 1302 (DSC 1696).

<sup>376</sup> *Carling Brewing Co. v Philip Morris, Inc.*, 297 F Supp 1330 (ND Ga 1968).

## B. Likelihood of Confusion Multifactor Test

In answering the question of whether the defendant's trademark is likely to cause consumer confusion as to the true source or connection of the defendant's goods, each circuit requires the district court to conduct a multifactor analysis of the likelihood of consumer confusion according to the factors set out by that specific circuit.<sup>377</sup> Each circuit developed its own formula for its confusion analysis,<sup>378</sup> originated either directly or indirectly from the 1938 Restatement (First) of Torts.<sup>379</sup> Though there is overlap among some of the factors each court considers, Professor Beebe points out that there is also great diversity "not just in which factors are employed but in how they are employed."— Some circuits heavily weigh factors ignored by other circuits, and nearly every factor or combination of factors has been called the most important by one court or another.<sup>380</sup> Among the diverse formulations of the confusion test, common to all of the circuits are four factors: the strength of the plaintiff's mark, the similarity of the marks, the proximity of the goods, and evidence of actual confusion.<sup>381</sup> With only one exception, the 'intent of the defendant' factor is found in every court's test.<sup>382</sup> The influential test is the Second Circuit's non-exclusive multi factor *Polaroid* test, which the Court developed in *Polaroid Corp. v. Polaroid Elecs. Corp.*<sup>383</sup>

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<sup>377</sup> Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement* 94 Cal L Rev 1581, 1582 (2006).

<sup>378</sup> McCarthy 3 § 24:30.

<sup>379</sup> See McCarthy at § 23:19.

<sup>380</sup> Barton Beebe, 94 Cal L Rev at 1538 (cited in note 377).

<sup>381</sup> Id at 1589.

<sup>382</sup> Id at 1590.

<sup>383</sup> 287 F 2d 492 at 495 (2d Cir 1961). Discussions will follow in the following paragraph with a case applying the Polaroid test.

In this section, I argue that the strength of the mark exerts a strong influence on courts finding a likelihood of confusion,<sup>384</sup> and thus the likelihood of confusion test effectively operates as an effective tool for the established brands to protect their brand image from unwanted associations. I showcase this argument from the case of *Gucci America*.<sup>385</sup> In *Gucci America*, the district court used the *Polaroid* analysis to find infringement of the global fashion house Gucci's mark ("Big Gucci") by defendants Jennifer and Gemma Gucci use of their mark ("Little Gucci").<sup>386</sup> Jennifer Gucci married Paolo Gucci, whose grandfather was Guccio Gucci, the founder of the Big Gucci today. Gemma Gucci is the daughter of Jennifer Gucci and Paolo Gucci. Jennifer and Gemma run their own business and give license to use their name on many lines of products, including fashion and foods. This case not only provides a good example to show the influence of the strength of the mark test but also demonstrates the effect of legal battle to bar competition to the detriment of small designers. The Second Circuit applies the "non-exclusive multi-factor test" developed in *Polaroid Corp. v. Polarad Elecs. Corp*<sup>387</sup> to examine whether a defendant's use of a trademark is likely to confuse consumers as to the source of products. The test contains eight factors to consider: "i) the strength of the mark; ii) the similarity of the...marks; iii) the proximity of the products; iv) actual confusion; v) the likelihood of plaintiff's bridging the gap; vi) defendant's good faith in adopting its mark; vii) the quality of defendant's products; and viii) the sophistication of the consumers.

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<sup>384</sup> The empirical evidence supports this result. See Barton Beebe, 94 Cal L Rev at 1612, 1620 (cited in note 377).

<sup>385</sup> *Gucci America, Inc., v Gucci*, 2009 WL 8531026, \*3 (SDNY).

<sup>386</sup> At trial, Jennifer Gucci referred to the global fashion house Gucci, as "Big Gucci" and herself as "Little Gucci," see id.

<sup>387</sup> 287 F 2d 492 at 495 (2d Cir 1961).

The first factor, “strength of the mark,” influences two subsequent factors of the test: the “similarity of the mark” and the “proximity of the product.” In *Gucci America*, the Court begins its analysis by evaluating the first prong of the test, “the strength of the mark.” The Big Gucci mark, with its trademark registration for over five years, is “deemed to be strong and have developed secondary meaning,” and thus the Court weighed in favor of Big Gucci for the ‘strength of the mark’ factor. For the second factor, the Court also found strong similarity between the Gucci Word Mark and the names Jennifer Gucci and Gemma Gucci, finding that “confusion is not avoided by adding the words.” The Court referred to USPTO’s logic in its denial for the defendants’ mark based on Big Gucci’s fame. The USPTO denied registering the trademark “Jennifer Designed by Jennifer Gucci” for use with their jewelry, housewares, and clothing business. The logic of USPTO in its denial flows from “the fame of the Gucci line of marks” and concluded that this fame gave them little doubt that there would be consumer confusion as to the source of the goods.<sup>388</sup> Trademark registration for a “Gemma Gucci” trademark was also denied on the same grounds, and the USPTO added that the “mere addition of a term,” that is, Gemma, is “not sufficient to overcome a likelihood of confusion.”<sup>389</sup> Therefore, the evaluation of the similarity between marks, the second factor, in significant part, depends on the first factor, how strong the plaintiff’s mark is.

The Court then proceeds to the third factor, proximity of the products, which concerns both “market and geographic proximity.” Market proximity asks “whether two products are in related areas of commerce,” and geographic proximity looks to the “geographic separation of the

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<sup>388</sup> *Gucci America*, 2009 WL 8531026 at \*6.

<sup>389</sup> *Id.*

products.”<sup>390</sup> Defendants Jemma and Jennifer Gucci were found to compete in the same market with Big Gucci in selling their product lines of handbags, apparel, jewelry, and fragrances. Defendants also licensed and/or sold wine, coffee, gelato, and water, which do not directly compete with Big Gucci. Nevertheless, the Court held that “direct competition is not a prerequisite to relief.”<sup>391</sup> The Court emphasized the fact that Big Gucci had a “strong and well known mark,” to broaden protection for famous mark holders from alleged infringers: “The significant strength of the Gucci Trademark requires that they be given broad protection against infringers.”<sup>392</sup> Here, the Court notably recognized the possibility of emotional harm to the meaning of the Gucci mark and thus to its brand value, stating that: “the concern is not direct diversion of purchasers but indirect harm through loss of goodwill or tarnishment of reputation.”<sup>393</sup> Through the similarity test, the power of a strong mark determines the analysis for the proximity of the products: “because the Gucci Trademarks are famous and well known...there is a greater likelihood that use of the Jennifer Gucci or Gemma Gucci names on noncompetitive products will cause confusion.”<sup>394</sup>

The mark of fame also gives advantage to evaluate defendant’s bad faith for the sixth factor, given that the Court asks whether the defendant was “aware of the mark:” “Bad faith can be demonstrated through a showing of actual or constructive knowledge of the prior user’s

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<sup>390</sup> Id at \*15.

<sup>391</sup> Id at \*17.

<sup>392</sup> *Gucci America*, 2009 WL 8531026 at \*6.

<sup>393</sup> Id at \*17.

<sup>394</sup> Id.

mark.”<sup>395</sup> Because it is hard to be unaware of a famous mark, an alleged infringer is unlikely to escape the bad faith charge.<sup>396</sup>

The fourth factor, “actual confusion,” does not require plaintiff to submit evidence showing actual confusion. The test is based on the likelihood of actual confusion, even if confusion has not happened yet. Naturally, if plaintiff has evidence of actual confusion, the strength of the actual confusion evidence will weigh in favor of the plaintiff to find a likelihood of confusion.<sup>397</sup> The likelihood of confusion can be generally shown through consumer’s surveys, anecdotal evidence of confusion, empirical studies, or expert testimony.<sup>398</sup> In *Gucci*, Big Gucci did not present any expert testimony as to actual confusion but the Court nonetheless concluded that there was ample evidence in the record that Small Gucci misled or confused consumers as to the source or sponsorship. The Court relied on the similarity of marks between the two and Small Gucci’s bad faith to trade upon the goodwill of the Gucci trademarks to conclude that they had ample evidence to establish a likelihood of confusion.<sup>399</sup>

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<sup>395</sup> Id at \*19.

