

**The “Piracy Paradox” Is So Last Year:
Why the Design Piracy Prohibition Act is the New Black**
By Joanna Paul

I am very concerned that the business of fashion is undervaluing the most important asset our industry requires: creative visionaries.¹

The debate about fashion design’s place in art, or industry, has always been a contentious one. In 2006 the issue exploded. A draft of the bill that would later become Design Piracy Prohibition Act², granting a three year copyright to original works of fashion design, was introduced in the House of Representatives as H.R. 5055.³ From the design to academia, fashion and copyright law was suddenly a hot issue. Then, in December 2006 a long awaited article, “The Piracy Paradox: Innovation and Intellectual Property in Fashion Design,” (“The Piracy Paradox”) a scathing critique of fashion design protection was published in the Virginia Law Review, turning the debate on its head with an intuitive historical argument against protection.⁴ Critics responded passionately that fashion is an art form as worthy of protection as any other.

Now, three years later, the American economy is in crisis, and so is the fashion industry. Sales and profits are down, and a piece of legislation that looked like an industry vanity project a few years ago may be the best hope of supporting a \$350 billion U.S. industry. This paper will address these issues and the legal anomaly that created them. Parts I and II will discuss the impact of fashion design copying on designers personally and the U.S. economy as a whole, respectively. Part III will explain American intellectual property law as it relates to fashion design. Part IV will discuss the draft legislation of the Design Piracy Prohibition Act that was introduced in the last session of Congress, but died in committee. Finally, Part V will describe the flawed and outdated logic of “The Piracy Paradox” and advocate the passage of a modified version of the Design Piracy Prohibition Act.

¹ Anna Wintour, *Letter From the Editor*, APR 2009, *Vogue*, 68, 74 (Apr. 2009)

² The Design Piracy Prohibition Act was introduced in 2007 as H.R. 2033, 110th Cong. (Apr. 25, 2007)

³ H.R. 5055, 109th Cong., 2d Sess. (Mar. 30, 2006)

⁴ Kal Rautiala and Christopher Springman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 Va. L. Rev. 1687 (Dec., 2006)

I. THE IMPACT OF PIRACY ON DESIGNERS

One of the most difficult things to explain to those young designers is that U.S. law doesn't consider fashion design to be worthy of protection.⁵

In 1996, Carolyn Bessette was photographed at her wedding to John F. Kennedy, Jr. in a white silk bias cut gown designed by her friend Narciso Rodriguez. Narciso was starting his own fashion design firm. He had been working on the specific pattern of seaming in that dress for years, since design school. Eight million copies of the dress were sold after the photo appeared. Narciso Rodriguez sold forty-five.⁶ While many think "there oughta be a law,"⁷ fashion designers have no recourse under American intellectual property laws when their creative work is copied.⁸ This paper will describe the origin and continuation of this anomaly and explain its damaging effect on the structural integrity and enforcement of American intellectual property laws.

The personal effect of copying on designers can be devastating; it has ruined or nearly ruined many careers.⁹ When the Council of Fashion Designers of America (CFDA), the major trade organization for fashion and accessories designers, first began its effort to reform intellectual property law to protect fashion design, they were inundated by messages from designers wanting to share their stories.¹⁰ For example, in 2005, Marcia Cross wore a carefully pleated coral gown by a young designer named

⁵ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *A Bill to Provide Protection for Fashion Design H.R. 5055*, 109th Cong., Test. of Susan Scafidi (July 27, 2006)

⁶ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *Hearing on Design Law-Are Special Provisions Needed to Protect Unique Industries H.R. 2033*, 110th Cong., Test. of Narciso Rodriguez (Feb. 14, 2008)

⁷ Susan Scafidi, *Counterfeit Chic, A Day in the Life of an Indie Designer*, http://www.counterfeitchic.com/2009/03/a_day_in_the_life_of_an_indie.php (Mar. 6, 2009) (hereinafter *A Day in the Life*)

⁸ Christine Cox & Jennifer Jenkins, *Between the Seams, a Fertile Commons: An Overview of the Relationship Between Fashion and Intellectual Property*, The Norman Lear Center, 5 (2005)

⁹ Unfortunately, the stories of designers who were forced to close before achieving a certain level of recognition are rarely hard. Most anecdotal evidence comes from designers who have become successful despite early problems with copyists.

¹⁰ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n.6 at Test. of Narciso Rodriguez

Marc Bouwer to the Golden Globe awards. Copies were in stores within days, and became the most popular prom dress of the year...for the copy firm. More recently, Jason Wu, a popular emerging designer, made headlines for designing First Lady Michelle Obama's inauguration gown. A copy of that gown is advertised on the Faviana website, next to a picture of Mrs. Obama.¹¹ The media attention from dressing a First Lady for a major event may be good for business but as Narciso Rodriguez said, "press doesn't pay the bills."¹² In a final example, Emmett McCarthy, a season two contestant on Project Runway, owns a small shop selling his own designs in New York City. Here is his description of his day:

Subject: End of Day 03-04-09

Cold and sunny day.

