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## The Look for Less: A Survey of Intellectual Property Protections in the Fashion Industry

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## The Look for Less: A Survey of Intellectual Property Protections in the Fashion Industry

Cover Page Footnote

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## THE LOOK FOR LESS: A SURVEY OF INTELLECTUAL PROPERTY PROTECTIONS IN THE FASHION INDUSTRY

*Nicole Giambarrese*<sup>\*</sup>

*“Actually I am very glad that people can buy Armani—even if it’s a fake. I like the fact that I’m so popular around the world.”*  
*Giorgio Armani*<sup>1</sup>

### I. INTRODUCTION

“Sex and the City” debuted as an original series broadcasted by the Home Box Office on June 6, 1998.<sup>2</sup> The series brought designer fashion and couture into the homes of millions of women, across a vast age range, who all wished that they could afford the Chanel purses and Christian Louboutin shoes worn by the characters. Filming in the Mecca of fashion, New York City, viewers were exposed to the upscale boutiques on Fifth Avenue, and an endless parade of couture, designer dresses, handbags, and jewelry. As a consequence of digital media,<sup>3</sup> these designs were readily imitated and instantaneously reproduced by other designers for discount stores, such as Forever 21.<sup>4</sup> Additionally, pirates copied these designs and

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<sup>\*</sup> Juris Doctor Candidate, Touro Law Center, May 2010. Written for Intellectual Property taught by Rena Sepowitz during the Fall 2008 semester at Touro Law Center. Special thanks to Professor Suzanne Darrow-Kleinhaus for her editing, help, and ideas and Jaclyn Garfinkel for being my fashion guru. Of course, thanks to my parents and Joe for their patience, ideas, love, and support.

<sup>1</sup> Giorgio Armani Quotes, [http://www.brainyquote.com/quotes/authors/g/giorgio\\_armani.html](http://www.brainyquote.com/quotes/authors/g/giorgio_armani.html) (last visited Nov. 18, 2009).

<sup>2</sup> The Internet Movie Database, Sex and the City, <http://www.imdb.com/title/tt0159206/> (last visited Nov. 18, 2009).

<sup>3</sup> Matthew Benjamin, *A World of Fakes*, U.S. NEWS & WORLD REP., July 14, 2003, at 46.

<sup>4</sup> Amy Odell, *Forever 21’s Ability to Copy Designer Clothes Could Be in Jeopardy*, N.Y. MAG., Apr. 13, 2009, available at [http://nymag.com/daily/fashion/2009/04/forever\\_21s\\_ability\\_to\\_copy\\_de.html](http://nymag.com/daily/fashion/2009/04/forever_21s_ability_to_copy_de.html).

sold the knockoffs and counterfeit products about a mile south of the upscale shopping on Fifth Avenue: Canal Street.<sup>5</sup>

The desire to obtain the look that celebrities have for less money is practicable because of another “less.”<sup>6</sup> There is less intellectual property protection for designs than the contemporary fashion industry demands. Under the current law, it is not illegal to sell or manufacture “knock-off” goods; however, it is illegal to sell or manufacture counterfeit goods.<sup>7</sup> European nations have made it illegal to sell and manufacture both counterfeit goods and goods that have pirated designs.<sup>8</sup> Additionally, other nations make it a crime to sell, possess, or purchase counterfeit goods,<sup>9</sup> in the United States it is only a crime to sell counterfeit goods.<sup>10</sup> Unlike the United States, most European nations also have stringent copyright protection, which protects the design of apparel.<sup>11</sup>

Currently, there are no copyright protections for fashion designs in the United States.<sup>12</sup> Proposed legislation that would provide

<sup>5</sup> Christine Hauser, *City Agents Shut Down 32 Vendors of Fake Items*, N.Y. TIMES, Feb. 27, 2008, at B6.

<sup>6</sup> Christine Magdo, *Protecting Works of Fashion from Design Piracy* 3 (2000) (unpublished comment, on file with Harvard Law School Library).

<sup>7</sup> Emili Vesilind, *Under The Label: The New Pirates*, L.A. TIMES, Nov. 11, 2007, at 6.

<sup>8</sup> *Id.*

<sup>9</sup> Paul F. Nunes et. al., *Fighting Fakes*, ACCENTURE OUTLOOK J., Sept. 2008, available at [http://www.accenture.com/Global/Research\\_and\\_Insights/outlook/By\\_Issue/y2008/Fighting\\_Fakes.htm](http://www.accenture.com/Global/Research_and_Insights/outlook/By_Issue/y2008/Fighting_Fakes.htm).

<sup>10</sup> Maryanne Renz, *Don't Buy That Fake Louis Vuitton!*, ST. JOSEPH'S C. MAG., Fall 2008, at 35.

<sup>11</sup> The Author's opinion is that the reason behind the more stringent laws may be the differences in how fashion is regarded between Europe and the United States. In the United States, fashion is seen as utility. Aside from the major metropolitan cities—such as New York, Los Angeles and Miami—where fashion shows are held and global trends impact the city, fashion is not seen as artistic expression. Most people in America wear clothes because they are comfortable or because they look nice. Some young adults and teenagers wear clothes to mirror celebrity trends and European fashions. Most adults dress for work within the bounds of an office dress code and do not buy business clothes because of the latest trends in corporate dress. Conversely, in Europe, fashion is at the forefront of society. Appearance is of the utmost importance to Europeans; anyone who walks down a street in most European countries will see outfits that are well put together. Europeans take great pride in their appearance and one will rarely see a person on the street in sweatpants. The other main difference is how fashion is valued. In a free market society, such as the United States, fashion is seen as a business—a means to increase profit. Arguably, in Europe, monopolies over designs are more readily granted through copyright because of the intrinsic artistic value Europeans afford fashions.

<sup>12</sup> Magdo, *supra* note 6.

such protection has been sitting in Congress for two years.<sup>13</sup> Further, the Lanham Trademark Act only protects the origin of products, such as logos and trademarks.<sup>14</sup> Even with the current available trademark protection, fashion houses, such as Louis Vuitton,<sup>15</sup> and luxury jewelry firms, such as Tiffany & Company,<sup>16</sup> have seen the Second Circuit make it more difficult to assert the protection.<sup>17</sup> This increasing difficulty is due to a fear of overextending monopolies and taking an affirmative stance on who has the burden to police one's trademark. Finally, patent protection is available; however, it is only applicable in very limited circumstances in fashion.<sup>18</sup> The problem with patent protection is that trends change almost monthly, and there is a long, costly process to be afforded a patent.<sup>19</sup>

This Comment will discuss the available protections for the fashion industry through a survey of the three main types of intellectual property protection: patent, copyright, and trademark. The differences between these three branches may be briefly explained as follows:

**Copyright** attracts investment to the production and distribution of literary and artistic works by promising authors and artists exclusive rights for a limited period. **Patent** law uses property rights to stimulate private investment in new, useful and nonobvious technologies. **Trademark** law encourages businesses to

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<sup>13</sup> Design Piracy Prohibition Act, H.R. 5055, 109th Cong. (2006).

<sup>14</sup> 15 U.S.C.A. § 1052(a) (West 2009).

<sup>15</sup> *Malletier v. Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368, 384, 393 (S.D.N.Y. 2008) (granting summary judgment because the similarity of the marks was unlikely to confuse ordinary customers in violation of the Lanham Trademark Act).

<sup>16</sup> *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 469-70 (S.D.N.Y. 2008) (holding that the "reasonable anticipation" standard cannot serve as a basis to impose contributory trademark infringement, the use of trademarks in advertising is nominative fair use, and noting that under the law as it currently stands, the burden to police a trademark falls on the trademark owner regardless of whether the trademark owner or a third party site, such as eBay, could more efficiently police the mark).

<sup>17</sup> William G. Barber, *Recent Developments in Trademark Law: Disrobing Trade Dress, Confounding Dilution, and Condemning Cybersquatting*, 10 TEX. INTEL. PROP. L.J. 245, 257 (2002).

<sup>18</sup> Jonathan M. Barnett, *Shopping for Gucci on Canal Street: Reflections on Status Consumption, Intellectual Property, and the Incentive Thesis*, 91 VA. L. REV. 1381, 1394 n.25 (2005).

<sup>19</sup> Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1704-05 (2006).

invest in the names and slogans that signify the source of their goods and services by prohibiting competitors from using these same symbols on their own wares.<sup>20</sup>

Patent will be discussed first because it is the least useful for the fashion industry.<sup>21</sup> Copyright will be considered next; however, the discussion will be limited because of a general lack of protection for fashion.<sup>22</sup> The examination of copyright protection will lead into a brief historical survey of copyright protection in the fashion industry and a discussion of the proposed Design Piracy Prohibition Act, currently pending in the United States Congress.<sup>23</sup> The opposing view of this legislation will be considered as well, principally the idea that the act of copying actually cultivates intellectual property,<sup>24</sup> which resonates through all forms of intellectual property protection and is not limited to just copyright. Lastly, trademark will be considered and afforded the majority of the discussion because it is the most concrete form of protection in the fashion industry.<sup>25</sup> First, the trademark discussion will require that the difference between a “knock-off” and a counterfeit product be distinguished.<sup>26</sup> This distinction is important in order to understand the requirements to bring an action for infringement. Based on this distinction, the various public policy arguments as to why one should not purchase counterfeit or knock-off products will be explored. Trademark infringement in the fashion industry will be explained through two very recent, prominent cases: *Malletier v. Dooney & Bourke, Inc.*<sup>27</sup> and *Tiffany (NJ) Inc. v. eBay, Inc.*<sup>28</sup> Lastly, the potential of trade dress protection in the fashion industry will be explored.

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<sup>20</sup> PAUL GOLDSTEIN & R. ANTHONY REESE, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES: CASES AND MATERIALS ON THE LAW OF INTELLECTUAL PROPERTY 17 (Thomson Reuters/Foundation Press 2008) (1973) (emphasis added).

<sup>21</sup> Barnett, *supra* note 18.

<sup>22</sup> *Id.*

<sup>23</sup> H.R. 5055.

<sup>24</sup> Vesilind, *supra* note 7; see also Raustiala, *supra* note 19, at 1691 (arguing that the “paradox” is that “copying fails to deter innovation in the fashion industry because, counter-intuitively, copying is not very harmful to originators. Indeed, copying may actually promote innovation and benefit originators.”).

<sup>25</sup> Raustiala, *supra* note 19, at 1700.

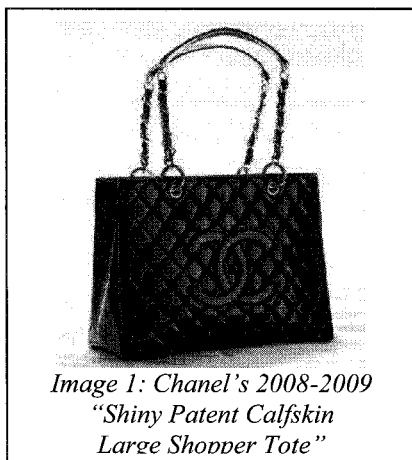
<sup>26</sup> See *infra* notes 119, 122 and accompanying text.

<sup>27</sup> 561 F. Supp. 2d 368 (S.D.N.Y. 2008).

<sup>28</sup> 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

## II. THE VARYING LEVELS OF IP PROTECTION IN FASHION

As one journalist covering Santee Alley in Los Angeles viewed it, the “knockoff designer handbags [are] so close to the real thing, they could fool an Hermes salesgirl.”<sup>29</sup> Consider the following illustration. Chanel designs and releases a black purse, medium in size and made of quilted leather. The strap on the purse is made of leather intertwined with metal, affixed to the purse with a metal ring. The front of the bag contains the trademarked Chanel logo, mirror imaged interlocking “C”s.<sup>30</sup> Now, imagine two purses that look similar,



neither manufactured by Chanel. Both follow Chanel's design precisely—the size and quilting identically—except one bears the mirror imaged interlocking “C”s and the other bears mirror imaged interlocking “O”s. At first glance, they appear to be the exact same purse; however, the laws currently in place make these two handbags very different.

The only outright illegal behavior<sup>31</sup> is the passing off<sup>32</sup> of

<sup>29</sup> Vesilind, *supra* note 7.

<sup>30</sup> Accessories Chanel 2009 Collection, <http://www.chanel.com/fashion/8#8-shiny-patent-calfskin-large-shopper-tote-bag-1,1,6,11> (last visited Nov. 18, 2009).