<sup>396</sup> The intent factor was originally limited to subjective intent to deceive. See 4 McCarthy § 23:113. Over time, it has been construed broadly to be inferred from the defendant’s adoption of a similar mark with knowledge of the plaintiff’s mark. Some courts find an intent of bad faith when the defendant aims to copy the plaintiff’s mark or to free ride on the plaintiff’s goodwill even without an intent to deceive. See, for example *Gen. Motors Corp. v Keystone Auto Indus. Inc.*, 453 F 3d 351, 354 (6th Cir 2006) (finding bad faith intent from the fact that defendant copied plaintiff’s grilles design without requiring direct evidence of intent to deceive); *Ferrari S.P.A. Esercizio v Roberts*, 944 F 2d 1235, 1242-43 (6th Cir 1991) (emphasizing the defendant’s intent to capitalize on the plaintiff’s goodwill and reputation).

<sup>397</sup> *Generation X Int’l Corp. v No Excuses Sportswear*, 1998 US Dist Lexis 4693, 22 (SDNY 1998) (“Plaintiff need not provide evidence of a single instance of actual confusion to prevail on the merits”).

<sup>398</sup> LaFrance, *Understanding Trademark Law*, 166-67 (cited in note 248).

<sup>399</sup> *Gucci America, Inc.*, 2009 WL 8531026 at \*19.

The fifth “bridging the gap” factor refers to the “probability that the trademark owner might enter the defendant’s noncompeting product market and sell the same product as the defendant sells.”<sup>400</sup> This factor is one of the factors, along with the third “proximity of products” factor, developed to analyze possible expansion of a product line by the plaintiff when the goods at issue are non-competitive goods.<sup>401</sup> This factor initially played a gatekeeping role to focus on the seller’s harm by requiring a showing of the plaintiff’s actual plans to enter the defendant market.<sup>402</sup>

Today, many courts treat this factor not as a subjective inquiry into the plaintiff’s plans, but rather as an objective inquiry into whether firms similar to the plaintiff have a tendency, in general, to enter product markets like the defendant’s. This objective version of the bridge-the-gap analysis focuses on exactly the same question that the proximity factor evaluates: whether consumers would believe that the plaintiff has entered the defendant’s market. The Court in *Gucci America* found that the plaintiff and defendants occupy the same market with respect to cosmetics, bedding, handbags, and hosiery, and thus concluded that there is no gap to bridge.<sup>403</sup> For coffee, water, wine, and gelato, the Court ruled that “consumers may well assumed in this era of corporate diversification that the parties are related companies,” and hence weighed the

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<sup>400</sup> Robert G. Bone, *Taking the Confusion Out of the “Likelihood of Confusion”*: Toward a More Sensible Approach to Trademark Infringement, 106 Northwestern Uni L Rev 1308, 1340 (2012).

<sup>401</sup> The eight-factor Polaroid test was developed in the Second Circuit to analyze cases of alleged infringement of noncompetitive goods, however, the Second Circuit said that the Polaroid test could be used in cases of competition goods or services as well. See *Polaroid*, 287 F 2d at 128; *Physicians Formula Cosmetics, Inc. v West Cabot Cosmetics, Inc.*, 857 F 2d 80 (2d Cir 1988).

<sup>402</sup> Bone, 106 Northwestern Uni L Rev at 1340 (cited in note 400).

<sup>403</sup> *Gucci America, Inc.*, 2009 WL 8531026) \*18.

evidence in favor of Big Gucci.<sup>404</sup> Commentators criticize the bridging the gap factor as inappropriate in the analysis of infringement.<sup>405</sup>

The Second Circuit is inconsistent in applying the seventh “product quality” factor and not clear about the seventh factor’s role in the confusion analysis. In the case at hand, the Court asks whether defendants Small Gucci were able to exercise quality control and concluded that they did not, thus finding in favor of Big Gucci for this factor. The Second Circuit relied on Small Gucci’s experience or expertise in the fashion industry to determine that they were unable to exercise quality control. In some cases, the Second Circuit concludes that if the quality of the junior user’s product is low relative to the senior user’s consumer, then confusion is less likely to occur given the obvious difference between two products.<sup>406</sup> In other cases, the Court writes that if the quality of the junior user’s product is low, then this increases the chance of actual injury.<sup>407</sup> This logic is problematic, however, because injury the court concerns itself with in evaluating product quality is actually the dilution of a mark, the situation in which a mark becomes less distinctive as an exclusive source indicator. This has nothing to do with the confusion analysis. As I will discuss in the following chapter, dilution harm is addressed by a separate trademark claim specifically for dilution. When the quality of goods is at least equal, courts have squarely held that there is less likelihood of confusion because any consumer confusion might injure the

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<sup>404</sup> *Id.*

<sup>405</sup> Bone, 106 Northwestern Uni L Rev at 1341 (cited in note 400).

<sup>406</sup> *Plus Prods. v Plus Discount Foods, Inc.*, 722 F 2d 999, 1007 (2d Cir 1983) (inferior quality of defendant’s goods lessens likelihood of confusion).

<sup>407</sup> *Savin Corp. v Savin Group*, 391 F 3d 439, 460-61 (2d Cir 2004). I see this logic is problematic, however, because injury the court concerns is the dilution of a mark, that is, a mark becomes less distinctive to serve as exclusive source indicator and this has nothing to do with confusion analysis. As I unfold in the following chapter, dilution harm is addressed by a separate trademark claim called dilution by blurring.

plaintiff's reputation.<sup>408</sup> However, a plaintiff's reputation has no relevance in determining confusion, and harm to a mark's reputation should also be addressed by the separate legal claim of trademark dilution.<sup>409</sup> The Second Circuit analysis in *Gucci* seems to inappropriately use the seventh factor of their confusion analysis to assess the extent of the Big Gucci's injury in terms of dilution of their famous mark.

For the eighth "consumer sophistication" factor, the Second Circuit in *Gucci* concluded that sophisticated purchasers of designer goods could associate Big Gucci with Small Gucci products, and thus found in favor of Big Gucci. However, this logic is counter-intuitive because more sophisticated consumers, such as those who purchase designer goods, would not be confused about the source because they can recognize the difference between two products better than the ordinary purchaser. In some cases, the Second Circuit finds that when a product is relatively expensive, it involves a higher level of purchaser engagement, which tends to mitigate the likelihood of confusion.<sup>410</sup> In other cases, however, the Court finds that "purchasers of designer goods may more likely be confused by similar marks" because these purchasers would easily associate the two manufacturers."<sup>411</sup>

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<sup>408</sup> *Lever Bros. Co. v American Bakeries Co.*, 693 F2d 251 (2d Cir 1982) (high quality of both products reduces likelihood of confusion); *M&G Elecs. Sales Corp. v Sonay Kabushiki Kaisha*, 250 F Supp 2d 91 (EDNY 2003) (where plaintiff did not dispute high quality of defendant's products, seventh factor favored defendants); *Gruner + Jahr USA Pub'g v Meredith Corp.*, 991 F2d 1072, 1079 (2d Cir 1993) (treating seventh factor neutral, because "[g]enerally, quality is weighed as a factor when there is an allegation that a low quality product is taking unfair advantage of the public good will earned by a well-established high quality product").

<sup>409</sup> Dilution by tarnishment claim addresses harm to the plaintiff marks' reputation. For details, see chapter seven.

<sup>410</sup> See e.g. *Deere & Co. v MTD Holdings, Inc.*, 70 USPQ 2d 1009, 1023-24 (SDNY 2004).

