

The Role of Intellectual Property Rights in the Fashion Industry: From Conception to Commercialization

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Abbreviations and acronyms

CJEU Court of Justice of the European Union

EPC European Patent Convention

EPO European Patent Office

IP intellectual property

IPR intellectual property right

NDA nondisclosure agreement

RCD registered community design

URD unregistered design

WIPO World Intellectual Property Organization

An overview

In 2021, the fashion industry's global market value was 759.5 billion United States dollars¹. The sector is a significant driver of economic growth in globally and a major source of tax revenue and employment in many jurisdictions.

A key component of the industry's legal ecosystem is intellectual property (IP) law, with different types of IP and quasi-IP vital to its well-being and growth. This tool is a practical means to assist fashion designers and/or retailers road mapping the various IP rights safeguard their interests and recoup design and development costs, as well as reap a profit. It outlines the key IP rights relevant to the fashion industry and the manner in which they may be deployed in the phases of a product's life cycle. And it will focus on copyright, registered and unregistered designs, trademarks and trade secrets, detailing in practical terms their role and utility in the successful running of small fashion and design businesses. Some parts of the tool distinguish between counterfeits and knockoffs, two concepts that may constitute a threat to businesses and fashion designers. A counterfeit is usually referred to in relation to a faithful or almost faithful reproduction, sold with the intention of passing it off as the original. In contrast, knockoff refers to an article that imitates the key elements of the original but without the intention to pass it off as the original. Advocates of the latter would sometimes refer to it as homage rather than copying, maintaining it should therefore be excused. In most cases, a creative business has an interest in combating both.

The fashion industry is diverse and comprises markets and items ranging from apparel to garments and textiles, and accessories such as sunglasses and handbags, to name but a few. This tool concentrates on apparel, the main category underpinning the industry, garment and textile designs (which are used in creating apparel), and handbags, a major category of accessories.² As we shall see, the categories require different consideration when viewed in the context of IP protection. Overall IP law is best viewed as a tapestry of available rights, a number of which may be vital to protecting fashion items. Each of these rights plays a significant role in protecting a different facet of a fashion item at various phases of its life cycle.

¹ According to Statista's Fashion eCommerce Report 2022, at: <https://www.statista.com/study/38340/ecommerce-report-fashion/>

² Garment of textile are often used in creating apparel items but not exclusively so. For example, a particular tweed garment pattern may be used in creating a blazer, but also in upholstering an armchair. Thus, the protection of garment design is best viewed separately from the protection of a finished fashion article such as a blazer.

This tool begins with a brief overview of the IP ecosystem to familiarize the reader with IP rights for the fashion industry. It contemplates the initial life cycle phase of a fashion article, namely, prelaunch conception and development, and the IP rights that may and should be considered at this point for protecting relevant intellectual creative assets. It proceeds to analyse the IP landscape at the postlaunch phase of commercialization, canvassing the relevant IP rights and the role they may play at this stage. It concludes with a risk mitigation map of third-party IP rights, which businesses should contemplate before they embark on creating and launching a new product.

It is worth noting that this tool aims to serve as a road map for protecting IP assets in the fashion sector and should not be considered a substitution for legal advice from local experts. Nevertheless, studying the tool and understanding the issues at stake and the IP triggers may enable a professional in the fashion sector to appreciate the main levers within the ecosystem and seek advice if and when relevant.

I. Relevant IP legal ecosystem

Different types of IP rights may apply to products in the fashion sector. The majority may be employed to protect facets of products at different life cycle phases. The following is an overview of these rights, and their nature and scope.

A. Copyright

Copyright protection arises automatically on creation and is not dependent on registration. Although some jurisdictions (for example, Kenya and the United States of America) allow for copyright registration, such registration is not a precondition for copyright protection. It does, however, provide several benefits compared with protection with no registration. As the name suggests, copyright primarily concerns the right to exclude others from copying. Defining copyright in such a manner is an oversimplification, but the origin of the right, as well as its current essential function, stems from regulating the reproduction of protected works. Copyright law was originally intended to protect conventional authorial works such as books, musical compositions, paintings and sculptures. At first glance, it may seem odd that copyright plays a part in protecting a functional and utilitarian item such as a dress or a textile pattern, but utilitarian items may be protected under copyright law, and recent legal developments, in, for instance, the European Union and the United States of America, render such protection under certain circumstances more likely.

The subject matter of copyright protection is diverse, ranging from items such as computer code, to paintings and films. Many facets of fashion items are eligible for protection, subject to some important caveats and exceptions. It is, however, not sufficient to show that a given subject matter is eligible in principle to copyright protection. An important precondition for protection is originality. It is necessary to show that the work is original in a copyright law sense. In general, the originality requirement should not pose a particular problem for a work that results from an author's exercise of creative choices but it may raise issues with works that are utilitarian in nature. Various aspects of fashion items have functional features, and the scope of copyright protection in this context should therefore be examined with care. A key concept that places limits on protection granted under copyright law is the idea/expression dichotomy. This essentially states that copyright does not protect mere ideas but the specific expression of those ideas. The rationale for this rule is clear: since every first author/creator is also a second author/creator (that is, every author utilizes old ideas and concepts when generating new works), allowing the monopolization of ideas may dramatically reduce the overall number of new works. While the idea/expression dichotomy is recognized in various

international treaties and, explicitly or implicitly, in the copyright systems of many jurisdictions, as always, the devil is in the detail. Where is the line between the taking of an expressive element of a work protected by copyright and simply being inspired by the ideas that underpin such expressive element? This discussion examines such questions in the context of fashion products and provides guidance in identifying the boundaries between permissible and impermissible. This may benefit interested parties from both sides of the divide. It may enable a party to make an initial assessment as to whether a competitor copied aspects of its fashion item/s (trainers or sneakers, for instance) protected under copyright law. Equally, it may help another wishing to launch a trainer to determine whether it could replicate some of a competitor's innovative elements while staying on the idea side of the idea/expression divide.

Once eligibility for copyright protection is established, it is necessary to examine whether the contested behavior falls within the scope of the exclusive rights of the rights holder. Every copyright system provides for several exclusive rights that, as the name suggests, are enjoyed by the author to the exclusion of all others. When a person carries out an act within the scope of an exclusive right of another party without authorization, such a person may be liable for copyright infringement.

Among the relevant exclusive rights are the rights of reproduction, adaptation and distribution. The reproduction right means the right to make a copy of all or part of the work in question. The right of adaptation encompasses, among others, the right to make a derivation from the work. The right of distribution, meanwhile, covers the issuance of copies of the work to the public, as opposed to making such copies; in other words, it includes the sale of copies of the work. A person may be liable if they directly or indirectly infringe the exclusive rights of the copyright holder.³ While direct infringement is a strict liability tort and does not require a particular state of mind (for example, intention), indirect infringement usually requires a certain knowledge threshold. It is important to remember that even where copyright infringement may appear established, a defence may be applicable, potentially excusing the alleged infringing party.

The final issue pertaining to copyright protection that may be relevant is that of ownership. Similar to some of the other points, establishing ownership will vary from one jurisdiction to another. As a general rule, initial ownership will usually reside in the author/creator of the work. This is subject to one main exception that being when the work is created in the course of employment. Where this is the case, the default rule in common law countries such as the

³ 'Tort' is a branch of law that imposes civil liability for breach of obligations imposed by law

United States of America or the United Kingdom will usually be that ownership lies with the employer rather than the author/employee. The ownership rule in civil law countries, such as Germany, France or Brazil, typically provides that whether or not the work is created in the course of employment, initial ownership lies with the author/creator/employee. In this case, in order for the employer to have ownership over a work created in the course of employment, a suitable clause should be included in the employment contract. Such a clause, drafted by a local employment lawyer, may provide that copyright in works created in the course of employment by the employee is assigned to the employer.

Copyright's term of protection is considerable. Protection is provided for the life of the author/creator at least, plus 50 years.⁴ In many jurisdictions, it extends to plus 70 years.

B. Patents

Patents are traditionally associated with technological advancements rather than fashion. Indeed, patent protection aims to benefit inventors and not designers or creators of aesthetic works. However, various items or elements within items in the fashion and apparel industry may merit patent protection where such items display inventiveness in the technological sense of the term. This may be relevant, for example, in the development of a technical type of fabric, the methods for producing such a fabric, or an innovative fastener for a hiking jacket. Admittedly, patent law may be relevant only in a small minority of cases, but where it is applicable, its value may prove significant.

Unlike copyright, patent rights do not arise automatically on creation but are dependent on registration. The application may take, on average, a few years but it can be contested at various stages, prolonging the process. For example, the European Patent Office (EPO) grant procedure takes three to five years from the date an application is filed. It is made up of two main stages. The first comprises a formalities examination, and includes preparation of the search report and the preliminary opinion on whether the claimed invention and the application meet the requirements of the European Patent Convention (EPC). The second stage involves substantive examination.

Another major area where the patent system differs from that of copyright is in the associated costs. Such costs may comprise filing fees, prosecution costs, and grant and renewal fees. To this, the fees charged by a specialized patent attorney may be added. In some jurisdictions,

⁴ Berne Convention For The Protection Of Literary And Artistic Works (Paris Text 1971), Article 7

a patent attorney is distinguished from lawyers or attorneys at law, as they are technically qualified, with a degree in science or engineering, and have undergone legal training in patent practice.