7 customers walked in.

2 ladies from the UK purchased the Audrey dress and Lana dress, both in black.

They purchased the dresses to manufacture in the UK.

Total \$350.00.¹³

II. THE ECONOMIC HARM OF PIRACY

While Digital Technology has made the fashion industry much more efficient and has facilitated creativity, the same technology has also facilitated counterfeiting and piracy.¹⁴

Apparel is a major industry. In the U.S., as of 2006, apparel is a nearly \$350 billion industry.¹⁵ Fashion is the second most profitable industry in New York City.¹⁶ It is also a major industry in Chicago, Dallas, Atlanta, and Los Angeles.¹⁷ Counterfeit goods

¹¹ Faviana New York, http://faviana.com/search_result.php?styleid=359&val=&offset=&resultpage=&keyword=obama&key=1 (last viewed Apr. 4, 2009)

¹² H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 6 at Test. of Narciso Rodriguez

¹³ A Day in the Life, *supra* n. 7

¹⁴ LECG, "Economic Analysis of the Proposed CACP Anti-Counterfeiting and Piracy Initiative," 14 (Nov. 2007), available at http://www.lexisnexis.com/documents/pdf/20080610072737_large.pdf

¹⁵ *Id.*

¹⁶ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Test. of Jeffrey Banks

¹⁷ *Id.*

cost the fashion industry an estimated \$12 billion every year.¹⁸ That number, which is growing by double digit percentages,¹⁹ grossly understates the amount lost to trademark infringement each year, since clever infringers import copies of designer bags and other items separately from infringing labels;²⁰ which are applied later, at the point of sale.²¹ In this way goods that will be sold illegally enter the U.S. without being stopped by customs or border security agents, who are powerless to confiscate the goods or arrest the counterfeiters.²² New York officials report that the same consideration prevents them from arresting counterfeiters and seizing goods on Canal Street and in the garment district, the two largest hubs for counterfeit goods in the U.S.²³ U.S. law prohibits trademark infringement both because it costs U.S. companies an enormous amount of money and because it harms consumers. Banning the fake label, but not the fake item on which it belongs, leaves a major loophole in law enforcement.

At the individual company level, piracy is very expensive. In 2003, Chemise Lacoste commissioned a survey to explore brand devaluation. Seventy-six percent of respondents to that survey believed that the growing abundance of counterfeit items reduced the attractiveness of buying original items.²⁴ Coach, Inc., a New York company, saw a 368% increase in the number of seized counterfeit bags between 2004 and 2006.²⁵

¹⁸ LECG, *Economic Analysis*, *supra* n. 14 at 14

¹⁹ Lisa Casabona, *Pirated Products are Big Business*, 12/6/07 WWD 13, 13 (Dec. 6, 2006)

²⁰ LECG, *Economic Analysis*, *supra* n. 14 at 15

²¹ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5, at Prepared State. of Susan Scafidi

²² LECG, *Economic Analysis*, *supra* n. 14 at 15

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

Fashion design is part of the larger picture of overall economic growth in the U.S. Fashion is an intellectual property intensive industry. Intellectual property intensive industries “[are] those that are knowledge-or technology-based where the knowledge and technology may or may not be subject to copyright, patent, or design right protection.”²⁶ Intellectual property intensive industries are a major contributing factor to U.S. economic growth. In 2003, intellectual property intensive industries accounted for thirty-three percent of economic growth, but only seventeen percent of total economic output.²⁷ Moreover, that year, intellectual property intensive industries represented fifty-eight percent of growth in U.S. exportable high value added products and services.²⁸ “Protecting the IP-intensive industries from counterfeiting and piracy could have a big payoff in terms of the U.S. economic growth and the ability of the U.S. to increase its exports and improve its trade balances.”²⁹

III. FASHION’S PLACE IN INTELLECTUAL PROPERTY LAW

Now, a dress designer is an inventor by anyone’s standard, and I think dresses are clearly, let’s be honest, it’s art. Otherwise, we would all be wearing something that looks like the Russians wore during the Soviet period or worse.³⁰

“Historically, American law has ignored the fashion industry...As a result of this legal and cultural choice, the United States has been a safe haven for design piracy.”³¹ Trademark law protects designer logos.³² Innovative design elements are sometimes

²⁶ LECG, *Economic Analysis*, *supra* n. 14 at Appendix A. Example of other I.P. intensive industries are: motion pictures, sound recording, publishing, pharmaceuticals, automotive, aerospace, games and toys, electronic components, software, and consumer electronics.