<sup>411</sup> See e.g. *Lois Sportswear, U.S.A., Inc. v. Levis Strauss & Co.*, 799 F 2d 867, 875 (2d Cir 1986), "...[i]t is a sophisticated jeans consumer who is most likely to assume that the presence of

In Part One, I set out that it is the association that constitutes brand image beyond the signification activities made by marketing efforts. In this chapter, I have demonstrated how the expansion of confusion theory contributes to maintaining the image of established brands by regulating consumer associations. The confusion-based infringement claim of trademark law has expanded its scope from source to sponsorship and from the-point-of-sale to post-sale confusion. These expansions provide established brands a legal device to maintain the prestigious image of their brand by protecting consumer association with the brand. Now I turn to how the dilution-based infringement claim contributes to keeping the image of the established brands by preventing the possibility of subverting the original through parodies.

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appellee's trademark stitching pattern on appellant's jeans indicates some sort of association between the two manufacturers."

## 7. How Trademark Dilution Claims Help Established Brands Maintain Prestigious Brand Image

Federal trademark protection expanded to anti-dilution with the adoption of the Federal Trademark Dilution Act (FTDA) in 1995.<sup>412</sup> The FTDA specifically aimed to recognize the protection for “famous” marks against the “blurring” of their distinctiveness or the “tarnishment” of their reputation. “Famous mark” refers to a mark that is “widely recognized by the general consuming public.”<sup>413</sup> “Blurring” is defined as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”<sup>414</sup> The canonical dilution by blurring case involved Kodak bicycles.<sup>415</sup> Even though the Court recognized that consumers were not likely to assume a connection between Kodak film and camera makers and the bicycle seller, the Court nonetheless issued an injunction to ban the use of the mark because Kodak bicycles interfere with the singular meaning of the Kodak mark as a film company.<sup>416</sup>

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<sup>412</sup> Federal Trademark Dilution Act (FTDA) of 1995, Pub. L. No. 104-98, §§ 3(a), 4, 109 Stat. 985, 985-86 (codified as amended at 15 USC §§ 1125, 1127) (effective Jun. 16, 1996).

<sup>413</sup> 15 USC § 1125(c)(2)(A)

<sup>414</sup> 15 USC § 1125(c)(2)(B).

<sup>415</sup> See *Eastman Photographic Materials Co. v Kodak Cycle Co.*, 15 [British] RPC 105 (1898).

<sup>416</sup> The US trademark lawyer and scholar Frank Schechter first advocated for the development of anti-dilution protection in emphasizing “preservation of the uniqueness or individuality of the trademark,” “its singularity,” and “arresting uniqueness.” Schechter argued that the use of famous marks to all manner of goods and services would result in the “gradual whittling away or dispersion of the distinctiveness. This results in harm to consumers because of the theoretically weakened connection between products and the brand. See Frank I. Scheter, *The Rational Basis of Trademark Protection*, 40 Harv L Rev 813, 821-24 (1927). But some scholars argue that anti-dilution is not a harm for non-competing goods because uses by non-competing products actually tend to raise the profile of a famous mark by reinforcing the connection between products and a brand. See Jennifer Filers Beerline, *Anti-Dilution Law, New and Improved: The Trademark Dilution Act of 2006*, 23 Berkeley Tech L J 511, 513 n30 (2008). Also, unlike 1927,

Economic theory claims that once a unique designation loses its uniqueness, it makes it difficult for consumers to link that designation with a single source, thus increasing the consumer's search costs by diffusing the identification power of that designation.<sup>417</sup> "Tarnishment" is defined as an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."<sup>418</sup> For example, the court found tarnishment for the advertising posters printed with the word "Enjoy Cocaine" that feature the same typeface and red and white color scheme as Coca-Cola's "Enjoy Coca-Cola" advertisements.<sup>419</sup> In another example, the Court found dilution in the use of costumes resembling the Dallas Cowboy Cheerleading uniforms in a pornographic movie because it suggested that the Dallas Cowboys Cheerleaders were participants.<sup>420</sup> Dilution claims address the harm that occurs when there is erosion of the strength of a mark even in the absence of consumer confusion.<sup>421</sup> Judge Cedarbaum writes that the essence of tarnishment is "the displacement of

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when Koda-brand bicycles were inconceivable, a diverse portfolio of one company is entirely possible today.. See Id at 515.

<sup>417</sup> Richard Posner, *When Is Parody Fair Use?*, 21 J Legal Stud 67, 75 (1992). But Professor Tushnet questions whether the theoretical economic harms are a legally significant risk in the real world without unknown and unproven harm. See Rebecca Tushnet, *Trademark Law and Cognitive Science*, 86 Tex L Rev 507, 528 (2008).

<sup>418</sup> 15 USC § 1125(c)(2)(C). Some legal commentators question whether tarnishment is really a form of dilution. Professor Barton Beebe writes, "[w]hile dilution of the distinctive quality of a mark may in some sense constitute injury to business reputation, injury to business reputation does not necessarily entail dilution of the distinctive quality of the mark." Professor Beebe cites the case of *New York Stock Exchange v. New York, New York Hotel*, 293 F.3d 550 (2d Cir. 2002), in which the Second Circuit held that the phrase "New York, New York \$lot Exchange" did not dilute the capacity of NYSE's marks to serve as a unique identifier of its products and services, but held that the use of the phrase constituted tarnishment and caused harm to NYSE's reputation. See Barton Beebe, *Semiotic Analysis of Trademark Law*, 51 UCLA L Rev 621, 696 (2004).

<sup>419</sup> *Coca-Cola Co. v Gemini Rising, Inc.*, 346 F Supp 1183 (EDNY 1972).

<sup>420</sup> *Dallas Cowboys Cheerleaders, Inc. v Pussycat Cinema, Ltd.*, 604 F 2d 200 (2d Cir 1979)

<sup>421</sup> McCarthy on Trademarks § 24:69 (24-210); The rationale for protection against dilution was first articulated by trademark lawyer Frank I. Schechter. See *The Rational Basis of Trademark Protection*, 40 Harv L Rev 813 (1927). But see Kenneth L. Port, *The "Unnatural Expansion of*

positive with negative associations of the mark, like a blurring, reduces the value of the mark to the trademark owner.<sup>422</sup> The dilution-based trademark infringement claim, therefore, is an effective legal device for the famous brands to maintain the exclusive association with their marks.

But this legal tool is only offered for famous mark holders. The FTDA has led to inconsistent judicial holdings with regard to level of fame a trademark had to possess to be protected.<sup>423</sup> The FTDA states that only trademarks that were famous prior to the date of the challenged mark's first use in commerce are "famous marks," but did not provide elaboration. Given little guidance, courts applied different standards to define what constitutes "famous" marks.<sup>424</sup> The Second Circuit held that only inherently distinctive marks could be famous.<sup>425</sup> In contrast, the Ninth Circuit held that marks that have acquired distinctiveness can be famous.<sup>426</sup> Most circuit courts have held that the FTDA protects trademarks even when their fame was limited to a geographic region or an industry niche.<sup>427</sup> However, the Trademark Dilution Revision Act (TDRA) requires nationwide fame, not simply regional recognition, raising the bar

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*Trademark Rights: Is a Federal Dilution Statute Necessary?*, 85 Trademark Rep 525 (1995); Megan Gray, *Defending Against a Dilution Claim: A Practitioner's Guide*, 4 Tex Intell Prop L J 205 (1996).

<sup>422</sup> *New York Stock Exchange, Inc. v New York, New York Hotel, LLC*, 293 F3d 550 (2d Cir 2002).

<sup>423</sup> HR Rep No 109-23 (2005).

<sup>424</sup> FTDA, 15 USC § 1125(c)(1) (2000)(amended 2006).

<sup>425</sup> *New York Stock Exchange*, 293 F3d 550 (holding that plaintiff's mark cannot be famous because it is descriptive and therefore not inherently distinctive).

<sup>426</sup> *Thane Intern., Inc. v Trek Bicycle Corp.*, 305 F 3d 894, 912 n14 (9th Cir 2002).