Like all IP rights, patents are territorial in nature and, thus, only valid in the jurisdiction in which they were granted. An exception is European patents granted by the EPO, based on the EPC. The convention provides a centralized system for granting patents in any one of the signatory States, using one language and procedure. Once granted, such patents are subject to the same conditions and have the same effect as national patents. The EPO and the EPC are not a part of the European Union framework and include signatory States that are not European Union Member States. It should be noted that, in principle, the EPO does not grant a unitary patent right but a bundle of national rights for jurisdictions designated by the applicant. At present, the availability of a unitary European patent right is becoming a reality, given a European patent with unitary effect could soon be granted by the EPO in relation to the territory of the 25 Member States participating in the unitary patent scheme.⁵

Like copyright, a patent provides a set of exclusive rights to its owner for a limited period, generally up to 20 years from the filing date. These rights allow a patent owner to control who can use, make and sell the protected invention. In return, the patentee discloses to the public how the invention works so a person skilled in the relevant field may make the patented invention. After the patent expires, others may implement aspects of it in their own products or services. Throughout the duration of the patent, others may learn from what is described in the application and use this information to implement different solutions that do not infringe the patent.

The scope of the patent and the benchmark against which the element of novelty and inventive step (or 'non-obvious' condition, see below) will be assessed are the claims. These are drafted by a patent specialist and define the scope of the monopoly sought by the applicant. Narrowly drafted claims are likely to prove less useful in fending off competitors, while broadly drafted claims are more susceptible to challenge on the basis of lack of novelty and inventive step. A good patent specialist will strive to draft claims in the broadest possible manner, while ensuring they withstand novelty and inventive step challenges.

⁵ The new system will start on 1 June, 2023.

In general, a patent is granted over a subject matter in any field of industry⁶ that is new, not obvious and capable of industrial application. In addition, the subject matter should not fall under one of the excluded categories. The requirement of novelty means that patents should only be granted to something that has not existed before. In determining whether an invention is new, it is necessary to compare it with similar items that existed at the time the patent application was filed and assess whether it is different. Such a collection of similar items is usually referred to as state of the art. Although patents are territorial and enforceable only in the jurisdiction in which they are granted, state of the art is assessed globally. In other words, it does not matter in what jurisdiction a patent application is filed, the invention will be compared with that which existed at the time of filing anywhere worldwide. Patent examiners in offices around the world have access to databases that enable them to make such assessments.

The requirement of inventive step or non-obviousness (the terms are used interchangeably) is that the invention must establish more than just being new. It must show that the invention involves a considerable leap compared with the state of the art, so it is not obvious to a person with ordinary skill in the relevant technological field. While the novelty requirements ensure there is a quantitative difference between the invention and the prior art, the inventive step requirement is designed to make sure there is also a qualitative difference; it encourages people to conduct research. Put another way, the distance between prior art and the invention must be significant and not a matter of routine activity within the field but requiring inventive effort.

While this is straightforward to explain in the abstract, differentiating between obvious and non-obvious inventions is often challenging. This is because although there are legal tests designed to assist patent examiners and the courts, it is ultimately a factual inquiry that depends on the specifics of a given case. As mentioned, one of most important factors for determining whether an invention is obvious is the level of knowledge held by the person skilled in the art. Clearly, the more skills and qualifications this individual possesses, the more likely a given invention will be found to be obvious, and vice versa.

Patent law's equivalent of the exclusive rights of copyright, namely infringement activities under patent law, commonly encompasses acts such as making or using a patented product

⁶ World Trade Organization. Agreement on Trade-Related Aspects of Intellectual Property Rights (unamended). Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, 15 April 1994. *wto.org*. <https://www.wto.org/english/docs_e/legal_e/legal_e.htm#TRIPs>. See art. 27.

or process, including its selling or importing. Independent creation is not a defence to a patent infringement action and liability could be established irrespective of how the defendant came up with the allegedly infringing product. In essence, most commercially valuable activities are within the bounds of a patentee's exclusive rights. In some patent systems, the rights given to the patent owner differ, depending on whether the patent was granted in relation to a product, a process or a product derived from a specific process. As with copyright, a person may be liable if they infringe directly or indirectly on the exclusive rights of the owner. While direct infringement is a strict liability tort and does not require a particular state of mind (for example, intention), indirect infringement usually requires a certain knowledge threshold.

Initial ownership is often vested in the inventor, or joint inventors, subject to several exceptions, the main one relating to inventions made by employees. Although it is possible to transfer ownership to a third party via a patent assignment, it is prudent for an employer to ensure they own inventions created by employees. An adequately drafted clause in the employment contract may see to that.

When considering patents, there is another form of protection that is part of the broader patent-like rights family, namely utility models or petty patents. A utility model system offers protection similar to patents but for a shorter period, typically between seven and 10 years. Like patents, utility models must be new to qualify for protection. However, the novelty requirement is less strict, and absolute novelty is often not required. The legal position on utility models varies greatly from one country to another. While almost every country has a patent system, the same cannot be said for utility models, which are currently available in the following countries: Albania, Angola, Argentina, Armenia, Aruba, Australia, Austria, Azerbaijan, Belarus, Belize, Bolivia (Plurinational State of), Brazil, Bulgaria, Chile, China (includes Hong Kong and Macau), Colombia, Costa Rica, the Czech Republic, Denmark, Ecuador, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Guatemala, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Kazakhstan, Kuwait, Kyrgyzstan, the Lao People's Democratic Republic, Malaysia, Mexico, Peru, Philippines, Poland, Portugal, the Republic of Korea (South), the Republic of Moldova, the Russian Federation, Slovakia, Spain, Tajikistan, Trinidad and Tobago, Turkey, Ukraine, Uruguay and Uzbekistan. Notably, there are no utility models in the United Kingdom and the United States of America. In addition, the African Regional Intellectual Property Organization (ARIPO) and Organisation Africaine de la Propriété Intellectuelle (OAPI) offer utility models.

C. Trademarks and trade dress protection under trademark and unfair competition law

With trademarks, the relevance to the fashion industry is more or less self-explanatory. Traditional trademarks, including word marks or device marks, are usually placed on certain fashion items tags such as clothing labels. Having your business insignia protected under trademark law is essential in this context. However, when it comes to less conventional trademarks, such as shape marks, the position is less straightforward. It suffices to say that shape marks seek to protect trade dress (the external appearance, or parts of it), also called getup in some countries. In other words, rather than seeking to protect the logo on a clothing label of a certain dress, it is the actual cut or shape of the dress that may be the subject matter of a trademark application. Whether trademark law can protect a fashion item trade dress, and, if so, to what extent, will be examined below. When assessing the protectability of trade dress under trademark law, one may also consider the availability of unfair competition law. It is worth noting that trade dress can also be protected by design rights (in the European Union) and design patents (the United States of America). The consideration here, though, is protecting trade dress via the laws of registered trademarks or unregistered signs (the latter through unfair competition law).

Trademarks are signs that, applied to products or services, serve as indicators of origin. They distinguish products or services from those of other traders. Hence, where a distinct sign applied to one's goods or services is, or is likely to be, associated in the minds of consumers with a particular source of origin, trademark protection may be available.

In the fashion industry context, except for the traditional trademarks (for example, the logo on a clothing label) an applicant may seek to register, there is a clear advantage in registering a trademark that protects an external aspect of a fashion article: once registration is completed, it may deter third parties from incorporating such external elements in their work products. Among other things, to be registered, the subject matter of a trademark application must be clearly defined and not descriptive, and should possess a certain degree of distinctiveness.

An important exception for registration is marks that add substantial value to the goods (in the European Union) or are aesthetically functional (the United States of America). This essentially means that marks should not be aesthetically appealing to the extent that they have a commercial value for that reason; for example, consumers are prepared to pay more for a product bearing such a mark due to its purely aesthetic appeal. This is the case given trademark law does not seek to reward innovative or aesthetically appealing designs. For the

former, patent law may be suitable, while an applicant may consider design law protection for the latter. It should be remembered that the duration of trademark protection is potentially perpetual, subject to renewal, while design law protection will range from 10 to 25 years, depending on the jurisdiction. Hence, from a public policy perspective, there is a clear incentive to prevent an aesthetically appealing design from being excluded in perpetuity from appropriation by competitors.

In many jurisdictions, trade dress or a product's visual appearance could also be protected through unregistered sign systems, such as unfair competition. It is important to note that there is no globally uniform position on protecting unregistered signs or marks, and in some jurisdictions, such as China, protection is not afforded.⁷ In common law legal systems, it is first necessary to show that the contested sign is distinctive and serves as an indication of origin. Once this is established, it will be necessary to show that activities resulted in a degree of confusion or deception in the public mind. Some civil law systems allow for protection under unfair competition law in broader circumstances. Consequently, it is vital to obtain advice from local experts on the operation of unfair competition law in the particular jurisdiction.

D. Designs

Product appearance may be protected as a trademark or unregistered trade dress, but also under an industrial design right, where appropriate.

IP systems that protect designs are not uniform. For example, while the European Union provides for a two-tier system of unregistered and registered designs, both China and the United States of America have a design patent system where, subject to certain variations, the applicant must establish that the design in question satisfies similar requirements to those under utility patents (that is, novelty and inventive step). By comparison, the protection criteria for a registered community design (RCD) are novelty and individual character. The latter refers to whether the overall impression of the produced design differs from that of earlier designs made available to the public. Regarding registered designs, under the European Union's two-tier system, one may apply for either a registered community design or a registered Member State design. The substantive requirements are identical in both cases.

With regard to protection period, the term for registered designs or design patents varies from one jurisdiction to another, unlike patents (20 years, according to the 1994 WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, or TRIPS), copyright (at least life

⁷ That is, except for well-known trademarks.

plus 50 years, according to the Berne Convention, the international copyright treaty created in 1886) and trademarks (potentially perpetual). For example, the present term for design patents from filing date is 15 years in the United States of America and 10 years in China, while an RCD may be valid for five years and can be renewed to a maximum of 25 years in the European Union.

