The Innovative Design Protection and Piracy Prevention Act: Fashion Industry Friend or Faux?[1]

Unlike their European Union counterparts, where protection of fashion designs has always been a part of the legal and cultural "fabric," for years the United States has lagged behind and failed to provide a clear framework for protecting fashion designs against infringement. While design patent and trade dress law have provided limited protection, fashion companies trading in the United States have never been able to rely on copyright law to protect their unique and novel designs, and as a result, knockoffs have become a way of life in the US fashion industry.

Over the past five years there has been a legislative groundswell to change this, with no success until, perhaps, now. In 2006, Representative Bob Goodlatte (R-VA) and six co-sponsors introduced the Design Piracy Prohibition Act (DPPA),[2] the first proposed extension of the Copyright Act giving limited protection to fashion designs (not only apparel, but footwear, headgear, and eyewear). The bill provided for a three-year period of protection, with registration a prerequisite for enforcement. Despite support from several well-known designers and New York's Council of Fashion Designers of America (CFDA), the bill met with resistance on Capitol Hill, and stalled in committee.

The principal opponent of the DPPA has been the American Apparel & Footwear Association (AAFA). The AAFA has argued, among other things, that the Copyright Office would never be able to handle the flood of applications; the proposed protection standard was not sufficiently well defined; and the standard for infringement was too vague, so that the courts would spend years trying to define it, rather than enforcing it. The AAFA's strong lobbying efforts were a major reason why the DPPA has never made headway in Congress.

Over the next several years, representatives of the CFDA and AAFA periodically attempted to work together to refine the language of the DPPA, but could not come to a consensus. In the meantime, the bill continued to languish. In 2007 and 2009, the DPPA was reintroduced, both in the Senate[3] and the House,[4] by the likes of Senator Charles Schumer (D-NY), Orrin Hatch (R-UT), Lindsey Graham (R-SC), and Hillary Clinton (D-NY), and

1 This article was written by Louis S. Ederer, an Intellectual Property partner in Arnold & Porter's New York City office, and Maxwell Preston, an associate at Arnold & Porter.

2 H.R. 5055, 109th Cong. (2006), *available at* http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5055:.

3 S. 1957, 110th Cong. (2007), *available at* http://thomas.loc.gov/cgi-bin/query/z?c110:S.1957:.

4 H.R. 2196, 111th Cong. (2009), *available at* http://thomas.loc.gov/cgi-bin/query/z?c111:H.R.2196:.

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Representatives William Delahunt (D-MA), Jerrold Nadler (D-NY), and Charles Rangel (D-NY). However, despite the backing of these heavyweights, the bill again stalled as the AAFA continued to lobby against its passage.

Having seen enough, Senator Schumer went to work behind the scenes, imploring the CFDA and the AAFA to sit down and hammer something out. The result is the Innovative Design Protection and Piracy Prevention Act (IDPPPA),[5] introduced on August 5, 2010 by Senator Schumer and ten co-sponsors. This bill enjoys the support of both the CFDA and AAFA, whose members together represent a majority of the creative designers, manufacturers, and suppliers in the fashion industry. According to *The New York Times*, the bill is expected to pass this fall with backing from both sides of the aisle.[6]

The IDPPPA shares certain features with its failed predecessors: it is specific to fashion designs; a high standard of originality must be met; any protection lasts only three years; and independent creation precludes liability. The negotiations facilitated by Senator Schumer, however, resulted in the introduction of several new features, including a "substantially identical" infringement standard; no registration requirement; a heightened pleading standard designed to discourage litigation; and a home sewing exception, allowing an individual to copy a protected design for personal, non-commercial use. With these changes, the fashion industry now enthusiastically awaits passage of this landmark bill.

