

THE WORK

Project Runway: The Am Law Daily Edition

Posted by Dimitra Kessenides

It's Fashion Week here in New York City, and designers from Diane Von Furstenberg to Phillip Lim have been rolling out their Fall 2009 collections to crowds in midtown Manhattan's Bryant Park. The event reminded us of some of the legal entanglements we've read about in the fashion and luxury goods world in recent years—Tiffany v. eBay, LVMH v. eBay, Anna Sui v. Forever 21. So we decided to call up Sheppard Mullin partner Ted Max, a fashion lawyer who's represented some of the most established designers out there, as well as many emerging ones. Max has been handling fashion clients for over 20 years, taking on matters from licensing agreements to trademark enforcement and more. He talked to us about the intellectual property issues most at play right now in fashion, and how the Internet and the economy affect the market for knockoffs.

Thanks for taking the time, Ted. Are you busier during Fashion Week? Do you go to any of the shows?

It depends on the particular Fashion Week. This one has been busy. One of my clients, Tarina Tarantino, was in town. I went to the Barbie show on Saturday—Tarina has a license to design jewelry featuring Barbie. It was a celebration of Barbie, it was a different type of show.

How so?

A variety of designers dressed the models as Barbie, because it's the 50th anniversary of Barbie. I negotiated Tarina's license with Mattel for Tarina jewelry and for a Tarina Tarantino Barbie Doll. That's kind of how I got invited, which was fun. Then, another designer client, Amanda Pearl, had a showing of her handbags on Tuesday, and I went to that. You want to support your clients as creators. And the tents at Bryant Park are very convenient, it's a subway ride away.

What does the "fashion" work entail these days—who are some of the other clients, what types of matters do you handle?

It varies. We have a full service fashion practice at Sheppard Mullin. We do everything from copyright and trademark work—whether you're protecting work or enforcing rights or monetizing the IP through licenses and distribution deals—to labor and employment work. The nature of the intellectual property in the fashion space is different. Often times what works for one client isn't always standard—for example, if you're negotiating a license with Mattel for Barbie. One of the aspects of that deal was that Tarina reinterpreted certain aspects of the doll and brought her own creativity to it. You have to work that into the contracts so that a license protects the collaborative efforts and the licensor cannot take the new artwork from that collaboration and use it with another licensee. It's about protecting Tarina's unique designs. With other clients it may be protecting the trade dress of a distinctive handbag.

What's trade dress?

In the case of handbags, it's the overall product configuration—the look and feel of a handbag. If we were talking about a particular handbag, like the Celine boogie bag, people see that bag, recognize it, and purchase it because it is identifiable and recognizable as coming from a singular source, so you need to protect it. I'm giving you this example because it's a case that I had. The handbag achieved an iconic status based upon its overall look and feel and the immediate sales, advertising, and unsolicited media attention the bag garnered when it was launched. The Hermes Kelly bag and the Louis Vuitton Speedy are also iconic; it's the same idea,

I've heard you have quite a collection of handbags in your office...

Yes. I've had the good fortune to represent a number of handbag designers—I have some originals and many knockoffs. The real ones will go back to the client after the cases [I'm working on] are done.

You asked about some of the issues our fashion team is

dealing with now. Bankruptcy is one, we've got a broad practice in that, too. If a retail store is going out of business, or if a licensee is, there are bankruptcy issues for a designer.

Much of what people generally think of when they hear fashion and legal issues are the knockoffs and fakes. Does a recession mean there are more knockoffs on the market?

The level of knockoffs generally increases in a downturn because people cut corners. As a result, enforcement increases to respond to the level of infringement. I don't know if that's going to happen this time. One of the big topics of debate at a conference on fashion at Columbia Business School last week that J.Crew CEO Mickey Drexler talked about was the death of luxury goods—that consumers would not want to carry a luxury bag in a down period. But what we see is luxury handbags often do very well no matter what because they are an investment purchase.

What's the level of enforcement like here in the U.S. as compared to, say, France, where so many luxury brands were born?

In France, the laws for protection of fashion designs and against counterfeiting are much more stringent than they are here. France has very pro-designer fashion laws. For example, you can't even possess a counterfeit. If you do possess counterfeits, they can be seized. In the U.S., if someone buys a counterfeit, there's no law against buying and possessing a counterfeit.

It's also Oscars Week, which reminds me of the post-awards morning talk show segments, with designers like ABS Allan Schwartz introducing dresses that look just like the couture gowns from the red carpet. Where does this fall into this world of knockoffs and copyrights and lawsuits?

If you were in France, it would probably be illegal, based on the distinctiveness and originality of the original dress. In the U.S., it's difficult, unless you can fit that design into some category that's protectable such as a design patent, trademark or copyright. That's been one of the impetuses behind the Design Piracy legislation that's been introduced in Congress to amend the copyright laws during the past few Congresses.

What does the legislation propose?

Basically, Design Piracy Prohibition Act legislation was introduced in Congress a few years ago, of which the Council of Fashion Designers of America has been very supportive,

to amend the copyright to introduce a design protection law. The first recent bill was introduced in 2006, then again in 2007. It extends protections to the appearance of an item of apparel—and the definition of apparel is very wide ranging, including things like underwear, eyewear, belts, and handbags. The designer would have to register the copyright within three months of coming up with the design. There is design piracy legislation in Europe, India, and Japan. But it's never really made it out of Congress. Some people argue that a designer should not have a monopoly on the design of clothing.

I imagine the retailers don't like this. OK, switching gears. What about the Internet - it's changed the landscape a lot. How has it most affected the work you do?

In counterfeiting, it's a huge factor. Whereas all of a sudden in the old days people could arrest somebody and go to the brick and mortar stores and just go after people, the Internet makes it much more difficult. You really don't know where the people are unless you track them down. And tracking all that down can be very difficult and time consuming. There are different aspects of the law, whether you're talking about counterfeiting or infringement, that the Internet adds a variety of different levels to. What's an infringement on the Internet in terms of auction sites? That's a debate now that is still being resolved. In the recent Tiffany v. eBay case, one of the aspects of that case was whether there was an issue with key word advertising and eBay's use of Tiffany in its ads, whether that was a "trademark use" under the Lanham Act. And the 2nd Circuit has taken a different view than other circuits in terms of this issue. The Internet has made infringers much more elusive, more difficult to track down, and the legal issues are much more complicated.

It all sounds interesting, and fun. What do you say to those who say and write that fashion is dead?

I do not think fashion is dead. The economy is challenging every sector of business. Fashion permits people to be creative, to set themselves apart, and to feel good. This will be a tough period but the creativity and innovation that drives fashion will survive and also will enable the most successful designers to prosper because their creative designs will represent value.

With designers, there are all these different views of the world that inspire design. And that's really the fun thing, to help them address the legal challenges in terms of protecting, enforcing, and getting value from their creative efforts.