E. Trade secrets

Trade secrets protect information that has commercial value, provided steps are taken to keep it secret. Trade secrets are protected under national laws and do not require formal registration. Almost every IP right originates as a secret. For example, an inventor keeps his inventive concept (the so-called clever bit) a secret until he files for a patent. Treating it otherwise will destroy patent novelty, resulting in refusal of the application, no matter how novel and inventive the invention may have been prior to destroying novelty. Similarly, a writer keeps the detailed theme of their book secret until it is published and marketing personnel will do the same when planning the launch of a new brand, as will a fashion designer in relation to a jacket for the upcoming winter season. These early stages of conception often require protection against misappropriation.

Unlike other IP rights such as patents, trademarks and designs, trade secrets do not require any procedural formalities such as a precondition for protection. Although eligibility for protection varies by jurisdiction, general standards for considering the information in question as a protectable secret can be found in Article 39 of the TRIPS Agreement, which provides that

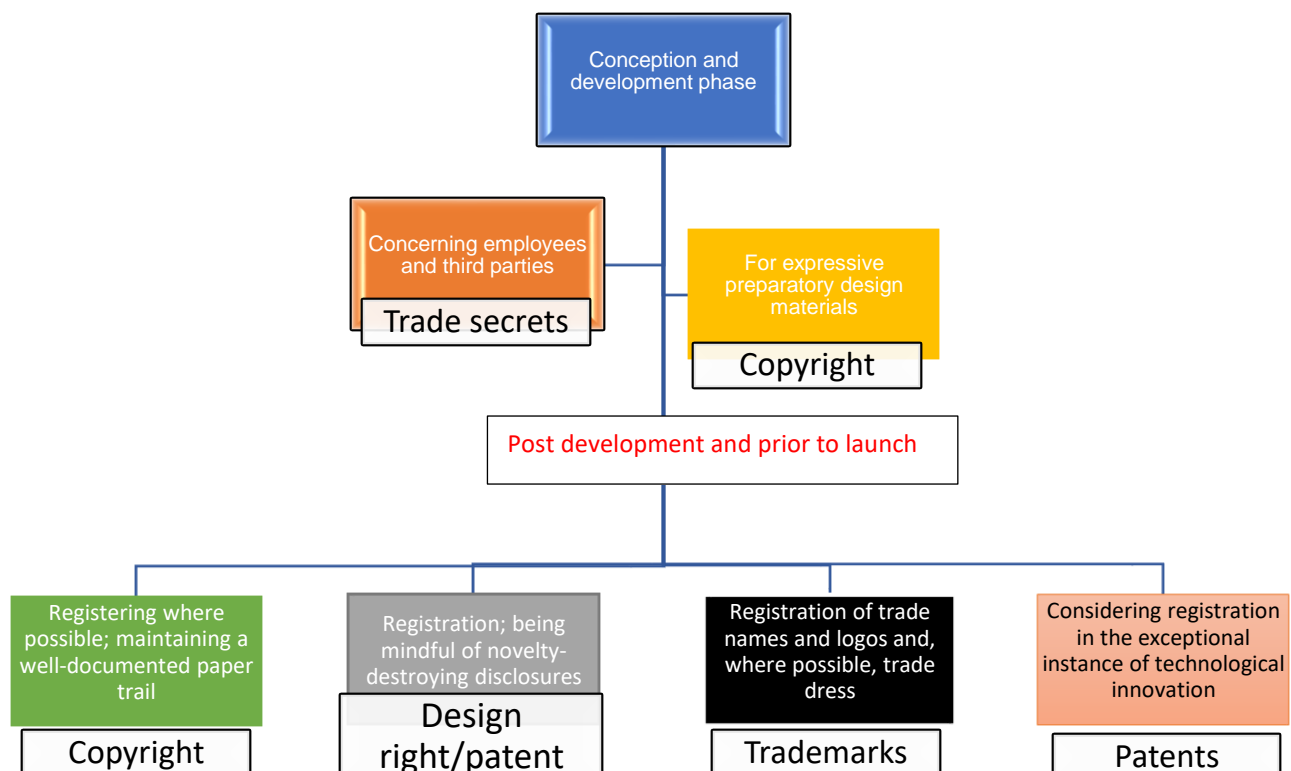
- The information must be secret (that is, it is not generally known among, or readily accessible to, circles that normally deal with the kind of information in question).
- It must have commercial value because it is a secret.
- It must have been subject to reasonable steps by the rightful holder of the information to keep it secret (for example, through confidentiality agreements).

In terms of the scope of protection afforded under the trade secrets system, there is one limitation of particular importance, namely, information obtained through reverse engineering. Hence, releasing a product bearing trade secrets onto the market makes it available for inspection by competitors, with the trade secret potentially being uncovered.

II. Conception and development

Whether a business is active in apparel design (clothing articles), or textile and garment design or motifs, or articles such as handbags, the initial phases of conception and development are conducted under the control of this business. Early steps within design processes (dress design, for instance) comprise stages such as initial research (including articles used in a mood or inspiration board), idea development leading to design concept, pattern making, toile making (initial draft of an item), fabric selection and finishing. These are usually carried out within the four walls of the design studio or fashion business. These steps are done prior to launching the final product. Whether a mood board's components, or various outputs in the design process, such items and any documentation representing them may be viewed as creative assets of clear value to the business creating them. It is the protection of these assets that is at the centre of conception and development, prior to making the fashion product available to the public at large.

Figure 1 **Designing a fashion article**



Source: Prof. Noam Shemtov

A. Trade secrecy and confidentiality

It goes without saying that most businesses operating in this field have an interest in safeguarding against the appropriation of creative assets by third parties, including disgruntled employees. The information and documentation representing each of the steps of the design process, including related information such as potential markets and prospective client lists, may be viewed as valuable intellectual assets and, as such, suitable subject matter for trade secrets protection. The discussion that follows highlights the key requirements for trade secrets protection and how it may be obtained and maintained.

Trade secrets are any business information that

1. is of commercial value;
2. is generally not known to the public; and
3. has been subject to reasonable steps to keep it secret and confidential.

The valuable assets identified above clearly meet the conditions listed in points 1 and 2. It goes without saying that the underlying idea for a dress, textile pattern or handbag, including their key characteristics, are of commercial value to potential competitors at this early stage. This may include concepts and characteristics (for example, colors, fabrics, silhouettes) that may be dominant in a coming fashion season – a yearly fashion cycle comprises a number of seasons – rather than for an individual article. They represent the core of a soon-to-be-disclosed trend, style or article, and, should they become available to the wider public, may be used by competitors to either introduce a similar product or preempt the launch of successful fashion articles for several reasons. It is, therefore, safe to assume that the information is not generally known to the public as it was conceived, devised and included in the aforementioned documentation by the business creative team and was not publicized. It should be noted that the category of information that may amount to trade secrets is extremely wide. It is also worth mentioning that such information does not have to be particularly innovative or creative, or the result of a costly exercise.

It is the condition in point 3 that may frequently prove most challenging; that is, when the necessary steps were not taken by those involved when setting up relationships within the team. Quite often such relationships are formed on an informal basis – between friends, former colleagues, family members, and so on. Further, the creative and design community is often characterized by a culture of openness and sharing, where people often discuss and take pride in the ideas and concepts they generate and their plans in relation to those. However, at this stage, it is crucial a trade secrecy policy is considered, especially in the case of a microenterprise whose real value lies in its intellectual assets.

Trade secrecy does not protect the documentation as such, or the manner in which the information is represented in it; as we shall see, this is the remit of copyright law. Rather, it protects the information included in the documentation, as well as information disclosed within the creative team for furthering the objectives of the creative endeavor. This distinction is important. Unlike other branches of IP law, for trade secrecy law to be used successfully, it is not necessary to show that the said documentation was copied or removed from one company and used in another. It is sufficient to establish that a person privy to information disclosed in confidence, whether in the aforementioned documentation, team meetings, e-mails or by other means, disclosed that information to third parties for purposes other than the ones for which it was disclosed to them.

So how does a business guarantee its trade secrets will be protected? Firstly, it is important to consider establishing a clear trade secrets policy, even for a microenterprise. The costs involved are not likely to prove prohibitive and the advantages may be significant in the case of future disputes with members of the creative team, employees or even third parties involved in a specific aspect of development (for example, potential manufacturers who receive samples for feasibility assessment). In establishing such a policy, the business may consider the following.

1. Establishing a trade secrecy policy

It is important to identify the types of confidential information that can have an impact on the value of a company and its offerings. This may include the detailed idea underlying an article or a coming fashion trend, its features and characteristics, and a monetization strategy.

It is necessary to define the circumstances in which this information is to be used and potentially disclosed, internally and to third parties. This can assist in establishing when actions were taken outside the policy in cases of dispute. To be effective, the policy needs to be part of a company's operational culture. It may be helpful to provide a reference to the policy in a nondisclosure clause in the employment agreement, or to describe specific situations when a nondisclosure agreement (NDA) should be used. Policy violations should also be included.

Where possible, active measures must be taken to restrict access to identified trade secrets to relevant persons only. If the information is widely accessible to individuals in the company who do not require it to perform their job, guaranteeing satisfactory protection will be harder. Such restricted access levels may be implemented by granting different access rights to

relevant files on the business IT system. Similarly, attendance at meetings where matters pertaining to business trade secrets are discussed may be restricted on a need-to-participate basis.

The fashion business or design studio may encourage the relevant persons or teams responsible for creating/generating the trade secrets to identify them in their interactions with one another, and with external third parties, highlighting that the information constitutes a trade secret and should be treated as such. For example, in both paper and digital communications, the creative team or marketing team may become accustomed to using the term confidential when discussing and disclosing issues relating to business trade secrets.

2. Dealings with third parties: Nondisclosure agreements

Companies in the creative design business often need to deal with third parties, where confidential information must be provided in order to contribute to a successful launch. For example, they may forward samples to potential buyers to gauge interest in placing orders should the article be produced, or to manufacturers to assess feasibility, timing and cost. When making the relevant disclosures, consider setting up an NDA, and sharing only information that is strictly necessary for the performance and function of the third party, to protect the trade secret.

