

LAW À LA MODE

Issue 11 – Fall 2013

**Who are you wearing?
Names as brands**

**The future of parallel imports
in Australia**

**Word from the industry's mouth:
an interview with Neal Fox,
Mark Cross President and CEO**

**Unpaid interns in the fashion
industry – a dying breed?**

**New labor rules for
US child models**

**Design patents for designers:
passing trend or powerful tool?**

**New fundamental changes
to UK copyright law**



Fashion, Retail and Design Group

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Editorial

The United States editorial team is delighted to bring you this Fall 2013 edition of *Law à la Mode*, the quarterly legal magazine produced by DLA Piper's Fashion, Retail and Design group for distribution to selected clients and contacts of the firm worldwide.

Autumn in New York City: the leaves are changing, the brisk chill in the air is a relief from the humid urban summer and the bars, and restaurants and retailers are gearing up for back-to-schoolers and the return of that large population of city dwellers who escaped the concrete jungle to the beach destinations that surround Manhattan. And, of course, fall fashion has returned to the Big Apple, bringing with it the commercial versions of the highly editorialized collections that hit the runways months before. This issue of *Law à la Mode* is a perfect accompaniment to the season, bringing timely articles that explore relevant issues in the fashion industry in the US and abroad.

The fashion industry, like many others, regularly uses unpaid interns. We explore the recent legal trend of interns filing wage suits against their fashion industry employers under the US Fair Labor Standards Act as well as state law right here in New York and in other states. Read more on page 08.

In a related vein, this past June, the New York State Senate and Assembly unanimously voted to pass a law that extends to child models the existing statutory and regulatory protections for child performers – a change that brings benefits to those child models and consequences to the fast-paced hiring process for fashion week runway models (page 09).

We also reach across the globe and bring you news from Australia and Asia. In Australia, our team investigates the effect of the volatile Australian dollar on parallel imports (page 06), while in Asia, we consider where the fashion industry will go next given the jurisdiction's rising "fast fashion" trend (page 18).

This issue also includes a review of the impending changes to copyright law in the UK, which could have a long-lasting impact on the fashion and retail industry (page 10) and

also considers how growing numbers of fashion companies are using design patents to protect their proprietary innovations (page 12).

We also take a look at the trademark protections available for a designer's personal name in the United States (page 12). And, speaking of names in fashion, we are thrilled to bring you an interview with Neal Fox, president and CEO of esteemed brand Mark Cross, who discusses with our team the past and future of the brand on page 14.

On page 15 we report on an exciting recent event in our London office, where we welcomed this season's NEWGEN MEN recipients, along with senior representatives of the British Fashion Council, for a private dinner.

We round out the season with a look at data privacy laws (page 17), issues with preservatives in cosmetics (page 05), new customs enforcement regulations affecting the European Union (page 16) and a thoughtful piece on how and why fashion companies should consider international arbitration as a mechanism for resolution of legal disputes. (page 13).

We very much hope you enjoy this edition of *Law à la Mode*.

If you have any comments, please get in touch with the Fashion Retail and Design group via our email address: fashion@dlapiper.com.

UNITED STATES EDITORIAL TEAM

Ann Ford
Gina Durham
Tamar Duvdevani
Kiran Gore
Melissa Reinckens
Airina Rodrigues
Radiance Harris



WHO ARE YOU wearing?

protecting the power of your name

By **Radiance Harris** and **James Stewart** (Washington, DC)

“Who are you wearing?” is a common question at red carpet events, runway shows, cocktail parties and other social gatherings. In the fashion arena, the look and feel of a certain product or collection, and its designer’s identity, often become inextricably intertwined, so that the combined elements personify the brand identity. The intertwining is further amplified when a designer incorporates his or her personal name, or at least a portion of it, as the brand name. This strong affinity can lead consumers to develop a high level of confidence in a particular designer’s cut, fit and style based on a perceived relationship, one analogous to that of a close friend, with the designer, and the designer’s identity *vis-à-vis* the product line. In light of these unquestionable benefits to using a designer’s personal name as the brand name, to what extent is trademark protection available for a designer’s personal name in the United States?

As in most jurisdictions, the goal of US trademark law is to prevent consumer confusion in the marketplace. In choosing a trademark for your fashion line, it is imperative that the trademark is distinguishable from those of third-party competitors who are in the same or related fields or offer similar goods or services in the marketplace. Certainly, this can be a challenge when using a personal name as a trademark (especially a common name like John Smith) as opposed to using an invented or suggestive word as a trademark.

Generally, in the US, personal name trademarks are not protectable without a showing of secondary meaning or acquired distinctiveness. Secondary meaning in a personal

name can be achieved by demonstrating: (1) the well-known status of the individual, such that the public would reasonably assume the connection between the product and that individual; or (2) that the individual is publicly connected with the business in which the mark is being used. Therefore, public recognition through long-standing, continuous and exclusive promotion and advertising of the personal name in connection with certain goods and services, such that the personal name becomes a source identifier, is essential for trademark protection.