<sup>427</sup> *Wawa Dairy Farms v Haaf*, 939 F 3d (3d Cir 1997) (concluding Wawa mark to be famous which has a chain of 600 convenience stores located in Pennsylvania and surrounding states); *Nailtiques Cosmetic Corp. v Salon Sciences Corp.*, 41 USPQ 2d (1995) (holding that a mark is famous within its niche). But see *TCPIP Holding Co v Harr Communications, Inc.*, 244 F3d 88, 99 (2d Cir 2001) (requiring a broader level of fame beyond "in a small part of the country, or "among a small segment of the population").

in comparison to the FTDA “wide recognition by the general consuming public” standard.<sup>428</sup>

Therefore, a company that is well known within a particular industry but less known by nationwide consumers does not meet the TDRA fame standard.<sup>429</sup>

Under the FTDA, judicial holdings were also inconsistent on the issue of whether trade dress is protected from dilution. The Second Circuit granted trade dress anti-dilution protection to product packaging and design. In contrast, the First Circuit concluded that Congress did not intend to provide anti-dilution protection for trade dress because such protection would bypass the design patent requirements by trademark holders.<sup>430</sup>

The FTDA provides a definition of dilution, but provides no guidance to help courts to identity blurring.<sup>431</sup> Courts followed the “Sweet Factors” test, named after the judge who developed the test in New York, but this test was criticized for incorporating “consumer confusion” and “the similarity of the markets for the products,” which are irrelevant to the dilution claim.<sup>432</sup> Later, the improved test in *Nabisco* provided a ten-factor list, but it was not that

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<sup>428</sup> 15 USC § 1125(c)(1).

<sup>429</sup> *FilesBeerline*, 23 Berkeley Tech L J at 525 (cited in note 416) .

<sup>430</sup> *Nabisco, Inc. v PF Brands, Inc.*, 191 F3d 208, 229 (2d Cir 1999) (holding that the shape of goldfish crackers was protected trade dress under dilution claim); *IP Lund Tradeing ApS v Kohler Co.*, 163 F 3d 27, 50 (1st Cir 1998) (reasoning that anti-dilution remedies for trade dress would award an enduring degree of protection that is specifically for design patents without forcing trademark owners to clear the hurdles required for patent protection).

<sup>431</sup> 15 USC § 1125(c)(1) (2000) (amended 2006) (“The lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”).

<sup>432</sup> *Mead Data Cent., Inc v Toyota Motor Sales, USA Inc.*, 875 F2d 1026, 1035 (2d Cir 1989) (Sweet J Concurring) (suggesting six factors: “(i) similarity of the marks; (ii) similarity of the products covered by the marks; (iii) sophistication of consumers; (iv) predatory intent; (v)

helpful because of its great flexibility for courts to choose among ten and difficulty in predicting possible outcomes to determine blurring.<sup>433</sup> Courts frequently found tarnishment as a form of dilution under the FTDA although the statute did not explicitly protection against harm to business reputation.<sup>434</sup> The TDRA provided increased guidance for courts in analyzing blurring claims by outlining six optional factors for consideration.<sup>435</sup> Also, the TDRA made clear that tarnishment is a type of dilution protected under the statute. However, it did not provide guidance on how to determine tarnishment.<sup>436</sup>

The standard of harm to prove dilution was divided under FTDA before the Supreme Court decision in *Moseley*.<sup>437</sup> There was a circuit split between the Fourth and Second Circuits on the issue of whether the FTDA requires a plaintiff to prove specific harm to allege dilution (Fourth Circuit), or if a plaintiff need only to prove a “likelihood of dilution” without proving

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renown of the senior mark; and (vi) renown of the junior mark”); *FilesBeerline*, 23 Berkeley Tech L J at 519 (cited in note 436).

<sup>433</sup> *Nabisco, Inc v PF Brands, Inc.*, 191 F3d 208, 217-23 (2d Cir 1999) (suggesting ten factors: “(i) distinctiveness of the senior mark; (ii) similarity of the marks; (iii) proximity of the products and likelihood of bridging the gap; (iv) interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products; (v) shared consumers and geographic limitations; (vi) sophistication of consumers; (viii) actual confusion; (viii) adjectival or referential quality of the junior use; (ix) harm to the junior user and delay by the senior user; (x) effect of senior’s prior laxity in protecting the mark”); *FilesBeerline*, 23 Berkeley Tech L J at 519 (cited in note 436).

<sup>434</sup> See McCarthy, *McCarthy on Trademarks and Unfair Competition* § 24:89.

<sup>435</sup> 15 USC § 1125 (c)2(B) (“[t]he court may consider all relevant factors, including the following: i) the degree of similarity between the mark or trade name and the famous mark; (ii) the degree of inherent or acquired distinctiveness of the famous mark; (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) the degree of recognition of the famous mark; (v) whether the user of the mark or trade name intended to create an association with the famous mark; and vi) any actual association between the mark or trade name and the famous mark.”).

<sup>436</sup> 15 USC § 1125(c)2(C) (providing only a definition of “tarnishment” to be “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”).

<sup>437</sup> *Moseley v Victoria Secret Catalogue, Inc.*, 537 US 418 (2003).

any “actual harm” or “actual dilution” (Second Circuit). In 2003, the Supreme Court in *Moseley* suggested that dilution claims must be based on specific harm rather than just a “likelihood of dilution.” After *Moseley*, trademark lawyers widely criticized the decision because that the main remedy under the FTDA was injunctive relief, which is a forward-looking remedy. Once a mark is diluted, recovery is not possible and therefore remedy afterwards is essentially meaningless.<sup>438</sup> Congress fixed the Supreme Court’s position in the 2006 Trademark Dilution Revision Act (TDRA) by articulating that dilution claims need not prove actual dilution but a likelihood of dilution.<sup>439</sup>

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<sup>438</sup> See HR Rep No 109-23 (2005).

<sup>439</sup> Trademark Dilution Revision Act (TDRA) (Pub. L. No. 109-312 §§2, 3(e), 120 Stat. 1730 (codified as amended at 15 USC §§ 1125, 1127) (effective Oct. 6, 2006). For a discussion on the improvement of TDRA from the previous dilution act FTDA, see generally FilesBeerline, 23 Berkeley Tech L J 511 (cited in note 416).

## 8. How Trademark Law Protects Prestigious Brands from Parodies

The expansion of trademark law against anti-dilution of the mark triggered criticism from free speech advocates concerned that the law grants powerful corporations excessive control over legitimate parody, comments, and other forms of speech. The Supreme Court defines parody as the “use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works.”<sup>440</sup> By contrast, works that use elements from an original for comic effect but that do not comment directly on the original are satire, the Court classifies, not parody.<sup>441</sup> In *Campbell*, the Supreme Court did not say that parody was protected and satire was not. The Court suggested that both satire and parody had claims for fair use under copyright law.<sup>442</sup> However, “[i]n the wake of *Campbell*,” Professor Dogan and Lemley states, “many courts in copyright and trademark cases have treated the parody/satire distinction... as a bright line rule.”<sup>443</sup> The most notable trademark law case is *Dr. Seuss* in the Ninth Circuit.<sup>444</sup> The court held that *The Cat NOT In the Hat* was satire, not a parody of Dr. Seuss’s book, and thus not speech protected from trademark infringement.

A parody has social value as critical speech. The Court acknowledged the value of parody as the following: “Like less ostensibly humorous forms of criticism, [parody] can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one.”<sup>445</sup>

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<sup>440</sup> *Campbell v Acuff-Rose Music, Inc.*, 510 US 569, 580 (1994).

<sup>441</sup> *Campbell*, 510 US at 580-81.

<sup>442</sup> *Id* at 580 n 14. Justice Kennedy alone limited fair use to parody and said it should not extend to satire, see *id* at 597 (Kennedy, J., concurring).

<sup>443</sup> Stacy L. Dogan and Mark A. Lemley, *Parody as Brand*, 47 UC Davis L Rev 473, 498 (2013-2014).