²⁷ *Id.* at 24

²⁸ *Id.*

²⁹ *Id.*

³⁰ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5, Question of Rep. Darrell Issa

³¹ *Id.* at Prepared State. of Susan Scafidi

³² *Id.*

protected by design patents.³³ Copyright law does not reach fashion design because the Copyright office and U.S. courts have held that clothing is a functional item and that the design elements of items of clothing are not conceptually separable from their underlying function.³⁴

Intellectual property law is in a period of expansion. Patent law now protects plant varieties and business methods.³⁵ Copyright law now reaches boat hull designs.³⁶ Trade dress protects distinct product colors.³⁷ All of these protections would have been extraordinary a few decades ago.³⁸ Increased intellectual property protection normally follows when an industry develops a pool of creative domestic talent.³⁹ A developing industry must rely on copying to grow.⁴⁰ However, as expertise and domestic creativity in the field grows, intellectual property protection becomes important.⁴¹ Protection promotes creativity and further growth.⁴²

Fashion design, like boat hull design, is a productive, creative industry that might benefit from protection, but has received little. Patent protection is impractical; trademark protection is limited. Copyright protection is entirely unavailable. Below, each is discussed in turn.

³³ *Between the Seams* at 11-12. Much of the design patent litigation concerning apparel has centered on the utility of athletic shoe designs. In determining whether a shoe design was primarily ornamental, the Third Circuit Court of Appeals held that the relevant inquiry is not whether each design feature was functional, but whether the overall appearance of the article was dictated by utilitarian concerns. *L.A. Gear v. Thom McAn*, 988 F.2d 1117, 1123 (Fed. Cir. 1993)

³⁴ *Between the Seams* at 7

³⁵ *Id.* at 5

³⁶ 17 U.S.C. 1301 (1998)

³⁷ See *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995)

³⁸ *Between the Seams* at 5

³⁹ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Prepared State. Of Susan Scafidi Testimony

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

A. Patent

The power to grant patents for technical innovation is specifically granted to Congress in the Constitution.⁴³ Patents are available to novel, non-obvious inventions.⁴⁴ Design patents specifically protect the non-useful, ornamental features of a product, while utility patents protect useful inventions.⁴⁵

Patent protection for fashion design is very limited and generally impractical. The standards of novelty and non-obviousness required for patent registration are not easily met by fashion design. The standard is that “conception of the design must demand some exceptional talent beyond the skill of the ordinary designer.”⁴⁶ Even the most creative fashion designs draw on older styles to some extent; the sculptural shape of Charles James’ celebrated 1953 “four-leaf clover gown” was an innovative re-imagining of the hoop skirt, for example. Fashion design is often excluded from patent protection on this ground. In many cases it is also difficult to separate the useful function of clothing from its ornamental design, which creates another bar to registration as a design patent.⁴⁷

Moreover, on average, it takes between one and two years to obtain a patent, and may cost several thousand dollars.⁴⁸ Designers have a very small seasonal window each year in which to capitalize on their designs. The time and expense of obtaining a design patent, which the patent office may not grant in the end, is prohibitive in most cases in this type of industry.

⁴³ U.S. Const. art. 1, §8, cl. 8

⁴⁴ 35 U.S.C. § 102 (2002)

⁴⁵ 35 U.S.C. § 171 (1952)

⁴⁶ *Neufeld-Furst & Co v. Jay-Day Frocks*, 112 F.2d 715, 715 (2d Cir. 1940)

⁴⁷ *Between the Seams* at 10

⁴⁸ *Between the Seams* at 12

B. Trademark

Trademarks protect brand names, logos, and slogans. A trademark is a word or design that identifies the origin, i.e.: the merchant or manufacturer, of a good or service.⁴⁹ A trademark must be distinctive, either inherently, like Kodak, a coined term, or by acquired distinctiveness.⁵⁰ Fashion designers often work under their own names, which are descriptive and must acquire secondary meaning.⁵¹ Designers such as Calvin Klein, Vera Wang, and Tommy Hilfiger use massive resources to build their brand name and protect it from infringement. Designers routinely sue producers of counterfeit goods, Ralex watches or Kate Spode handbags. But, counterfeiting designer goods is still a multi-billion dollar business, as mentioned above.

For a lack of more comprehensive protection, some designers have taken to covering whole items with logos.⁵² Coach bags are a notable example, the distinct intertwined double C logo covers the whole surface of a majority of the company's products. Trademark protection does extend in some cases to certain design elements, such as distinctive stitching patterns on jean pockets, but not to overall product design. So Levi Strauss may prevent others from using looped patterns on pockets but not from copying an overall style.⁵³

C. Trade Dress

Similarly, trade dress refers to the unique design, packaging, or overall image of a product. Trade dress protection recognizes that a product's design, like the signature curve of a Coke bottle, are as likely to send a message to the consumer as a brand

⁴⁹ 15 U.S.C. § 1127 (2006)

⁵⁰ 15 U.S.C. § 1052 (2001)

⁵¹ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 4:12 (4th ed. West 2009)