To take full advantage of the benefits of using a personal name as a brand and to maximize its exclusivity, designers should consider the following tips to develop secondary meaning in their personal name brand:

- Use the personal name in a distinctive type face, color and/or style
- Use a distinctive symbol or additional wording (e.g. lifestyle, living, connection) in conjunction with the personal name
- Be consistent and uniform in using the personal name across all media
- Extensively promote and advertise the personal name in connection with the fashion products or collection

However, it is not always necessary to demonstrate secondary meaning to register all personal names in the US, especially if the name is distinctive on its face.



COSMETICS

PRESERVING THEIR REPUTATION

By **Vanda Craig** (London)

This summer saw the British press stir the public into a frenzy with news that many of their favorite cosmetics (including a number of high-profile brands), could be doing them more harm than good.

At the British Association of Dermatologists' Annual Conference in July, leading dermatologists presented research highlighting their fears of a new epidemic of contact allergy to two chemical preservatives commonly found in cosmetics. The ingredients in question (often used in combination) were methylisothiazolinone (MI) and methylchloroisothiazolinone (MCI).

It was not the first time that the preservatives had caused controversy. In 1992, their permitted concentration in cosmetics was reduced, but this has not prevented a sharp rise in contact allergy to MCI and MI (particularly when MI is used alone). This rise may be attributable, in part, to their surge in popular use as an alternative to parabens (which have suffered their own reputational dent in recent years).

While the furor in July focused on the UK, this is actually becoming a broader issue, with reports of high levels of MI allergy emerging from several European countries.

Those in the cosmetics industry have been left asking whether any safer alternatives are available. While there is no official opinion as yet in the UK, the French drug regulatory agency (National Agency for the Safety of Medicines and Health Products – ANSM), in an information notice published in May 2011, noted, "By definition, all preservatives are biologically active. Accordingly, any preservative can potentially lead to safety problems." Many brand owners are therefore looking to focus on alternative packaging solutions that reduce the likelihood of user contact with the cosmetic product itself, thereby lowering the contamination risk and helping to reduce the need for high concentrations of preservative.

Whatever the solution that ensures that consumers remain protected, given that since mid-July 2013 we have seen full implementation of the new EU Cosmetics Regulation (imposing directly applicable and therefore uniform approaches to safety across the EU), the potential solutions to this issue will be of interest to all.

AUSTRALIAN DOLLAR HEADS SOUTH

WILL PARALLEL IMPORTS FOLLOW SUIT?

By **Melinda Upton** and **Tessa Kelman** (Sydney)

Influenced by the strong Australian dollar and the government's desire to encourage competition, parallel importing of comparable non-counterfeit products from overseas has become a popular practice in Australia. The increasing affordability and ease of online shopping has encouraged both individuals and corporations to quickly source goods from overseas and to establish profitable parallel distribution channels that remain largely undetected.

As the Australian dollar declines in value, it is questionable whether the practice of parallel importation will maintain its popularity. Arguably, a lower Australian dollar will mean consumers face higher online and shipping prices, which may reduce the popularity of online shopping and the attractiveness of parallel imports in Australia. However, the Australian dollar's volatile nature leaves the future of parallel imports uncertain. Therefore, it is advisable for brand owners to establish a holistic strategy to protect their brand from the negative impacts of parallel importation.





SUMMARY OF THE CURRENT LEGAL LANDSCAPE

Under Australia's Trade Marks Act 1995 (Cth), if a registered trademark was applied for overseas with the consent of the Australian registered trademark owner, then a parallel importer will not be liable for infringement. The importer bears the burden of proving that the trademark was applied with consent, which is to be determined on a case-by-case basis and can be difficult to prove.

Under the Copyright Act 1968 (Cth), infringement occurs if a person imports a work in which copyright subsists without a licence from the owner for commercial purposes including for resale (e.g. parallel importing). There are exceptions to this rule, including where the work is an "accessory," such as a label (including trademark logos), packaging or instructions. This exception does not, however, allow importers to make their own reproductions of the works on the accessories or to use infringing copies of the works.

LESSONS LEARNED FROM RECENT PAUL'S RETAIL CASES

Generally, intellectual property holders in Australia have sought to rely on either trademark or copyright infringement as a method to prevent the importation of parallel goods, with the majority of cases being decided in favour of the importer. However, a recent string of Federal Court cases considering the defence available to importers under Section 123 of the Trade Marks Act provide encouragement for brand owners. The recent *Paul's Retail* cases (*Paul's Retail Pty Ltd. v. Lonsdale Australia Ltd.*, (2012) FCAFC 130; *Paul's Retail v. Sporte Leisure*, (2012) 202 FCR 286) confirmed that where a registered trademark owner expressly limits or

prohibits use of its trademark(s) – for instance, if the brand owner places express territorial limitations on its licensees – then the owner would not usually be held to have consented to the application of that mark(s) in breach of such limitations or prohibitions.

