



Fashion Wars: PROTECTING TRENDS FROM UBIQUITY IN US COURTS

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Throughout history, fashion trends have reflected social attitudes toward class status, wealth, power, and sexual identity. From 15th century chopines¹ worn by Venetian women to the red heels worn by members of King Louis XIV's court,² fashion trends have unequivocally captured our imagination, wallets, and social ambitions. What makes a trend a proprietary design, however, is as much dependent upon our current intellectual property framework as a brand's legal budget.

In the past decade, fashion brands have resorted to increasingly aggressive litigation tactics in seeking to blur the lines between non-protectable fashion trends and protectable, though nontraditional, trademarks. Some brands have retaliated with proactive litigation tactics in attempting to invalidate a competitor's nontraditional trademarks with a declaratory judgment action. These affirmative measures usually assert an argument that no fashion brand should have a monopoly over a ubiquitous fashion design. They also illustrate the difficulties encountered by brands policing and enforcing traditional and nontraditional trademarks.

The 'Ark' Bag Dispute: Unique Design or Slavish Copy

In early 2018, fashion brand Steve Madden Ltd. filed a declaratory judgment action against the owner of Cult Gaia, Jasmin Larian LLC, after the designer accused Madden of infringing the design of its "Ark" bag, a structured handbag made of interlocking rigid strips of bamboo or acrylic arranged in a half-moon shape. In its complaint, Madden denied any infringement on the grounds that Cult Gaia's design is not original and identified 10 other Japanese bag designs being sold in the United States by third parties "since at least the 1960s through today."

Madden also accused Larian of "slavishly" copying the Cult Gaia design from the traditional Japanese bamboo picnic bag and "attemp[ing] to appropriate the traditional Japanese design for itself," pointing out that Larian filed an application with the U.S. Patent and Trademark Office (USPTO) in July 2017 to obtain a federal registration for the 3D bag design.

Approximately one year after Madden's suit, the USPTO rejected Larian's application because the Ark's design is "an iteration or appropriation of a style of bag from the Japanese culture." While Larian has not yet appealed or requested reconsideration of the USPTO's decision, it did strike back in the Madden declaratory lawsuit, asserting counterclaims for trade dress infringement. Larian also seeks a permanent injunction against further sales of Madden's "BShipper" bag design and over \$15 million in damages.

The designers' dispute raises several legal issues, including whether a brand owner may claim exclusive rights in an unoriginal design if consumers nonetheless associate the design with his or her brand.³ U.S. trademark law provides that one can obtain a property interest in words, symbols, or other marks that consumers associate with a particular source of goods, services, or even multiple goods or services. That said, being the first to use a mark in connection with one or more goods or services does not, of itself, create trademark rights. Rather, a trademark serves to identify particular goods or services with a single source; if a mark is not identified with any one source, it cannot exist as a trademark.

The same goes for *trade dress*, a concept that refers to a product's visual characteristics and may include its packaging, shape, color or color pattern, or any combination of those elements. Madden's argument in favor of a declaration of noninfringement seems to be that the Ark bag design at issue is already in the public domain

and, therefore, cannot be identified with a single source. Indeed, despite the popularity of the Ark bag, the Japanese basket design's association with a number of different sources in the United States suggests that it cannot serve as a trademark or, more specifically, as Cult Gaia's trade dress.

The legal obstacles faced by Larian over the Ark bag illustrate the difficulty brand owners can sometimes face when trying to acquire trademark rights in a product design, particularly when that design is trendy or ubiquitous.

A History of Trade Dress Rights in the Fashion Industry

*Wal-Mart Stores Inc. v. Samara Brothers*⁴ was the first case in which the Supreme Court recognized that unregistered trade dress right could extend to clothing designs.

Plaintiff Samara was a designer of children's clothes who sued defendant Wal-Mart for selling knockoffs of the plaintiff's fashion designs. In an opinion written by Justice Antonin Scalia, the Court drew a distinction between two types of trade dress: (1) product packaging trade dress, or how the product is "dressed"; and (2) product design trade dress, or how the product is designed (i.e., how it looks). The Court found that product packaging trade dress can be inherently distinctive and thus protectable as a trademark without a showing of secondary meaning. The Court, however, found that "design, like color, is not inherently distinctive."⁵ Product design trade dress thus requires a showing of secondary meaning to be eligible for protection. When in doubt as to whether a trade dress is product packaging or product design, the Court advised to err on the side of caution "and classify ambiguous trade dress as product design, thereby requiring secondary meaning."⁶

Several policy considerations supported the Court's reasoning; in particular, that granting trademark protection to a product's design may be anticompetitive. As one appellate court put it: "while most trademarks create a monopoly in a word, a phrase, or a symbol, 'granting trade dress protection to an ordinary product design would create a monopoly in the goods themselves.'"⁷ Thus, the *Wal-Mart* Supreme Court held that a plaintiff asserting trade dress rights in the design of a product must show (1) that the mark is distinctive as to the source of the good and (2) that there is a likelihood of confusion between its goods and the defendant's.