⁵² *The Piracy Paradox* at 1699

⁵³ *Between the Seams* at 14

name.⁵⁴ Product design and overall image was a controversial subject of protection until the U.S. Supreme Court decidedly settled the issue in favor of trade dress in 1992.⁵⁵ Some legal commentators have proposed trade dress as a viable means of protecting fashion design, because it protects the overall look of a good, whereas copyright may only protect specific elements of a work.⁵⁶ However, Courts have wisely declined to expand trade dress protection in this way for fear that it would hinder competition⁵⁷. In *Wal-Mart Stores v. Samara Brothers, Inc.* the U.S. Supreme Court held that fashion designs are not likely to acquire secondary meaning because the design itself is primarily useful in that it functions to enhance the aesthetic appeal of the item.⁵⁸ That is, people buy the item, in that case children's clothing with a fruit print, because they like the design, not because the design indicates a certain manufacturer. Prohibiting competitors from using the design would necessarily hinder their ability to offer a competitive product, since the print itself is the attractive feature. In addition, trade dress infringement uses the likelihood of confusion test, which is inappropriate for fashion copying. The buyer is not confused, and people who see them wearing the item later may not even realize that there is a designer original of the item.

D. Copyright

⁵⁴ *Between the Seams* at 14

⁵⁵ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (Holding that a restaurant's distinctly colorful, Mexican themed interior design could serve as an indication of source, and was therefore protected under §43(a) of the Lanham Act.)

⁵⁶ Bharathi, S. Priya, Student Author, *There Is More than One Way to Skin a Copycat: The Emergence of Trade Dress to Combat Design Piracy of Fashion Works*, 27 Tex. Tech. L. Rev. 1667, 1680 (1996)

⁵⁷ *Louis Vuitton Malletier v. Dooney & Burke, Inc.* 340 F. Supp. 2d 328 (S.D.N.Y. 2001) (holding that Louis Vuitton did not have a trade dress right in the overall look of its multicolored "It Bag.")

⁵⁸ 529 U.S. 205, 213 (2000)

Copyrights protect “original works of authorship” that are fixed in a tangible medium of expression.⁵⁹ They do not, however, protect the underlying ideas. Literary, musical, dramatic, pictorial, sculptural, and architectural works are all protected by copyright. As with patents, the Constitution specifically authorizes Congress to regulate copyrights.⁶⁰ Copyrights last for either the life of the author plus seventy years, or, if that is unworkable, for 120 years.⁶¹

Copyrights protect any work with a *de minimis* amount of originality. Courts do not judge the artistic merit of the work.⁶² Mere compilations of facts, organized without any creativity, such as an alphabetical listing of names in a phone book, are not protectable.⁶³ However, creative arrangement of public information is protectable.⁶⁴

Useful articles are not copyrightable. Clothing provides modesty and protection from the elements, and as such is a useful article.⁶⁵ Copyright protection does extend to the *elements* of a useful article that are “conceptually separable” from the underlying function of that article, but courts and the copyright office have found that the form and function of articles of clothing are not separable.⁶⁶ A belled sleeve still covers the arm; a scalloped hem still covers the legs; the combination always combines to form a dress. The consequence is interesting; copyright does protect some elements of clothing, but not the clothing design itself. Design details that are “conceptually separable” from a function are protected. .A certain printed fabric, button, hat, or piece of jewelry may be

⁵⁹ 17 U.S.C. § 102

⁶⁰ U.S. Const. art. 1, §8, cl. 8

⁶¹ 17 U.S.C. § 302 (1998)

⁶² *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903)

⁶³ *See Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991)

⁶⁴ *West Pub. Co. v. Mead Data Cent., Inc.*, 799 F.2d 1219 (8th Cir. 1986) (holding that West Publishing’s star pagination system used in its case reporters was creative and copyrightable.)

⁶⁵ *Between the Seams* at 7

⁶⁶ *Id.* at 10

protectable.⁶⁷ The graphic print on a t-shirt or an engraving on a belt buckle is protected, but the underlying shirt or belt design is not.⁶⁸

Increasingly, designers use all-over fabric patterns to increase protection for their work. Using all-over patterns to gain copyright protection is similar to using large or repeated logos to increase protection through trademark law, but better suited to newcomers lacking high level brand recognition, or in fields where consumers would not tolerate logo-covered items. For example, wedding dress designers use complicated lace patterns over the entire body of dresses.⁶⁹ Because this tactic offers only a thin protection on the lace pattern itself, Wedding dress designers in particular have resorted to simply banning cameras from stores and prominently displaying warning about the cheap quality and harmful economic impact of knock-off gowns.⁷⁰

Importantly, there is no real theoretical reason that fashion design should not be protected under copyright.⁷¹ Several types of “useful articles” are protected under copyright law. In 1990, the Congress amended the Copyright Act to protect the overall form, but not individual feature, of architectural works.⁷² In addition, Congress has granted copyright like protection to two “useful articles,” semiconductor chip mask