The legal framework governing the nature and scope of NDAs can vary by country. Engaging a local expert to create an agreement may prove vital in securing adequate protection. Templates for basic agreements are often available at little or no cost from various sources, online or otherwise, and can be customized by the business according to need. In general, NDAs usually include the effective start date, time frame, definition and description of the confidential information with as many specificities as possible, as well as the purpose for which the information is disclosed and outcome of breaking, or the likelihood of breaking, the clause, where the sanctions that may be sought by the business in case of a breach are stipulated.

3. Dealings with employees

A company's policy on confidential information should be explained to employees in the initial stages of their employment. In the early days of a microenterprise, the policy might be detailed in an e-mail, and, as the venture becomes more established, enshrined in a formal agreement.

Expectations related to confidential information should be clarified and preferably incorporated in employment contracts. A company's policy is often included in an annex to its employment agreements. Requirements can vary by country, so a local legal expert may provide advice on the preferred format. Most jurisdictions will require employees to keep a company's trade

secrets confidential during and after the employment period. Once an employee leaves and begins working for a competitor, it becomes difficult to determine whether confidential information is shared with the new employer. For this reason, employment contracts sometimes include a non-compete clause, prohibiting the employee from working for a competitor for a certain period of time. The enforceability of these clauses varies considerably by jurisdiction. Where permissible, their scope must usually be restricted in terms of time, geographical territory and industry or sector. In certain jurisdictions, restrictions on future employability are not enforceable per se, unless accompanied by payment. These clauses may be particularly useful for key employees who had access to the company's most valuable information. A cost-benefit analysis may be conducted in each instance to determine whether it is worthwhile paying a former employee once employment is terminated merely to keep them from working for a competitor for a limited period. A local expert can provide guidance on what is permitted in the country.

It is also advisable to ensure such employment agreements provide that the employee assigns to the business (employer) all intellectual property rights (IPRs) resulting from the employment relationship and during the employment period, thus reducing to a minimum the likelihood of post-employment disputes as to IPR ownership. In some countries, employers may be required to provide additional compensation to employees when IP is created.

4. The limitations of trade secret protection

It should be stressed that unlike patents, to give one example, trade secrets do not provide a legal monopoly. That is, they are not effective against independent development. It follows that the protection of trade secrets may be effective against so-called free riders, individuals seeking to appropriate the assets developed by the creative team in a fashion business, but not against an independent creator, who may come up with similar ideas, concepts, features and styles. Similarly, it will not be effective against a competitor acquiring the article postlaunch, studying it and incorporating elements of it into their own products. Of course, appropriating such elements into one's own products may prove actionable under other IP rights, but trade secret law is largely ineffective under such circumstances. This will be discussed in further detail in the chapter on commercialization and enforcement. Finally, most jurisdictions around the world do not treat trade secrets as an IP right per se, and trade secrecy is, therefore, not effective against unrelated bona fide third parties not bound by a confidentiality obligation. For example, if a party was to come by business trade secrets in circumstances that may not give rise to any suspicion (that is, the third party acquired the trade secret/s in good faith), the remedies and options available against such a party will be more limited than in the case of IPRs under similar circumstances.

While trade secret law may be effective in protecting intellectual assets prior to launch and presentation to the general public, ideally the fashion business or designer should prepare for the time when the product and its characteristics may no longer be maintained as a trade secret. Hence, in preparing for this postlaunch period, the protection afforded by IP rights such as copyright, industrial designs and trademarks should be considered. Some of these rights are dependent on registration, and some are not. However, unlike trade secrecy, all these rights may prove effective against third parties once the product circulates freely on the market. Consequently, where necessary, registration of a relevant IP right should take place while the intellectual asset still constitutes a trade secret. Thus, the process should commence during the conception and development phase and prior to launch and commercialization.

B. Copyright

Copyright law does not involve formalities and no active steps need to be taken for a work to be eligible for protection. Some jurisdictions allow for copyright registration (Kenya and the United States of America, for instance) but eligibility is not conditional on such registration, even though it may offer advantages in establishing a public record of the copyright holder's entitlement and availability of some remedies. Again, advice should be sought from a local legal expert. In any event, eligibility for copyright protection arises automatically on the creation of the copyright work, so no up-front costs are involved. Even if copyright registration is pursued, costs are usually manageable.

1. Keeping a paper trail

It is always desirable, whether copyright registration is sought or not, to have a well-documented paper trail of the process that gave rise to the relevant copyrighted work. This may prove significant in the event of a future dispute to establish ownership of a work (the author/creator/designer is usually the first owner, subject to employment relationship exceptions in some jurisdictions) and the date on which the work was created. The former may be useful in the case of a lawsuit against an alleged infringer, to establish title and, thus, the right to bring an action; the latter in fending off a lawsuit for copyright infringement by establishing the manner and time the work was created, therefore demonstrating its independent and potentially earlier creation.

2. Subsistence

To be eligible for copyright protection, the subject matter must be of the right type and original in a copyright sense. In a number of major jurisdictions until fairly recently, copyright was not considered a suitable vehicle for protecting fashion articles. This has changed. In a 2017

decision related to copyright protectability of cheerleading apparel,⁸ the US Supreme Court established that,

“... a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature can be perceived as a two- or three-dimensional work of art separate from the useful article and would qualify as a protectable pictorial, graphic, or sculptural work – either on its own or fixed in some other tangible medium of expression – if it were imagined separately from the useful article into which it is incorporated”.

The fundamental question is whether expressive elements integrated with useful items can satisfy the doctrine of conceptual separability to be eligible for copyright protection. Applied to our context, the answer is likely to be affirmative in many instances. For example, in the case of a dress shape that includes elements and flourishes not performing a useful or utilitarian function, it may be possible to argue that these can be separated from the usefulness of the article as a clothing item. The same formula may equally be applied to the getup of a handbag. It goes without saying that with textile patterns and designs, the actual pattern can almost always be conceptually separated from the useful article in which it is incorporated and may be treated as an independent work of art for the purpose of copyright protection. In the European Union, the position on copyright protection has become even more favorable for the fashion industry in light of recent judicial development.

In 2019, the Court of Justice of the European Union (CJEU) clarified that when it comes to apparel, copyright protection should be assessed in the same manner as traditional subject matter such as art.⁹ In other words, the courts should not apply a stricter originality standard to articles such as apparel simply because they do not fit into more traditional categories of copyrightable subject matter such as literature, paintings and photographs. This was necessary since several jurisdictions within the European Union insisted on parties satisfying additional requirements such as aesthetic value before copyright protection could be established for apparel or fashion articles. The CJEU made clear such extra requirements should not be imposed and that the key criterion for protection was the classic author's own intellectual creation, namely, that the design or pattern originated from the exercise of free and creative choices. When this is the case, copyright protection could be established. Let us take the three instances considered above: the getup of a fashion article (for example, the shape of a dress); a two-dimensional (2D) textile pattern; and the getup of a handbag. In each of these – and most other instances taking place within the fashion industry – there is a main

⁸ United States, Supreme Court. *Star Athletica, L.L.C. v Varsity Brands Inc., et al.* 508 U.S., 2017.

⁹ Court of Justice of the European Union, Judgment of the Court (Third Chamber). *Cofemel v G-Star Raw*. C-683/17, 2019.

substantive hurdle; specifically, is the design in question a result of the exercise of free and creative choices by the designer/creator? Where the answer is yes, as it would be in many cases, the design of the article may be eligible for copyright protection. It is suggested that a broadly similar assessment may be carried out in many jurisdictions around the world. As always, it is advisable to seek advice from a local expert where possible.

It is important to stress that protection under copyright law extends to expressions, not ideas or concepts: it does not protect ideas, but the expression of ideas. As a result, it is likely that, divorced from their form of expression, many ideas (colors, silhouettes, fabrics, among others) behind a trend or style of an article, or even those underlying a fashion season cycle, may fall on the idea side of the idea/expression divide, and, as such, may not be protectable.

In essence, this means a creative fashion business must, at this early stage, be prudent in its reliance on copyright law. Such aforementioned underlying concepts, on their own, are not copyrightable but likely to be categorized as ideas and considered non-copyrightable subject matter. Jurisdictions may provide copyright protection to a combination of these elements, so if most of the ideas and concepts are, together, copied by a third party, it may still be actionable under copyright law. This is illustrated by a dispute heard before the House of Lords, now the United Kingdom Supreme Court – the highest judicial instance, in relation to a textile design.¹⁰ In this case, seven similarities were identified between the two designs in question. While each similarity probably amounted to nothing more than an unprotectable idea (for example, each fabric consisted of vertical stripes, with spaces between the stripes, each was painted in a similar neo-impressionistic style, and in each fabric the stripes were formed by vertical brush strokes), considered together they constituted a copyrightable subject matter. Nevertheless, depending on copyright law under such circumstances is a risky strategy. It is strongly recommended that businesses do not place much reliance on such protection at these early stages and focus instead on trade secrecy. This is because, first, copyright's scope is highly dependent on the jurisdiction and the outcome may vary from one jurisdiction to another, and second, it is extremely case-specific. In the event of doubt, advice should be sought from a local expert.

It follows that ideas and plans discussed in meetings and (subject to the above) embodied in the relevant documentation and e-mail correspondence may not be protected under copyright law as such. However, copying the expression itself, by reproducing said documentation,

¹⁰ Opinions of the Lords of Appeal for Judgment. *Designer Guild Ltd v Russell Williams (Textiles) Ltd*. UKHL J1123-1, 2000.

sketches and models, for instance, is likely to lead to copyright infringement. This is because the documents and templates are likely to be considered literary or artistic works under copyright law and their reproduction (that is, copying) is likely to result in infringement.

If a former employee copies such documentation on their departure, both the copyright in these documents and the underlying trade secrets embodied in them may be infringed.