<sup>31</sup> There is a difference between the civil and criminal aspects of infringement. Trademark infringement, under the Lanham Trademark Act, affords civil remedies, but no criminal liability; the plaintiff in a successful trademark infringement action is entitled to recover “(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” 15 U.S.C.A. § 1117(a) (West 2009). Treble damages, three times the profits or damages, are granted if the court finds that the defendant “intentionally” used a mark that it knew to be counterfeit. *Id.* § 1117(b). The monetary damages serve “two purposes: inducement and deterrence.” *Louis Vuitton S.A. v. Spencer Handbags Corp.*, 597 F. Supp. 1186, 1193 (E.D.N.Y. 1984). “Because federal prosecutors lack the resources to bring criminal charges against more than a fraction of trademark counterfeiters, civil suits are necessary to enforce the Act.” *Id.* (citing S. REP. NO. 526, at 6 (1984)). The goal of damages, especially treble damages, is to “‘provide an adequate penalty for such conduct’” and take “‘the profit out of this lawless behavior.’” *Id.* at 1193-94 (quoting S. REP. NO. 526, at 6 (1984)). Counterfeiting is criminalized trademark infringement. Trafficking counterfeit goods, meaning to “transport, transfer, or otherwise dispose of, to another, for purposes of commercial advantage or private financial gain, or to make, import, export, obtain control of, or possess, with intent to so transport, transfer, or otherwise dispose of,” carries various criminal liabilities.

the purse with the mirror-imaged interlocking “C”s that was not manufactured by Chanel. This is illegal for two reasons: first, the unauthorized use of Chanel’s logo is trademark infringement,<sup>33</sup> and second, the purse is counterfeit.<sup>34</sup> The prosecutions of counterfeiting rings and the sale of counterfeit goods are made easier due to the laws in place. Because the definition of “counterfeit” includes that the item “displays a reproduction of a genuine trademark, usu[ally] to deceive buyers into thinking they are purchasing genuine merchandise,”<sup>35</sup> fashion designers are protected when unauthorized reproductions are made bearing a trademark identical to their own.<sup>36</sup> The second purse may only carry the possibility of infringement because, as discussed below, there has to be a likelihood that a reasonable consumer would be confused as to the source of the purse,<sup>37</sup> i.e., believe the purse was manufactured by Chanel. In this instance, Chanel’s recourse would be afforded under the Lanham Trademark Act.<sup>38</sup> The copy of the design of the bag itself is a potential copyright issue and will be further discussed below.

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ties, the most extreme being not more than twenty years imprisonment and \$5,000,000 in fines. 18 U.S.C.A. § 2320(a)(1), (e)(2) (West 2009). See *infra* Parts II.C.1-2, III.A-B (explaining counterfeit goods).

<sup>32</sup> Passing off is a form of deceptive marketing. Passing off occurs when, in connection with the marketing of goods or services, [an] actor makes a representation likely to deceive or mislead prospective purchasers by causing the mistaken belief that the actor’s business is the business of the other, or that the actor is the agent, affiliate, or associate of the other, or that the goods or services that the actor markets are produced, sponsored, or approved by the other.

RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 4 (1995). In this illustration, a merchant selling a purse that is identical to one manufactured by Chanel, bearing its distinctive logo exactly, when that particular purse was in fact not manufactured by Chanel, leads the consumer to believe that the purse was produced by Chanel.

<sup>33</sup> See 15 U.S.C.A. § 1114(1) (West 2009).

<sup>34</sup> See *infra* pp. 116-17, 135-40 and accompanying notes.

<sup>35</sup> BLACK’S LAW DICTIONARY 376 (8th ed. 2004).

<sup>36</sup> See 15 U.S.C.A. § 1114(1).

<sup>37</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

Where the products are different, the prior owner’s chance of success is a function of many variables: the strength of his make [sic], the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant’s good faith in adopting its own mark, the quality of defendant’s product, and the sophistication of the buyers.

*Id.*

<sup>38</sup> See 15 U.S.C.A. § 1114(1).



The reason behind the varying degrees of legality is the difference among the three branches of intellectual property: trademark, copyright, and patent. These branches provide differing levels of protection in the fashion industry—much of which is limited.<sup>39</sup>

### A. Patent Protection

The Constitution of the United States charges Congress with the power to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>40</sup> This enumerated power provides Congress with the authority to establish copyright and patent protection.<sup>41</sup> The patent system is designed to protect the furtherance of science and the useful arts.<sup>42</sup> The reward of a patent following research is an incentive for inventors to invent, which encourages time and money to be spent in furtherance of research that may benefit the country as a whole.<sup>43</sup> This incentive stimulates investment capital and enables research, thereby benefiting the economy.<sup>44</sup> In return, the inventor/researcher/patent owner is granted a monopoly for a certain amount of time, which limits the ability of others to use the research, and to sell, use, or manufacture whatever is patented: either the process or the invention.<sup>45</sup> The patent protection encourages research and information to be publicized much earlier than it would otherwise, thus furthering science and the useful arts.<sup>46</sup>

A lengthy discussion on patent protection is seemingly irrelevant in this Comment because patents are, for the most part, inapplicable to the fashion industry.<sup>47</sup> To be granted ownership of a patent,

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<sup>39</sup> Raustiala, *supra* note 19, at 1699.

<sup>40</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>41</sup> Rachel L. Emsley, *Copying Copyright's Willful Infringement Standard: A Comparison of Enhanced Damages in Patent Law and Copyright Law*, 42 SUFFOLK U. L. REV. 157, 158 n.11 (2008).

<sup>42</sup> GOLDSTEIN & REESE, *supra* note 20, at 25.

<sup>43</sup> *Id.*

<sup>44</sup> Burton T. Ong, *Patenting the Biological Bounty of Nature: Re-examining the Status of Organic Inventions as Patentable Subject Matter*, 8 MARQ. INTELL. PROP. L. REV. 1, 40 (2004).

<sup>45</sup> GOLDSTEIN & REESE, *supra* note 20, at 25.

<sup>46</sup> *Id.*

<sup>47</sup> Raustiala, *supra* note 19, at 1699.

the process or invention must be non-obvious, novel, and useful; these standards discourage research in fundamental ideas or inventions that are too blatant or hackneyed.<sup>48</sup>

Currently, protection for designs is found in the Vessel Hull Design Protection Act, which offers “protection to the design of boats and ship hulls,” as well as other designs that may be in a similar class.<sup>49</sup> Generally, it is much easier to obtain a design patent than to obtain a utility patent.<sup>50</sup> Design patents protect the ornamental look of a useful item, whereas utility patents protect the way an invention works and is used.<sup>51</sup> Design patents are only available for a “new, original and ornamental design for an article of manufacture.”<sup>52</sup> To be afforded protection, the design must be truly new and not just a variant of a previous design.<sup>53</sup> In fashion, this would encompass ornamentation on items such as apparel, shoes, hats, purses, and totes.<sup>54</sup> Less often, utility patents are issued to protect the more functional aspects in fashion, with new inventions and improvements on items such as brassieres, umbrellas, and shoes.<sup>55</sup>

Consequently, applying for a patent is costly and time consuming, and even after completion, does not necessarily guarantee protection at the end of the process.<sup>56</sup> Additionally, the fashion industry changes so rapidly with trends and styles that it is generally not practical to seek patent protection.<sup>57</sup>

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<sup>48</sup> GOLDSTEIN & REESE, *supra* note 20, at 28.

<sup>49</sup> *Id.* at 1036 (the protection is known as *sui generis* protection. Goldstein notes that this may serve as a “placeholder” for future expansive legislation.); *see also* H.R. 5055; *see infra* Part II.B and accompanying notes (noting that the Design Piracy Prohibition Act would amend the Vessel Hull Design Protection Act to include fashion designs in addition to the design of the ship and hull).

<sup>50</sup> Sheppard Mullin Richter & Hampton, LLP, *Patent Your Patent Leather: Patent Protection For The Fashion Industry* (Jan. 28, 2008), <http://www.fashionapparelblog.com/2008/01/articles/ipbrand-protection/patent-your-patent-leather-patent-protection-for-the-fashion-industry>.

<sup>51</sup> *Id.*

<sup>52</sup> 35 U.S.C.A. § 171 (West 2009).

<sup>53</sup> *See id.*

<sup>54</sup> Sheppard Mullin Richter & Hampton, LLP, *supra* note 50.

<sup>55</sup> *Id.*

<sup>56</sup> Raustiala, *supra* note 19, at 1704.

<sup>57</sup> *Id.* at 1705.

## B. Copyright Protection

Copyright law is also rooted in Section 8, Article I of the United States Constitution.<sup>58</sup> Such protection is offered for “original works of authorship fixed in any tangible medium of expression,”<sup>59</sup> and is not available to works considered to be a “useful article.”<sup>60</sup> This limitation creates a problem for the fashion industry because generally, clothing is considered to be a “useful article.”<sup>61</sup> Fashion is not recognized as an art form;<sup>62</sup> therefore, no protection exists under the definition of “pictorial, graphic, and sculptural works.”<sup>63</sup> There is, however, some limited protection offered: when an “individual design element[] . . . [is] physically or conceptually separable from the underlying product,” the design element is protected.<sup>64</sup>

Using the example in the above illustration, the design of the Chanel purse—the cut, shape, or silhouette—would not be copyrightable. A purse would be considered a useful article<sup>65</sup> because it can be used to store items in when traveling, shopping, going to work or school, among an array of other uses. Currently, the Design Piracy Prohibition Act is pending in the United States Congress.<sup>66</sup> This Act,

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<sup>58</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>59</sup> 17 U.S.C.A. § 102(a) (West 2009).

<sup>60</sup> *Id.* § 101.

<sup>61</sup> *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1002 (2d Cir. 1995) (explaining that clothes are not useful articles thus they are not copyrightable).

<sup>62</sup> See 17 U.S.C.A. § 101 (West 2009) (indicating that any work not copyrightable under Title 17 is not considered a visual work of art). From the Author’s personal perspective this may be changing because of the inclusion of fashion designs in museums. From May 5 to August 7, 2005, the Metropolitan Museum of Art in New York City hosted a special exhibition of Chanel designs and pieces from the inception of Chanel with Coco Chanel’s designs to present day fashions, of Karl Lagerfeld. See Chanel, [http://www.metmuseum.org/special/chanel/chanel\\_more.htm](http://www.metmuseum.org/special/chanel/chanel_more.htm) (last visited Dec. 7, 2008).

<sup>63</sup> 17 U.S.C.A. § 101 (West 2009) (“‘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.”). Under this definition, the two-dimensional sketch of a fashion design would be protected, however the actual article produced from that sketch is not afforded copyright protection. See *id.*

<sup>64</sup> *Chosun Int’l, Inc. v. Chrisha Creations, Ltd.*, 413 F.3d 324, 328 (2d Cir. 2005) (holding that to be afforded copyright protection the element of the design must be separable from the utilitarian function).

<sup>65</sup> H.R. 5055 § 1(a)(2).

<sup>66</sup> LexisNexis.com, Analysis of the Design Piracy Prohibition Act (H.R. 2033/S. 1957); Introduced in the 109th Congress, <http://law.lexisnexis.com/practiceareas/Fashion-Industry-Law/Fashion-Industry-Legislation/Analysis-of-The-Design-Piracy-Prohibition-Act-HR->

as explained below, would afford copyright protection to “handbags, purses, and tote bags.”<sup>67</sup> Should this Act be enacted into law, the “appearance as a whole[,] . . . including [ ] ornamentation”<sup>68</sup> of the purse, would be protected under copyright law.

### 1. *The Design Piracy Prohibition Act: The Contemporary Answer to a Historical Problem*

Copying within the fashion industry is an age-old problem that does not seem to be improving over time.<sup>69</sup> The first attempt to police the fashion industry, with respect to copyright infringement, came about in the early 1930s.<sup>70</sup> A group of fashion designers and manufacturers, frustrated with what they termed “style piracy,” formed the Fashion Originators’ Guild.<sup>71</sup> The Guild registered fashion designs, while urging merchants to boycott the merchandise of fashion companies known to replicate designs.<sup>72</sup> The Guild required that both retailers and designers sign a “declaration of cooperation,” a pledge to only conduct business with purely original works.<sup>73</sup> Retailers who did not acquiesce were boycotted and any Guild member found to be copying designs was subject to monetary fines.<sup>74</sup> The Guild was successful for nine years before the United States Supreme Court ruled that its practices violated anti-trust laws and furthered unfair competition because the Guild operated with the aim of “intentional destruction of one type of manufacture and sale which competed with Guild members.”<sup>75</sup>

A year earlier, the Second Circuit also decided a design piracy case.<sup>76</sup> The court held that

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2033S-1957-Introduced-in-the-109th-Congress (last visited Sept. 3, 2009).

<sup>67</sup> H.R. 5055 § 1(a)(2).

<sup>68</sup> *Id.*

<sup>69</sup> Eric Wilson, *Before Models Can Turn Around, Knockoffs Fly*, N.Y. TIMES, Sept. 4, 2007, at A1.

<sup>70</sup> Raustiala, *supra* note 19, at 1697.

<sup>71</sup> *Id.*; see also *Fashion Originators’ Guild of Am., Inc. v. Fed. Trade Comm’n*, 312 U.S. 457, 461 (1941).

<sup>72</sup> *Fashion Originators’ Guild*, 312 U.S. at 461.

<sup>73</sup> *Id.* at 461-62.

<sup>74</sup> *Id.* at 463.

<sup>75</sup> *Id.* at 467.