Not surprisingly, over the years the prospect of copyright protection for fashion designs has been the subject of much academic debate. Two law professors in particular, Kal Raustiala (UCLA) and Christopher Sprigman (Univ. of Va.), have argued that freedom to copy actually benefits the fashion industry.[7] According to Raustiala and Sprigman, there is a "piracy paradox" in the industry: copying results in greater industry-wide sales, causing design trends to have a shorter lifespan, which, in turn, spurs innovation.[8] Now, commenting on the new IDPPPA, Raustiala and Sprigman have continued to argue that "Mr. Schumer's bill is a cure that would be worse than the illness. With copyright protection fashion prices would rise, and the creative cycle would slow down."[9]

Raustiala and Sprigman's "piracy paradox" theory has been heavily criticized by their colleagues in academia. Four years ago, law professor Susan Scafidi (Fordham), who was integrally involved in the development of the various protection bills, testified before Congress at a hearing on the original DPPA. Among other things, Scafidi drew a distinction between designs influenced by trends and those that are knockoffs, testifying that a properly worded bill would "both promote innovation and preserve the development of trends."[10] Scafidi further argued that "copyright law is clearly capable of protecting specific expressions while allowing trends and styles to form," noting that while well-known designers may be able to take advantage of trademark and trade dress law as a partial stopgap, such an option was unavailable to young designers.[11]

More recently, law professors C. Scott Hemphill (Columbia) and Jeannie Suk (Harvard) have concurred with Scafidi and taken issue with Raustiala and Sprigman, arguing that while copying may play a role in fashion, it is not the driving force behind innovation.[12] Indeed, Hemphill and Suk argued that allowing "close copying" may incentivize the creation of designs that are difficult to copy, as opposed to those that are truly innovative.[13] Believing, like Scafidi, that copying

5 S. 3728, 111th Cong. (2010), *available at* http://thomas.loc.gov/cgi-bin/query/z?c111:S.3728:.

6 Cathy Horyn, *Schumer Bills Seeks to Protect Fashion Design*, N.Y. TIMES ON THE RUNWAY BLOG (Aug. 5, 2010, 10:43 PM) http://runway.blogs.nytimes.com/2010/08/05/schumer-bill-seeks-to-protect-fashion-design/.

7 *See* Kal Raustiala & Chris Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 VA. L. REV. 1687, 1717–1734 (2006).

8 *See id.* at 1721–22.

9 Kal Raustiala & Christopher Sprigman, *Why Imitation Is the Sincerest Form of Fashion*, N.Y. TIMES, Aug. 13, 2010, at A23.

10 *Design Piracy Prohibition Act: Hearing on H.R. 5055 Before the Subcomm. on Courts, the Internet and Intellectual Prop. of the H. Comm. on the Judiciary*, 109th Cong. (July 27, 2006) (statement of Susan Scafidi, Prof. Fordham Law School) [hereinafter Scafidi Testimony] , available at http:// www.stopfashionpiracy.com/index.php/about_the_bill/.

11 *See Scafidi Testimony, supra* note 10.

12 *See* C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 STAN. L. REV. 1147, 1161 (2009).

13 Hemphill & Suk, *supra* note 12, at 1174–80.

can be regulated without undermining the fashion industry, Hemphill and Suk also supported the extension of copyright law to cover fashion designs.[14] Now, with introduction of the IDPPPA, and its protection against the copying of "substantially identical" designs, it appears that Raustiala and Sprigman have lost the academic debate.

While the IDPPPA is expected to pass, the proof as to its impact will be in the pudding. As Raustiala and Sprigman have already pointed out, the bill "takes a very narrow… approach[,]…protect[ing] only unique "designs—those that are truly new and distinguishable."[15] Further, the "substantially identical" standard, akin to the definition of a trademark counterfeit, may encourage copycats to make little tweaks to try to avoid infringement. Thus, fashion design protection still faces a two-step process: first, passage of the IDPPPA after a lengthy five-year buildup; and second, potentially, years of interpretation, as the courts attempt to apply the statute to litigated claims. Only time will tell if the IDPPPA is a fashion industry friend or faux; however, all can agree (except maybe Raustiala and Sprigman) that the IDPPPA should have a strong deterrent effect, and represents a "significant step forward for both U.S. intellectual property law and for the fashion industry."[16]

14 Hemphill & Suk, *supra* note 12, at 1187.

15 Kal Raustiala & Christopher Sprigman, *Why Imitation Is the Sincerest Form of Fashion*, N.Y. TIMES, Aug. 13, 2010, at A23.

16 Susan Scafidi (Professor, Fordham Law), *IDPPA: Introducing the Innovative Design Protection and Piracy Prevention Act, a.k.a. Fashion Copyright*, COUNTERFEIT CHIC (Aug. 6, 2010), http://counterfeitchic.com/2010/08/introducing-the-innovative-design-protection-and-piracy-prevention-act.html.

We hope that you have found this advisory useful. If you have any questions, please contact your Arnold & Porter attorney or:

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