<sup>444</sup> *Dr. Seuss Enters., L.P., v Penguin Books USA, Inc.*, 109 F3d 1394, 1405-06 (9th Cir 1997).

<sup>445</sup> Dogan and Lemley, 47 UCD L Rev at 579 (cited in note 443).

Parodies offer us a unique platform to think anew through a “funny and often biting lens.”<sup>446</sup> As legal commentators explain, “parodies make fun of a thing by copying enough of it to make it recognizable while subverting the message of the original.”<sup>447</sup>

There has been an increasing new phenomenon of lawsuits against parodies that serve as brands. Black Bear Roastery sells “Charbucks” coffee to offer its own dark-roast alternative to famous coffee brand “Starbucks;”<sup>448</sup> Hogg Wyld sells plus-size jeans under the brand name “Lardach” to poke fun at the famous Jeans-maker, “Jordach;”<sup>449</sup> Haute Diggity Dog sells dog toys named “Chewy Vuitton” as a reference to the image of luxury goods associated with the global luxury company “Louis Vuitton;”<sup>450</sup> Macy’s sells a diaper bag named “Gucchi Goo.”<sup>451</sup>

Legal commentators note that trademark owners criticize these parodists for getting a free ride on and taking advantage of the allure of their brands.<sup>452</sup> Some commentators counter argue that parody brands offer the opportunity to critically reflect “on the role of brands in society,” and pose “little threat to trademark law’s core values” as to protect marks as a truthful source indicator or to protect a mark from dilution of its distinctiveness.<sup>453</sup> In the following paragraphs, I demonstrate that trademark law offers doctrinal devices to acknowledge the classic example of parody that a parodist uses the brand to make some comments. As a matter of trademark law

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<sup>446</sup> Dogan and Lemley, 47 UCD L Rev at 490 (cited in note 443).

<sup>447</sup> Id at 473.

<sup>448</sup> *Starbucks Corp. v Wolfe’s Borough Coffee, Inc.*, 588 F 3d 97, 102-03 (2d Cir 2009).

<sup>449</sup> *Jordache Enters., Inc. v Hogg Wyld. Ltd.*, 828 F 2d 14822, 1438-84 (10th Cir 1987).

<sup>450</sup> *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC.*, 507 F 3d 252, 256 (4th Cir 2007).

<sup>451</sup> *Gucci Shops, Inc. v R.H. Macy & Co.*, 446 F Supp 838, 839, 841 (SDNY 1977).

<sup>452</sup> Dogan and Lemley, 54 Emory L J at 478-95 (2005) (cited in note 359).

<sup>453</sup> Dogan and Lemley, 47 UC Davis L Rev at 486 (cited in note 443).

doctrine, however, a new form of parody, that is, parody that is also a brand used as a source indicator, complicates the trademark analysis.<sup>454</sup>

### **A. Trademark Law Offers Special Treatments to Traditional Parodies**

Courts have applied different theories for cases involving classic commentary using brands. The Second Circuit in *Rogers v. Grimaldi*<sup>455</sup> allowed the use of a trademark as long as it bears artistic relevance to the expressive work and does not explicitly mislead as to source. The *Rogers* case involved the use of a dancer's name as the title of a fictional film. The film copied the famous dancers Fred Astaire and Ginger Rogers. Ginger Rogers filed a lawsuit against the filmmaker on the ground that the film violated Lanham Act by falsely suggesting her involvement in the film and therefore confusing consumers about her affiliation with the movie.<sup>456</sup> The Court held in favor of the film to allow continued use of the names in titles of expressive works, stating that the First Amendment protects such use "unless the title has no artistic relevance to the underlying work whatsoever, or if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work."<sup>457</sup> The *Rogers* test has been adopted in subsequent cases.<sup>458</sup>

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<sup>454</sup> *Id.*

<sup>455</sup> *Rogers v Grimaldi*, 875 F 2d 994, 999 (2d Cir 1989).

<sup>456</sup> Rogers' claim was based on Lanham Act false designations of origin (15 USC § 1125(a). Rogers also claimed violation of common law publicity rights and privacy against movie producers.

<sup>457</sup> *Rogers*, 875 F 2d at 999.

<sup>458</sup> *Mattel, Inc. v Walking Mountain Productions*, 353 F 3d 792 (9th Cir 2003) (the Artist defendant used the trademarked Barbie dolls in nude for photographs and one of the titles for the work involved Barbie name ("Malted Barbie" for example)); *E.S.S. Entertainment, Inc., v Rock Star Videos, Inc.*, 547 F 3d 1095 (9th Cir 2008) (defendant is a video game manufacturer and depicted a strip bar (called "Pig Pen") similar to a plaintiff's (called "Play Pen") in the game; the court finds sufficient relevancy to the game's expression and no explicit misleading about the use).

Other courts justify the use of mark in expressive work by reference to trademark law's infringement test. In *Hormel Foods Corp. v. Jim Henson Productions, Inc.*,<sup>459</sup> the Court finds no likelihood of confusion or dilution in the use of a name "SPA'AM," in a Muppets movie, which is a parody use of plaintiff's "Spam" mark for potted meat. In *Black Dog Tavern Co. v. Hall*,<sup>460</sup> the Court concluded that the use of the "Dead Dog" mark is unlikely to be confused with the "Black Dog" trademark. In some other cases, however, courts banned use of a mark in parody works, finding likelihood of confusion.<sup>461</sup> In *Mutual of Omaha Insurance Co. v. Novak*,<sup>462</sup> defendant used the words "Mutant of Omaha" on antinuclear T-shirts, and the Court held that the use likely confuses consumers as to plaintiff insurance company's sponsorship of the shirts. In *Anheuser-Busch, Inc. v. Balducci Publications*,<sup>463</sup> the Court found confusion as to the use of "Michelob Oily" on the fake advertisement in a humor magazine to make fun of brand differentiation and water pollution. In *Deere & Co. v. MTD Products, Inc.*,<sup>464</sup> the Court concluded there was dilution for the use of the John Deere deer logo by the competing tractor company in a comparative advertisement.

Cases that involve classic commentary use of the brand have some doctrinal tools that allow avoiding the need to reach the likelihood of confusion or dilution inquiry. The TDRA provides a parody defense, making clear that when parody is used "other than for a designation

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<sup>459</sup> 73 F 3d 497 (2d Cir 1996).

<sup>460</sup> 823 F Supp 48 (D Mass 1993).

<sup>461</sup> Professor Dogan and Lemley suggest that there are at least three factors present when courts find parody infringing: i) courts are misled by poor evidence of confusion; ii) courts are driven by a misunderstanding of the nature of dilution ; and iii) courts generally do not like to see defendants free-riding or capitalizing on a famous mark's popularity for their commercial use. See Dogan and Lemley, 47 UC Davis L Rev at 481-84 (cited in note 443).

<sup>462</sup> 836 F 2d 397 (8th Cir 1987).

<sup>463</sup> 28 F 3d 769 (8th Cir 1987).

<sup>464</sup> 41 F 3d 39 (2d Cir 1994).

of source” it cannot be dilutive.<sup>465</sup> As for confusion claims, a nominative fair use defense could protect legitimate free-speech interest.<sup>466</sup> Professor Dogan and Lemley argue that the ‘trademark use requirement’ can function as a logical filter to eliminate cases from the threat of lawsuits for any of a variety of uses of marks that don’t involve branding, such as parodies featured in magazines, movies, TV shows, or social medias,<sup>467</sup> though they find courts unevenly applying of this requirement.<sup>468</sup>

When parody serves as a brand – when using a mark to brand one’s own products – it complicates analysis because the parody defense or special treatments do not apply.<sup>469</sup> However, the line between classic commentary use and parody as brands is not a clear cut. *Louis Vuitton Malletier, S.A. v. Hyundai Motors America*<sup>470</sup> illustrates the tricky nature of distinguishing the two. The car manufacturer Hyundai launched a new commercial called the “Luxury” and aired

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<sup>465</sup> 15 USC § 1125(c)(3).