These decisions have restricted the parallel imports defence and have paved the way for Australian brand owners to organise themselves and their licensees to prevent parallel imports of goods manufactured for an overseas market.

In order to take advantage of these decisions, brand owners should ensure their trademark licenses involve applicable restrictions and are clearly drafted. The type of restrictions brand owners should incorporate into their licences include:

- **Territorial limitation:** to ensure each manufacturer or distributor is restricted to trading in carefully defined boundaries
- **Volume restriction:** to limit the number of goods to which to a trademark can be applied
- **User restriction:** to limit the number of persons to whom such goods can be applied.

Implementing these considerations may increase the value and use of a trademark licence for both the trademark owner and the distributor.

CUSTOMS HAS RAISED THE BAR

Brand owners should also use the protection offered by Australian Customs, which has been recently amended in favour of brand owners. Australian Customs offers brand owners the opportunity to lodge Notices of Objection which may cover registered trademarks and copyright

material, allowing Customs to seize goods that it suspects are not genuine and are intended for commercial use.

Recent amendments have simplified the objection process and help brand owners by:

- shifting the burden to the importer to make a claim to Australian Customs to release seized goods, failing which the goods will be forfeited and destroyed
- allowing Australian Customs to release details of the exporter or consignor to the brand owner
- permitting brand owners to inspect multiple samples of the seized goods.

The likely effect of this change to the Australian Customs procedure may result in the forfeiture of larger volumes of counterfeit goods. For best results, brand owners should:

- establish a method for managing customs seizures
- amend or lodge objections to ensure full coverage of all registered trademarks and copyright material
- consider arranging a meeting with Australian Customs officers to provide guidance on how to identify infringing products and shipments.

BE STRATEGIC (AND WELL-ROUNDED) IN YOUR APPROACH

Brand owners should not take comfort in the Australian dollar's decreasing value and should, instead, employ a well-rounded approach to reduce the impact of parallel importation on their brand. Recent changes in the legal landscape in Australia allow brand owners to more easily combat the parallel importation of seemingly genuine goods.

THE HIGH COST OF UNPAID INTERNS



By Joseph D. Guarino (Florham Park) and Jamie Konn (Atlanta)

The fashion world was stunned in February 2012 when a former intern for an American women's fashion magazine sued the magazine's parent company, alleging that her treatment under the magazine's unpaid internship program violated the federal Fair Labor Standards Act ("FLSA") and New York law. Until that day, the fashion industry and unpaid interns had a mutually beneficial relationship. Both relied on internship programs to provide real-world experience to individuals trying to break into the field and gain an understanding of the industry. That relationship is over.

Several former interns copycatted the lawsuit, and high-end fashion designers, a modeling agency, a jewelry designer, and fashion magazines have all been targeted. More lawsuits are expected.

The U.S. Department of Labor (DOL), uses six criteria to determine whether an individual is exempted from pay under the FLSA or should instead be classified as an "employee" who must be paid in accordance with minimum wage and overtime laws (see sidebar). Under DOL's test, an individual qualifies as an "intern" and not an "employee" entitled to compensation only if the internship meets all of the criteria.

Very few unpaid internship program can survive DOL's stringent test. For example, in June 2013, a federal district court, following the DOL criteria, ruled that a movie production company had violated federal and New York law by not paying interns who worked on a Best Picture

DOL Test for Internship Program

- Internship similar to training which would be given in an educational environment
- Internship experience for benefit of intern
- Intern does not displace regular employees, but works under close supervision of existing staff
- Employer derives no immediate advantage from activities of intern (operations may actually be impeded)
- Intern not necessarily entitled to job at end of internship
- Employer and intern understand that intern is not entitled to wages

nominated movie. In addition, many states, including California and New York, have their own laws with additional factors to consider.

In order to protect themselves from the potentially high cost of facing a lawsuit from an unpaid intern, fashion industry employers should carefully review their internship programs and practices to make sure that they comply with the DOL test and applicable state law.

NEW YORK LEGISLATURE UNANIMOUSLY PASSES NEW LAW PROTECTING CHILD MODELS

By **Airina Rodrigues** (New York)



In June this year, the New York State Senate and Assembly unanimously voted to pass a proposed law that will extend to child models (under age 18) the existing statutory and regulatory protections for child performers. The bill has yet to be signed into law, but the industry is already prepping for its implementation.

Advocates for the new legislation include current and former models, who state that despite the industry's glamorous face, most child models (many as young as 13) make little money, have short careers and may be pressured to forgo educational and other opportunities. These advocates believe that the current regulations governing child models offer little protection, and even those are not well enforced. Insufficient supervision on jobs renders child models vulnerable to employment (and other) abuses. A white paper recently released by the New York Senate Independent Democratic Conference found that a high percentage of models experience inappropriate touching, harassment or other forms of coercion in the workplace and are often exposed to drugs and alcohol.

