Intellectual Property Infringement in Fashion: Insufficient Enforcement and How Blockchain May Change the Landscape

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Abstract

Intellectual property infringement in fashion, or else the unauthorised copying of fashion designs that may enjoy trade mark, copyright or design law protections, is a rapidly growing global phenomenon. Despite current efforts to minimise it, design copying appears to be the fashion sector's longstanding pandemic. Yet it is far from harmless, not just to fashion designers and their intellectual property (IP) rights, but also to countries' innovation, creativity and economic growth. Despite the existence of IP protection and enforcement frameworks that fashion designers could rely upon against unauthorised uses of their works, infringers seem to be unaffected and in fact, continue to 'free ride' and capitalise on the efforts of fashion innovators. At the same time, customs and border enforcement authorities serve to detect and confiscate IP infringing products. However, the phenomenon persists, notwithstanding the efforts already being made to tackle this threat.

The purpose of this thesis is twofold: Firstly, to increase understanding regarding the root causes of the IP infringement phenomenon in fashion, by examining the IP law protection and enforcement regimes in the UK, EU and US. These selected jurisdictions constitute some of the largest fashion economies worldwide and at the same time, experience a high volume of fashion-related infringing goods and counterfeits crossing their national borders, meaning that they are major targets for copyists. In doing so, this author attempts to establish a correlation between the high levels of infringement and a potential difficulty for designers to secure IP protection under the existing regimes, which could partially interpret the exacerbated infringement phenomenon. Given that a series of IP rights are available for the protection of different types of fashion designs across the three jurisdictions, the thesis strives to interpret the high levels of infringement as being caused due to a potential insufficiency in IP enforcement and/or remedial awards upon litigation. Through an original qualitative case study that analyses fashion-related IP case law in the UK and US territories, the findings confirm low levels of IP litigation in fashion. The thesis underlines that long procedures and time constraints, excessive litigation costs, insufficient remedial relief to the needs of a fast-paced industry like fashion, a lack of awareness of available legal protections by a segment of fashion industry actors, social norms, as well as a desire to preserve a good brand image, are among the potential contributing factors to an unwillingness for enforcement through the traditional litigation route, both by small and large designers and fashion entities.

Out-of-court settlements constitute an alternative path for IP dispute resolution among fashion players, yet they may be unfavourable to smaller fashion brands or emerging designers with little negotiating power against larger fashion brands. Other extra-legal enforcement solutions, powered by

social media, are typically quicker and less costly than litigation, yet do not come without any flaws. Despite the existence of a variety of IP enforcement routes, the rate of fashion-related infringement continues growing. Hence, it is argued that both traditional and non-traditional enforcement frameworks are likely underutilised or partly ineffective. As a result, existing laws are arguably not given their full effect and copyists have little to worry about.

The second purpose of this thesis is to explore whether there is a better way for fashion designers to protect their valuable IP assets, and whether governments' and regulators' anti-infringement endeavours could somehow be enhanced. In this context, this thesis explores the potential role of blockchain technology, an emerging distributed ledger technology, in this battle. Having identified the specific enforcement hurdles experienced in fashion, the author proposes blockchain-based use cases, tailored to the fashion business model, that could be combined with the existing enforcement approaches so as to better address them. Both are aimed at maximising the overall effectiveness of IP enforcement, as well as minimising IP infringement in fashion, but each of them approaches IP enforcement from a completely different angle. This author draws a line between infringers whose identities are known or unknown, proposing adoption of each blockchain use-case by different stakeholders. While blockchain technology may not be the panacea for all contributing factors to the high levels of IP infringement in fashion, its proposed applications can act as promising complementary tools in this longstanding battle.

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Table of Abbreviations

High Court of England and Wales = HC

Intellectual Property = IP

Intellectual Property Right = IPR

Intellectual Property Enterprise Court = IPEC

Non-fungible Token = NFT

Trade Mark = TM

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Chapter 1. Introduction

1.1 Background

Intellectual property (IP) law provides exclusive rights of limited duration to creators of fashion designs under trade mark, copyright and/or design law and enable them to profit.[2] Provided that a balance is maintained between the granting of exclusive rights to creators and what can qualify as protectable subject-matter, with the public interest, competition and societal economic growth considerations, protection may be awarded to a work of fashion.[3] A balance is achieved through the placing of certain limitations to protection. The idea is that IP works are accessible to the public, in exchange for a fee. At the same time, the limited time for which protection is applicable ensures that competition is not excessively restricted, while the fee can reward creators on their investment for the creation and production of IP works. And this return enables them to draw inspiration for new creations, thereby advancing cultural development. At the same time, the market benefits from innovation in fashion and useful knowledge is communicated to the public.