⁶⁷ See generally Anne K. Wooster, J.D., *Application of Copyright Law to Jewelry*, 30 A.L.R. Fed.2d 577 (2008) and Allen L. Schwartz, J.D., *Fabric and Dress Designs as Protected by Copyright Under the Federal Copyright Act*, 26 A.L.R. Fed. 408)

⁶⁸ *Knitwaves, Inc. v. Lollytogs Ltd. Inc.*, 71 F.3d 996 (2d Cir. 1995) and *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1985)

⁶⁹ Susan Scafidi, *Counterfeit Chic, Knockoff Nuptials*, http://www.counterfeitchic.com/2006/05/knockoff_nuptials.php (May 18, 2006)

⁷⁰ by Nola Sarkisian-Miller, *Women's Wear Daily, Bridal Designers Strike Back against Counterfeiters*, <http://www.wwd.com/markets-news/bridal-designers-strike-back-against-counterfeiters-1793235>, (Sept. 23, 2008)

⁷¹ *The Piracy Paradox*, 1745

⁷² *The Piracy Paradox*, 1751

works, in 1984, and boat hulls, in 1988.⁷³ Both receive ten years of protection, rather than full copyright protection.⁷⁴

IV. Current Efforts to Change Federal Legislation

If only American designers would create their own designs, we'd be so strong. We'd influence the world. I want to scold American designers, and myself included."⁷⁵

The Design Piracy Prohibition Act (DPPA) was introduced in 2006 in the House of Representatives as an amendment to the Vessel Hull Design Protection Act.⁷⁶ Debates were held on the merits of the proposed legislation, involving industry representatives, academics on both sides, and trend forecasters. The bill was supported by designers, represented by the Jeffrey Banks, speaking on behalf of the CFDA and Susan Scafidi, a professor of law and history, and expert in the fields of fashion in both law and culture. It was opposed by David Wolfe, a trend forecaster, meaning he analyzes coming trends and sells the information to clients, such as designers, and Christopher Springman, law professor and author of "The Piracy Paradox."⁷⁷

The bill itself grants a three year copyright to original works of fashion design that are registered with the copyright office.⁷⁸ The copyright protects the overall appearance of a garment from copies that are "substantially similar" to the registered design.⁷⁹ It also creates secondary liability and sets out damage awards for infringement.⁸⁰

⁷³ 17 U.S.C. 1301; 17 U.S.C. § 901 (1984)

⁷⁴ *Id.*

⁷⁵ Norman Norell, 1965 *from* Susan Scafidi, *Counterfeit Chic, Jackie's Knockoff Artist?*, http://www.counterfeitchic.com/2006/03/jackies_knockoff_artist.php (Mar. 31 2006)

⁷⁶ H.R. 5055 was reintroduced in 2007 as H.R. 2033, but again never made it out of committee hearings

⁷⁷ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n.

⁷⁸ H.R. 2033 §

⁷⁹ *Id.* at §

⁸⁰ *Id.* at §

The language is very important, especially the “substantially similar” standard. “Nearly identical” and “identical” would be too narrow because clever copyists could move zippers, seams, and other details millimeters and avoid liability for infringement. However, “substantially similar” may be too broad. It is the same language used for other types of copyright protection, and as courts have interpreted “substantially similar,” it may cut off some legitimate referencing, rather than just outright copying.⁸¹ “Closely and substantially similar” is the most popular alternative language.⁸² Realistically, courts will have to interpret the language to decide whether a particular item is a legitimate alternate expression of an idea (or trend) embodied in an item or an illegitimate copy. They have successfully done so for items that are both far more and far less purely artistic than clothing.

The second provision of this bill that deserves attention is the creation of secondary liability for infringement. An explosion of frivolous litigation is one of the major concerns with this protection.⁸³ However, department stores and major retailers have already agreed that they will not purchase copies if the DPPA becomes law.⁸⁴ This cuts off a major sales channel for large copy firms, which will be forced to change their business model without litigation.

Also important, is the very short period of protection. The three year is tailored to the fashion industry, and much shorter than any other type of copyright protection. Three years of protection gives designers the opportunity to get their work to their primary market and allow them the first opportunity to create lower cost versions,

⁸¹ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Testimony of Christopher Springman

⁸² *Id.* at Testimony of Susan Scafidi

⁸³ *Id.* at Testimony of Christopher Springman

⁸⁴ *Id.* at Testimony of Jeffrey Banks

basically, to re-establish the fashion cycle. Finally, designs must be registered. Most fashion design is not a major innovation. Many designs that are innovative are unmarketable. Designers would probably not expend the effort to register them. In Europe registration is used very selectively for major pieces that are likely to define a brand, such as Academy Award gowns, and for accessories and handbags, which are more profitable. However, registration is not necessary in Europe.⁸⁵ Unregistered designs receive three years protection automatically, and up to twenty-five with registration.⁸⁶ Many in the U.S. fashion industry would prefer an automatic grant.⁸⁷ This would be especially helpful for young designers who have fewer resources and less knowledge about intellectual property law.⁸⁸