<sup>76</sup> *Millinery Creators’ Guild, Inc. v. Fed. Trade Comm’n*, 109 F.2d 175, 176 (2d Cir.

[w]hat passes in the trade for an original design of a hat or a dress cannot be patented or copyrighted. An 'original' creation is too slight a modification of a known idea to justify the grant by the government of a monopoly to the creator; yet such are the whims and cycles of fashion that the slight modification is of great commercial value.<sup>77</sup>

Sixty-seven years after the Fashion Originators' and the Millinery Creators' Guilds were found to be in violation of anti-trust laws, the industry still has minimal copyright protection.<sup>78</sup> Contemporary fashion designer, Dianne Von Furstenberg, in an interview with the *L.A. Times* stated that design piracy is "counterfeiting without the label."<sup>79</sup> In an attempt to curb this piracy in the fashion industry, Representative Robert Goodlatte introduced the Design Piracy Prohibition Act ("DPPA") to the House of Representatives on March 30, 2006.<sup>80</sup>

The Act, if passed, would amend the Vessel Hull Design Act to extend copyright protection to fashion designs for a period of three years.<sup>81</sup> The DPPA defines a "fashion design" as "the appearance as a whole of an article of apparel, including its ornamentation,"<sup>82</sup> and "apparel" as "an article of men's, women's, or children's clothing, including undergarments, outerwear, gloves, footwear, and headgear; handbags, purses, and tote bags; belts; and eyeglass frames."<sup>83</sup> To receive the three-year copyright protection, the designer would have to register the design with the United States Copyright Office within

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1940).

<sup>77</sup> *Id.* at 177.

<sup>78</sup> See Diane von Furstenberg, *Von Furstenberg: Fashion Deserves Copyright Protection*, *L.A. TIMES*, Aug. 24, 2007, <http://www.latimes.com/news/opinion/web/la-oev-furstenberg24aug24,0,3317409.story> ("The United States is the only world fashion leader that does not protect the intellectual property of its fashion designers.").

<sup>79</sup> Vesilind, *supra* note 7.

<sup>80</sup> H.R. 5055.

<sup>81</sup> Compare H.R. 5055 § 1(c) (stating that the amended provision will specifically indicate that fashion designs will be protected for three years), with 17 U.S.C.A. § 1305(a) (West 2009) (indicating that a design is protected for a duration of ten years without specifying the type of design).

<sup>82</sup> H.R. 5055 § (1)(a)(2).

<sup>83</sup> *Id.*

three months of the date the design was “first made public.”<sup>84</sup> Designs that were registered more than three months after the design’s public debut by the designer or owner, in either the United States or a foreign country, would not be protected by the DPPA.<sup>85</sup> Any designs that were “in existence before the passage of the bill (such as bell-bottom jeans)” would not be protected.<sup>86</sup> For example, this appears to mean that Karl Lagerfeld would have to register his latest seasonal collection with the United States Copyright Office within three months of the date of the fashion show in which his collection debuted, such as Fashion Week, which occurs annually in New York City.<sup>87</sup> Proper registration would ensure that other fashion designers could not copy the designs for a period of three years.<sup>88</sup>

Von Furstenberg commented that the bill would not hamper designers from following the latest trends in fashion, but rather prevent the designs from being copied precisely.<sup>89</sup> The United States is practically the only Western country that does not offer copyright protection for a fashion design.<sup>90</sup> The majority of European nations afford up to twenty-five years of copyright protection if a design is registered. However, protection of a cut or silhouette of a design does not require registration.<sup>91</sup>

## 2. *The Other Side of the Coin: Copying Cultivates Intellectual Property*

Kal Raustiala, a Professor of Law at University of California at Los Angeles,<sup>92</sup> sees piracy in the fashion industry differently.<sup>93</sup> According to the *L.A. Times*, his article entitled *The Piracy Paradox* has become the “hot button document for both sides” of the debate on the DPPA.<sup>94</sup> Professor Raustiala contends that the fashion industry

<sup>84</sup> *Id.* § (1)(e).

<sup>85</sup> *Id.* § (1)(b).

<sup>86</sup> Vesilind, *supra* note 7.

<sup>87</sup> See H.R. 5055 § 1(e) (proposing that designs must be registered with the copyright office within three months of their debut).

<sup>88</sup> *Id.* § (1)(e).

<sup>89</sup> Vesilind, *supra* note 7.

<sup>90</sup> *Id.*

<sup>91</sup> *Id.*

<sup>92</sup> Raustiala, *supra* note 19, at 1687 n.1.

<sup>93</sup> *Id.* at 1775-76 (suggesting that piracy encourages “incentive to innovate apparel”).

<sup>94</sup> Vesilind, *supra* note 7.

actually benefits from piracy, presenting the argument that creativity is promoted through copying.<sup>95</sup> In an interview, Raustiala explained, “[t]hat’s the genius of the fashion industry. The act of copying by diffusing ideas promotes more innovation at the top. When a coveted fashion item is created, it’s everywhere in six months or a year—a good thing in terms of propelling trends forward.”<sup>96</sup>

The motion picture, *The Devil Wears Prada*,<sup>97</sup> explained, rather eloquently, this very idea that the act of copying by diffusing ideas promotes more innovation at the top that trickles down. Below is a direct quote from the movie. In this scene, Miranda Priestly, who plays an editor of a high-profile fashion magazine, is attempting to put together a fashion ensemble, but is having difficulty selecting a belt to accent the outfit. Her assistant, Andy, is not initially considered a fashionable person in the film. While Miranda and some other assistants were trying to decide on a belt to compliment the outfit, Andy snickered because both belts appeared to her to be the same.

Miranda Priestly: Something funny?

Andy Sachs: No, no, nothing. Y’know, it’s just that both those belts look exactly the same to me . . . I’m still learning about all this stuff.

Miranda Priestly: This . . . ‘stuff?’ Oh . . . ok. I see, you think this has nothing to do with you. You go to your closet and you select out, oh I don’t know, that lumpy blue sweater, for instance, because you’re trying to tell the world that you take yourself too seriously to care about what you put on your back. But what you don’t know is that that sweater is not just blue, it’s not turquoise, it’s not lapis, it’s actually cerulean. You’re also blithely unaware of the fact that in 2002, Oscar De La Renta did a collection of cerulean gowns. And then I think it was Yves St. Laurent, wasn’t it, who showed cerulean military jackets? I think we need a jacket here. And then cerulean quickly showed up in the collections of 8 different designers. Then it filtered down through the department stores and then

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<sup>95</sup> Raustiala, *supra* note 19, at 1691.

<sup>96</sup> Vesilind, *supra* note 7.

<sup>97</sup> THE DEVIL WEARS PRADA (20th Century Fox Pictures 2006).

trickled on down into some tragic Casual Corner where you, no doubt, fished it out of some clearance bin. However, that blue represents millions of dollars and countless jobs and so it's sort of comical how you think that you've made a choice that exempts you from the fashion industry when, in fact, you're wearing the sweater that was selected for you by the people in this room. From a pile of stuff.<sup>98</sup>

Here, Miranda is attempting to demonstrate to her assistant that all major trends in fashion come from the "top," the expensive, high-end, innovative designers. The trends then take hold in fashion and propel down the line to department stores, corner shops, and clearance bins. Thus, while less expensive fashion labels may have copied or mocked a design, style, or color, this actually propelled the trends of that season forward in the fashion industry.

Another argument that could be derived from this exchange is that the American fashion industry is consumer driven.<sup>99</sup> In the United States, the goal is arguably to enable everyone to have the latest trend.<sup>100</sup> As an egalitarian society, fashion should not be restricted to only the elite who can afford the latest trends from Oscar De La Renta and Yves St. Laurent; rather, trends should be available to everyone, at discount stores and even in clearance bins.<sup>101</sup> This policy argument may inhibit the passage of the DPPA because a free market economy and availability to the masses is arguably more important to Americans than the intrinsic artistic value of fashion.<sup>102</sup>

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<sup>98</sup> Internet Movie Database, Memorable Quotes for *The Devil Wears Prada*, <http://www.imdb.com/title/tt0458352/quotes> (last visited Dec. 7, 2008).

<sup>99</sup> See *id.* (Suggesting that as long as consumers are interested in a product newer and more innovative, versions of it will appear, thus, enabling the everyday consumer to wear the latest trends.).

<sup>100</sup> See Raustiala, *supra* note 19, at 1705 (Retailers copy the latest trends from the runway and bring them into their stores in "record time" allowing everyone to have the latest trends.).

<sup>101</sup> See Robin Givhan, *The End of 'Gown in 60 Seconds'?*, WASH. POST, Aug. 10, 2007, at C02. High-end retail stores, such as Bergdorf, have pursued making trends available to everyone by "launching less expensive lines." *Id.*

<sup>102</sup> See Raustiala, *supra* note 19, at 1733. Without the Design Piracy Prohibition Act, intellectual property protection in the fashion industry is low thus enabling trends to emerge and disappear quickly therefore enabling the majority of people to purchase clothes "at a level well beyond that necessary simply to clothe themselves." *Id.* Accordingly, it can be inferred that the low protection afforded to fashion design promotes the market.



It may be further noted that Diane Von Furstenberg has recently deflated her own argument.<sup>103</sup> On November 6, 2008, Von Furstenberg debuted her new collection in London: a complete line inspired solely by the Wonder Woman comics.<sup>104</sup> A curator for the Metropolitan Museum of Art in New York City noted, “when designers look to Wonder Woman there are two things they seem to refer to—her role as Amazon woman, this strong powerful Amazonian figure—and her as a symbol of America, a symbol of democracy.”<sup>105</sup> Quite apropos, the line debuted shortly after the 2008 United States Presidential Election and featured stars and stripes patterns.<sup>106</sup> As part of the advertising campaign, Von Furstenberg created a limited edition comic book entitled *The Adventures of Diva, Viva and Fifa* with the message: “Be the Wonder Woman you can be.”<sup>107</sup> To utilize a phrase explored in the trademark section of this Comment, this “calls to mind” the Army slogan: “Be all you can be.”<sup>108</sup>

Perhaps, unintentionally, Von Furstenberg just drove home her critics’ point that there is nothing new to be made that has not already been created.<sup>109</sup> Not only with a similar catch phrase to the Army’s, but also with a comic book coupled with a collection solely based off Wonder Woman comics, she clearly “drew inspiration” from a previous source—one that is copyrighted.<sup>110</sup> Furthermore, the problem with her “inspiration” lies in that she is not the first to utilize Wonder Woman for inspiration.<sup>111</sup> John Galliano for Christian Dior

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<sup>103</sup> Compare Von Furstenberg, *supra* note 78 (depicting Von Furstenberg as a proponent of the Design Piracy Prohibition Act and copyright protection for the fashion industry), with Hilary Whiteman, *Diane von Furstenberg, the Wonder Woman*, CNN, Nov. 7, 2008, available at <http://www.cnn.com/2008/WORLD/europe/11/07/wonder.woman.dvf/index.html> (last visited Nov. 9, 2008) (discussing Von Furstenberg’s new clothing collection inspired by and based on the comic character, Wonder Woman).

<sup>104</sup> Whiteman, *supra* note 103.

<sup>105</sup> *Id.*

<sup>106</sup> *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> Ann Scott Tyson, *Army Debuts New Slogan In Recruiting Commercials*, WASH. POST, Nov. 22, 2006, available at [http://www.washingtonpost.com/wpdyn/content/article/2006/11/21/AR2006112101295\\_pf.html](http://www.washingtonpost.com/wpdyn/content/article/2006/11/21/AR2006112101295_pf.html) (last visited Sept. 10, 2009).

<sup>109</sup> Whiteman, *supra* note 103.

<sup>110</sup> Library of Congress, *Copyright and Other Restrictions*, <http://memory.loc.gov/ammem/awhhtml/awcopy.htm> (last visited Sept. 10, 2009).

<sup>111</sup> Armand Limnander, *Christian Dior Spring 2001 Couture Collection*, Jan. 22, 2001, available at <http://www.style.com/fashionshows/review/S2001CTR-CDIOR/> (last visited Sept. 10, 2009).

had an ensemble in his 2001 collection that was inspired by Wonder Woman.<sup>112</sup> Granted, if the proposed legislation were to be passed, Von Furstenberg would fall well outside of the three-year copyright protection,<sup>113</sup> so there would not be any actual infringement. However, it is the principle that the very nature of which Von Furstenberg is arguing against, she is also employing.