The new legislation adds child models to the list of child performers protected by more stringent New York State Department of Labor (DOL) regulations. As a result, employers of print and runway models under the age

of 18 will be required to put 15 percent of the model's earnings into a financial trust account, which the model may access only upon turning 18. Employers must also complete and submit to the DOL additional paperwork when hiring child models, enabling the DOL to keep track of the models' employment. Employers must further ensure that models younger than 16 have a designated chaperone for each job, and, for engagements longer than three days, employers must provide child models with a tutor and workspace for tutoring.

Designers should consider the effect of the new child model law on their casting practices for shoots and runway shows. Industry practice often involves making runway casting decisions at the last minute, but now, designers who wish to hire child models will have to plan ahead. Before hiring any child model, designers must first obtain a Certificate of Eligibility from the DOL. Designers must also submit a Notice of Intent to Use a Child Performer to the DOL at least two days in advance of hiring any child model.

Violations of the new law will result in fines up to US\$1,000 for the first offence, and US\$2,000 to US\$3,000 for second and third offences. Perhaps more damaging, however, may be the negative publicity that might arise from violations of the new legislation.



PROMOTING “CLASSIC” DESIGNS

FUNDAMENTAL CHANGES TO UK COPYRIGHT LAW

By [Rebecca Kay](#) and [Ruth Hoy](#) (London)

Scenario one: In 1995, a Scottish artist paints an image of a necklace. The painting fulfils the requirements for being an “artistic work” for the purposes of UK copyright law and thereby attracts copyright protection for the life of the designer plus 70 years.

Scenario two: In the same year, a Welsh jeweller creates a design for a necklace and puts it into production. Over time, the necklace becomes the brand’s statement piece, with thousands being manufactured every year. Until recently, UK law would have abandoned the jeweller in 2010 by virtue of section 52 of the Copyright, Designs and Patents Act 1988 (CDPA), leaving her unable to prevent the sale of replica products.

Out with the old...

Section 52 applies where a work protected by artistic copyright is exploited by an “industrial process,” a trigger which is automatically deemed to have occurred once more than 50 articles have been made to a design. In such cases, the CDPA currently reduces the copyright term to just 25 years from the date of first marketing of the articles.

The original rationale for section 52 was that, when artistic works are mass produced, they should not receive the same degree of protection as traditional fine art. Instead, commercial designers should look to other types of intellectual property law for protection, such as UK (and now EU) designs law.

However, section 52 has long been criticized by UK designers for unfairly prejudicing creators of “classic” designs, particularly in the fields of furniture, lighting and jewellery. Many such designers feel that the provision makes British companies less willing to support long-term investment than do their European counterparts.

The UK is also one of only three European Community member states to confer more limited protection on industrially produced artistic works (the other countries are Estonia and Romania). Not only is this problematic on a domestic level, but it has arguably enabled importers

of replica products to use the UK as a gateway to the rest of Europe (since once validly put on the market in the UK, replica products can be exported throughout the rest of the EU).

...In with the new

In April 2013, section 74 of the Enterprise and Regulatory Reform Act 2013 (ERRA) received Royal Assent, repealing section 52. The commencement date for the repeal to take effect remains on hold while stakeholders are consulted, but the enactment is nevertheless a historic moment for the British design industry.

Consider the industry reaction:

The Designs Council

Commenting in 2012, **Mat Hunter, Chief Design Officer at the Design Council**, said, “This is good news for UK design. First, it will help protect more classic UK designs from illegal copying, which costs the UK design sector dearly in lost revenue every year. Second, it will encourage more investment in a truly artistic, design-led approach to manufacturing, as these will enjoy more protection than before...New technologies have made it easier than ever to copy and reproduce the finest details of original designs and doing so has become big business...”.

The legislature

“Along with the provisions of the Intellectual Property Bill the repeal of s52 forms part of an important reform package which gives greater recognition to the importance of design as an intellectual property right. Subject to sensible transitional provisions and clear teaching and quotation exemptions for reproduction in 2D by museums, teachers, and publishers I welcome the fact that works of artistic craftsmanship which are reproduced such as classic furniture design or jewelry will now get the protection they deserve. This will deter copycat manufacturers and enhance the attractiveness of the UK as a leading centre for design”. **Lord Clement-Jones CBE, DLA Piper London Managing Partner**

The “lifestyle” journalist

We spoke to **Pip McCormac, Lifestyle Director of Red magazine**, who commented, “The subject of copyright and design protection for interior design has grown in profile of late, with some interiors magazines launching campaigns to stop products from being copied, or high street versions being “influenced by” designers. Just a like a designer handbag, there is a real joy in owning an original piece of homeware rather than a fake. These legislative changes will allow individual designers to take back control, ensuring that their work is safeguarded, and design itself isn’t watered down with reproductions.”