IV. THE MERITS OF INCREASING PROTECTION: A DEBATE

The standard justification for intellectual property rights is utilitarian. Advocates for strong intellectual property (“IP”) protections note that scientific and technological innovations, and other literary and artistic works, are often difficult to create but easy to copy. Absent IP rights, they argue, copyists will free-ride on the efforts of creators, discouraging future investments in new inventions and creations. In short copying stifles innovation.⁸⁹

In their influential article “The Piracy Paradox: Innovation and Intellectual Property in Fashion Design,” Kal Raustiala and Christopher Springman make a formidable, though ultimately unconvincing argument for continuing the status quo, no protection for fashion design.⁹⁰ Their argument rests on three assumptions. First, the American fashion industry has thrived for over two hundred years in a climate of zero regulation. Fashion design, they argue thrives in a “low IP equilibrium” because trend

⁸⁵ *Id.* at Testimony of Susan Scafidi

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.* at Testimony of Susan Scafidi

⁸⁹ *The Piracy Paradox*, 1688

⁹⁰ Raustiala is a professor at UCLA law school and Springman is an associate professor at the U. of VA. School of Law.

creation and “induced obsolescence” are the driving forces behind fashion innovation. Second, any amount of protection will destroy the delicate ecosystem of fashion industry productivity. The authors draw the conclusion that regulation of piracy in the fashion industry would create damaging monopoly effects and ultimately reduce creativity in the fashion industry.⁹¹ In the end, the conclusion is not supported because the assumptions are faulty.

A. Induced Obsolescence

Raustiala and Springman’s primary assertion is that copying drives creativity in the fashion industry. Clothing is a positional good, meaning that its value is heavily influenced by “the perception that [it is] valued by others.”⁹² In other words, owning specific clothing confers a certain status.⁹³ As other people buy a positional good its ability to confer status increases because more people understand its value. However, as more people acquire the good, its value decreases. It becomes “common,” and first adopters, or trend-setters, move on.⁹⁴

The “piracy paradox” is that copying, by causing status goods to become common more quickly, forces the trend-setters to move on more quickly, forcing designers to move on (happily, and for a tidy profit).⁹⁵ This is the traditional “fashion cycle;” it is something like a pyramid of a design hierarchy, with the most expensive, most design-intensive items on top.⁹⁶ High fashion designers produce a small number of custom-made, extremely expensive original designs for an elite clientele. Soon after,

⁹¹H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Testimony of Christopher Springman

⁹²*The Piracy Paradox* at 1718

⁹³*Id.*

⁹⁴*Id.* at 1719

⁹⁵*Id.* at 1722

⁹⁶*Id.* at 1693

they release a larger, though still relatively limited number of ready-to-wear “copies” for a broader wealthy clientele.⁹⁷ The design trickles down until the mass consuming public finds versions of the original in large retail stores.

Copying plays a second, related role in this theory, “anchoring.”⁹⁸ That is, by increasing the visibility of a certain style in stores, copying lets consumers know when trends have changed and what they should be buying.⁹⁹ By create a sense of coherence in fashion trends, which magazines can comment on and stores can advertise, copying pushes the fashion cycle further forward.¹⁰⁰ Raustiala and Springman argue that “anchoring thus helps fashion conscious consumers understand (1) when the mode has shifted, (2) what defines the new mode, and (3) what to buy to remain within it.”¹⁰¹ “A regime of free appropriation thus helps emergent themes become full-blown trends; trendy consumers follow suit.”

1. as an historical model

The “piracy paradox” model is appealing but flawed, both in terms of historical accuracy and modern relevance. The fashion industry has grown tremendously in the U.S. over the past century. That much is undisputable. In “The Piracy Paradox,” they make a very important claim about the fashion industry, that it accepts, and even welcomes, design copying. If true, industry acquiescence would be strong evidence that copying is not harmful to fashion innovation. It is not true, and much of the evidence is actually presented in the article itself.