The first factor above has led many trademark owners to invest substantial time and resources to developing goodwill in their product designs. Moreover, as with trademarks, evidence that a product design has been used exclusively and continuously for five years is presumptive evidence of secondary meaning. This incentivizes brand owners who wish to trademark their designs to vigilantly police their designs against imitators. Those who have been successful in distinguishing their designs as trademarks have achieved that success just as surely by fending off counterfeiters as they have by marketing their uniquely identifiable trade dress to consumers.

While it was traditionally less common in the fashion industry to rely on a particular design or trade dress to establish goodwill in a brand (as opposed to a recognized trademark or logo), fashion owners are increasingly moving beyond traditional notions of branding, and many have become known for their product designs, or at least elements of those designs. Thus, one may immediately call to mind the red lacquered sole of a Christian Louboutin pump, the flattened bows on a pair of Ferragamo heels, or the particular checked pattern of a Burberry trench coat for examples of iconic fashion designs that

are themselves capable of functioning as trademarks.

In Europe, fashion designs independently qualify for protection. In the United States, however, brand owners wishing to protect their designs must rely on the narrower protections available to nonfunctional elements of their designs. This has not deterred brand owners from fully availing themselves of the legal protections currently existing to protect those signature elements and many have aggressively protected their designs through litigation or the threat of litigation.

But have these tactics resulted in greater legal protection for fashion designs? The answer to this question may be gleaned from looking at recent cases addressing the protectability of fashion designs.

Adidas' Ambitious Campaign to Protect Its 'Three Stripe' Design Mark

In 2008, a jury sitting in the U.S. District court for the District of Oregon returned one of the largest judgments ever in a trademark infringement dispute in favor of German-owned (and Oregon-based) sportswear brand Adidas AG, awarding the company \$30.6 million in actual damages, \$137 million in disgorged profits, and \$137 million in punitive damages. The verdict was against Collective Brands Inc., the Kansas-based company that then owned discount shoe retailer Payless.⁸

At trial, Adidas claimed that over 250 shoe designs sold by Payless infringed Adidas' trademark rights in its signature three-stripe and Superstar⁹ shoe designs and asserted claims for trademark infringement and dilution, trade dress infringement and dilution injury to business reputation, unfair competition, and deceptive trade practices. Notably, many of the Payless styles the jury found to be infringing did not bear Adidas' signature three-striped design and instead featured only two stripes or, in some cases, four stripes, demonstrating Adidas' broad conception of its trade dress rights.

The jury and court evidently agreed; On appeal, the court rejected Payless' contention that the jury's verdict worked to give Adidas "exclusive control" over shoes with two, three, or four parallel stripes and turn its trademark into a monopoly on those products, raising questions about how far trademark protection can extend to elements of a product's design.

Following the historic verdict in *Payless*, Adidas filed several other lawsuits alleging infringement of its three-stripe mark. The targets of those lawsuits have included direct competitors of the brand, such as Skechers, Juicy Couture, Athletic Propulsion Labs (APL), and ECCO; fast fashion retailers like Forever 21; and high-end designers like Marc Jacobs and Bally. As with the Payless case, Adidas' string of lawsuits decried not only the use of three stripes on shoes and clothing, but also took issue with the use of two and four stripes. The outcomes of those lawsuits speak volumes about how far brand owners have pushed the limits of their proprietary design—assuming they have the legal budget to do so.

In March 2016, Adidas claimed that two of APL's shoe designs incorporated "confusingly similar imitations of Adidas' Three-Stripe Mark" and sought damages for trademark infringement and trademark dilution. APL answered the complaint in May 2016, denying that its shoe designs were confusingly similar to Adidas' trademarked designs. APL also asserted counterclaims, accusing Adidas of misusing trademark law to engage in anticompetitive behavior. APL specifically took issue with Adidas' attempt to prevent the use of *any* number of stripes on footwear, alleging in its pleading:

Shoe manufacturers and clothing manufacturers have used four and other numbers of stripes (other than three stripes) on shoes and clothing for years without complaint by Adidas that such use violates Adidas' trademarks.... Consequently, if Adidas had rights respecting any number of stripes other than three stripes, such rights have been waived and Adidas is estopped to enforce such rights.