### C. Trademark Protection

A trademark is a “word, name, symbol, device, or other designation, or a combination of such designations, that is distinctive of a person’s goods or services and that is used in a manner that identifies those goods or services and distinguishes them from the goods or services of others.”<sup>114</sup> Coupling the illustration above with this definition, Chanel’s mirror imaged interlocking “C”s are a symbol that is “distinctive” of its goods, that is “used in a manner to identify those goods or services, and distinguishes them from the goods or services of others.”<sup>115</sup> Therefore, this bag is counterfeit and illegal to sell.<sup>116</sup> The purse that is identical to the Chanel original, but bears the interlocking “O”s, may not be illegal to sell or manufacture. This purse is not a counterfeit; rather, it is a knock-off.<sup>117</sup> However, there is a caveat: if the knock-off creates a likelihood of confusion where “ ‘an appreciable number of ordinarily prudent purchasers are likely to be misled or indeed simply confused as to the source of the goods in question,’ ” then the trademark has been infringed and recourse is available for the unlawful copying of the trademark.<sup>118</sup> These concepts are easier to understand once the difference between a knock-off and a counterfeit item are distinguished.

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<sup>112</sup> *Id.*

<sup>113</sup> See 17 U.S.C.A. § 507 (West 2009).

<sup>114</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995); see also 15 U.S.C.A. § 1127 (West 2009).

<sup>115</sup> *Id.*

<sup>116</sup> See Vesilind, *supra* note 7, at 6.

<sup>117</sup> See *id.*

<sup>118</sup> McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1130 (2d Cir. 1979) (quoting Mushroom Makers, Inc. v. R. G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978); see also Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (setting forth a list of factors to be considered in a trademark infringement action).

### 1. *The Difference Between “Knock-off” and Counterfeit*

A counterfeit item is an “unlawfully forge[d], cop[ied], or imitate[d] item . . . without authorization and with the intent to deceive or defraud by presenting the item as genuine.”<sup>119</sup> This includes the production and sale of an item that “displays a reproduction of a genuine trademark, usu[ally] to deceive buyers into thinking they are purchasing genuine merchandise.”<sup>120</sup> When a genuine trademark is attached to counterfeit product, it becomes a “spurious mark.”<sup>121</sup>

A knock-off, on the other hand, is an “unauthorized copy of (another’s product) usu[ally] for sale at a substantially lower price than the original.”<sup>122</sup> Knock-offs do not display the logo or mark of the originating company on the item.<sup>123</sup> The website, [www.anyknockoff.com](http://www.anyknockoff.com), contains a disclaimer on every product page that further explains that a knock-off is comparable to the original product in appearance, but is not an exact copy:

DISCLAIMER: AKOstyle sells designer original fragrances. All fragrances are totally original, by the original designer. Regarding handbags, jewelry scarved and sunglasses, AKOstyle is in no way affiliated with, representing, associated, or sponsored by Kate Spade, Persol, Paloma Picasso, Picasso, Prada, JP Tod’s, Versace, Coach, Louis Vuitton, Cartier, Blaknik, Volponi, Ferragamo, Tiffany, Erdell, Techno marine, Madonna, Calvin Klein, or any other above mentioned celebrities, name brands or their copyrighted products. Use of celebrity names is for informational purposes only in order to demonstrate similarities in AKOstyle products and those worn by celebrities. We do not represent our products to be

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<sup>119</sup> BLACK’S LAW DICTIONARY 376 (8th ed. 2004).

<sup>120</sup> *Id.*

<sup>121</sup> 18 U.S.C.A. § 2320(e)(1)(A) (explaining that for that particular section of the statute, “counterfeit mark” is referred to as “spurious mark”).

<sup>122</sup> BLACK’S LAW DICTIONARY 888 (8th ed. 2004).

<sup>123</sup> Wholesale Discount Sunglasses, <http://www.wholesalediscountsunglasses.com> (last visited Sept. 10, 2009).

original nor do we represent that they are exact copies, therefore they do not violate any copyright laws. We simply ask consumers to compare quality, price and style of the above mentioned name brands to ours. Any reference to the brand name is made strictly for comparison. All advertised “compare to” prices may vary and are intended for comparison only.<sup>124</sup>

This disclaimer may be legally flawed, but it demonstrates that a knock-off is a similar looking product.<sup>125</sup> There are numerous web-sites, akin to [www.anyknockoff.com](http://www.anyknockoff.com), that sell products that look just like original fashions.<sup>126</sup>

## 2. Trademark Infringement

A good example of a claim for trademark infringement under the likelihood of confusion test is a case that was recently decided in the Second Circuit.<sup>127</sup> In 2004, (in litigation that continued through 2008) the District Court for the Southern District of New York rejected claims of trademark infringement, dilution, and unfair competition brought by fashion house Louis Vuitton Malletier against rival Dooney & Bourke for its appropriation of Louis Vuitton’s repeated trademark “LV”s, with a nearly identical pattern of “DB”s.<sup>128</sup>

What has been referred to as the “seemingly endless and often contentious litigation”<sup>129</sup> between Louis Vuitton and Dooney & Bourke began with a new line of handbags introduced at Louis Vuitton’s Fall 2003 fashion show.<sup>130</sup> At the show, held in October of 2002, Louis Vuitton debuted a new line based on a modified classic

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<sup>124</sup> Any Knock Off—Fashion Trends At Affordable Prices, <http://www.anyknockoff.com/product-cart/pc/viewPrd.asp?idcategory=200&idproduct=5008&productname=Katherine%27s+Quilted+Everyday+Shopper> (last visited Sept. 10, 2009).

<sup>125</sup> *Id.*

<sup>126</sup> See, e.g., Fashion Heaven, <http://www.fashionheaven.com>; Sophia’s Replica, <http://www.sofiasreplica.com>; Designer Handbags City, <http://www.designer-handbags-city.com> (selling designer knock off handbags at discount prices).

<sup>127</sup> *Malletier v. Dooney & Bourke, Inc.*, 340 F. Supp. 2d 415 (S.D.N.Y. 2004), *order aff’d in part, vacated in part*, 454 F.3d 108 (2d Cir. 2006).

<sup>128</sup> *Id.* at 452.

<sup>129</sup> *Malletier v. Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368, 372 (S.D.N.Y. 2008).

<sup>130</sup> *Id.* at 373.

design.<sup>131</sup> Louis Vuitton's original, registered trademark, the Toile Monogram, consists of an entwined "LV" with a "curved diamond with a four-point star inset."<sup>132</sup> The new line of handbags featured the trademark set in thirty-three colors situated on either a black or white background.<sup>133</sup> The design, which was not registered with the United States Patent and Trademark Office,<sup>134</sup> was created as a collaborative effort between Louis Vuitton's designers and Japanese artist Takashi Murakami;<sup>135</sup> the colors are referred to as the Murakami colors.<sup>136</sup> Each "LV" in the monogram is one of the Murakami colors and the color varies from each monogram on the handbag.<sup>137</sup> Each "LV" monogram points in the same direction on any given side, and any zipper found on the bag is uncolored.<sup>138</sup>

Dooney & Bourke then debuted its "It Bag" collection in 2003, as a variance of their "Signature Collection," consisting of handbags, accessories, and small leather goods.<sup>139</sup> The "Signature Collection" featured the Dooney & Bourke registered trademarked monogram across each item in the line.<sup>140</sup> The trademarked monogram consists of an interlocking "DB" that alternates direction forwards and backwards across the products in the collection.<sup>141</sup> The "It Bag" line set the trademarked monogram from the "Signature Collection" in nine colors against a white background and in seven colors on a black background.<sup>142</sup> Each monogram faces the other as a mirror-image, with each "D" and "B" in the monogram a different color, creating a pattern across the product.<sup>143</sup> The zippers in the line are multicolored; some products feature an enamel heart with "Dooney & Bourke" written in gold script against a pink background.<sup>144</sup> The "It Bag" collection was developed as a collaborative effort between

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<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.* at 374.

<sup>134</sup> *Malletier*, 561 F. Supp. 2d at 374.

<sup>135</sup> *Id.*

<sup>136</sup> *Id.* at 373.

<sup>137</sup> *Id.*

<sup>138</sup> *Id.*

<sup>139</sup> *Malletier*, 561 F. Supp. 2d at 374.

<sup>140</sup> *Id.*

<sup>141</sup> *Id.* at 374-75.

<sup>142</sup> *Id.* at 374.

<sup>143</sup> *Id.* at 374-75.

<sup>144</sup> *Malletier*, 561 F. Supp. 2d at 375.

Dooney & Bourke and *Teen Vogue* to create handbags that would appeal to teenagers.<sup>145</sup> Arguably, the appeal to teenagers with fashion is the ability to own a purse or article of clothing that looks like something celebrities have for an affordable price.<sup>146</sup> Even the collection name, "It Bag," reinforces this idea because the latest celebrity trend is usually referred to as the "It" thing.<sup>147</sup>

When Louis Vuitton debuted its Monogram Multicolore handbags at the Fall 2003 fashion show, pre-orders began immediately.<sup>148</sup> The great demand for the purses led Louis Vuitton to add products bearing the Monogram Multicolore mark to its permanent collection, and also led to waiting lists for the new line throughout 2003 and 2004.<sup>149</sup> It is not surprising that in response to the celebrity and "fashionista" demand for Louis Vuitton's Monogram Multicolore handbags, another company saw an opportunity to capitalize on the market.<sup>150</sup> By creating a similar, but not identical, handbag for less money it appealed to a generation of teenagers that idolize celebrity fashion and trends.

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<sup>145</sup> *Id.* at 426.

<sup>146</sup> *Today's Young Women Pack a Passion For All Things Fashion*, TEEN TIME, 2009, <http://www.cottoninc.com/lsmarticles/?articleID=48> (last visited Nov. 18, 2009).

<sup>147</sup> See Vivian G. Kelly, Dooney & Bourke's 'Duck' Trades Up, DESIGNERS LA, Apr. 13, 2008, <http://www.designersla.com/2008/04/dooney-bourkes-duck-trades-up.html> (last visited Nov. 18, 2009).

<sup>148</sup> *Malletier*, 561 F. Supp. 2d at 374.

<sup>149</sup> *Id.*

<sup>150</sup> See *infra* notes 151-52 and accompanying text (describing a Dooney & Bourke handbag which, although less expensive, resembled the Louis Vuitton's Monogram Multicolore handbags).

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*Images 2 and 3: A visual comparison*



*Louis Vuitton's "Ursula" Multicolore Monogram bag, which retails for \$2,200.*<sup>151</sup>



*Dooney & Bourke's Tassel Tote It Bag, which retails for \$145.*<sup>152</sup>

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<sup>151</sup> Louis Vuitton Home Page, [http://www.louisvuitton.com/web/flash/index.jsp?langue=en\\_US&buy=1&direct1=ebou&campaign=kw/US](http://www.louisvuitton.com/web/flash/index.jsp?langue=en_US&buy=1&direct1=ebou&campaign=kw/US) (follow "search 'Ursula'" hyperlink) (last visited Nov. 18, 2009). The website describes this bag as:

Both stylish and modern, this bag takes its name from the famous cinema star, Ursula Andress. Its wide opening and adjustable leather straps make it ideal for A4 format documents. Size: 16.1" x 10.6" x 6.7"; Monogram Multicolore canvas, natural cowhide straps and finishes, micro-fiber lining; golden brass pieces, rivets and eyelets; closure with the Louis Vuitton signature, adjustable opening via the straps; double inside compartment, patch pocket with a press stud and a cell phone compartment; carried on the shoulder; golden brass chain and natural cowhide strap; corners reinforced by rivets.

*Id.*

<sup>152</sup> Dooney & Bourke Home Page, [http://www.dooney.com/OA\\_HTML/ibeCCtpSctDspRte.jsp?section=10510](http://www.dooney.com/OA_HTML/ibeCCtpSctDspRte.jsp?section=10510) (last visited Sept. 10, 2009) (describing this bag as "It Bag Number

In April of 2004, Louis Vuitton initiated legal action against Dooney & Bourke alleging trademark infringement, unfair competition, false designation of origin, and trademark dilution under federal laws.<sup>153</sup> Louis Vuitton also sought to preliminarily enjoin Dooney & Bourke from trademark infringement and dilution pending final determination; however, the court denied the motion, finding that there was a failure to demonstrate a likelihood of confusion among consumers.<sup>154</sup> With respect to the Monogram Multicolore mark, the Second Circuit found that it is both distinctive and holds secondary meaning.<sup>155</sup> The court also found that there was a failure to show actual dilution<sup>156</sup> by Louis Vuitton.<sup>157</sup> The judgment was vacated and remanded with respect to the likelihood of confusion claim because of the district court's use of a side-by-side comparison to judge the similarity of the marks.<sup>158</sup> Following remand, Dooney & Bourke initiated a successful motion for summary judgment.<sup>159</sup>

The main focus of the four-year litigation between these two competitors was whether there was trademark infringement, which is determined by the likelihood of confusion between the two purses.<sup>160</sup> The infringement claim in this case was brought under §§ 32(1) and 43(a) of the Lanham Act.<sup>161</sup> These sections prohibit the use of a registered trademark in commerce, where such use is likely to cause confusion, mistake, or deceit, and protects unregistered marks from in-

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45, with dimensions of 12" x 4.75" x 7" containing four inside pockets with a detachable strap of 18" long").

<sup>153</sup> *Malletier*, 561 F. Supp. 2d at 375.

<sup>154</sup> *Id.*

<sup>155</sup> *Id.* at 376.