C. Industrial designs

Ornamental or aesthetic designs may benefit from a tailor-made IPR that grants protection to such design features. Protection is mostly dependent on registration, although some jurisdictions such as the European Union may also have an unregistered design (URD) regime, where no registration and up-front costs are required. With URDs, though protection may automatically arise on creation, it is important to bear in mind that there may be preconditions in addition to any substantive requirements.

At the end of the design process, once a final design is reached (whether a shape of a dress, textile pattern or any other design in the present context), design protection should be considered. It is imperative that such deliberations, and possibly registration, are done prior to the product launch, and even before any prelaunch public disclosure (fashion show or trade show, for instance). The timing of the registration is discussed below. However, before the potential hurdles for achieving design protection are considered, it is necessary to look at the relevant IP regimes.

1. The nature of design protection as a separate intellectual property right

A fashion business should be mindful that the existence of IP regimes protecting industrial designs is not uniform worldwide. For example, while the European Union provides for a two-tier regime of unregistered and registered community design rights with different scopes and durations, China and the United States of America have design patent regimes where the applicant must establish that the design satisfies requirements similar to those under utility patents (that is, novelty and non-obviousness). In the European Union, it is necessary to show novelty and individual character with both registered designs and URDs.¹¹ As the novelty requirement is typical of design regimes in many jurisdictions, it is advisable to consider design

¹¹ Individual character means that the overall impression on the user must differ from the overall impression of the earlier design.

protection prior to any public disclosure and, in the case of registered designs or design patents, to ensure registration applications are filed prior to any such disclosure.¹²

While it may be prudent for fashion designers to seek to register a design or a design patent where possible, it should be remembered that protection for URDs might also be available in some jurisdictions.

2. Protection for registered and unregistered designs

It is important that a fashion designer may seek legal advice regarding design protection in key jurisdictions, including for URDs, prior to launch and public disclosure of the design at issue. This is so, in order to ensure that the abovementioned launch or public disclosure is not detrimental to any prospect of using a UDR in a given jurisdiction. For example, a design that is first published (disclosed to the public) outside a European Union Member State may not benefit from the URD regime. Should the designer identify the European Union as one of its key jurisdictions for commercialization purposes, it may be useful to contemplate an earlier launch or disclosure (fashion or trade show, for instance) within the bloc to take advantage of the URD regime. As always, seeking expert IP advice at an early stage may prove highly beneficial in shaping strategy. It is worth noting that IP regimes such as the European Union URD are particularly suitable for a fast-moving fashion industry, with its large turnover of seasonal articles. Rather than applying in every cycle phase for multiple designs, a fashion designer may rely on URD protection. A three-year term should prove more than sufficient in the majority of cases that do not involve carryover products.¹³ Where the design concerns a potential carryover, registration may be considered.¹⁴

A registered right is usually superior to any URD regime, in both the length and breadth of protection available. For example, in the European Union, unregistered design protection lasts for three years from the date of first publication, while registered protection may last up to 25 years, as long as registration is renewed every five years. In addition, while unregistered protection may be effective against copying by third parties, registered protection may prevent a third party from using a design that produces the same overall impression on the informed user (a fictitious character serving as a legal standard for such assessment), regardless of

¹² Even in the case of disclosure, there are sometimes exceptions to the novelty rule, such as the grace period. Where possible, it is better to refrain from relying on such exceptions by ensuring disclosure takes place after an application for registration is filed.

¹³ Carryover products are offered for sale in multiple selling seasons, and are carried over from one selling season to another.

¹⁴ For example, in most cases, handbag designs are not initially intended to be seasonal and handbags are more typically carryover products. In contrast, a spring blouse design is more likely to be seasonal and not offered by the designer after the selling season. With the handbag, registration may be suitable; with the spring blouse it is not.

whether such a design was copied or independently created. Finally, the fact the proprietor of the design does not hold any formal title of ownership can make it difficult to prove ownership or the date from which the rights exist.

The registration process and associated costs vary from one jurisdiction to another. In the European Union, registration may be rapid and completed within a couple of days, given there is no prior substantive examination. Regarding cost, the application fee is not generally prohibitively expensive. However, it should be borne in mind that a large number of design registrations, all of which should be periodically renewed, might result in considerable cost. Prioritization, of carryover designs and key territories for commercialization, is highly important. A local legal counsel should be able to assist in the process by preparing the application and supporting the registration process to its successful conclusion. Attorney fees should be taken into account when considering whether and how to proceed with a specific number of design applications or to rely on UDRs in the case of certain articles.

D. Trademarks

1. Registration

Trademark protection depends on prior registration. There is no global consensus on eligibility to register. Some trademark systems, such as in China, Japan, the Russian Federation and the European Union, operate a first-to-file system, where entitlement and priority do not depend on use, and prior use is not a prerequisite for registration. In these systems, applicants must recognize that registration entitles protection but use does not give priority to trademark rights. There may be literally a race to the registry office where two conflicting marks are involved, with the first to file a trademark application prevailing. Other systems, such as those in Canada, India and the United States of America, operate based on a first-to-use principle, with trademark rights based on adoption and use rather than registration. Nevertheless, registration is highly desirable in these countries as it strengthens the proprietor's use-based rights. Registration requirements may also vary between jurisdictions, though there are general criteria to meet. As with any registration, the subject matter must be clearly and precisely defined, and distinctive with regard to specific goods or services, and consist of more traditional signs such as words and devices. In some jurisdictions, signs such as motion marks, sensory marks, colors and position marks may be eligible for registration.

2. Distinguishing between counterfeits and knockoffs

Trademarks primarily protect business signs that serve as an indication of origin. Legal advice regarding registration should be sought from a local expert prior to launching the fashion

article, and preferably while such insignia is maintained as a trade secret. Essentially, two separate aspects of a fashion article should be considered independently in this context.

Obtaining a trademark may prove most effective for brand protection. Branding may be of vital importance for businesses in the fashion industry. As the late Karl Lagerfeld said: “Logos and branding are so important. In a big part of the world, people do not read French or English – but are great in remembering signs.” In its most essential function, trademark law may assist the fashion business or designer against a third party who wishes to use in trade an identical or confusingly similar brand insignia for identical or similar goods or services. It is worth noting that branding may be relevant to various types of business insignia, such as the trade name of the company (for example, ‘Nike’ for running shoes), a symbol (Nike’s swoosh sign), a slogan (Just Do It) or the name of a style or line as part of the different categories offered under the trade name (Air Max being a specific line of Nike trainers). A trademark could protect each of these types of insignia. Trademark protection is vital to create, develop and maintain brand identity and provide safeguards against producers of fake items and counterfeiters. As far as registration of such traditional marks is concerned, it is not likely to present a particular challenge in the fashion industry, and the relevant registration rules would apply. Such marks are likely to be in the form of word marks (for example, Nike) or device marks (Nike’s swoosh sign), and in many cases, as long as they are distinctive, non-descriptive and do not conflict with earlier marks or rights (they are not identical or confusingly similar to earlier marks, for instance), they may prove capable of being registered. Notably, while potentially effective against counterfeiters, trademark protection of this type may be less successful against knockoffs, given producers seldom reproduce a brand name or symbol; they do not intend to pass off the knockoff article as the original but merely to mimic its key elements. Effective trademark protection against knockoffs may be sought in relation to trade-dress protection under trademark law.

3. Registering patterns and three-dimensional shapes

In addition to protecting insignia of the aforementioned type, it is also possible to seek trademark registration for external elements of a fashion article. Here, rather than protect against counterfeiters, the business or designer may seek protection against knockoffs, to safeguard against appropriation of external elements of their design such as the cut of a dress, textile pattern or handbag shape. In the latter two examples, whether in two- or three-dimensional (2D or 3D) form, registration is less straightforward. Given the essential function of a trademark is to serve as an indication of origin, signs not capable of this may not be protected. This is the case irrespective of how unique, creative or special they may be, as

trademark law is not primarily intended to reward designers for innovative or creative signs or designs, but rather to protect business insignia. The sign is required to be sufficiently distinctive, and capable of serving as an indication of origin to stand a chance of being registered. While this may be a straightforward assessment in the case of symbols, marks, logos, names or words, it is less so in the case of marks consisting of a textile pattern or handbag shape. While these types of signs may be aesthetically appealing and even unique, the average consumer is not necessarily likely to view them as indicating a source of commercial origin as they perhaps do with a word mark. This is based on consuming habits; a word, logo or symbol placed on a product is more likely to indicate to the consumer a designation of commercial origin than in the case of a textile pattern that is more likely to be viewed as an ornamental motif intended to have aesthetic appeal rather than indicate origin.

Consequently, in most cases involving less traditional marks (shape, colorways or pattern of a fashion article), a registration application prior to launch is less likely to be successful, given the competent authority will probably find the subject matter lacks a distinctive character (in terms of designation of commercial origin). This does not mean all is lost. As a matter of fact, trademarks consisting of such elements are found in many jurisdictions. The applicant may go about obtaining such registration in a different manner, seeking it after –not before – the articles are placed on the market. With a mark unlikely to be viewed by the consumer as indicating origin (at least initially), but rather than as an aesthetic aspect of the product, the applicant may seek to overcome this by first launching the product on the market. After sufficient time has lapsed, and use of the mark has been sufficiently intensive, they can apply for registration and establish that the mark has acquired a distinctive character (even if prior to launch, such distinctive character was lacking). In other words, the applicant may show that the relevant public has been educated through time, by being exposed to the mark as a source-indicating sign; that it has come to be viewed as designating commercial origin rather than, for example, an aesthetic element of a product. Examples include the Hermès US trademark for the trade dress associated with its Birkin bag and the European Union trademark for Paul Smith’s multicolor stripe design. It is imperative a local trademark specialist is consulted before product launch and advice sought on the preferable action in relation to the relevant jurisdictions in which the fashion business or designer may be interested for commercialization purposes.