The producer of replica designs

In its June 2013 policy paper on the new legislation, the **Department for Business Innovation & Skills** commented, “Repealing the exception will have implications for people who manufacture, distribute or sell those replicas of artistic works which may, in some cases, become illegal as a result of the change. The Government is considering when the new provisions should come into effect and transitional provisions to enable retailers and manufacturers time to adjust”.

DESIGN PATENT PROTECTION FOR CLOTHING DESIGNS



INDUSTRY TREND IN A TRENDY INDUSTRY?

By [Melissa Reinckens](#) (New York)

Over the past several years, companies both in and out of the fashion and retail industry have increasingly recognized the importance of design patent protection for their products, which has translated into a dramatic increase in the filings of design patent applications. As a result, a number of high-profile design patent infringement litigations have recently received media attention. The pending legal battle between Spanx and Yummie Tummie concerning body-contouring camisoles demonstrates that even in the fashion industry, patents are quickly becoming a tool of the trade.

In contrast to an ordinary utility patent, a design patent is granted to an inventor of a new, original and *ornamental* design for an article of manufacture and lasts for 14 years from the date of issuance. A design patent contains only a single claim, along with photographs or drawings that contain drafting conventions and relevant PTO rules.

Historically, because so much of the fashion industry is trend-based and ephemeral in nature, brands did not invest the time, energy and resources required to obtain a design patent for clothing designs because they would be out of fashion in several months' time. Now, we see that design patents can be effective ways to protect clothing and accessories (think undergarments, shoes, handbags and transcendent fashion items such as the Rolex watch face) when such items have longer staying power.

In March 2013, shapewear industry giant Spanx filed a request for declaratory judgment in federal court in Atlanta, following receipt of a cease and desist letter from the Yummie Tummie shapewear brand, which claimed that Spanx's designs infringe Yummie Tummie's patents for three-panel slimming camisoles. In its complaint, Spanx alleges that its tanks and camisoles have unspecified but "significant differences" from Yummie Tummie's design.

Shortly after Spanx filed suit, Yummie Tummie struck back, and filed a parallel suit in federal court in New York against Spanx, claiming patent infringement of its "Total Taming Tank," "Top This Tank" and "Top This Cami" patents. While both lawsuits are in the early stages of litigation, one clear lesson which has already emerged from both suits is that design patent protection for fashion designs is not merely a trend – it is here to stay. These disputes, including the design patent infringement case filed by Lululemon against Calvin Klein in 2012, reveal that companies are willing to litigate to protect their design patents, especially when clothing designs with staying power are involved. We will all stay tuned to see which other apparel companies will battle it out in the design patent litigation arena.



BEHIND THE SEAMS IN INTERNATIONAL ARBITRATION

By Kiran N. Gore and Rana Bahri (New York)

In the past year alone, high-profile litigation between major fashion houses has publicly exposed the seemingly confidential design and marketing information that make these houses successful. The recent highly public cases involving Gucci America and Guess, and Christian Louboutin and Yves Saint Laurent America, are hallmark examples.

Though little can be done to control the public dissemination of previously confidential information once it is publicly disclosed, whether through brand protection litigation or other tort litigation, a fashion brand may prevent similar public disclosure by deciding to arbitrate, instead of litigate, its contractual disputes.

Parties may include an arbitration agreement in their contracts to permit, or oblige, them to engage in a confidential arbitration to resolve any disputes arising out of that contract. In addition to confidentiality, arbitration presents several advantages to traditional litigation. The fashion industry has recognized these advantages, described below, which has led to the increasing incorporation of arbitration clauses in industry contracts and subsequent dispute resolution under such clauses.

- **Autonomy.** International arbitration permits the parties' autonomy to tailor the dispute resolution process for their mutual benefit. Parties may select the forum, tribunal, language and procedure governing the arbitration. The parties' ability to choose the composition of their adjudicating tribunal ensures that the dispute will be heard by individuals that the parties trust and consider competent.
- **Confidentiality.** As mentioned above, a major benefit to international arbitration is the ability to keep confidential a dispute, its related documents and submissions, as well as its resolution. Unlike public court proceedings, parties may choose to make arbitration confidential by specifically agreeing to confidentiality in the arbitration clause. Despite this, though, public companies may have filing requirements obligating them to disclose the existence of an arbitration as well as its outcome. Moreover, the final award may be publicly disclosed if the winning party chooses to enforce it in court, as described below.

