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## Latest Fashion Design IP Bill Has Rough Road Ahead

By **Ryan Davis**

Law360, New York (September 21, 2012, 10:07 PM ET) -- Despite new provisions aimed at quelling fears it will create a flood of litigation, attorneys said the latest version of a bill to extend intellectual property protection to fashion designs, advanced by a Senate panel Thursday, still faces long odds of being enacted.

The Senate Judiciary Committee voted to approve the Innovative Design Protection Act, S.3523, which would provide a limited three-year protection for clothing, handbag and eyewear designs. The designs usually cannot be protected under existing intellectual property law.

Several previous iterations of the bill have fallen by the wayside. The latest version, introduced this month, includes new provisions requiring designers to give accused infringers written notice 21 days before filing suit and limits damages to those that accrue after a suit is filed.

By encouraging out-of-court resolutions, the changes seem to respond to criticism that creating new fashion IP rights would spur more lawsuits, said Louis Ederer of Arnold & Porter LLP. But since fashion designs are not a top priority for Congress, especially during an election year, the new provisions may not greatly improve the bill's prospects, he said.

"Clearly, it's been packaged up in a way to address the concerns that have been raised along the way, but whether it will help it get passed remains to be seen," he said.

The latest changes follow a continuing pattern of narrowing the expansive protections offered by the initial versions of the bill in an effort to get it passed, said David Jacoby of Schiff Hardin LLP. Although the current bill provides more limited protections, fashion designers are still likely to support it, he said.

"The industry would be happy to get something," he said. "They'd be happy to get more, but they'll take anything that gets them out of their orphan status where protection is concerned."

Tiffany Shimada of Brinks Hofer Gilson & Lione agreed that the idea of design protections where none existed before will probably still appeal to the industry.

"This is another tool in the arsenal that fashion houses can use to protect themselves," she said. "It may not be the best tool, but it's a starting point."

The bill, introduced by Sen. Chuck Schumer, D-N.Y., does not make fashion designs eligible for copyright, which would extend for decades. Instead, it provides three years of quasi-copyright protection under a law that currently applies only to the design of boat hulls.

But earlier versions of the bill, including one that passed the Judiciary Committee in 2010 but advanced no further, did include some additional restrictions, like requirements that a design be "original, creative and unique" to gain protection and that knockoffs be "substantially identical" to be vulnerable to litigation.

The notice requirement added to the latest version requires that a designer send an accused infringer a detailed letter describing the supposedly infringing design and outlining when protection on it began and when the designer became aware of the infringement.

An infringement action can't be filed until 21 days after notice is given, and damages only become available when the suit is filed. So if the accused infringer shelves the product after reading the letter, the designer would win no damages.

Under the new version, retailers and importers selling knockoff fashions can be found liable under the law only if they knew of the copying. The bill also shields Internet service providers from liability for disseminating images of infringing designs.

Ederer said those provisions seem aimed to rein in litigation and encourage out-of-court resolutions in an effort to ease the bill's passage.

"The way I read the whole change is to discourage litigation over the statute and address the criticism that this is going to burden the courts," he said.

Shimada said she was surprised to see the new notice provision, since it puts more of an onus on fashion designers to dig a little before filing an infringement action.

"They have to do some discovery-type activity on the front end," she said. "Most people do that anyway, but now it's part of the statute to do it."

According to Jacoby, restricting damages until after a suit is filed could limit the bill's effectiveness at combating one of the most high-profile forms of copycat fashion. After major awards shows like the Oscars, morning TV shows often feature budget versions of dresses worn by the stars.

"Without that carveout, if you sued, you could recover damages from when infringement started, and you can probably sell a lot of copycat dresses in 21 days," he said.

Fashion industry lobbying groups like the Council of Fashion Designers of America and the American Apparel and Footwear Association strongly support the bill. But it has also drawn powerful opponents, like chain stores that sell knockoffs of high-end apparel, said Susan Weller of Mintz Levin Cohn Ferris Glovsky & Popeo PC.

"There are a lot of companies that rely completely on copying original designs by clothing designers," she said. "If this law was passed and the fashion industry decided to become very litigious, it could put a lot of people out of business, and in this economy, no one wants to put anyone out of business."

While the fashion industry doesn't want its designs filched by low-cost competitors, the concern that stretching IP protection to sartorial design would put fashion out of reach of ordinary consumers may limit the bill's appeal for lawmakers, Weller said.

"What's the market for high-end clothes? Probably more people buy the knockoffs than the originals," she said. "There will be a lot of lobbying on both sides, and my guess is that the bill won't pass. But you never know."

--Editing by Kat Laskowski and Jeremy Barker.

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