4. Exclusion from registration: Elements with objective aesthetic visual appeal

When it comes to the registrability of a product’s aesthetic elements, there is a further hurdle the applicant should bear in mind. In many jurisdictions, characteristics of a product that have an aesthetic visual appeal may be barred from registration for that very reason. Trademark

law does not aim to reward creative or aesthetically appealing designs. For this, one may turn to design law, as discussed above. Characteristics of a product that are particularly and objectively visually appealing in their own right may not be registered as a trademark, irrespective of public association with a particular source of origin.

Hence, unlike failure to meet the distinctiveness threshold, signs that are considered valuable due to their aesthetic appeal, and therefore, fall foul of this particular exception for registrability, may not be saved by association between the mark and a specific source of origin gained through use. It should be noted that it is only in a minority of cases that marks are likely to fall foul of this exception.¹⁵ As above, obtaining legal advice from a trademark expert may prove invaluable in such circumstances.

E. Patents

At the outset of the present discussion on patents it should be noted that the term patents refers to utility patents, or patents in their widely accepted meaning, rather than to design patents discussed under industrial designs. As outlined in chapter 1, patent protection is of limited value to the fashion industry. Given it is aimed at technological innovation rather than aesthetic creations, most elements of a fashion article are unlikely to be eligible for patent protection.

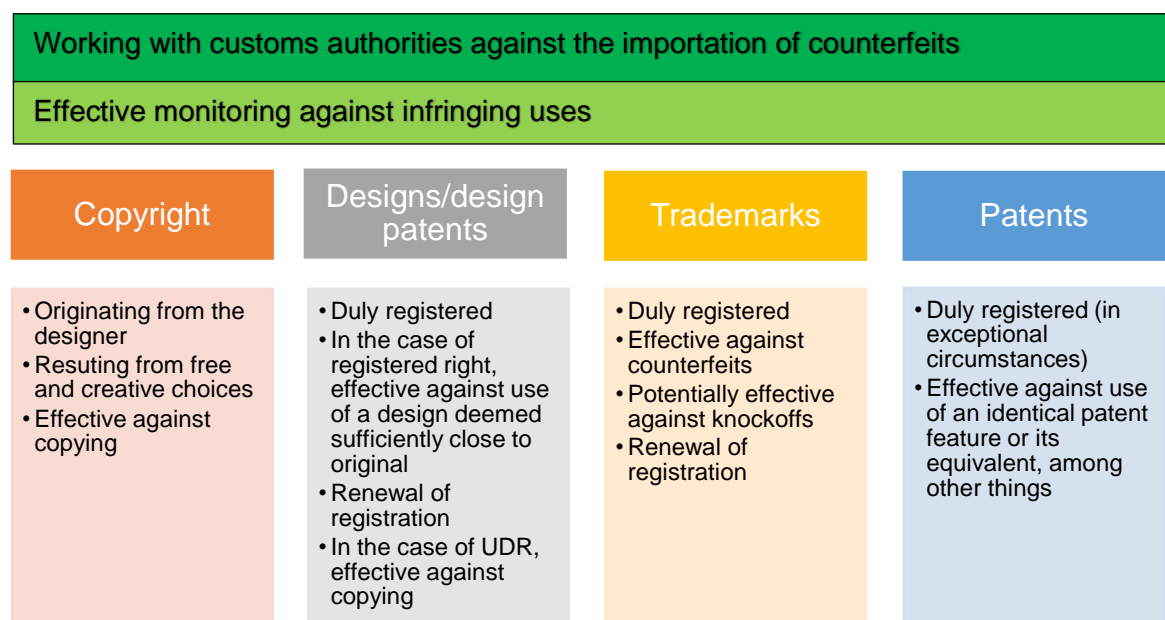
In the event of the fashion business, design studio or fashion designer engaging in technological innovation they believe to constitute an invention within the meaning of patent law (novel or inventive fastener for jackets, for instance), they should seek the advice of an expert regarding the likely success of a patent application. Until such advice is obtained, it is vital any innovation is kept a trade secret and not disclosed to those not bound by an effective confidentiality obligation. Any disclosure may prove to be novelty destroying and may result in a failed application for an otherwise patentable invention.

¹⁵ In the United States of America, such signs may be broadly excluded from registration under the doctrine of aesthetic functionality. In the European Union, the relevant regulation explicitly states that the shapes or other characteristics that give substantial value are barred from registration as trademarks.

III. Commercialization and postlaunch enforcement

Once launched and released on the market, the fashion article may become a target for copying, imitation and, possibly, counterfeiting. Trade secrecy may no longer be an effective vehicle for protecting the product's design characteristics against copying or appropriation. Assuming the business registers the IP rights that require registration in time (prior to launch), or seeks to rely on unregistered rights, this chapter analyses the circumstances in which such protection may be available, as well as its potential scope.

Figure 2 Post-launch enforcement



Source: Prof. Noam Shemtov

A. Copyright

We have seen that copyright emerges on creation but that in some jurisdictions, registration is available and carries practical benefits. It is also worth noting that protection in principle may be afforded in most countries once the copyrighted work has been created, irrespective of whether it has been disclosed. Since it is not necessary to register copyright to benefit from copyright protection, and since protection is available from and dependent on creation, it is of the utmost importance to be able to establish, unequivocally and with clarity, the date when the copyright work was created, as well as the person/s who created it. Hence, in order to establish that one work is a copy of another, and that the person making such claims is the rightful owner of the copyright, it is highly advisable to document – a paper trail – the design

process. Nowadays, this will often exist, at least in part, in digital format, with the dates associated with the stages of the creation process available as properties of the digital files. In any event, it is important that any business ensures such a paper trail is available in relation to any original design, digital or otherwise. It may prove effective not only in supporting an infringement claim against a third party, but also in an infringement claim brought against the business by a third party. In the latter, a clear paper trail may enable the business to fend off an infringement claim by demonstrating that, irrespective of any similarities between two designs, the contested design resulted from an independent creation process rather than from copying.¹⁶

Considering the scope of protection available under copyright law, it may be useful to analyse the aforementioned product categories independently, as each may be treated differently under the law.

1. The shape of a dress

Until recently, copyright protection for subject matter such as a dress shape has been, at best, questionable in many jurisdictions. While the key threshold is originality, in the sense of originating from the author/creator as a result of free and creative choices (as in the European Union copyright regime) or as a result of exercising a modicum of creativity (as with US copyright law), copyright protection for subject matter such as the getup of apparel articles or furniture was considered problematic due to the nature of such items. Since they did not fit into categories such as art or literature, it was thought copyright protection might not be extended to them, unless they were held in such high regard they may perhaps be considered as art after all (for example, an iconic dress design resulting in such a dress featuring in a design museum).

This state of affairs has changed in recent years. Jurisdictions are more likely to evaluate copyright protection for subject matter such as apparel items in the same manner they evaluate more traditional subject matter like art. In the European Union, this change was brought about, among others, by a landmark decision of the CJEU.¹⁷ The court clarified that there can be no requirement of aesthetic value for copyright to subsist in a design of apparel items. Rather, the usual copyright criteria may be applied. Importantly, the design should be original in the sense of reflecting the personality of the creator, an expression of their free and

¹⁶ For example, digital mood boards and copies of other elements of the design process may assist in establishing independent creation rather than copying.

¹⁷ Court of Justice of the European Union, Judgment of the Court (Third Chamber). *Cofemel v G-Star Raw*. C-683/17, 2019.

creative choices. It may not be original when dictated by technical considerations, rules or other constraints, leaving no room for creative freedom. Applied to the shape of a dress, where such a shape indeed originates from the designer (rather than being copied by them) and results from the exercise of free and creative choices (and not dictated by functional considerations), copyright protection may be available. It follows that a third party reproducing the shape or key features may be liable for copyright infringement.

There has also been a significant development in this context in the United States of America. The US Supreme Court clarified that under certain circumstances elements of apparel items may be eligible for copyright protection.¹⁸ Essentially it held that the test to determine if a feature incorporated into the design of a useful article (such as a dress) is eligible for copyright protection is whether the feature can: (1) be perceived as a 2D or 3D work of art separate from the useful article; and (2) qualify as a protectable pictorial, graphic or sculptural work either on its own or in some other medium if imagined separately from the useful article. The threshold for protecting features like dress shape (or any other apparel item) would appear to be higher than in the European Union. Nevertheless, in both jurisdictions, the shape of a dress or another item of apparel may be eligible for copyright protection where it is original and creative, and not dictated by functional considerations (or in theory, is capable of being separated from its functional objective). This suggests that in two of the largest economic jurisdictions, dresses that demonstrate creative flare and depart from a dress's standard utilitarian objective may benefit from copyright protection. Where that is the case, the fashion designer or business may enforce its copyright against third parties that substantially reproduce elements of the said shape.

2. Textile patterns/design

As opposed to the shape of a fashion article, copyright law has been more relaxed about the protection of features such as 2D surface decoration, textile designs or prints. These are usually considered in a similar manner to 2D works of art, and when displaying originality in a copyright law sense, attract copyright protection. While this has been the case in most jurisdictions in the European Union, the position in the United States of America was clarified in the aforementioned Supreme Court decision. The subject of contention in this case, among others, was the protectability of cheerleading uniform designs as 2D artworks or fabric designs. As elaborated, the court decided that such 'fabric designs' may be eligible for copyright protection if they: (1) can be perceived as a 2D or 3D work of art separate from the

¹⁸ United States, Supreme Court. *Star Athletica, L.L.C. v Varsity Brands Inc., et al.* 580 U.S., 2017.

useful article; and (2) would qualify as a protectable pictorial, graphic or sculptural work, either on their own or in some other medium, if imagined separately from the useful article. Hence, a textile design, whether applied to fashion articles, upholstery, towels or any other suitable functional product, may be eligible for copyright protection where the pattern is separable from the utilitarian function and may, therefore, be viewed as a separate work of art. It is suggested this may be the case in the majority of instances where a textile pattern is created for the fashion industry. Of course, the standard requirement for originality must also be satisfied. As mentioned, the position in the European Union is rather more straightforward and as long as the textile pattern is original in the sense of reflecting the personality of the designer, being an expression of their free and creative choices, copyright protection will in principle be available.