⁹⁷ *Id.*

⁹⁸ *The Piracy Paradox*, 1728

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 1729

¹⁰¹ *Id.*

“In 1932, the nascent U.S. [fashion design] industry established a nationwide cartel to limit copying within the small but growing ranks of American designers.”¹⁰² The Fashion Originators’ Guild pressured retailers not to deal in copies of American designs, though copies of European designs were allowed, and noncompliant retailers were boycotted.¹⁰³ Guild members registered sketches for protection and were fined for dealing with non-compliant retailers.¹⁰⁴ By 1936, 60% of mid- to high quality women’s clothing was sold by guild members. In 1941, the U.S. Supreme Court found that the Guild’s practices violated Federal anti-trust laws.¹⁰⁵

Raustiala and Springman argue that Federal law regarding fashion design has not changed in the sixty-eight years since the Fashion Originators’ Guild was shut down because designers are not interested in such a change. The authors admit that designers have made attempts to change Federal law and protect themselves, but characterize these efforts as “feeble.”¹⁰⁶ Perhaps they were, compared to the concerted efforts made by the music and film industries to increase protection, but it is important to remember that those industries are dominated by a small number of very large companies, whereas the apparel industry is highly decentralized. Nearly half of all companies employ fewer than twenty people.¹⁰⁷ In addition, large companies in the apparel industry are more likely than small designers to benefit from copying. The American Apparel and Footwear Association is a trade organization representing several large companies in the apparel industry, from fabric manufacturers to shoe

¹⁰² *Id.* at 1697

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.* at 1697 (*Fashion Originators’ Guild of Am. v. FTC*, 312 U.S. 457, 462 (1941))

¹⁰⁶ *Id.*

¹⁰⁷ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Testimony of Jeffrey Banks

insert distributors, but very few designers.¹⁰⁸ They are vehemently opposed to the DPPA.¹⁰⁹ In addition, because legal protection for designs was not available, designers have developed very sophisticated alternate methods of protecting their work. As mentioned above, many make use of trademark law and copyrights for specific elements of their work to provide a measure of protection, and some ban cameras from shops.

Raustiala and Springman also argued that even in Europe, where fashion design is legally protected, copying is rampant, which again supports the conclusion that protection is unnecessary.¹¹⁰ But this mischaracterizes the European situation. Europe is the home of some of the largest “fast-fashion” firms in the world, Zara, TopShop, and H&M. Designers tolerate them for two reasons.¹¹¹ First, they rarely engage in line-for-line copying, though a discerning eye can often tell which designers inspired a particular season’s offerings. Second, fast fashion exists in a very different market than high fashion, though too literal copying does devalue designer items by taking away their ability to confer elite status. There is one legendary French example. Coco Chanel famously said “Copying is the price of success.”¹¹² She supposedly laughed when people dug fabric scraps out of her trash and smiled when she passed a collarless jacket inspired by her iconic tweed suits¹¹³ However, she did not tolerate literal copying

¹⁰⁸ American Apparel and Footwear Association, *AAFA Membership Directory*, <http://www.apparelfootwear.org/Membership/MemberSearch.asp> (viewed Mar. 15, 2009)

¹⁰⁹ American Apparel and Footwear Association, *Design Piracy Prohibition Act*, <http://www.apparelfootwear.org/LegislativeTradeNews/DesignPiracyProhibitionAct.asp> (May 18, 2008)

¹¹⁰ *The Piracy Paradox* at 1737

¹¹¹ Susan Scafidi, *Counterfeit Chic, Is Grey the New Black?*, http://www.counterfeitichic.com/2006/01/is_grey_the_new_black.php (Jan. 3, 2006)

¹¹² Gioia Diliberto, *Fashion’s Piracy Paradox*, *L.A. Times* (Oct. 10, 2007) <http://www.latimes.com/news/opinion/la-oe-diliberto10oct10,0,7894347.story?coll=la-opinion-righttrail>

¹¹³ *Id.*

and sued copyists when it happened.¹¹⁴ In the U.S., however, copy firms do literally copy designer items, only in cheap fabrics and less attention to detail. They are even bold enough to use the designer originals in their advertising, which European firms never do.¹¹⁵

Moreover, industry attempts to curtail copying are only a small portion of the historical picture. In point of fact, until relatively recently it would not have been in many designers best interest to have strong protection from copying, since most American designers were copyists. They copied the French. Jacqueline Kennedy was fantastically stylish, and was dressed almost exclusively by American designer Oleg Cassini during here time as First Lady. Mr. Cassini is now celebrated as a classic American designer. At the time, he was famous for making excellent copies of French haute couture, a fact that is often forgotten.¹¹⁶ This is consistent with patterns of industrial development. Emerging industries often begin by copying.¹¹⁷ As resources grow and expertise develops, the industry moves away from copying and intellectual property laws are enacted to promote further development.¹¹⁸

2. today

Even if it were accurate in the past, the historical model of the fashion industry is not the current reality. Modern wireless and digital technologies have increased the pace of copying so that copies often appear in stores before originals. Producing a copy used to take months, even years.¹¹⁹ Today it takes days.¹²⁰ In the 1940s, French

¹¹⁴ *Id.*

¹¹⁵ Faviana New York, *supra* n. 11

¹¹⁶ *Jackie's Knockoff Artist?*, *supra* n. 76

¹¹⁷ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5, at Testimony of Susan Scafidi