<sup>466</sup> See, for example *Mattel, Inc. v MCA Records*, 296 F 3d 894 (9th Cir 2002) (Aqua’s song “Barbie Girl” was a nominative use of Mattel’s Barbie mark because the song was about Barbie.).

<sup>467</sup> Stacey L. Dogan and Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1682 (2007).

<sup>468</sup> Dogan and Lemley, 47 UC Davis L Rev at 479 n 28 (cited in note 443). But the Second Circuit in *Rescuecom Corp* rejected to recognize the trademark use doctrine, writing a “defendant must do more than use another's mark in commerce to violate the Lanham Act. The gist of a Lanham Act violation is an unauthorized use, which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, . . . or as to the origin, sponsorship, or approval of . . . goods [or] services." See *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 131. Professor McCarthy also agrees that the trademark use doctrine does not exist and that likelihood of confusion is the only requirement for infringement. See McCarthy, *Trademarks and Unfair Competition* at § 11:115:50.

<sup>469</sup> Dogan and Lemley, 47 UC Davis L Rev at 486. Examples of parody as brands include the following as I described in chapter seven: Black Bear Roastery selling CHARBUCKS coffee in parodying STARBUCKS; LARDACH selling plus-size jeans poking fun at JORDACH; dog toy seller selling CHEWY VUITTON product referencing the image of LOUIS VUITTON as a luxury goods producer.

<sup>470</sup> *Louis Vuitton Malletier, S.A. v. Hyundai Motors America*, 2012 WL 1022247 (SDNY).

the commercial during the 2010 Super Bowl game. The thirty second ad features: “policemen eating caviar in a patrol car; large yachts parked beside modest homes; blue-collar workers eating lobster during their lunch break; a four-second scene of an inner-city basketball game played on a lavish marble court with a gold hoop (Figure 27); and a ten-second scene of the Sonata driving down a street lined with chandeliers and red-carpet crosswalks.”<sup>471</sup>

**Figure 27. Allegedly Infringing Logo of Louis Vuitton on Basketball<sup>472</sup>**



The purpose of this commercial, Hyundai explains, is to “redefine the concept of luxury” by “poking fun at the silliness of luxury-as-exclusivity by juxtaposing symbols of luxury with everyday life.”<sup>473</sup> The mark at issue appeared, with alleged modification, on the basketball

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<sup>471</sup> Id at \*1.

<sup>472</sup> Alison Gendar, *Luxury fashion house Louis Vuitton sues automaker Hyundai for using its logo in Super Bowl ad* (Daily News, March 1, 2010), archived at <http://www.nydailynews.com/news/money/luxury-fashion-house-louis-vuitton-sues-automaker-hyundai-logo-super-bowl-ad-article-1.171249> (also on file with author).

<sup>473</sup> *Louis Vuitton Malletier, S.A.*, 2012 WL 1022247 at \*1.

bearing the Louis Vuitton mark known as the Toil Monogram on the brown background.<sup>474</sup>

Hyundai further explained that they adopted and modified the Louis Vuitton mark as a symbol of ‘old’ luxury in “part of the Commercial’s humorous social commentary,” and thus to “challenge consumers” to rethink the meaning of luxury.<sup>475</sup> Hyundai made a First Amendment argument, among other things, claiming the ad’s expressive value under the TDRA parody defense.<sup>476</sup> But the Court denied Hyundai’s argument, holding that Hyundai did not “comment on the Louis Vuitton mark, but instead offered a broader social critique,” which, the Court concluded, is unworthy of protection because it is satire rather than a parody.<sup>477</sup> So the Court applied statutory dilution factors<sup>478</sup> and found in favor of Louis Vuitton.

This is problematic, Professors Dogan and Lemley argue, because the inquiry – “having focused on strength and fame of the plaintiff’s mark and the possibility of association between the two marks”<sup>479</sup> – is largely “tangential to the issues that matter in evaluating a parody.”<sup>480</sup> The inquiry misses, the professors argue, the whole point of parody works that intend to create association between the parody and the famous mark.<sup>481</sup> But for the fashion industry, this is how trademark law helps to create fashion innovation. The operation of the trademark doctrine is an effective instrument protecting the luxury brands’ meaning and thus protects the early adopters’ status and their contribution to fashion innovations. If trademark law did not protect luxury

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<sup>474</sup> Id at \*2.

<sup>475</sup> Id.

<sup>476</sup> 15 USC 1125 (c)(3)(A)(ii).

<sup>477</sup> *Louis Vuitton Malletier, S.A.*, 2012 WL 1022247 at \*26.

<sup>478</sup> 15 USC 1125 (c)(2)(B).

<sup>479</sup> Dogan and Lemley, 47 UC Davis L Rev at 488 (cited in note 443).

<sup>480</sup> Id. See also id at 488 n 67 (commenting “A rote application of the statutory factors for dilution by blurring will almost always result in a finding in favor of the plaintiff.”).

<sup>481</sup> Dogan and Lemley, 47 UC Davis L Rev at 488 (cited in note 443).

brands from parodies, would this lead to less fashion innovation? This remains an empirical question.

### **B. Parody as Brands Does Not Receive a Parody Defense or Any Special Treatment**

Of course, the fact that brand parodies do not qualify for parody defense or any other doctrinal tools to defend themselves does not mean that brand parody is dilutive. The Fourth Circuit found there was no dilution for the Louis Vuitton parody brand that sells plush dog toys (Figure 28) named “Chewy Vuitton.”<sup>482</sup> But Professors Dogan and Lemley point out that outcomes are uncertain because of judicial discomfort over the commercial nature of the accused use as a brand and the perception of free riding.<sup>483</sup>

**Figure 28. Chewy Vuitton Dog Toy Products<sup>484</sup>**



<sup>482</sup> *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC.*, 507 F 3d 252, 256 (4th Cir 2007).

<sup>483</sup> Dogan and Lemley, 47 UCD L at Rev 490 (cited in note 443).

<sup>484</sup> Susan Scafidi, *Twice Bitten: Louis Vuitton v. Haute Diggity Dog* (Counterfeit Chic), archived at [http://www.counterfeitichic.com/2007/11/twice\\_bitten\\_louis\\_vuitton\\_v\\_h.php](http://www.counterfeitichic.com/2007/11/twice_bitten_louis_vuitton_v_h.php) (also on file with author); ELLVY website, archived at <http://www.ellvy.com/2011/06/my-first-chewy-vuitton/> (also on file with author).

The concern is not so much about whether the right result can be guaranteed, but the chilling effect that zealous trademark enforcement could cause to the interest of free-speech. Some may argue that parodists do not always fear the possibility of litigation because defense courts acknowledge the fair use defense and plaintiffs have the ability to publicly shame defendants through social media. But among the circuit courts, the potential result of defending a parody is not predictable enough to loosen the chilling-effect. The Second Circuit distinguished itself from the Fourth Circuit and held that the mark MISTER CHARBUCKS did not qualify as a parody because defendant selected a mark to identify defendant's coffee as competing at the same level and quality as STARBUCKS coffee in producing dark-roasted coffee.<sup>485</sup>

The Dutch artist Nadia Plesner designed T-shirts in participation of a fundraising campaign to help genocide victims in Darfur. The artist depicted one of the victims as an African boy holding a Louis Vuitton bag (Figure 29).

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<sup>485</sup> *Starbucks Corp. v Wolfe's Borough Coffee, Inc.*, 588 F3d 97, 113 (2d Cir 2009) (concluding no tarnishment of a Starbucks mark and remanding to the district court on the issue of dilution by blurring). The Second Circuit affirmed the district court's holding, following the second remand from the Second Circuit, to find no dilution by blurring. See *Starbucks Corp. v Wolfe's Borough Coffee, Inc.*, 736 F 3d 198 (2013). See also *Gucci Shops, Inc. v R.H. Macy & Co.*, 446 F Supp 838, 839, 841 (SDNY 1977). Gucci sued and won a lawsuit against Macy's for selling a diaper bag called Gucci Goo.