It follows that where a party significantly reproduces textile designs or fabric patterns, the designer of the original may rely on copyright law in order to enjoin the party, and, in appropriate cases, sue for damages.

3. The getup of a handbag

In the case of a handbag – where essentially the 3D trade dress is at issue – the legal position is akin to that of a dress shape. Hence, in the European Union, as long as the design originates from the designer (rather than copied by them from another source) and reflects the designer's personality by being an expression of their free and creative choices, copyright protection will be available in principle. In the United States of America, the handbag design must satisfy the twofold separability test, as articulated by the Supreme Court.¹⁹ As discussed in relation to the 3D shape of a dress, this could be the case in relation to design elements that are aesthetic rather than functional in nature. It follows that a third party choosing to imitate the getup of a handbag, and reproducing such design elements in the process, may be liable for copyright infringement.

B. Trademarks

1. Counterfeits

With regard to trademarks, as said, it is useful to distinguish between two scenarios that may amount to trademark infringement. The first, and most straightforward, is where a third party replicates or copies the actual brand or logo of a fashion article on non-genuine goods, without authorization from the owner of the registered trademark. The practice is often referred to as counterfeiting, and is done to generate confusion among the consuming public and pass off

¹⁹ United States, Supreme Court. *Star Athletica, L.L.C. v Varsity Brands Inc., et al.* 580 U.S., 2017.

the article as genuine. From a legal perspective, such instances are not usually challenging. Hence, it is likely that using an identical or confusingly similar trademark consisting of a brand name or logo will result in trademark infringement. This is the case whether the said trademark is found on a clothing label or emblazoned on the article itself (the Lacoste crocodile, for instance). In such circumstances, the challenge is more likely to be practical rather than legal, including identifying the counterfeits before they enter the country and seizing them at the point of entry, and working effectively with customs authorities. For example, in many jurisdictions, registered trademark or design can be recorded with customs authorities, and the border force authorized to seize goods suspected of infringement. Notifications of such seizures may be provided, along with various options. With counterfeits offered for sale in an online environment, a trademark proprietor in the fashion industry may wish to subscribe to a domain name or trademark watching service such as Markify. The service may notify the trademark proprietor when an identical or confusingly similar trademark or domain name is published, enabling the business to seek timely legal advice. Similarly, a trademark proprietor wishing to protect its brand against counterfeiting may consider subscribing to an Internet monitoring service such as Corsearch which may prove beneficial for brand protection by monitoring digital channels and platforms for counterfeit offerings and unauthorized goods. It goes without saying that it is essential to have a robust trademark registration in the relevant territory in order to make use of the measures discussed above. In addition, the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center provides mechanisms to resolve Internet domain name disputes, including under the Uniform Domain Name Dispute Resolution Policy (UDRP) concerning second-level domain name disputes for generic top-level domains.²⁰

2. Knockoffs

The second type of scenario that may amount to trademark infringement is that of knockoffs. With knockoffs, or imitations, the third party usually does not intend to pass off the imitation as the original but to appropriate its key features and incorporate those in an article they produce. In most cases, there is no consumer confusion as to the origin of the imitation or any economic association with the original. Nevertheless, if possible, most designers would be interested in preventing third parties from imitating the getup of their fashion article, or features of it, as this may reduce the original's appeal by impairing the uniqueness of the design. Combating such practices under trademark law is less straightforward than with counterfeiting. First of all, it is necessary to have effective trademark registration of the imitated getup

²⁰ More information on conditions is available on the World Intellectual Property Organization website. <<https://www.wipo.int/amc/en/domains/>>.

features. As we have seen, this is often tricky to obtain and, even where possible, will require the showing of acquired distinctiveness or secondary meaning. Further, where registration is obtained, trademark infringement needs to be established. Since the production and marketing of the imitation does not intend to pass it off as the original, it may not be possible to demonstrate consumer confusion. Here, a trademark proprietor may seek to rely on infringement by blurring²¹ or tarnishment.²² These are complex trademark concepts and it is essential expert advice be sought locally. In some jurisdictions, such as the European Union, infringement may also be established where no blurring or tarnishment takes place. Thus, it may be possible to successfully argue in the case of imitation of a reputed trademark that the contested use took unfair advantage of the distinctive character or reputation of the registered trademark, irrespective of whether it suffered harm as a result. It is, therefore, the unfairness of the advantage gained by the defendant, rather than the damage suffered by the claimant, which is at the core of such infringement claims. Admittedly, most jurisdictions may not provide for trademark infringement under these circumstances. However, the taking of unfair advantage may be actionable under unfair competition laws, even where no consumer confusion is present, and no blurring or tarnishment can be established. It is worth mentioning that unfair competition laws vary extensively from one jurisdiction to another. Consequently, the fashion designer whose design or elements have been used by a third party in a way that no trademark infringement could be established would be advised to consult a local IP expert as to potential liability under unfair competition laws in the particular territory.

C. Industrial designs

It is often desirable where possible or feasible to register a fashion article getup or aspects of it as an industrial design or design patent. Where a business places a large number of designs on the market on a regular basis,²³ filing for registration of industrial designs or design patents is not likely to be viable, financially or administratively. The fashion designer or business may wish to rely on unregistered designs where such a legal regime is available.

Should the designer or business identify a competing design that is too close to its registered design, it is advisable to seek local advice immediately. The criteria for infringement of design rights vary considerably and targeted advice as to the legal position in a territory is crucial. For example, to establish infringement of a registered European Union design, the claimant must show that the design does not produce a different overall impression on the informed user

²¹ The argument for blurring is essentially that the distinctive character of the mark will wither with time if a third party uses an identical/similar mark even where there is no consumer confusion.

²² The argument for tarnishment is that the reputation associated with the mark will be debased if the third party uses an identical/similar mark in relation to the goods it offers.

²³ For example, at each seasonal phase of a fashion cycle.

than the original design. For example, let us assume the claimant, a small textile design studio, suspects that a large fashion house has appropriated textile surface decoration elements that it had previously registered as a design in the European Union. The test would be whether the overall impression that the allegedly infringing textile design produces on the informed user is different from that produced by the registered design. If the answer is yes, then no infringement is established. If the answer is no, namely, the overall impression is not different but similar, it effectively means the two designs are deemed too close and the registered design is infringed. Notably, in the case of a registered design, it is not necessary for the claimant to show that appropriation or copying took place. The only question is whether the two designs are too close to one another, irrespective of how the defendant came up with the allegedly infringing designs. In other words, independent creation by the defendant is not a good defence to an infringement allegation. This is one feature that distinguishes the registered design scope of protection in the European Union from unregistered designs. Hence, while the legal test for infringement of European Union unregistered designs is the same as for registered designs,²⁴ liability for the former may only be established where the allegedly infringing design results from copying by the defendant; in this case, independent creation is a good defence.

As mentioned, the legal standard for establishing infringement regarding registered and unregistered designs differs from one jurisdiction to another. While we have seen that in the European Union (and the United Kingdom) legal regimes exist for protecting both registered and unregistered designs, the United States of America has only a (registered) design patent regime. Such design patents may protect 3D aspects as well as 2D artwork. To establish infringement under US law, the plaintiff would be required to satisfy the ordinary observer test: does the allegedly infringing design appear substantially similar to the patented design in the eyes of the ordinary observer? Infringement would be established where the answer is affirmative.

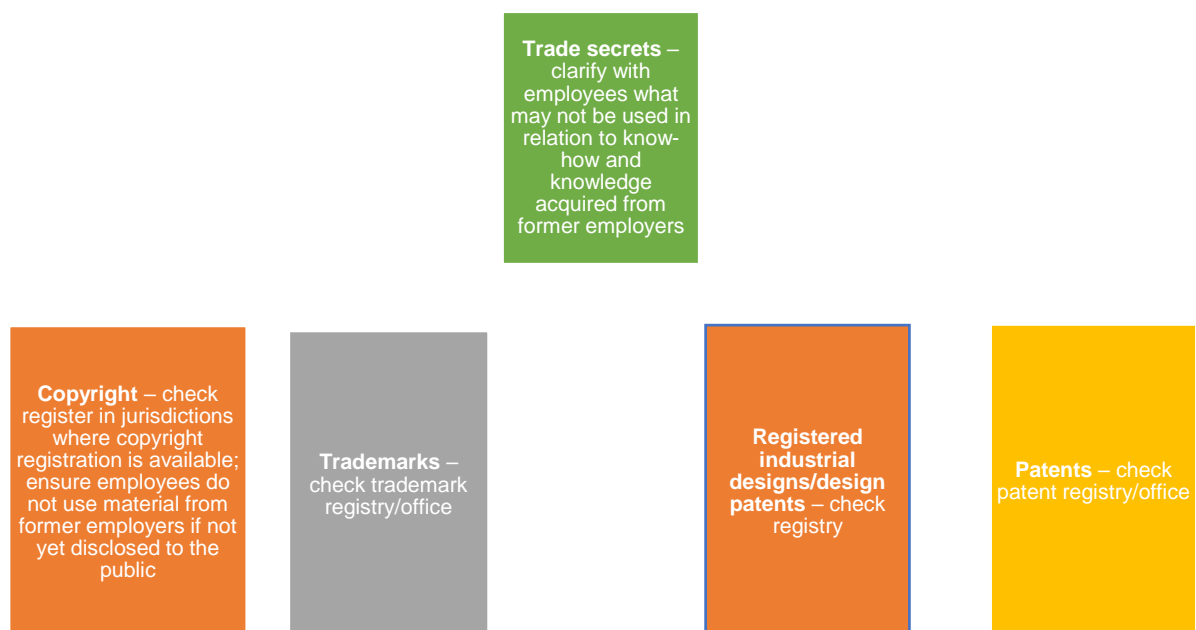
This discussion illustrates the wide variation in legal positions across jurisdictions worldwide vis-à-vis the protection of designs. It is, therefore, vital to seek legal advice in the relevant jurisdiction. In many cases, contact with a local expert may already be established if their services were obtained when design registration was sought.