- **Limited discovery.** International arbitration may permit the parties to limit the breadth and scope of documents and information that they are required to disclose in the proceedings. In contrast, US-style litigation requires very broad document disclosure. The degree of discovery in international arbitration, however, will ultimately depend on the legal background of the tribunal and the parties' counsel. Common law lawyers unfamiliar with international arbitration are likely to impose the broad discovery rules they are comfortable with, thus negating the limited discovery opportunities that international arbitration provides. A party seeking to limit the number of documents it wishes to disclose, or compel the disclosure of, should thus be mindful that it chooses experienced international arbitration counsel and tribunal members.
- **Flexibility.** Litigation before national courts is governed by local rules of procedure and evidence. As any litigant knows, these rules are intricate and navigating them can be frustrating and time-consuming. By contrast, parties to an international arbitration are free to fashion the arbitral process to suit their needs and preferences. While certain general legal requirements will be standard, the parties may select the procedural and evidentiary rules governing their dispute.
- **Enforcement.** Parties who receive favorable international arbitration awards may enforce those awards internationally through the United Nations' New York Convention, to which 149 countries are party. The Convention requires the courts of party states to give effect to arbitration agreements and recognize and enforce international arbitration awards, save for some narrow exceptions. This allows for a more streamlined enforcement process compared to enforcement of foreign judgments as there is no comparable uniform enforcement mechanism for those judgments.

Parties who are attentive to these benefits and incorporate arbitration clauses as standard practice in their contract drafting will benefit from more certain dispute resolution and, importantly, potentially greater control over their public profile.

WORD FROM THE INDUSTRY'S MOUTH

Interview with Neal Fox, President and CEO at Mark Cross

By Ann Ford and Radiance Harris (Washington, DC)



NEAL, CAN YOU TELL US ABOUT YOUR ROLE AT MARK CROSS?

My role is to pilot Mark Cross in a way that returns the brand to its iconic status, and establishes future growth as a global luxury brand.

WHAT IS THE HISTORY OF THE MARK CROSS BRAND, AND WHAT DOES THE BRAND STAND FOR?

In 1845, Henry W. Cross recognized the need for a maker of fine saddles, harnesses, and trunks. To fill that demand, he founded Mark W Cross & Co., naming the company after his son. Mark Cross greatly broadened the American tradition of fine leathers, and is America's original luxury lifestyle brand.

YOU HAVE HAD A LONG-STANDING AND ILLUSTRIOUS CAREER IN THE FASHION RETAIL SECTOR – WORKING IN CORPORATE POSITIONS AT FAMOUS RETAILERS SUCH AS BERGDORF GOODMAN AND NEIMAN MARCUS. CAN YOU SPEAK OF ANY IMPORTANT OR INFLUENTIAL EXPERIENCES IN YOUR CAREER?

As a young man, I had the opportunity to work for Stanley Marcus at Neiman-Marcus. Stanley was one of the world's great merchants with an uncanny eye for product and how to market and sell it along with the Neiman-Marcus experience. His mantra, "quality is remembered long after price is forgotten" has been an integral part of the store's success.

IN YOUR OPINION, HOW HAS THE FASHION INDUSTRY CHANGED OVER THE YEARS?

The fashion industry has really changed. Now, the industry focuses on brands, not necessarily on product or price/value. There was a time when you could shop cities across the world, and find unique and unusual product. Those days are gone. Today, if you visit the world's best shopping streets, you find the same brands and window displays. The fashion industry has benefited from the enormous amount of money spent on marketing and brand building along with the growth of disposable income from the world's population.

HOW DOES YOUR RETAIL EXPERIENCE INFLUENCE THE MARK CROSS BRAND?

My substantial experience in product development in all classes of goods has influenced the product side, while my retail background has influenced my understanding of the needs of international retailers.

WHERE DO YOU SEE THE MARK CROSS BRAND IN THE NEXT FIVE YEARS?

We have developed an interest in the brand internationally, and would like to open retail stores internationally and turn Mark Cross into a lifestyle brand.

WHERE DO YOU SEE THE FASHION INDUSTRY IN THE NEXT FIVE YEARS?

I see a positive growth era for the fashion industry because there is a larger mass of people with disposable income and more interest in fashion. Emerging markets such as China and India will contribute to this phenomenon.

DO YOU HAVE ANY CLOSING REMARKS ON NEW YORK AS A FASHION CAPITAL?

Previously, New York fashion collections were shown last on the fashion calendar – after London, Milan, and Paris. Today, New York Fashion Week is first and draws buyers and journalists worldwide, putting it on par with other major fashion capitals.

DLA PIPER HOSTS DINNER FOR FASHION ELITE

By Ruth Hoy and Rebecca Kay (London)

In late August, DLA Piper played host to some of Britain's fashion elite, welcoming senior members of the British Fashion Council as well as the current recipients of NEWGEN MEN SSI4 to a private dinner.

NEWGEN MEN is a support program run by the British Fashion Council and sponsored by TOPMAN, which assists emerging menswear designers in growing their business and in helping to raise their profile through designer business support and showcasing opportunities at London Collections: Men. Each season, around eight designers, who must be based in the United Kingdom and have been in business for no longer than three years, are selected to receive the award.