Most significantly, APL also sought to cancel nearly 20 of Adidas' trademark registrations covering the three-stripe mark based upon invalidity, alleging that they are not "indicative of source" and merely serve an ornamental purpose. While it seemed that the parties were poised for a lengthy and costly litigation, the case settled in January 2017.

The case raises interesting issues around the bounds of trade dress protection, particularly with regards to the issue of consumer confusion. The purportedly infringing APL design featured five rounded diagonal extension from the base of the shoe, rather than stripes in the traditional sense. In comparing both designs, one might question the merits of Adidas' infringement claim, as none of the designs appear to be similar. While no court ultimately ruled on the merits of Adidas' claim, it appears Adidas was ultimately successful in deterring the sale of the problematic APL designs.¹⁰

In fact, similar issues characterized Adidas' suit against Danish sneaker designer ECCO USA Inc. in April 2016, where Adidas claimed that ECCO "intentionally adopted and used counterfeit and/or confusingly similar imitations of the Three-Stripe Mark knowing that they would mislead and deceive consumers into believing that [ECCO's sneakers] were produced, authorized, or licensed by Adidas, or that they originated from Adidas."¹¹

Again, many, if not most, of the eight allegedly infringing ECCO designs featured elements distinguishing ECCO's footwear from Adidas' well-known striped design. ECCO fought back, asserting several defenses and counterclaims, including that Adidas' stripe design was functional and its litigation strategy anticompetitive. ECCO also sought modification of five of Adidas' registrations to narrow the scope of protection available to the German footwear brand. The case ultimately settled in January 2018.

Interestingly, while Adidas' claims were dismissed with prejudice, ECCO only agreed to dismiss its counterclaims and defenses without prejudice. In other words, the same defenses and counterclaims will remain available to ECCO if Adidas sues again over its three-stripe trademark.

Adidas is just one example of how fashion brands have gone to great lengths to delineate and even expand the bounds of their trademarks through aggressive litigation. The benefit of an aggressive litigation strategy is that, if successful, a brand owner gets to control the parameters of acceptable trademark use. If unsuccessful, however, the results can be devastating to a brand's trademark portfolio.

Louboutin, Gucci, and 'Aesthetic Functionality'

The defensive strategy employed by APL and ECCO USA in the lawsuits discussed above—i.e., challenging the registerability of a functional or potentially overbroad trademark—is commonly used in trade dress disputes. When design elements such as color placement or the use of contrasting colors are at issue, brand owners face the additional hurdle of overcoming an "aesthetic functionality" defense.

In the famous Louboutin "red sole" case, *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding Inc.*,¹² the issue was not packaging or design, but rather whether color in a fashion design is protectable as a trademark. Louboutin had obtained a trademark from the USPTO on bright red lacquer placed on the outsoles of Louboutin's high heels. Yves Saint Laurent also used red lacquer, but unlike Louboutin, matched the remainder of the shoe to the color of the outsole. Yves Saint Laurent sought to cancel Louboutin's registration in the red sole on the grounds that it lacked distinctiveness and/or was merely ornamental or functional, thereby making it ineligible for protection. The district court agreed with Yves Saint Laurent, finding that single-color marks are inherently functional.

The Second Circuit, however, held that a single color, or the placement of a single color in a fashion design, can serve as a trademark if it acquires secondary meaning.¹³ It further found that Louboutin had established secondary meaning through extensive evidence showing over 20 years of advertising expenditures, media coverage, and sales success. The court, however, did not find that Yves Saint Laurent's monochromatic shoe infringed upon Louboutin's red-sole shoe since Louboutin's trademark was limited to a red outsole in sharp contrast to the color of the remainder of the shoe. While Louboutin did not prevail against YSL, it did walk away with a Second Circuit court ruling that its red sole is a valid trade dress.

In some cases, raising functionality concerns can be effective in forcing an early settlement, as in the case of Gucci's infringement claims against fast fashion retailer Forever 21.

After Gucci threatened to sue Forever 21 over the latter's alleged trade dress infringement of Gucci's blue-red-blue and green-red-green band or stripe designs, Forever 21 filed a pre-emptive lawsuit in 2017 in the Central District of California, seeking a declaration of noninfringement as well as cancellation of four of Gucci's trademark registrations. In the suit, Forever 21 argued that the subject three-stripe designs were not exclusive to Gucci and therefore had not acquired the necessary secondary meaning to function as trademarks, pointing to a host of other designers who were using similar three-stripe motifs on their own products, including Adidas. In a development that came as a setback for Gucci, the court denied Gucci's motion to dismiss, deeming Forever 21's claims viable. The parties ultimately settled their dispute in October 2018.