<sup>156</sup> *Id.*; see also 15 U.S.C.A. § 1125(c)(1) (West 2009). Explaining that, with respect to dilution,

the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

*Id.*

<sup>157</sup> *Malletier*, 561 F. Supp. 2d at 376.

<sup>158</sup> *Id.*

<sup>159</sup> *Id.* at 377.

<sup>160</sup> *Id.* at 372.

<sup>161</sup> *Id.* at 375.



fringement, which affords a trademark owner protection against either the use of his mark, or the use of a similar mark.<sup>162</sup> The “crucial issue” in a case such as this is “ ‘whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.’ ”<sup>163</sup> Claims brought under either statute are subject to a two-prong test: whether the plaintiff’s mark is entitled to protection and whether defendant’s use of the mark is likely to cause confusion with respect to the origin or sponsorship.<sup>164</sup> The first prong was satisfied because there was no dispute and the court found that “it [was] well-established based on ample evidence that the mark is inherently distinctive, and has acquired secondary meaning . . . .”<sup>165</sup>

To determine likelihood of confusion, the second prong of the test, the Second Circuit looked to the *Polaroid* Factors:

Where the products are different, the prior owner’s chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant’s good faith in adopting its own mark, the quality of defendant’s product, and the sophistication of the buyers.<sup>166</sup>

Each factor is not determinative of likelihood of confusion, as stated, each factor is a “variable” and, as such, should be viewed as a whole.<sup>167</sup> The first time the district court opined on the matter, all eight *Polaroid* factors were considered.<sup>168</sup> On appeal, the Second Circuit remanded the issue for *de novo* review based upon the crucial error of “inappropriately focusing on the similarity of the marks in a side-by-side comparison instead of when viewed sequentially in the

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<sup>162</sup> See 15 U.S.C.A. §§ 1114(1), 1125(c).

<sup>163</sup> *McGregor-Doniger Inc.*, 599 F.2d at 1130 (quoting *Mushroom Makers, Inc.*, 580 F.2d at 47).

<sup>164</sup> *Malletier*, 561 F. Supp. 2d at 378.

<sup>165</sup> *Id.* at 383.

<sup>166</sup> *Polaroid Corp.*, 287 F.2d at 495.

<sup>167</sup> *Malletier*, 340 F. Supp. 2d at 430-31.

<sup>168</sup> See *id.* at 430-34 (discussing the eight factors).

context of the marketplace.”<sup>169</sup>

On remand, however, the district court did not analyze all eight factors, as the court had the first time the case was decided.<sup>170</sup> The court, on remand, only evaluated the similarity of the marks, actual confusion, defendant’s good or bad faith, quality of defendant’s product, and the sophistication of the buyers.<sup>171</sup> These factors were considered because they were the only factors where a genuine issue of material fact could exist;<sup>172</sup> this is supported by the Second Circuit’s view that, in some circumstances, it is permissible for summary judgment to be granted without considering all of the *Polaroid* factors.<sup>173</sup>

Regarding the similarity of the marks, the court concluded that there was no actual confusion of the two marks.<sup>174</sup> Louis Vuitton, as the plaintiff, did not have to show that there was actual confusion between the two trademarks in order to prevail on a likelihood of confusion case; however, courts have held time and again that this is the best proof of likelihood of confusion because “‘there can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion.’”<sup>175</sup> The crux of the discussion by the court hinged on the difference between confusion and “calling to mind.”<sup>176</sup> The evidence presented during the litigation showed “de minimus” instances of actual consumer confusion, as opposed to instances where the mere looking at one bag caused the image of the other bag to be “called to mind.”<sup>177</sup> This theory is illustrated by the testimony of a sales associate for Louis Vuitton who highlighted an example: a group of young girls were browsing in the store, one of whom carried a Dooney & Bourke “It Bag;” the girl placed her purse on the counter and exclaimed, “Look, my bag looks almost identical

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<sup>169</sup> *Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 117 (2d Cir. 2006).

<sup>170</sup> *See generally Malletier v. Dooney & Bourke, Inc.*, 561 F. Supp. 2d 368 (S.D.N.Y. 2008).

<sup>171</sup> *See id.* at 384-85, 388-89.

<sup>172</sup> *Id.* at 383-84.

<sup>173</sup> *Id.* at 379.

<sup>174</sup> *Id.* at 387.

<sup>175</sup> *Malletier*, 561 F. Supp. 2d at 385 (quoting *Savin Corp. v. Savin Group*, 391 F.3d 439, 459 (2d Cir. 2004)).

<sup>176</sup> *See generally id.* at 386-87.

<sup>177</sup> *Id.* at 386.

to the Louis Vuitton!”<sup>178</sup> The court reasoned that, “ ‘while the junior user’s mark may call to mind the senior user’s famous mark, this alone is not sufficient for a likelihood of confusion.’ ”<sup>179</sup> This “calling to mind” does not denote confusion, rather, it enforces that the difference between the marks is understood and the “ ‘very fact of calling to mind may indicate that the mind is distinguishing rather than being confused by the two marks.’ ”<sup>180</sup> Notwithstanding that one purse may remind a consumer of the other brand’s purse, it was the holding of the court that “consumers are generally aware” that the respective handbags come from “different, unaffiliated sources which [consumers are] able to distinguish and identify by name.”<sup>181</sup>

With regard to the bad faith *Polaroid* factor, the court found that Dooney & Bourke neither acted in bad faith nor with the intent to deceive customers with the design and release of its “It Bag” collection.<sup>182</sup> The test, under this factor, is whether the defendant induced customers, through deceit, into the belief that the two products were in any way connected;<sup>183</sup> namely, did Dooney & Bourke act in any manner that was dispositive of bad faith?<sup>184</sup> Examples of bad faith introduced by Louis Vuitton included that Peter Dooney “preselected the infringing marks and used the ‘It Team’ as a smokescreen to deceive the public,” and that Dooney & Bourke created bogus waiting lists for the “It Bag” collection to “confuse the public into associating its bags with those sold under the Monogram Multicolore [m]arks.”<sup>185</sup> The court reasoned that, while it did not find the proffered evidence to be convincing, a jury may, but held that there was a continuous lack of proof that Dooney & Bourke acted in bad faith.<sup>186</sup> This analysis is disheartening because, as Judge Scheindlin noted in the very beginning of the opinion, summary judgment is only appropriate if “there is no genuine issue as to any material fact and that the

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<sup>178</sup> *Id.*

<sup>179</sup> *Id.* at 386-87 (quoting THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:9 (4th ed. 2009)).

<sup>180</sup> *Malletier*, 561 F. Supp. 2d at 387 (quoting MCCARTHY, *supra* note 179, § 23:9).

<sup>181</sup> *Id.*

<sup>182</sup> *Id.* at 388.

<sup>183</sup> *Id.*

<sup>184</sup> *Id.*

<sup>185</sup> *Malletier*, 561 F. Supp. 2d at 388.

<sup>186</sup> *Id.*

movant is entitled to judgment as a matter of law.”<sup>187</sup> Because of this standard, Judge Scheindlin only focused on the *Polaroid* factors where a genuine issue of material fact was disputed.<sup>188</sup> While it has been held by the Second Circuit that the *Polaroid* factors are not an exhaustive list, and that no single factor is determinative,<sup>189</sup> there was still evidence of a genuine issue of material fact presented on this factor. While no single factor may be determinative, one cannot help but wonder if this factor was given significantly less weight in order to cease the seemingly endless litigation between the two contenders.<sup>190</sup>

The last two factors discussed in the decision were the quality of the defendant’s product and the sophistication of the consumers.<sup>191</sup> The rationale employed by the Second Circuit was that a “ ‘marked difference in quality . . . actually tends to reduce the likelihood of confusion . . . because buyers will be less likely to assume that the senior user whose product is high-quality will have produced the lesser-quality products of the junior user.’ ”<sup>192</sup> The court noted that both products are considered to be “high quality and regard.”<sup>193</sup> Further, because Louis Vuitton did not allege that Dooney & Bourke’s products were inferior, no genuine issue of triable fact was found on this point.<sup>194</sup>

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<sup>187</sup> *Id.* at 377.

<sup>188</sup> *Id.* at 383.

<sup>189</sup> *McGregor-Doniger Inc.*, 599 F.2d 1126 at 1130.

<sup>190</sup> Actually, one cannot help but wonder if all the factors were not given proper consideration just to end the litigation. *Malletier*, 561 F. Supp. 2d at 373.

Clearly, by the time this was ruled on Judge Scheindlin had enough from both parties as he admonished them stating,

The Court notes that defendant’s [motion for summary judgment] is shamefully long . . . [drawing] legal conclusions and non-binding findings of fact . . . . Similarly, plaintiff’s counterstatement is comprised of needlessly long responses to those purported facts, and denials based on painfully thin distinctions. Indeed, the immature posturing that both parties have exhibited throughout this litigation is evident . . . .

*Malletier*, 561 F. Supp. 2d at 373 n.1. Because the United States Court of Appeals decided this case, the next potential step would be the United States Supreme Court. Currently, there is no notice of appeal, but Louis Vuitton could arguably appeal to the Supreme Court for a clear, definitive ruling on the likelihood of confusion test since there are different tests in all the circuits.

<sup>191</sup> *Malletier*, 561 F. Supp. 2d at 388-89.

<sup>192</sup> *Id.* (quoting *Savin Corp. v. Savin Group*, 391 F.3d 439, 461 (2d Cir. 2004)).

<sup>193</sup> *Id.* at 388.

<sup>194</sup> *Id.* at 389. The court notes that there is no dispute on the quality of both products, re-

From a subjective standpoint, Louis Vuitton could have argued these factors more successfully because there is a legitimate difference between the two brands. The two bags in the comparison above are purses in the current collections of the respective designers and contain the designs that were the basis for the litigation.<sup>195</sup> As noted above, the Louis Vuitton bag retails for \$2,200, whereas the Dooney & Bourke bag retails for only \$145.<sup>196</sup> The disparity in price is highly indicative of the designers' respective target demographic.<sup>197</sup> The very fact that a Louis Vuitton purse retails for over \$2,000 illustrates a wealthy, elite clientele. While this may not be indicative of quality, it is certainly attributable to the regard society gives each manufacturer.<sup>198</sup> Recently, designers known for upscale fashion collections have created less expensive lines for more common stores; for example, Vera Wang created a lower priced line for Kohl's and Issac Mizrahi designed a line for Target.<sup>199</sup> Items that are similar in appearance to the more expensive lines found in higher-end stores, can now be found for substantially less money in regular department stores.<sup>200</sup> A valid argument that Louis Vuitton could have put forth, with respect to this factor, is that an average consumer who knows nothing of the corporate dichotomy of either fashion house, could have reasonably inferred that Louis Vuitton owned Dooney & Bourke and created a cheaper line similar in appearance.

The last factor, sophistication of the consumer, took the price

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ferencing Dooney and Bourke's Statement of Undisputed Material Facts Pursuant to Local Civil Rule 56.1, which is not published. Unfortunately, the basis of why this was not argued is not available. It is noted, however, in Louis Vuitton's Memorandum of Law in Opposition of Summary Judgment that "[i]f a factual inference must be drawn to arrive at a particular finding on a Polaroid factor, and if a reasonable trier of fact could reach a different conclusion, the district court may not properly resolve that issue on summary judgment." Memorandum of Law in Opposition of Motion for Summary Judgment at 8, *Malletier v. Dooney & Bourke*, No. 104CV02990 (S.D.N.Y. Mar. 24, 2008) (quoting *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 478 (2d Cir. 1996); see also *Dan-Foam A/S v. Brand Named Beds, LLC*, 500 F. Supp. 2d 296, 304-05 (S.D.N.Y. 2007)).

<sup>195</sup> *Malletier*, 340 F. Supp. 2d at 420.

<sup>196</sup> *Id.*; see also *supra* note 151, 152.

<sup>197</sup> *Malletier*, 340 F. Supp. 2d at 441.

<sup>198</sup> Nielsen, GUCCI Reigns as the Most Coveted Luxury Brand in the World, [http://www.marketresearchworld.net/index.php?option=com\\_content&task=view&id=2053&Itemid=77](http://www.marketresearchworld.net/index.php?option=com_content&task=view&id=2053&Itemid=77).

<sup>199</sup> Posting of Courteney Stuart to The Hook News Blog, <http://www.readthehook.com/blog/index.php/2009/03/30/kohls-coming> (Mar. 30, 2009, 12:51 EST).