Since Summer 2012, DLA Piper, through its Fashion, Retail and Design group, has partnered with the British Fashion Council to provide pro bono legal and commercial advice to the designers who have been selected for the NEWGEN MEN award. Lawyers in the firm's London and Hong offices have advised current and previous recipients on issues such as protecting their brands in China, distribution agreements, collaborations with retailers and employment obligations.

The current crop of NEWGEN MEN recipients are Agi and Sam, Astrid Andersen, Lee Roach, Matthew Miller, Nasir Mazhar, Shaun Samson and Martine Rose. We were delighted to welcome many of them to the DLA Piper dinner, where they were joined by senior members of the British Fashion Council: Caroline Ruth (CEO), David Watts (Designer Business Support Advisor), Clara Mercer (Head of Marketing) and Laura Hinson (Showcasing Manager).

The DLA Piper event began with a cocktail reception, allowing our fashionable guests to mingle with representatives of our Intellectual Property and Technology, Corporate, Real Estate and Employment teams. This was followed by a welcome speech from Ruth Hoy, global co-chair of DLA Piper's Fashion, Retail and Design group, in which she expressed DLA Piper's delight at being able to assist the British Fashion Council and its emerging designers, both at home and abroad. After the speech, the attendees sat down to dinner, overlooking panoramic views of the city.

Lord Tim Clement-Jones, London Managing Partner, who attended the evening, commented: "We were delighted to host the BFC and the NEWGEN MEN designers. It was inspirational for us to hear about the success of young



British designers and it is a great opportunity for us to work with the BFC to help this new talent grow further especially in international markets."

David Watts, Business Support Adviser, British Fashion Council, commented: "It's absolutely critical that emerging designers are given the legal advice and business support that is so integral to developing a fashion label. DLA Piper is an invaluable part of the NEWGEN MEN designers' journey and a great foundation upon which they can build success both here and overseas."



FASHIONING SOLUTIONS FOR RETAILERS' DATA PROTECTION AND PRIVACY COMPLIANCE

By Carol Umhoefer (Paris)

Internet sales of the latest leather shorts (and no, we're not talking lederhosen) raise issues around personal data collection and processing; Compiling customer lists and preferences, tracking and profiling site visitors and app users, generating revenue from static and mobile ad servers, targeting offers to the customers on the right devices at the right time, and timely online order fulfillment and after-sales service – all of these activities depend on personal data processing.

Even bricks-and-mortar fashion retailers are capturing and processing more personal data: data from customers, employees, landlords, security systems and multiple service providers, even the neighbourhood seamstress. And as these traditional retailers create virtual sales networks, the opportunities to capitalize on both in-store and on-line customer data multiply in tandem with the risks associated with hacking and data loss.

Meanwhile, Asian and South American countries are adopting European-inspired data protection laws, while the EU moves to strengthen its own laws with reforms that will introduce significant new fines for companies that fail to comply.

The issue of security is illustrative. Discouraging physical theft, protecting employees and inventory and cooperating with law enforcement are old hat to traditional retailers.

In cyberspace, data security and anti-fraud measures are the equivalent. But regardless of the sales channel, sophisticated security systems require intensive personal data processing in a regulatory context of increased oversight.

The price of getting data security wrong is high. Retailers may pay dearly if they misuse customer lists, lose employee data or are “named and shamed” by a regulator for having failed to meet basic data protection requirements.

Data protection and privacy compliance are increasingly important to the retail fashion industry. Retailers' first step toward compliance should be taking stock of data protection and privacy practices in stores, warehouses, security stations, back offices and the data centers where personal data is continuously processed.

Retailers should examine their entire data production line at every point from collection to processing, replication, storage, transfer and eventual destruction, as well as their obligations under applicable regulations, laws and contracts. Only then can retailers fashion compliance solutions that are tailored to the operational realities of the industry, the retailer's specific needs, and the risks associated with regulatory enforcement.



WHERE NEXT FOR FASHION IN ASIA?

By Jeremy Liebster (Hong Kong)

For several years, the words *China* and *fashion* have conjured images of brand-hungry shoppers desperate to shell out for the latest designer handbag but the story is becoming more interesting.

There is no doubt that walking around The Landmark in Hong Kong – a luxury haven, popular with Mainland Chinese shoppers – you could be forgiven for thinking nothing has changed. But there is a new feeling in the air. In the last year, mid-range stores in China and Hong Kong have, for the first time, grown faster than their luxury counterparts. The fervor that greeted Top Shop's entry into the Hong Kong market seemed to sum up the new mood; fast fashion seems to be the order of the day.

This trend has emerged for several reasons – among them, China's economy is slowing down and President Xi Jinping has launched a very public clampdown on lavish spending by government officials. Even where people can afford luxury goods, the new trend, according to Chinese fashion magazine *U+ Weekly*, is for mix-and-match goods: for the sake of individuality, somebody might match a pair of Jimmy Choos

with a top from Zara. In addition, the fast-growing Chinese upper middle class now has enough disposal income for purchases from fast fashion retailers, but cannot yet afford the luxury brands.