Forever 21's lawsuit against Gucci highlights issues surrounding the aesthetic functionality of certain product designs. Color usually raises issues of functionality in the fashion context, since fashion designers rely heavily on access to the full range of available colors in marketing their goods—meaning color often serves an aesthetically functional purpose. As acknowledged by the Second Circuit Court of Appeals in *Yurman Design Inc. v. PAJ Inc.*,¹⁴ "in cases involving an aesthetic feature, the [trade] dress is also functional if the right to use it exclusively 'would put competitors at a significant non-reputation-related disadvantage.... Thus, the nonfunctionality requirement [of the product design trade dress infringement test] protects competition over the cost of potential consumer confusion.'"

That said, whereas an exclusive claim to a single color may be difficult to enforce in the fashion context due to aesthetic functionality concerns, color combinations are less so. In Forever 21's suit against Gucci, the district court initially expressed skepticism that Forever 21 had sufficiently alleged facts to support its claims for cancellation based on lack of secondary meaning, aesthetic functionality, and genericism. Forever 21 had to submit an amended pleading

citing to more than 100 examples of stripe designs used by numerous well-known brands before the court ultimately deemed Forever 21's claims viable.

While we may never have a decision on the merits, the court's interlocutory ruling can perhaps serve as a warning of the limits of the three-stripes litigation strategy when challenged by claims of lack of secondary meaning or aesthetic functionality.

Levi's Back Pocket Design and Tab Monopoly

Another fashion brand that has been especially vigilant about protecting its trademark rights is Levi Strauss & Co. In 2007, *The New York Times* called Levi's "the most litigious in the apparel industry when it comes to trademark infringement lawsuits."¹⁵ Over the years, Levi's has aggressively policed its trade dress rights in the back-pocket design of its jeans, which its claims it developed in the 1930s to serve as a source identifying feature of its Levi's brand denim products.

Most recently, in April 2018, Levi's sued French designer Kenzo alleging trademark infringement over Kenzo's use of a back-pocket tab on its jeans. In 2017, Levi's sued retailer Vineyard Vines for using a back pocket tab, claiming that the retailer's back pocket tabs infringed Levi's trademark rights. Interestingly, neither Kenzo nor Vineyard Vines argued that differences in the color, placement, or wording on their tabs obviated the consumer confusion necessary to succeed in proving trade dress infringement, suggesting that the allegedly infringing act was the use of a back-pocket tab, as opposed to the placement, color or design of the tab. Although both cases settled, it appears that Levi's litigation strategy is to assert a monopoly over stitched back pockets and tabs.

Star Athletica and Fashion Designs as a Purported 3D Sculpture

Fashion brands have also looked to other areas of the law to protect their proprietary designs. In October 2018, American designer brand Halston sued Calvin Klein in the U.S. District Court for the Central District of California for allegedly copying three of the designers' dress designs, one of which is subject to a pending U.S. copyright application. Halston's complaint alleged that, of the three designs subject to the suit, one design in particular could "be perceived as a two- or three-dimensional work[] of art separate from the subject garment," alluding to the Supreme Court's decision in *Star Athletica LLC v. Varsity Brands Inc.*,¹⁶ where the Court found that copyright protection extends to 2D design on a cheerleading uniform.

Copyright law has traditionally not lent itself to protecting clothing designs, which generally fall into the category of useful articles and are therefore antagonistic to one of the central goals of the Copyright statute: to protect original works of expression. However, *Star Athletica* held that "an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article."

Halston argued that its black-and-white dress design qualified as a "protectable pictorial, graphic or sculptural work—either on its own or fixed in some other tangible medium of expression," and pointed out the uniqueness of its design due to the "use of an overlay to express movement, affixing fabric in a manner to affect the appearance, weight and asymmetrical flow of the design, including but not limited to

incorporation of a gusset and tack in the flounce, and increasing the downward visual consistency and depth of the two colors used."

Although Halston's design had not yet been registered by the Copyright Office, Halston sought statutory damages for the copyright infringement, amounting to \$150,000 per work infringed, an amount that could have represented millions of dollars in potential damages had Halston prevailed on its claims. Alas, Halston voluntarily dismissed the case with prejudice on Nov. 8, 2018, suggesting that the case was settled.

While *Star Athletica* was helpful in defining the applicable standard of analysis for useful articles, it was not a revolutionary decision. *Star Athletica* did not expand copyright protection for fashion designs, but it may have inspired a new generation of litigants, such as Halston, claiming that it did.