**Figure 29. The Artist Nadia Plesner Wearing and Holding her Parody T-Shirt Design<sup>486</sup>**



According to Plesner, this design was an image parody of Paris Hilton, twisting the fact that celebrities receive rigorous public attention while people are ignorant of the political issues that deserve awareness, such as the genocide in Darfur. However, Louis Vuitton marketers knew that the association of genocide in Africa with a Louis Vuitton bag would have a detrimental impact on the aura of Louis Vuitton and filed an *ex parte* injunction to stop the use of the image of the boy holding the Louis Vuitton bag on t-shirts. This case eventually went all the way to trial in Europe to the Hague, and the Court acknowledged Plesner's artistic freedom over Louis Vuitton's interest in protecting its trademark.<sup>487</sup>

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<sup>486</sup> Susanna Varis, *Konsten att häda ett varumärke* (Susanna's Crowbar, Oct 25, 2011), archived at <http://www.susannavaris.com/blogg/2011/10/konsten-att-hada-ett-varumarke/> (also on file with author).

<sup>487</sup> For the unofficial translation of the Hague Court judgment in matter of *Louis Vuitton v. Plesner*, see <http://www.nadiaplesner.com/upl/website/simple-living--darfurnica1/VerdictEnglish.pdf>.

Trademark law has been continuing to expand its scope and, in doing so, appears to effectively operate to cut off possible associations that would contradict the established brands' original meaning in general as a prestigious goods producer. The expansion of actionable type of confusion claims from source of origin to connection, sponsorship, or affiliation and the multifactor confusion test itself contributed to protecting the established brands from being associated with any inferior quality products. The expansion of trademark protection to an anti-dilution purpose further offered an exclusive legal device for the famous mark owners to avoid any unwanted association with their brands. The trademark owners' interest in anti-dilution of their marks often conflicts with the free speech interest, including parody works.

I have demonstrated that courts use various theories to avoid holding obvious parodies illegal, and the trademark doctrines of parody defense or nominative fair use provide a doctrinal tool to avoid involving confusion or dilution analysis. However, these tools do not effectively work for a new form of parody, a parody as brands, because they are used to designate the source of products and thus often result in barring parody works. I have also pointed out that even though the law could guarantee the right result, most parodies are created by small artists or designers who usually choose to drop their parody works in the threat of lawsuits.<sup>488</sup> These legal mechanisms overall help to maintain a prestigious image for the established brands and thus to the thriving fashion industry in which the high-end fashion brands play a key role in generating fashion innovations.

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<sup>488</sup> Dogan and Lemley, 47 UCD L at Rev 488 (cited in note 443).

## CONCLUSION

I explored the copying conundrum in the fashion industry, referring to flourishing fashion innovation within the legal environment that offers limited IP protections for designs. I explained that the thriving industry relies on trademark law's capacity to protect the brand image of established brands as a luxury goods producer. This contention requires a close-examination of the concept of a brand. A brand, I argued, is not a simple logo, name, or package that attaches at the end of dress-making process to indicate the source of a product; rather, it is a semantic vehicle by which people engage in "fashion." Drawing upon my observations of the fashion industry from various primary sources, I suggested understanding fashion as a trend-making process. I illuminated that the contemporary fashion cycle is systemically set to change along with biannually held fashion week events, each hosted by the major fashion cities, including New York and Paris. These fashion events play a critical role in the birth of new trends. I argued that contemporary fashion is an institutional practice through which new styles or designs are introduced, selected, and communicated *socially* for material designs to be recognized as a trend.

I applied diffusion theory to elaborate how the trend-making process is a communication process. Brands provide a forum through which substantive messages come in and out to communicate with people what is *in fashion* now. Drawing upon marketing scholarship, I argued that brands should be conceptualized as a sum of associations, which emerge in relation to other signs or in a specific social context. From the brand perspective, the fashion week event provides a social context for the participant brands to situate their collections of designs as desirable prestigious goods. This symbolic creation of prestige, luxury, or exclusivity is what entices

people to join trends, either by purchasing the brand products or, if not affordable, by purchasing copied products. But if one cannot differentiate the original from a copy, established brands cannot recoup the costs invested in research and design, and thus the ecology of contemporary fashion innovation flowing from the established brands to lower-end manufacturers would collapse. Through case law analysis, I showed how trademark law is well-suited to protect, especially for established brands, their symbolic brand meaning as a luxury goods producer by governing signifiers. After all, it was the interplay between trademark law, brands, and fashion innovation that I intended to unfold to explain the copying conundrum.

My inquiry on the relationship between law and fashion innovation casts two meaningful points in the legal discourse on this topic. First, it pushes the analysis to evaluate what we mean by innovation as well as who makes innovation. Innovation is a word that is at the heart of discussion for any patent law and copyright law issue, since these two branches of IP law exist to foster innovation. Often, innovation is thought of as a material production of goods. Yet, as the diffusion scholarship shows, innovation depends on a meaningful number of people acknowledging and adopting new ideas or practices. It is more accurate to say that trademark law helps fashion innovation of established brands, which underpins the trend-making process.

The role of copying for fashion innovation, I found, lies in the fact that rampant copying fosters a rapid adoption of new designs generated by established brands. Copying helps diffuse a trend by increasing the visibility of similar designs. Lower-end manufacturers or fast fashion retailers are adopters, not innovators. The trend-making process today heavily relies on the high-end fashion houses' capacity to offer status, lifestyle, and identity as distinguished from other

copies via symbolic meaning through the brand, as well as their capacity to induce copies, remix works or inspire works whose design sells only because they offer the opportunity to flock with the trend. The task for policy makers, then, is finding a way to direct adopters to be innovators.

Many more diverse social venues may be required, other than the fashion week events, because these events essentially shut out small designers with limited spaces, board admission, and the high costs associated with a fashion show. I see that there is a need to decentralize Fashion Week's authority to claim trends and make other equally powerful social venues to claim trends to allow more opportunity for small and independent designers.

Second, my dissertation illuminates the unintended consequences or effect of trademark law in the fashion industry. Trademark law promotes fashion innovation (which is a policy goal for patent law and copyright law) of established brands at the risk of hampering competition, which is the opposite of its existential purpose. I showed how the trade dress doctrine prevents iconic designs from being copied and thus maintains the capacity to signal status with the design. This entails the risk of privatizing basic designs, colors, or patterns for other designers to use, and the aesthetic functionality doctrine seems unreliable in preventing this risk as it is intended to do. I further elaborated how two types of trademark claims, based on confusion and dilution theory, govern consumer association, which eventually constructs a brand image of established brands. I also showed how these claims protect famous brands' reputation from parodies that could subvert or challenge its original meaning. The current fashion industry may be explained as a result of the combined role between trademark law in keeping the power of making trends and copyright law in allowing the distribution of trends with copied designs.

The level of design copying regulation by copyright law, however, remains to be seen after the Supreme Court recently offered a new separability test in *Star Athletica*.<sup>489</sup> The Court seems to vitalize the copyright infringement claim as a tool to prevent design copying with a new separability test. The sportswear company Puma filed a lawsuit against the fast fashion retailer Forever 21 citing *Star Athletica* on its copyright infringement claim. This will be the first high profile fashion case that the lower-level courts decide with the new separability test.<sup>490</sup> I think this case provides a good example to illuminate how intellectual property law governs fashion designs for established brands given that Puma filed a lawsuit on the grounds of patent, trade dress, and copyright claims for its shoes – the Creeper sneaker, Bow Slide sandal, and Fur Slide sandal (Figure 30 and 31). These three kinds of shoes are named the Rihanna Fenty line because they were produced in collaboration with pop star Rihanna. Puma condemns Forever 21, alleging that Forever 21’s “business model is based on trading-off the established goodwill of reputable, name-brand companies, such as Puma.”<sup>491</sup> The crucial reason that Puma filed a lawsuit against copied products is that the Fenty line was produced to meet the demand of manufacturing high-end footwear. The shoes are considered “luxury products,” the complaint states, and Puma produces only small quantities “to create desirability, not only for the Fenty line products but for the Puma brand as well.”<sup>492</sup>

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<sup>489</sup> *Athletica, LLC v Varsity Brands, Inc.*, 137 S Ct 1002 (2017).