<sup>200</sup> State of the Brand, <http://tcbmag.blogs.com/stateofthebrand/macys/> (Feb. 16, 2009, 15:47 EST).

difference into consideration.<sup>201</sup> Louis Vuitton alleged that, because teenage girls were the target demographic of the “It Bag” collection, there was a presumptive lack of sophistication; the court found otherwise.<sup>202</sup> The rationale of the court was that where goods are expensive, “ ‘the reasonably prudent buyer does not buy casually, but only after careful consideration. Thus, confusion is less likely than where the goods are ‘cheap and bought casually.’ ”<sup>203</sup> Additionally, there was evidence of an overlap of consumers for both brands, furthering the position that buyers of both brands “tend to be sophisticated, hyper fashion-conscious, and are not likely to be easily confused regardless of their youth.”<sup>204</sup> Accordingly, no issue of triable fact was found on this factor either.<sup>205</sup> Here the court’s point is unclear as to whether there was a lack or presence of sophistication of the consumers, or that buying a purse is a serious decision; however, there is reason to believe that the court viewed buying a purse to be a serious decision because of both handbags’ prices.

The cause for concern here is whether, in the grand scheme of fashion, \$145 is an exorbitant price for a purse. A middle to upper-middle class young woman could more easily afford the Dooney & Bourke purse, possibly even in the hopes that carrying the purse rises her to the stature of carrying a Louis Vuitton purse. Fashion has always been a symbol of status;<sup>206</sup> likewise, it appears evident that Louis Vuitton wants to protect the position it has earned as one of the most coveted brands in the world. The testimony in the case suggested that Louis Vuitton was aware that there was no likelihood of confusion, premising their case not on such confusion, but rather a general revulsion of being associated with the “It Bags.”<sup>207</sup> Arguably, a manufacturer of fine luxury goods, retailing on average for hundreds or thousands of dollars, being able to purchase such a similar looking bag that it “calls to mind” the more expensive one, takes away from the elite-ness of owning a Louis Vuitton bag.<sup>208</sup>

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<sup>201</sup> *Malletier*, 561 F. Supp. 2d at 389.

<sup>202</sup> *Id.*

<sup>203</sup> *Id.* (quoting MCCARTHY, *supra* note 179, § 23:96).

<sup>204</sup> *Id.*

<sup>205</sup> *Id.*

<sup>206</sup> Nielsen, *supra* note 198.

<sup>207</sup> *Malletier*, 561 F. Supp. 2d at 387.

<sup>208</sup> Maria Palma, Louis Vuitton: Less than Satisfactory Service, [http://www.customersarealways.com/2007/07/louis\\_vuitton\\_less\\_than\\_satisf.html](http://www.customersarealways.com/2007/07/louis_vuitton_less_than_satisf.html) (July 20,

### 3. *Trademark Dilution*

Another issue that fashion houses and luxury good manufactures must contend with is dilution.<sup>209</sup> Above, it was noted that Louis Vuitton has a strong desire to protect their trademark from infringement because it is associated with fine, luxurious goods.<sup>210</sup> The same is true with dilution.<sup>211</sup> The word “dilution” itself means “the act or an instance of diminishing a thing’s strength or lessening its value.”<sup>212</sup> In the trademark sense, “dilution” means the “impairment of a famous trademark’s strength, effectiveness, or distinctiveness through the use of the mark on an unrelated product.”<sup>213</sup> An excellent explanation of trademark dilution was given by the First Circuit:

[I]f a cocoa maker began using the ‘Rolls Royce’ mark to identify its hot chocolate, no consumer confusion would be likely to result. Few would assume that the car company had expanded into the cocoa making business. However, the cocoa maker would be capitalizing on the investment the car company had made in its mark. Consumers readily associate the mark with highly priced automobiles of a certain quality. By identifying the cocoa with the Rolls Royce mark, the producer would be capitalizing on consumers’ association of the mark with high quality items. Moreover, by labeling a different product ‘Rolls Royce,’ the cocoa company would be reducing the ability of the mark to identify the mark holder’s product. If someone said, ‘I’m going to get a Rolls Royce,’ others could no longer be sure the person was planning on buying an expensive automobile. The person might just be planning on buying a cup of cocoa. Thus, the use of the mark to identify the hot chocolate, although not causing consumer confusion, would cause harm by

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2007).

<sup>209</sup> Gerard N. Maliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 MINN. L. REV. 949, 952 (2001).

<sup>210</sup> See generally *Malletier*, 561 F. Supp. 2d 368.

<sup>211</sup> *Id.* at 379.

<sup>212</sup> BLACK’S LAW DICTIONARY 489 (8th ed. 2004).

<sup>213</sup> *Id.*

diluting the mark.<sup>214</sup>

Tiffany and Company dealt with potential dilution issues when it decided to raise the cost of its silver jewelry collection.<sup>215</sup> The end of the millennium saw the “skyrocketed” success of the Tiffany and Co. silver charm bracelet as a “must-have fashion accessory,” leading to a fad, which lasted for years, of teenaged girls clamoring to acquire one of Tiffany’s cheapest items.<sup>216</sup> Tiffany and Company saw this as a grave danger that might weaken<sup>217</sup> its trademark and “alienate the jewelry firm’s older, wealthier, and more conservative clientele.”<sup>218</sup> After the 1997 debut of the Return to Tiffany collection, a line of moderately priced silver jewelry most popular with teens, Tiffany increased prices 20-32% on these items over the course of several price increases between 2002 and 2004.<sup>219</sup> This increase came after Tiffany posted a 67% return on the Return to Tiffany collection during their 1997-2002 silver boom.<sup>220</sup> One may ask, why “kill the golden goose?”<sup>221</sup> Tiffany & Company feared trademark dilution and the demise of its reputation for exclusivity.<sup>222</sup> One shopper commented that she felt like she was shopping at Macy’s while in Tiffany, because of the cheaper items and the barrage of teenage girls.<sup>223</sup> The owner of a New York apparel company commented that she will no longer buy jewelry from Tiffany because “everyone” has it; she further stated that, “[y]ou used to aspire to be able to buy something at Tiffany, but now it’s not that special anymore.”<sup>224</sup>

The *Wall Street Journal* noted that Tiffany was “attempting to walk a razor-thin line: broadening offerings to the upper-middle-

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<sup>214</sup> *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 805-06 (9th Cir. 2002).

<sup>215</sup> Ellen Byron, *Fashion Victim: To Refurbish Its Image, Tiffany Risks Profits*, WALL ST. J., Jan. 10, 2007, at A1.

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

<sup>217</sup> *Id.* Generally, a company cannot dilute their own mark. Here, it is more that Tiffany and Company is trying to prevent their mark from becoming too common, an idea that the Author thinks is synonymous with dilution.

<sup>218</sup> *Id.*

<sup>219</sup> *Id.*

<sup>220</sup> Byron, *supra* note 215.

<sup>221</sup> *Id.*

<sup>222</sup> *See id.*

<sup>223</sup> *Id.*

<sup>224</sup> *Id.*



classes while pitching privilege to the truly rich.”<sup>225</sup> Tiffany and Co. stores were renovated during the price increases to direct the flow of consumers as they came in, segregating the wealthy, who wanted to peruse the fine jewelry and diamonds, from the middle-class teen girls, who could only afford the silver, thereby preventing interaction between the two, in the hopes of not alienating the former.<sup>226</sup> The impact of these decisions still remains to be seen. As the teenagers who once coveted the Return to Tiffany Collection age, two scenarios are presented by Tiffany and Co. Vice President of Investor Relations: “If every 16-year-old gets her silver jewelry from Tiffany, they’ll eventually want their engagement ring from Tiffany ten or twenty years later. But, what if some of those teenagers fill up their jewelry boxes with Tiffany silver, and as they get older, they perceive Tiffany as where they got their teenage jewelry?”<sup>227</sup> However, an analyst for Goldman Sachs saw it a differently: “By becoming less affordable to this aspirational customer, Tiffany risks alienating her when she returns for later milestones. If Tiffany is viewed as too expensive for smaller ticket purchases, then more substantial purchases might be sought elsewhere.”<sup>228</sup>

This debate highlights the difficulty that all luxury brands must grapple with: just how much can a purveyor of fine, luxury goods allow their trademark to be diluted without running the risk of no longer being luxurious? There are two forms of trademark dilution: dilution by blurring and dilution by tarnishment.<sup>229</sup> The elements needed to sustain a cause of action are the same for both types of dilution: the mark must be distinctive and famous, the defendant is using its own mark in commerce, the defendant’s use began after the plaintiff’s, and the defendant’s use is “likely” to cause dilution by blurring or tarnishment.<sup>230</sup>

The case between Louis Vuitton and Dooney & Bourke was an action for dilution by blurring.<sup>231</sup> Under the Lanham Trademark Act, dilution by blurring occurs when an “association arising from

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<sup>225</sup> Byron, *supra* note 215.

<sup>226</sup> *Id.*

<sup>227</sup> *Id.*

<sup>228</sup> *Id.*

<sup>229</sup> 15 U.S.C.A. § 1125(c).

<sup>230</sup> *Id.* § 1125 (c)(1).

<sup>231</sup> *Malletier v. Dooney & Brooke*, 561 F. Supp. 2d 368, 390 n.146 (S.D.N.Y. 2008).

the similarity between a mark or trade name and a famous mark . . . impairs the distinctiveness of the famous mark.”<sup>232</sup> Dilution should not be seen as completely synonymous with injury to the trademark through infringement, but rather as “ ‘a kind of erosion of the strength of a mark that could occur in the *absence* of consumer confusion.’ ”<sup>233</sup> Further, there is no presupposition that there is “ ‘mental confusion over affiliation or connection, but rather a state of mind that recognizes independent sources and affiliation.’ ”<sup>234</sup> There are six requisite elements to sustain an action for dilution, as prescribed by the Lanham Act: the degree of similarity between the marks, the degree of inherent or distinctiveness of the senior mark, the extent of exclusive use engaged in by the senior mark, the degree of recognition, whether the junior user intended to be associated with the senior mark, and any actual association.<sup>235</sup> In the Second Circuit, a claim for dilution will not be sustained “unless the marks at issue are ‘very’ or ‘substantially[.]’ similar.”<sup>236</sup> The court held that there were “fundamental differences” that distinguish the two marks; therefore, Dooney & Bourke prevailed because “they [were] not sufficiently similar to sustain a dilution claim.”<sup>237</sup>

Another example of dilution can be seen in *Tiffany and Co. of New Jersey v. eBay, Inc.*, which was recently decided in the Southern District of New York.<sup>238</sup> For many reasons, most notably the antic-

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<sup>232</sup> 15 U.S.C.A. § 1125(c)(2)(B).

<sup>233</sup> *Malletier*, 561 F. Supp. 2d at 390 (quoting MCCARTHY, *supra* note 179, § 24:69).

<sup>234</sup> *Id.* (quoting MCCARTHY, *supra* note 179, § 24:72).

<sup>235</sup> 15 U.S.C.A. § 1125(c)(2)(B)(i)-(vi).

<sup>236</sup> *Malletier*, 561 F. Supp. 2d at 390 (quoting Playtex Products, Inc. v. Georgia-Pacific Corp., 390 F.3d 158, 167 (2d Cir. 2004)).

<sup>237</sup> *Id.*

<sup>238</sup> *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008). With regard to this case, there is a personal anecdote that may be shared. One evening last summer I went to meet a friend for dinner in Brooklyn, which required taking the subway from Manhattan. While standing on a crowded New York City subway car, wearing a sleeveless dress that exposed a bracelet on each arm, I was knocked into a few times by a woman who seemed to be “sizing me up.” To avoid any confrontation, I relocated on the subway car before getting off at the proper stop. When I got off the subway I realized my arm felt light, I looked down and found that the sterling silver Tiffany and Company tag bracelet my parents gave me for my high school graduation was missing. I had just fallen victim to arguably one of the most common crimes in New York City, what I call the “subway bump and steal.” To save the cost of replacing the bracelet from Tiffany and Company, I turned to eBay in the hopes of purchasing a second hand bracelet. I bid on a few bracelets and had soon purchased a bracelet from a woman in Canada who advertised the bracelet as a resale from someone who had a Tiffany and Company receipt for the bracelet. Taking this to mean it was an authentic brace-

ipated impact the outcome would have on intellectual property, the case was followed very closely.<sup>239</sup>

Tiffany brought suit against eBay, alleging that “hundreds of thousands” of counterfeit Tiffany jewelry products were sold on eBay.<sup>240</sup> Tiffany sought to hold eBay liable for “direct and contributory trademark infringement, unfair competition, false advertising, and direct and contributory trademark dilution, on the grounds that eBay facilitated and allowed these counterfeit items to be sold on its website.”<sup>241</sup> The issue in the case thus became, who has the burden of policing Tiffany’s “valuable trademarks in Internet commerce.”<sup>242</sup> This Comment, however, will only discuss the dilution claim.<sup>243</sup>

Tiffany brought claims for dilution by blurring and dilution by tarnishment.<sup>244</sup> Dilution by blurring was discussed below.<sup>245</sup> With respect to the trademark dilution claims, the court held that Tiffany failed to prove dilution will be caused by eBay’s use of the marks.<sup>246</sup>

Dilution by tarnishment is the “ ‘association arising from the similarity between a mark or a trade name and a famous mark that harms the reputation of the famous mark.’ ”<sup>247</sup> There are several ways a trademark may be considered tarnished. Tarnishment may occur when the trademark is “ ‘linked to products of shoddy quality,

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let, I bid and won at the auction for half of the bracelet’s retail value. As soon as the bracelet came in the mail, it was obvious that it was counterfeit because of the weight and a missing marking. A Tiffany and Company store in Hackensack, New Jersey, was able to verify that the bracelet was in fact counterfeit. The manager explained that Tiffany and Company of New Jersey was in the process of litigation against eBay for allowing counterfeit jewelry to be sold on their website. The manager also commented that the counterfeiters are getting much better at mimicking the markings, coloring and style of the jewelry and packaging.