Conclusion

As the foregoing lawsuits illustrate, brand owners have increasingly demonstrated their willingness to engage in aggressive and creative litigation tactics to protect their product designs. While issues such as functionality, genericism, and anticompetition remain important considerations in any trade dress dispute, consumer confusion remains the hallmark of trademark infringement claims. Even if a brand owner can demonstrate that its trade dress is exclusive, nonfunctional, and has acquired secondary meaning in the minds of consumers, it is still important to consider the impact an allegedly infringing design has on the relevant consuming public. Without evidence of consumer confusion, product design trade dress claims, like trademark claims, will fail. Nonetheless, as the cases discussed above illustrate, deep litigation budgets are a powerful tool to maintain that design monopoly, no matter how protectable the design. ◉



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Endnotes

¹*Chopines* were an early version of the platform shoe that rose in popularity in 15th century Venice. They were originally used as a clog, or overshoe, to protect a wearer's shoes or dress from the muddy city streets. Some accounts indicate that they were initially worn by courtesans, with the height of the *chopine* intended to establish her highly visible public profile. Other accounts indicate that in later years, the *chopine* was worn by patrician Venetian women, with the height of the *chopine* commensurate with the level of nobility and grandeur of the wearer.

²In 17th century France, King Louis XIV regulated the wearing of red heels as an expression of political privilege. During his reign, only those granted access to his court were allowed to wear red colored heels. The color red was purportedly chosen by the king as emblematic of blood and his ability to crush his enemies. The king's heels were purportedly as high as five inches, and he issued an edict in 1673 that forbade anyone from owning heels higher than his.

³While the Ark bag is not the only example of a fashion brand's appropriation of a seemingly pedestrian item, it seems to be the first instance of a brand attempting to acquire exclusive trade dress rights in an appropriated item. Louis Vuitton's Spring/Summer 2007 collection, for example, featured a plaid bag reminiscent of the "Chinese laundry bag" featuring a "Tati" plaid print, the bag's boxy, unyielding shape was a nod to the much cheaper original found throughout China and even Ghana, Africa, where it became known as the Ghana Must Go bag. In another example, Balenciaga's 2016 Fall/Winter fashion runway show included a rainbow striped bag that strongly resembled the rainbow colored shopping totes traditionally used for shopping in Thailand, prompting the Department of Intellectual Property Thailand to comment on whether the design had been copied.

⁴*Wal-Mart Stores Inc. v. Samara Bros.*, 529 U.S. 205, 207 (2000).

⁵*Id.* at 212.

⁶*Id.* at 215. *Compare Two Pesos Inc. v. Taco Cabana Inc.*, 505 U.S. 763 (1992), where the Supreme Court first determined that trade dress that is inherently distinctive is protectable under the Lanham Act without a showing of acquired secondary meaning.

⁷*Landscape Forms Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380 (2d Cir. 1997). *Landscape Forms* noted that "the Lanham Act

must be construed in the light of a strong federal policy in favor of vigorously competitive markets" and that trade dress claims raise a "potent" risk that relief will impermissibly afford the plaintiff "a level of protection that would hamper efforts to market competitive goods." Thus, the court held that courts should be "particularly cautious about extending protection to product designs."

⁸*Adidas Am. Inc. v. Payless ShoeSource Inc.*, Case No. 01-01655 (D. Or. 2008).

⁹Adidas first introduced the Superstar trade dress in 1969. It consists of: (1) three parallel stripes on the side of the shoe parallel to equidistant small holes; (2) a rubber "shell toe"; (3) a particularly flat sole; and (4) a colored portion on the outer back heel that identifies the shoes as Adidas' brand. *See Adidas Am. Inc. v. Payless ShoeSource Inc.*, 546 F. Supp. 2d 1029, 1041 (D. Or. 2008).

¹⁰The authors were unable to find the five-stripe design at issue for sale on APL's website. While the five-stripe design was featured on APL sneakers of uniform colors through the monochromatic use of different textures (e.g., stripes of mesh materials), there were no APL shoes with stripes of contrasting colors.

¹¹*Adidas Am. Inc. v. ECCO USA Inc.*, Case No. 3:16-cv-684-SI (D. Or. Feb. 8, 2017).

¹²*Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding Inc.*, 696 F.3d 206 (2d Cir. 2012).

¹³*Id.* at 225.

¹⁴*Yurman Design Inc. v. PAJ Inc.*, 262 F.3d 101, 115 (2d Cir. 2001).

¹⁵Michael Barbaro & Julie Creswell, *Levi's Turns to Swing Its Rivals*, N.Y. TIMES (Jan. 29, 2007), <https://www.nytimes.com/2007/01/29/business/29jeans.html>.

¹⁶*Star Athletica LLC v. Varsity Brands Inc.*, 127 S. Ct. 1002 (2017).



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