The fast retailers tend to operate differently from their luxury counterparts and encounter their own legal issues. Space is key when appealing to a mass market. Although the individual ingredients of a fit-out may be less expensive than those in a luxury boutique, a large space that needs to be fitted out to strictly comply with the brand, both in terms of materials and layout, requires the involvement of the landlord in the approvals process at a very early stage, to avoid costly delays for the tenant. Fast fashion stores also cater for considerably more customers and products than an expensive boutique, and this requires more (early) thought to be put into accesses, stockroom to shop-floor linkup and shop security. By their



very nature, fast retailers will generally have more global stores and are likely to have developed a broader set of requirements that their in-house legal team will expect to see in all their contracts. This can be particularly problematic in China, where legal documentation and market standards are often very different than what is seen in Europe or the US.

Another issue for China's shops is potential oversupply. Developers have been busy carrying out an enormous expansion of Chinese shopping centers and while there are conflicting arguments on the long-term prospects of many of these malls, the current reports are that with an extra 21 million square feet of retail space in place by 2014, occupancy rates in many second and third tier shopping malls may drop as low as 30 percent. From a legal perspective, this means that retailers who are not used to getting preferential treatment in Chinese cities are, in some locations, being offered extended rent-free periods and are seeing landlords much more flexible on lease terms. However, this is not universal. In Hong Kong, vacancies in shopping malls tend to be less than 6 percent and landlords continue to use high demand to ensure that rents do not slip and leases do not depart from their often draconian standard forms.

Away from the shopping malls, there is an even greater change afoot. Last year, China saw an extraordinary increase in online sales of more than 60 percent and "etail" sales in China are projected to overtake the US by 2014. Consider that broadband is available to only 30 percent of China's population, and it is clear that the rise in etailing will not slow down any time soon.

The push towards etailing will impact those clients who increasingly require advice on the Chinese legal and regulatory issues relating to online sales including data privacy statements, digital IP and digital content regulation. Meanwhile the rise in online retailers like Taobao (part of the Alibaba group which with US\$170 billion of sales in the last year is now bigger than Amazon and Ebay combined) sums up the power of online retail but also causes its own problems for other fashion retailers. Although a range of promising anti-counterfeiting steps are being taken by Taobao, retailers will have to continue to monitor online marketplaces on a regular basis to deal with the vast quantity of fake merchandise that is being distributed throughout China.

BUSINESS ROUND UP

The news and the views



Dr. Martens Files Suit Against Chinese Laundry To Protect Iconic Trade Dress

By Tamar Duvdevani (New York)

On September 18, 2013, AirWair International Ltd. ("AirWair") filed a complaint in California federal court against clothing and apparel company Chinese Laundry for alleged infringement of its trade dress for its Dr. Martens shoes. AirWair alleges that Chinese Laundry's use of yellow stitching, a two-toned grooved sole edge and an undersole design that Dr. Martens considers source indicators, infringe its federally registered trademarks. The lawsuit seeks injunctive relief and monetary damages.

Houndstooth Design is Ornamental, Says TTAB

By Matt Ganas (New York)

In a July 23, 2013 precedential opinion, the TTAB dismissed the University of Alabama's ("Alabama") opposition to an application seeking registration of a trademark containing a houndstooth background pattern. Alabama was joined in its opposition by the son of legendary Alabama football coach Paul "Bear" Bryant, well-known for sporting houndstooth pattern fedoras on the sidelines during his twenty-four year Alabama coaching tenure. Alabama alleged possession of

common law rights in the houndstooth pattern in an effort to bar registration of applicants' stylized "Houndstooth Mafia" mark, which incorporates a houndstooth background pattern, for shirts and hats. In dismissing the opposition, the TTAB ruled that Alabama did not establish any proprietary rights in the houndstooth pattern, because Alabama failed to demonstrate its use of the houndstooth pattern as a trademark to identify its goods and services. Rather, the TTAB found that Alabama uses the houndstooth pattern in an ornamental fashion as a non-distinctive background design, rather than as an indicator of source or sponsorship.

Late Night Parisian Cosmetics Shoppers Are Out Of Luck

By Tamar Duvdevani (New York)

On September 23, 2013, a French court ruled that the Sephora located on the famed Champs-Elysees cannot be open after 9 p.m. due to a law banning late-night working hours. According to Agence France-Presse, the Sephora location receives 20% of its sales after 9 p.m. Dozens of Sephora employees attended the court hearing in support of the company. Sephora plans to appeal the decision. As Sephora is not the only business that kept its Champs-Elysees location open after 9 p.m., the decision could have wider ramifications.

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www.dlapiper.com

fashion@dlapiper.com

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