<sup>239</sup> See, e.g., Ashly Iacullo & Kristen Knecht, *Judges Speak Out on IP*, Q. UPDATE ON INTELL. PROP. TOPICS, Winter 2009, [http://www.pattishall.com/pdf/Winter\\_2009.pdf](http://www.pattishall.com/pdf/Winter_2009.pdf).

<sup>240</sup> *Tiffany*, 576 F. Supp. 2d at 469.

<sup>241</sup> *Id.*

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

<sup>243</sup> The court ruled in favor of eBay on every claim. *Id.* at 469. With respect to the contributory infringement claim, the court held that eBay took appropriate steps to suspend listings and service when it “possessed the requisite knowledge” that counterfeit items were being sold. *Id.* at 469-70. The court further noted that eBay is not held to the burden of anticipating infringement, rather it only had to act when it had reason to know of actual infringement by sellers. *Tiffany*, 576 F. Supp. 2d. at 470. Therefore, under the current law, Tiffany “ultimately bear[s] the burden of protecting its trademark;” any shift in that burden under the law is a decision of policymakers, not the courts. *Id.*

<sup>244</sup> *Id.* at 521.

<sup>245</sup> See *supra* note 232 and accompanying text.

<sup>246</sup> *Tiffany*, 576 F. Supp. 2d at 521.

<sup>247</sup> *Id.* at 524 (quoting 15 U.S.C.A. § 1125 (c)(2)(C)).

or is portrayed in an unwholesome or unsavory context' ” resulting in the public associating “ ‘the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.’ ”<sup>248</sup> Tarnishment is also likely “when a lower quality product is marketed with a substantially similar mark to that of a higher quality product of the same type;” therefore, the mark loses its “ability to serve as a ‘wholesome identifier.’ ”<sup>249</sup> Additionally, tarnishment can occur not just from the mark being placed on an offensive product, but also on an inferior product.<sup>250</sup> Here, because eBay never used the Tiffany trademarks to refer to eBay’s own product, dilution claims could not be sustained.<sup>251</sup>

#### 4. Trade Dress Protection

A subcategory of trademark is the protection of trade dress.<sup>252</sup> Trade dress is considered a “hybrid of trademark and unfair competition law.”<sup>253</sup> Trade dress can be considered the “total image of [a] business,”<sup>254</sup> and may include features such as “ ‘size, shape, color or color combinations, texture, graphics, or even particular sales techniques.’ ”<sup>255</sup> Trademark protection, as noted by the Supreme Court, “helps the owner of a mark in many ways that ‘trade dress’ protection does not.”<sup>256</sup> An action for trade dress infringement may be sustained only if the products design, including those in fashion, is distinctive upon a showing of secondary meaning under trademark law.<sup>257</sup> Secondary meaning is established if the manufacturer can show that “in

<sup>248</sup> *Id.* at 524-25 (quoting *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)).

<sup>249</sup> *Id.* at 525 (citing *GTFM, Inc. v. Solid Clothing, Inc.*, 215 F. Supp. 2d 273, 301 (S.D.N.Y. 2002)).

<sup>250</sup> *Id.* (citing *Toys R Us, Inc. v. Feinberg*, 26 F. Supp. 2d 639, 644 (S.D.N.Y. 1998)).

<sup>251</sup> *Tiffany*, 576 F. Supp. 2d at 524. The court further held that, even assuming that Tiffany was successful in establishing a dilution claim, a defense to dilution is nominative fair use, which eBay would be able to successfully raise. *Id.* at 525.

<sup>252</sup> 15 U.S.C.A. § 1125(a)(3) (West 2006).

<sup>253</sup> S. Priya Bharathi, Comment, *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, 1668 (1996).

<sup>254</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n.1 (1992).

<sup>255</sup> *Id.* (quoting *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)).

<sup>256</sup> *Qualtex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 174 (1995).

<sup>257</sup> *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000).

the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.”<sup>258</sup>

Under these definitions, an illustration of such trade dress acquiring secondary meaning would be the box that all Tiffany and Co. products are packaged in. Any item purchased at Tiffany’s comes packaged in a thick cardboard box that is a distinctive teal-green-blue color; the box bears the trademark “Tiffany and Co.” in shiny black lettering.<sup>259</sup> Each box is then wrapped with a white satin ribbon, the width of which is identical on each package, and tied in a bow. Due to how long Tiffany’s has been incorporated and the familiarity of this design, it can be argued that the packaging has acquired trade dress protection.<sup>260</sup> If a person was to see a Tiffany’s box, but could not see the monogrammed trademark, it is still highly probable that the person would be able to identify the box as Tiffany packaging. This highlights the point that trademark law may protect packaging of a product because of acquired secondary meaning, even though the color and style of the box may not be trademarked.<sup>261</sup>

The Tiffany illustration above is an example of how packaging of a luxury good can receive trade dress protection; but what about the item itself? The problem with trade dress in fashion is, like copyright, it only protects “non-functional design elements.”<sup>262</sup> As one author notes, “few fashion design elements are likely to stimulate the degree of source recognition in the minds of the public sufficient to undergird [sic] trade dress protection. Consequently, trade dress protection is unavailable for most clothing designs.”<sup>263</sup>

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<sup>258</sup> *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982).

<sup>259</sup> Posting of Deidre Woollard to LUXIST Blog, <http://www.luxist.com/2005/02/14/that-little-blue-tiffanys-box> (Feb. 14, 2005, 6:48 EST).

<sup>260</sup> The Quality of Tiffany & Co Jewelry is Expected, <http://www.articlesbase.com/jewelry-articles/the-quality-of-tiffany-co-jewelry-is-expected-755755.html> (Feb. 4, 2009).

<sup>261</sup> See *Qualtex*, 514 U.S. at 162 (holding color alone can be a trademark). The color “Tiffany Blue” actually is a registered trademark; this example was just used to illustrate how a color could acquire secondary meaning. U.S. Trademark Reg. No. 2,359,351 (filed Aug. 24, 1998); see also Tiffany & Co. Website Policies, [http://www.tiffany.com/Service/policy\\_tra.aspx](http://www.tiffany.com/Service/policy_tra.aspx) (last visited Sept. 10, 2009).

<sup>262</sup> 15 U.S.C.A. § 1052(e)(5) (West 2006).

<sup>263</sup> Raustiala, *supra* note 19, at 1704. Conversely, one law review article argues that trade dress is the best current protection in the fashion industry because of the focus of the total products design. See Bharathi, *supra* note 253, at 1694-95.

### III. POLICY REASONS NOT TO SUPPORT INTELLECTUAL PROPERTY INFRINGEMENTS

#### A. Link to Drug Trafficking, Human Trafficking, Organized Crime, and Terrorism

Two contemporary developments account for the increase in counterfeiting over the last few decades: better technology, such as high quality scanners and photo-quality printers, which can create packaging that looks convincingly real; and the Internet, which enables a counterfeiter to find any and all product information needed to counterfeit.<sup>264</sup> The Federal Bureau of Investigation (“FBI”) dubbed counterfeiting the “crime of the 21st century,”<sup>265</sup> with good reason, as evidenced by the following illustration. A fake Louis Vuitton bag made in Hong Kong costs \$1.25 to manufacture and ship from China to a United States port.<sup>266</sup> The price increases every time the bag “changes hands,” giving counterfeit bags a faster turn over and better profit margin than the sale of illegal drugs.<sup>267</sup> This quick and lucrative turn over is appealing to many gangs and members of organized crime.<sup>268</sup> Additionally, sentences for copyright violations carry less prison time than that of illegal drugs.<sup>269</sup> Therefore, it is no surprise that the international counterfeit goods industry is twice the size of the worldwide illegal drug market.<sup>270</sup>

Globally, each country is not on the same page to fight this epidemic.<sup>271</sup> In European countries, such as Italy and France, it is a crime to buy and sell counterfeit goods; however, in the United States it is only a crime to sell.<sup>272</sup> Italy and France criminalized the purchase of counterfeit merchandise only three years ago, with a convic-

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<sup>264</sup> Benjamin, *supra* note 3.

<sup>265</sup> The International Anticounterfeiting Coalition, *Facts on Fakes*, [http://www.iacc.org/resources/Facts\\_on\\_fakes.pdf](http://www.iacc.org/resources/Facts_on_fakes.pdf) (last visited Sept. 10, 2009).

<sup>266</sup> Renz, *supra* note 10, at 35.

<sup>267</sup> *Id.*

<sup>268</sup> Sam Cocks, Note, *The Hoods Who Move The Goods: An Examination of the Booming International Trade in Counterfeit Luxury Goods and an Assessment of the American Efforts to Curtail its Proliferation*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 501, 509 (2007).

<sup>269</sup> *Id.*

<sup>270</sup> *Id.* at 508.

<sup>271</sup> See Renz, *supra* note 10, at 35.

<sup>272</sup> *Id.*

tion carrying up to three years in prison.<sup>273</sup> The International Anti-Counterfeiting Coalition (“IACC”) has worked with domestic police departments such as the New York City Police Department (“NYPD”) and police abroad to curtail this proliferating issue.<sup>274</sup>

John Cassillo, manager of Louis Vuitton’s anti-counterfeiting and criminal enforcement for North America, echoed the problems of counterfeiting in a recent article, stating: “So what if I buy a fake handbag? So what if this big rich company loses a few bucks? But it’s not just about impacting the company’s bottom line. It’s about the theft of property, ‘and the human misery that’s attached to that fake.’”<sup>275</sup> According to Cassillo, ninety percent of Louis Vuitton and other counterfeits originate in Asia, with counterfeiters having strong ties to organized crime and human trafficking.<sup>276</sup> Counterfeiters exploit consumers, small and large businesses, inventors, artists, and sadly, the children laborers in sweatshops in Third World countries.<sup>277</sup> Sweatshop employees are not paid fair wages or benefits and work in subpar conditions and often, counterfeiters use forced child labor.<sup>278</sup> The profits from counterfeiting have also been linked to funding organized crime, drug trafficking and terrorist activity.<sup>279</sup>

A 1993 incident can be used to highlight the drug trafficking connection to counterfeit goods.<sup>280</sup> Law enforcement officers raided a Manhattan warehouse and found a substantial amount of fake purses.<sup>281</sup> However, the real surprise came when the bags were inspected: illegal drugs were sewn into the lining of the handbags.<sup>282</sup> Traffickers smuggled the illegal drugs into the country hidden in illegal counterfeit handbags, with the intention to sell both.<sup>283</sup>

In examining the sale of counterfeit clothing and accesso-

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<sup>273</sup> Cocks, *supra* note 268, at 507.

<sup>274</sup> Renz, *supra* note 10, at 35.

<sup>275</sup> *Id.*

<sup>276</sup> *Id.*

<sup>277</sup> About Counterfeiting, <http://www.iacc.org/counterfeiting/counterfeiting.php> (last visited Dec. 22, 2008).

<sup>278</sup> *Id.*

<sup>279</sup> *Id.*

<sup>280</sup> Facts on Fakes, *supra* note 265 at 9 (citing GEORGE W. ABBOTT, JR. & LEE S. SPORN, TRADEMARK COUNTERFEITING § 1.03(B) (2001); Anticounterfeiting Consumer Protection Act of 1995, S. REP. NO. 104-177, 104th Cong. (1995)).