<sup>490</sup> Complaint, *Puma SE v Forever 21 Inc.*, Case No 2:17-cv-02523 (CD Cal filed Mar 31, 2017).

<sup>491</sup> Bonnie Esslinger, *Puma Seeks Injunction Against ‘Serial Infringer’ Forever 21* (Law360), archived at <https://www.law360.com/articles/912845> (also on file with author).

<sup>492</sup> *Id.*

Figure 30. Creeper sneaker



Plaintiff's Design (FIG 4, '288 Patent)	Defendant's "Yoki Sneakers"
 <p data-bbox="500 701 548 726">FIG. 4</p>	

Figure 31. Bow Slide sandal and Fur Slide sandal

Puma's "Bow Slide"	Defendant's "Bow Slide"
	
	



Puma claims design infringement for the Creeper sneaker in connection with its registered patent (Figure 30).<sup>493</sup> A design patent is only available for an ornamental surface that is not separable from the useful article.<sup>494</sup> Having received a design patent over its shoe designs, Puma may have lost the basis for its copyright claim for the Creeper, since copyright law requires design to be a work of art separable from the useful article. The Supreme Court in *Varsity Brands* states that the design of a useful article is eligible for copyright protection only if the feature “(1) can be perceived as a two-or-three dimensional work of art separate from the useful article, and (2) would qualify as a protectable pictorial, graphic, or sculptural work – either on its own or fixed in some other tangible medium of expression.”<sup>495</sup> Nevertheless, Puma filed a copyright claim for the Creeper, particularly citing the design to be copyrighted as the

<sup>493</sup> *Puma Files Patent, Copyright, Trade Dress Suit Against Forever 21 Over Rihanna Shoes* (The Fashion Law, Apr 3, 2017), archived at <http://www.thefashionlaw.com/home/puma-files-design-patent-copyright-trade-dress-suit-against-forever-21-over-rihanna-footwear> (also on file with author).

<sup>494</sup> US Patent and Trademark Office, *A Guide To Filing A Design Patent Application*, archived at [https://www.uspto.gov/web/offices/com/iip/pdf/brochure\\_05.pdf](https://www.uspto.gov/web/offices/com/iip/pdf/brochure_05.pdf) (also on file with author).

<sup>495</sup> *Star Athletica*, 37 S Ct at 1005.

following: the “ridged vertical tooling and grainy texture encompassing the thick umber outer sole.”<sup>496</sup>

I think this claim has no merit since the design patent functions as proof that that the design cannot be separable from the shoes, and thus it fails to meet the second prong of the test, the independent-existence requirement. Also for the first prong, the identification-requirement, the Court was instructed to “look” at the article and “spot” a work of art.<sup>497</sup> The ridged vertical tooling and texture are hardly observable as an artistic expression; it seems nothing more than a functional rubber outsole that exists as a necessity for the utilitarian shoe purpose. As for the bow and fur strap, the independent-existence requirement test is not clear-cut. One may find the bow to be an artistic expression conceptually separable from the sandal. However, the fur strap is a little harder to view as qualified artwork since it is the fur material itself at issue rather than artwork embodying an artistic vision. But where can you draw the line between the bow and the fur to decide independent existence from the useful article?

Puma also claims trade dress infringement for the Bow Slide and Fur Slide shoes. For the Fur Slide, Puma claims that the trade dress consists of a “thick sandal base with a wide plush fur strap extending to the base of the sandal, and a satin foam backing, and shares the deep bowl for the foot.” For the Bow Slide, Puma claims trade dress for “a thick sandal base decorated by a wide, casually knotted satin bow with pointed endings atop the side strap in addition to satin

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<sup>496</sup> *Puma Files Patent, Copyright, Trade Dress Suit Against Forever 21 Over Rihanna Shoes* (The Fashion Law, Apr 3, 2017), archived at <http://www.thefashionlaw.com/home/puma-files-design-patent-copyright-trade-dress-suit-against-forever-21-over-rihanna-footwear> (also on file with author).

<sup>497</sup> *Star Athletica*, 37 S Ct at 1006.

foam backing, and the same deep bowl for the foot.<sup>498</sup> In connection with the Bow Slide design, Puma also claims trade dress rights in the pale pink and olive green colors.

The Court may ask whether the product designs Puma claims as trade dress acquired a secondary meaning to qualify as a source designator.<sup>499</sup> Puma may try to prove secondary meaning by submitting its sales volumes, advertisings, and media coverage. Forever 21 may raise the aesthetic functionality defense even if Puma proves that people associate Puma with the Forever 21 shoes at issue. The pale pink and olive green colors may hardly be functional since the restriction of those colors does not put Forever 21 at a non-reputation related competitive disadvantage.<sup>500</sup> Forever 21 can use alternative colors to manufacture sandals. The Court may conclude that a bow and fur strap in connection with a thick base is too basic and that it should remain in the public domain for others to freely use.

I hope that my dissertation triggers future research on intellectual property law's constitutive power on creative industries. The Model of Trend Adoption and Product Diffusion I built to explain fashion innovation as a trend-making process may be applicable to other creative industries. Some creative industries share similar patterns of innovation with the fashion industry in that a power to claim trends through the brand is critical for the viable operation of the industry as a whole. The car industry was a good example I demonstrated elsewhere in my dissertation.

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<sup>498</sup> Id.

<sup>499</sup> The Supreme Court in *Wal-Mart* held that product designs can only be protected upon the showing of secondary meaning. See *Wal-Mart Stores, Inc. v Samara Bros.*, 529 US 205 (2000).

<sup>500</sup> See *TrafFix Devices, Inc., v Marketing Displays, Inc.*, 532 US 23 (2001).

The new car design is introduced and recognized from auto shows. For instance, in 1948, the General Motors Company introduced for the first time, tailfins on its Cadillac model. Car designers in the world picked up fin styling trends from the US automobile industry and soon other manufacturers adopted fin styling, with variations such as fins growing larger and bolder, peaking between 1957-1961. Cars serve more than a utilitarian function. There is a message that a car brand sends to a driver to relate with and for the general public to read. Some brands are more or less functional than others. Mercedes-Benz may signal high social status; Tesla may imply that you are an environmentally conscious and technology savvy person; and Toyota Prius may be more about economic choices than about a choice of a self-expression.

The cosmetic industry is all about brand name competition too: the chemical materials used or qualities for cosmetics do not differ much between drug store brands and luxury cosmetic brands. The wine industry also largely depends on nurturing a brand name, specifically in connection with geographical locations such as Napa Valley in California and Bordeaux in France. I would welcome much more critical research revealing the constitutive power of law in our cultural life.

My dissertation reflects a constitutive role of law, beyond sanctions and punishments, in our life. In exploring the role of trademark law in the thriving fashion industry, I reflected that trademark law is capable of protecting the brand of established fashion houses, and this, in turn, affects these fashion houses' ability to make new designs. As shown by Dior's Haute Couture preparation process, new designs are the reinterpretation of the brand's identity. Further, I showed that maintaining the symbolic meaning of established brands in general as a luxury

goods producer contributes to the operation of the whole fashion industry. The courts' recognition of some meaning-making activities via granting or banning the use of signifiers creates a power structure among producers as it decides who gets what for the purpose of diffusing fashion houses' newly created designs. Whether the trademark law hampers small designers' opportunity to grow in the fashion industry requires another research that is specifically designed to answer the question. My dissertation showed a coincidental effect to small designers in some cases, as the trademark law protects established fashion houses. However, this should not lead to an abrupt conclusion that the trademark law has a detrimental effect to small designers. A well-designed future research to explore the effect of trademark law to small designers may also reveal us a constitutive role of law in our cultural life. Law creates cultural products, cultural products create our identity and lifestyle, and we create law. After all, law and culture can hardly be distinguished as autonomous realms.

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