¹¹⁸ *Id.*

¹¹⁹ *Id.* at Prepared State. Of Jeffrey Banks

¹²⁰ *Id.*

couture houses even tacitly allowed American copying. American “designers” would purchase a couture gown, take it apart seam by seam, and re-create the pattern. Copies were sold at upscale department stores like Marshall Fields after a certain set date.¹²¹ Today, digital cameras take 360° photos of designs as they’re coming down the runway. Before an item reaches the end of the catwalk, that photo has been sent to an automated machine, in China or another country where labor is inexpensive, that is able to produce a pattern for the item and then cut and sew a nearly perfect replica.¹²² The replica is in stores within days, whereas it may take months from that show, which cost between \$50 thousand and \$1 million to produce¹²³, for a designer to get their work to market.¹²⁴

It is becoming nearly impossible for emerging designers to compete with copyists. Recognizing this difficulty, the fashion industry itself has stepped in to help young designers by offering money and mentoring. The CFDA offers grants, prizes, and education programs to promising emerging designers.¹²⁵ The current economic reality is that these efforts may not be enough. Young designers are struggling to stay in business as orders are canceled or returned.¹²⁶ One incidence of copying costing a major sale could end a career.

In addition, the “piracy paradox” tacitly assumes that designers exist only at the highest level of the fashion pyramid because if designers could trickle their own designs down the pyramid, there would be no need for copies to anchor trends and push the

¹²¹ *The Piracy Paradox* at 1696

¹²² H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at

¹²³ *Id.* at

¹²⁴ *Id.* at Prepared State. Of Jeffrey Banks

¹²⁵ CFDA, *Education and Professional Development*,

http://www.cfda.com/index.php?option=com_cfda_content&task=education_display (Mar. 29, 2009)

¹²⁶ Eric Wilson, *The Make or Break Season*, 2/5/09 N.Y. Times E1 (Feb. 5, 2009)

fashion cycle. Some designers do only exist in high fashion, but increasingly that is not the case. The top of the pyramid is not very profitable. Designers frequently lose money producing couture collections. Even emerging designers with little name recognition outside the industry, like Thakoon and Samantha Ronson, are now producing low-price collections in partnership with mass retailers like Target or Kohls¹²⁷. The shift to mass retail has two consequences. First, designers can push the fashion cycle themselves. Copying is unnecessary, and as described above, can be detrimental. Second, from a consumer standpoint, it is no longer true that low-price clothing contains little design content. Copying is not necessary to give ordinary consumers access to attractive clothing.

B. Protection and the Fashion Cycle

The final flaw in “The Piracy Paradox” is its assumption that any protection from copying will put an end to the fashion cycle. Overly protective legislation would be harmful to the American consumer, and possibly to the industry as well because it would prevent trend formation. In the long run, this could encourage greater differentiation between designers, but in the short run it would probably create confusion and increase costs as designers would “have to clear every design through an attorney.”¹²⁸

But, as discussed above, the fashion cycle no longer offers any incentives to designers, and the DPPA is designed to re-establish the fashion cycle.¹²⁹ First, it only protects original designs, which would leave a tremendous amount of material in the

¹²⁷ Teri Agins, *Fashion Journal: Rethinking Expensive Clothes—Designers Learn to Appreciate the Value of Cheap Chic*, 04/12/07 Wall St. J. D8 (Apr. 12, 2007)

¹²⁸ H. R. Subcomm. on Cts., Internet, & Intell. Prop., *supra* n. 5 at Testimony of Christopher Springman

¹²⁹ *Id.* at Opening State. of Bob Goodlatte

public domain, everything that has ever been designed, in fact. No designer would be able to monopolize jeans or wrap dresses by producing slight variations of them every year. Second, it protects the overall design of an item, meaning that details not protected separately under other intellectual property rules would be free for use. Copyright law is well suited to trend formation because of its recognition of the difference between an idea, which is not protectable, and the expression of an idea, which is. For example, in the literary context, when Dan Brown released his best-seller The DaVinci Code, a spate of imitators appeared.¹³⁰ They were inspired by his story of the Knights Templar and the secret love between Mary Magdalene and Jesus (the idea or trend), but they were not permitted to copy specific plot points, pacing, and character developments (the expression or original design).

VI. CONCLUSION

The future of the U.S. fashion industry must lie in creative innovation, not copying. The U.S. has moved from a country of fashion copyists to one of innovators. As the fashion industry has become innovative, it has also become profitable, and increasingly important as a part of the U.S. economy. Now especially, during this difficult economic time, it is important to protect our home grown fashion industry by enacting a revised version of the Design Piracy Prohibition Act. Nay-sayers, like Kal Raustiala and Christopher Springman make a compelling argument. The fashion industry is profitable; it is innovative, but it is also fragile. The future development is dependent on small workshops and emerging designers who are materially hurt by copying. They simply cannot keep up with copyists. Now is the time to protect them.

¹³⁰ *Id.* at Testimony of Susan Scafidi