<sup>281</sup> *Id.*

<sup>282</sup> *Id.*

<sup>283</sup> *Id.*

ries,<sup>284</sup> the link to global terrorism is irrefutable. On a global scale, the terrorist group ETA, located in Southern Spain, has been found to be involved with the sale and trafficking of counterfeit clothes and handbags.<sup>285</sup> In the aftermath of 9/11, Al Qaeda was found to have a connection with the trafficking of counterfeit goods.<sup>286</sup> An investigation conducted by the European Commission's Customs Coordination Office, the United Kingdom, Denmark, and the United States proffered evidence that Al Qaeda may be funding itself solely through the sale and trafficking of counterfeit perfumes, cologne, and other items.<sup>287</sup> In 2002, the FBI and U.S. Customs found the Paraguay tri-border region—Paraguay, Brazil and Argentina—engaged in a multimillion-dollar computer software, t-shirt, and handbag counterfeiting operation; known terrorist organizations, Hezbollah and Hamas, trafficked these goods to fund their extremist global actions.<sup>288</sup>

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<sup>284</sup> The common misconception is that only luxury goods are counterfeited. The fact of the matter, however, is that fake luxury goods account for only four percent of the worldwide counterfeiting problem. The International Counterfeiting Coalition, Counterfeit Gallery, <http://www.iacc.org/gallery/index.php> (last visited Dec. 22, 2008). The other ninety-six percent of counterfeited goods are made up of the fakes that pose a threat to the health and safety of society: brake pads, electric cords and pharmaceuticals and health care supplies, just to name a few. *Id.* Just to highlight the severity of the other ninety-six percent of these illegitimate products, counterfeiting in this large margin has created safety issues that have caused concern for the Food and Drug Administration ("FDA"), the Federal Aviation Administration ("FAA") and the Motor and Equipment Manufacturers Association ("MEMA") alike. The FDA has estimated that approximately ten percent of all prescription drugs sold in the United States are counterfeit. About Counterfeiting, *supra* note 277. While the World Trade Organization ("WTO") estimates that eight percent of all pharmaceuticals worldwide are counterfeit. Benjamin, *supra*, note 3. According to the FAA, each year two percent of the approximate twenty-six million airline parts that are installed each year by airlines and aircraft carrier companies are counterfeit, constituting 520,000 parts. The MEMA has similar safety issues due to fake automotive parts, and in 2003 issued numerous safety violations for "brake linings made of compressed grass, sawdust or cardboard; transmission fluid made of cheap oil that is dyed; and oil filters that use rags for the filter element." About Counterfeiting, *supra* note 277.

<sup>285</sup> Facts on Fakes, *supra* note 265, at 7 (citing John von Radowitz, *Fake Internet Goods 'Linked to Terrorists'*, PRESS ASSOCIATION, June 25, 2002).

<sup>286</sup> *Id.* at 5 (citing *Al-Qa'idah Trading in Fake Branded Goods*, BBC MONITORING REP., Sept. 11, 2002;

Lenore Taylor, *Big Business Targets Terrorist Pirates*, AUSTL. FIN. REV., Jan. 29, 2003, at 9).

<sup>287</sup> *Id.*

<sup>288</sup> *Id.* at 5-6 (citing *Feds Track Counterfeit Goods Sales*, ABC NEWS, Oct. 24, 2002, available at [http://abcnews.go.com/wire/US/ap20021024\\_151.html](http://abcnews.go.com/wire/US/ap20021024_151.html); Kathleen Millar, *Financing Terror* (U.S. Customs Service), Nov. 2002, available at <http://www.customs.gov/custoday/nov2002/index.htm>; Larry Rother, *South America Region Under Watch for Signs of Terrorists*, N.Y. TIMES, Dec. 15, 2002, at A32; Sebastian Junger, *Terrorism's New Geogra-*



On the domestic front, New York City is frequently found to be a nucleus for the link between global terrorism and counterfeiting.<sup>289</sup> There is strong evidence that the 1993 World Trade Center attack was financed through the sale of counterfeit t-shirts.<sup>290</sup> Additionally, the FBI confiscated over 100,000 counterfeit Nike t-shirts intended for sale at the Summer Olympic Games during a 1996 raid on a Manhattan warehouse.<sup>291</sup> The millions of dollars generated from this counterfeiting operation went to supporters of Sheik Omar Abdel Rahman who is currently serving a 240 year prison sentence for a plot to bomb New York City landmarks.<sup>292</sup> The raid of a Manhattan souvenir shop in 2002 led to the discovery of flight manuals for Boeing 767 airplanes, with handwritten notes in Arabic and seizure of a suitcase filled with counterfeit watches.<sup>293</sup> A similar raid, conducted on a Manhattan store selling counterfeit handbags, led to the seizure of facsimile transmissions connected to the purchase of bridge inspection equipment.<sup>294</sup> While it is easy to purchase a knock off or counterfeit bag on the streets of New York City, one must stop and think about the lives that were destroyed by the manufacturing of that bag, and the lives that have the potential to be destroyed by the proceeds of its sale.

### B. Impact on the United States Economy

Not only does counterfeiting potentially hurt a corporation's bottom line and furthers sweatshops and organized crime, it also hurts the United States economy.<sup>295</sup> After a seizure of counterfeit goods, Charles J. Hynes, District Attorney for Kings County stated, "This type of counterfeiting and black-market dealing affects everybody's bottom line. Merchants operating in this underground econ-

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phy, VANITY FAIR, Dec. 2002).

<sup>289</sup> See Renz, *supra* note 10.

<sup>290</sup> *Id.*

<sup>291</sup> Facts on Fakes, *supra* note 265, at 8-9 (citing John Mintz & Douglas Farah, *Small Scams Probed for Terror Ties*, WASH. POST, Aug. 12, 2002, at A1).

<sup>292</sup> *Id.*

<sup>293</sup> *Id.* at 6 (citing James Nurton, *Why Counterfeiting is Not So Harmless*, MANAGING INTELL. PROP., Sept. 2002, at 43).

<sup>294</sup> *Id.*

<sup>295</sup> See Press Release, Brooklyn District Attorney's Office, Announce Huge Seizure of Counterfeit Clothes, Bags, and Household Items (July 2, 2008), available at [http://www.brooklynnda.org/press\\_releases/pr\\_jul\\_08.htm#02](http://www.brooklynnda.org/press_releases/pr_jul_08.htm#02).

omy are able to sell their goods at lower prices than legitimate shopkeepers and deprive the city of millions of dollars in lost tax revenue.”<sup>296</sup> Counterfeiters do not pay taxes on spurious merchandise, which results in less funding for city schools, hospitals, parks, and other social programs. Estimated as a \$600 billion a year problem, counterfeiting has increased 10,000% over the last two decades, fueled by consumer demand.<sup>297</sup> Since 1982, the global counterfeiting industry has increased its profit from \$5.5 billion to approximately \$600 billion annually.<sup>298</sup> Counterfeiting contributes to unemployment,<sup>299</sup> in turn creating budget deficits and compromises America’s future in an already unsteady global economy. Annually, American businesses suffer losses between \$200 and \$250 billion because of counterfeiting, making the industry “directly responsible for the loss of more than 750,000 American jobs.”<sup>300</sup>

On the West Coast, Los Angeles has acted to curtail the threat that the sale of counterfeits and knock-offs pose to its local economy.<sup>301</sup> According to the Los Angeles Police Department (“LAPD”), Santee Alley is the number one “hub for counterfeit fashion goods in the U.S.”<sup>302</sup> This past year, the LAPD raided Santee Alley in its largest counterfeit raid in the City’s history, known as “Operation Knockout.”<sup>303</sup> Over 50,000 items were seized by the LAPD’s Anti-Piracy Task Force from merchants in the Alley, including pirated DVDs, CDs and “near-perfect reproductions of designer merchandise,”<sup>304</sup> the value of which totaled more than \$8 million.<sup>305</sup> The task force was formed in February of 2007 after a study conducted by the Los Angeles County Economic Development Corporation found the sale of counterfeit goods in 2005 cost L.A. businesses approximately

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

<sup>297</sup> The Truth About Counterfeiting, *supra* note 277.

<sup>298</sup> *Id.*

<sup>299</sup> *Id.*

<sup>300</sup> *Id.*

<sup>301</sup> Associated Press, *Police Raid in L.A. Yields \$8 Million in Pirated Goods*, SAN FRANCISCO CHRONICLE, Nov. 30, 2007, available at <http://www.sfchroniclemarketplace.com/cgi-bin/article.cgi?f=/n/a/2007/11/30/financial/fl174901S77.DTL>.

<sup>302</sup> Vesilind, *supra* note 7.

<sup>303</sup> *Police Raid in L.A.*, *supra* note 301.

<sup>304</sup> Andrew Blankstein & Susannah Rosenblatt, *Santee Alley Fakes Are Seized in Raid*, L.A. TIMES, Dec. 1, 2007 at B-1, available at <http://8.12.42.31/2007/dec/01/local/me-santeel>.

<sup>305</sup> *Police Raid in L.A.*, *supra* note 301.

\$5.2 billion in lost revenue and \$4.4 billion in lost wages.<sup>306</sup> A local politician explained to the *L.A. Times* that buying counterfeit goods on the street is “tantamount to stealing,” reinforcing the argument that it impacts the economy and job market.<sup>307</sup> The counterfeit luxury brands that were seized in Santee Alley included Rolex, Fendi, Prada and Gucci.<sup>308</sup> The *L.A. Times* interviewed a woman who frequently shopped in Santee Alley who justified her purchase of a knock-off by stating that she did not care if she had a fake Coach bag; she only wanted a version of the bag without the retail price tag.<sup>309</sup>

#### IV. CONCLUSION

There are many fine lines in intellectual property in the fashion industry that are as dangerous as a tight-rope walker in Christian Louboutin heels: the fine line between piracy and infringement; the fine line between a purse that is likely to be confused with a different, less expensive purse; and the even finer line of good publicity and dilution. The courts’ reluctance to expand protections within the fashion industry is illustrative of the deference given to the notion that imitation is the finest form of flattery.

While the tight-rope walker straddles the fine line of protection, Congress engages in a juggling act when drafting legislation. Congress may question whether the legislation drafted has enough protection, but protective of what? There is tension in the balancing act between freedom of ideas and control of the monopoly afforded by the patent, copyright, or trademark.<sup>310</sup> When drafting such legislation, Congress must carefully weigh whether the monopolies granted promote friendly competition between manufactures in order to drive down prices in the market with the importance of the worth of the intrinsic value of the design and the effort, hours of labor, and creativity.<sup>311</sup> This is also something that judges take into consideration when deciding cases within the bounds of the law that the Congress has created.<sup>312</sup>

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<sup>306</sup> *Id.*

<sup>307</sup> *Id.*

<sup>308</sup> *Id.*

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

<sup>310</sup> See Vesilind, *supra* note 7.

<sup>311</sup> See *id.*

<sup>312</sup> See *Polaroid Corp.*, 287 F.2d at 495.

So what do we as a society value? Do we value keeping up with the celebrity trends but paying less money, just as the woman interviewed in Santee Alley who stated that she did not care if she had a fake Coach bag because of its lower cost?<sup>313</sup> Or, are we like Dianne Von Furstenberg, and value being rewarded for hard work and creativity.<sup>314</sup> Or, conversely, like Professor Raustiala who stated, we might value that the “act of copying by diffusing ideas promotes more innovation at the top . . . propelling trends forward.”<sup>315</sup>

It is not the place of one comment to sway what a society of consumers should believe, how Congress should draft legislation, or how courts should rule in determining these cases within the bounds of the law. It is the place, however, to be food for thought. The next time one is walking down Canal Street and sees the purse that Paris Hilton carried to the latest party, he or she should stop and think about what that particular purse represents: the potential forced child labor, human trafficking, and the profits from the sales funding gangs, organized crime, and terrorist groups. At what value do we place fashion? The next time a teenaged girl walks into Dooney & Bourke and purchases a bag because it looks like a Louis Vuitton bag, does the value of Louis Vuitton become more diluted? Do the purchases, when compounded, take away from the value that Japanese artist Takashi Murakami gave to Louis Vuitton: his creativity, his work, his talent? How is his value rewarded? The reward of the Second Circuit was no protection for his time, efforts, labor, and creativity; the “calling to mind” of Louis Vuitton’s products when viewing a Dooney & Bourke product was not sufficient to infringe upon the trademark.<sup>316</sup> In essence, this was not sufficient to protect the intellectual property of Louis Vuitton and Takashi Murakami.<sup>317</sup> While Louis Vuitton is a multi-million dollar corporation, its profits may be affected by Dooney & Bourke’s sale of similar, cheaper purses.

Thomas Jefferson, in 1813, acknowledged the balancing act between protecting intellectual property and furthering a capitalist

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<sup>313</sup> Blankstein & Rosenblatt, *supra* note 304.

<sup>314</sup> See Vesilind, *supra* note 7.

<sup>315</sup> *Id.*

<sup>316</sup> *Malletier*, 561 F. Supp. 2d at 386-87.

<sup>317</sup> *Id.* at 390.

economy in a letter to Isaac McPherson.<sup>318</sup> Jefferson wrote:

If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself in to the possession of every one, and the receiver cannot dispossess himself of it . . . . He who receives an idea from me, receives instruction himself without lessening mine; as he who lights his taper at mine, receives light without darkening mine. That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature, when she made them, like fire, expansible all over space, without lessening their density in any point, and like the air in which we breathe, move, and have our physical being, incapable of confinement or exclusive appropriation. Inventions then cannot, in nature, be a subject of property. Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of society, without claim or complaint from any body.<sup>319</sup>

So where does this balancing act strike a fair middle ground? For now, maybe fame should be enough for the fashion houses, regardless of the type of fame. Maybe Giorgio Armani had it right: popularity and notoriety of the mark is more important than the company's bottom line. As he said, he likes that he is "so popular around the world."<sup>320</sup>

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<sup>318</sup> Goldstein & Reese, *supra* note 20, at 17.

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

<sup>320</sup> Giorgio Armani Quotes, *supra* note 1.