²⁴ The claimant must show that the design does not produce a different overall impression on the informed user.

IV. Mitigating potential infringement risks: Checking for third-party rights

Thus far, the focus has been on the steps the fashion designer or business should take to safeguard their creative designs against third parties who encroach on such designs to the detriment of the designer/business. But it is also necessary for designers to ensure that when they come up with a design for a fashion article, and prior to its launch on the market, it does not conflict with an earlier design and associated IP rights. The checks that may be carried out and the actions required are considered in relation to the aforementioned types of fashion article: the getup of a dress, a textile design and the getup of a handbag.

Figure 3 Clearing pre-existing rights



Source: Prof. Noam Shemtov

A. Trade secrets

Trade secrets protection may be applicable in relation to information that is kept secret and not made available to the public or parts thereof. Hence, the designer is not likely to violate any trade secret relating to the design of a fashion article where it is publicly available. The main risk of infringement may arise from information pertaining to a competitor's project that was not available to the public at the relevant times; for example, where a member of a

competitor's design team leaves their employment in the midst of such a project, and begins to work for said designer. In this case, it is essential the employee does not implement design concepts to which they were privy at their previous place of employment. Of course, once such concepts become available to the public, for example, when the fashion article in question is put on the market, they may no longer be considered as trade secrets. Incorporating such concepts into one's own design, however, may result in liability for infringement of other IP rights.

B. Copyright

When clearing the way for a new dress design, textile pattern or the getup of a handbag, copyright in most cases is a straightforward matter. Liability for copyright infringement may be triggered, primarily, by copying; namely, regardless of how similar two designs are, if the designer of the allegedly infringing design succeeds in establishing it is the result of independent creation, there can be no liability for copyright infringement.

It follows that the fashion designer would be well advised to take the necessary precautions to ensure no copying takes places during the design process. It is important to make certain that any employee who may previously have worked for a competitor does not carry over design elements from a previous project, or that any mood-board elements still under copyright law are not copied into the design. Of course, such elements are placed on a mood board to provide inspiration, but there is always a risk that this may amount to reproduction within the meaning of copyright law. As always, where there is doubt, it is advisable to consult a copyright expert.

In the event of an allegation from a third party that copying from an earlier design took place, it is important the fashion designer is able to show the contested design resulted from independent creation. Hence, keeping a paper trail of the complete design process, including dates and persons involved, may prove highly beneficial in defending against any allegations of infringement. This may enable the fashion designer to demonstrate that, notwithstanding similarity between two designs, the contested design was independently created, and thus, did not result from copying. Where this is the case, there can be no copyright infringement.

C. Trademark

Since trademark protection arises on registration, the fashion designer would be advised to exercise due diligence in relation to pre-existing trademarks in territories in which they intend to operate, before the article is launched onto the market. This may be carried out in relation to names and logos, marketing slogans and the getup of the fashion article or its elements. It

is important to remember that unlike copyright, liability for trademark infringement does not depend on copying. In other words, the designer may find themselves infringing an earlier trademark they were not aware of and had never previously seen. It is, therefore, wise to search for potentially conflicting trademarks in the territory's trademark office before the fashion article (for example, a dress, textile design or handbag) is launched.

D. Designs

Similar to trademarks (and unlike copyright), protection of registered designs or design patents arises on registration. As with trademark law, infringement of a registered right does not depend on copying. It follows that the fashion designer may find themselves infringing a registered design or design patent that covers a design they were not aware of, not to mention had copied from. It is, therefore, advisable to carry out the necessary due diligence, and check for any pre-existing registered designs. As we have seen, registered designs or design patents may potentially protect aesthetic or ornamental elements of a fashion article and the search for any pre-existing conflicting designs would be in relation to such elements. An IP legal expert in the relevant territory may conduct the search before the article is launched onto the market.

In the case of unregistered designs, protection is more akin to that provided under copyright law, in that infringement may be triggered as a result of copying. Hence, the precautions discussed above in relation to potential infringement under copyright law, as well as the advice to maintain a well-documented paper trail, are also applicable in the case of unregistered designs.

E. Patents

As a registered right, patent protection is similar to the trademark and registered designs in that it depends on registration and infringement does not require evidence of copying; namely, independent creation is not a good defence to an allegation of patent infringement.

As we have seen, in most cases, patent law does not play a major role in the fashion sector as it aims to protect technological advancement rather than aesthetic or ornamental creations. It is mainly in regard to the use of items such as advanced technical garments or certain fasteners that the fashion designer may need concern themselves with potential patent infringement. Where this is the case, it may be advisable to seek the advice of a patent expert on the need to conduct a search of territories in which the designer plans to launch the fashion article.

V. Summation

The fashion industry's long struggle to be recognized as a creative sector, and to have at its disposal the means to protect its endeavours in a manner similar to other creative sectors, has been bearing fruit.

Trade secrecy is often overlooked. Having a robust trade secrecy policy may prove highly beneficial in numerous scenarios where aspects of a fashion article's design, and sensitive information such as marketing strategy, or customer lists, have been appropriated by a third party, or a disgruntled employee or ex-employee. Such a policy does not need to be complicated or costly, but its timely adoption may help the business protect its design efforts, primarily in the early stages before the article is launched. When it comes to sensitive information, trade secrets protection may prove effective throughout the entire life cycle of a fashion article, before and after launch.

In the past few years, large-market territories have made progress in extending copyright protection, traditionally reserved for art and literature, to various aspects of fashion articles. While in the past, utilizing copyright protection for such articles would have been uncertain and less frequent, nowadays it serves as a key component in the fashion designer's toolkit.

Similarly, industrial design legal regimes, which seek to protect aesthetic works, have been gaining popularity. In certain jurisdictions, such as the European Union and the United Kingdom, the availability of protection for unregistered designs has gone further, enabling fashion designers to benefit from a regime without the up-front cost of registration for a period of three years. This should prove adequate in the case of the majority of seasonal fashion articles.

We have seen, too, that while trademark law continues to serve its traditional role of protecting business insignia (words and devices, for instance) that denote commercial origin, it may also extend to the getup of fashion articles, protecting aspects of external appearance. This may serve designers well in their efforts to protect against appropriation by third parties.

Finally, while patent protection is not likely to be central to IP strategy within the fashion industry, it is nevertheless important for businesses to be mindful of such protection. Should

they make a technological advancement of the type that warrants patent protection, a timely application for registration of the invention as a patent may have considerable upsides on several levels.

In conclusion, fashion businesses today have a multi-layered assortment of IP rights at their disposal, each of which may be appropriate for protecting different aspects of fashion articles in their various life cycle stages. Understanding the utility of each of these rights and their suitability in relation to each of the aforementioned stages will likely be of considerable benefit to creative businesses operating within the sector.

VI. About the author

Professor Noam Shemtov holds a Chair in Intellectual Property and Technology Law at the Centre for Commercial Law Studies, Queen Mary University of London. He lectures in areas of IP, creative industries and technology, and his research interests are also focused on these fields. Prof. Shemtov has led research projects and studies funded by the United Kingdom Arts and Humanities Research Council, industry and national, supranational and commercial organizations, including Microsoft, the European Patent Office, the European Space Agency, the Foreign and Commonwealth Office, and WIPO.

He also holds visiting appointments with Spanish, French and Dutch universities, where he lectures regularly. He is a qualified solicitor in both the United Kingdom and Israel.

Annex: Checklist overview

This overview provides businesses in the fashion sector with a brief checklist of key IP-related matters that should be contemplated through the conception, design and development, and launch and commercialization phases. The list should serve as a pointer to relevant issues that may be considered, with elaborate explanations and analysis provided in the body of the tool.

Conception, design and development

- Ensure a trade secrecy policy is adopted and implemented, including in nondisclosure clauses in employment contracts, as well as relevant agreements with third parties (for example, feasibility of subcontract manufacturing).
- Implement a clear policy for complete documentation (aka paper trail) of the design process, including its different phases, personnel involved, dates and other things.
- Where possible, register copyright.
- File trademark applications.
- File design rights applications (or design patents, where relevant). Bear in mind the novelty threshold and ensure the business does not engage in novelty-destroying prior disclosure.
- Where European Union or United Kingdom unregistered design rights may be relevant (for example, their markets may be key commercialization territories), consider the requirement of first public disclosure in these territories as a precondition for protection.
- Consider patent protection where relevant (that is, in a small minority of cases).
- Prior to registration of any of abovementioned IP rights, and launch onto the market, ensure the article does not conflict with pre-existing third-party rights and consider clearing any potential conflicts.

Launch and commercialization

- After launch, monitor third-party use of the design or key elements of it.
- Conduct monitoring and detection on an ad hoc basis or more systematically by subscribing to a domain name/trademark watching service (for example, Markify), so as to be notified when something identical or confusingly similar is published.
- Trademark proprietors may consider subscribing to an Internet monitoring service (for example, Corsearch that checks digital channels and platforms for counterfeits and unauthorized goods).

- Apply to customs and border authorities for protection against infringement of IP rights on imports into and exports out of relevant territories (such option is available to IP proprietors of trademarks, designs, patents and, on occasions, copyright)