According to one of the oldest well-established IP justification theories, the theory of incentives, designers become incentivised to invest their time, effort and resources in developing new works, on the expectation that they will become rewarded, or else make profit, by selling or licensing their creations.[4] In the absence of an IP exclusive usage right, designs would be freely available for anyone to copy or sell at the detriment of creators. But also, at the detriment of innovation and by extension, of the economy and society as a whole.[5] In a world where copyists lurk in the corner to steal fashion designs and

[2] Charter of Fundamental Rights of the European Union, OJ C 326, 26.10.2012, Art. 17(2).
[3] Agreement on Trade-Related Aspects of Intellectual Property Rights (Annex 1C to the Agreement establishing the World Trade Organization of April 15, 1994) (TRIPS Agreement), Art. 13.
[4] J.C. Fromer, 'Expressive Incentives in Intellectual Property', 98 Virginia Law Review 1745 (2012), at 1750-52.
[5] C. Cox, J. Jenkins, 'Between the Seams, A Fertile Commons: An Overview of the Relationship Between Fashion and Intellectual Property' (2005) 'The Norman Lear Centertainment'

capitalise on others' creative effort, there clearly is a pressing need for securing IP protection. But mere availability of legal rights is not enough to ensure protection – their effective enforcement is of vital importance, too. In reality, numerous factors make IP enforcement efforts a challenging exercise, from their economic inefficiency to their impracticality and lack of timeliness in a fast-paced industry like fashion. Social norms also play an important role in how disputes may be approached in fashion with no reliance on the courts. Other than IP enforcement efforts from fashion designers, customs and border measures are in place to ensure IP laws are given effect where infringing copies are being illegally imported.

And yet, fashion is an industry with some of the highest IP infringement and counterfeiting levels on a global scale, despite the existence of both IP protection frameworks and governmental anti-infringement measures. As the former U.S. AG Holder has put it, '*Intellectual property crimes are not victimless. The theft of ideas and the sale of counterfeit goods threaten economic opportunities and financial stability, suppress innovation and destroy jobs*'[6].

When we consider that, as of 2021, fashion is a $2.5 trillion global industry and if it were to be compared with individual countries' GDP, it would constitute the seventh-largest economy worldwide, it is evident that IP infringement constitutes a serious problem.[7] The advent of the Internet and the fashion business model's involvement with e-commerce has exacerbated the phenomenon.[8] For example, in 2012 e-commerce represented 12% of all EU business-to-consumer turnover, which was increased to 16% by 2017. As for the retail industry, it generated 217.6 billion euros and approximately 500 billion USD in e-commerce turnover for Europe and the US respectively in

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Conference, (Jan. 29, 2005), <https://learcenter.org/pdf/RTSJenkinsCox.pdf>, at 5 (argument for discouragement of innovation).

[6] U.S. Department of Justice, 'Federal Courts Order Seizure of 82 Website Domains Involved in Selling Counterfeit Goods as Part of DOJ and ICE Cyber Monday Crackdown', Press Release No. 10-1355, (Nov. 29, 2010); See also World Intellectual Property Organization (WIPO), 'The economic effects of counterfeiting and piracy: a literature review' (2010), <https://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_6/wipo_ace_6_7.pdf>.

[7] McKinsey FashionScope analysis 2019; McKinsey, 'State of Fashion 2020: Coronavirus Update', <https://www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/its%20time%20to%20rewire%20the%20fashion%20system%20state%20of%20fashion%20coronavirus%20update/the-state-of-fashion-2020-coronavirus-update-final.pdf>, at 7; International Monetary Fund, 'List of Countries by Projected GDP' (2016), <http://statisticstimes.com/economy/countries-by-projected-gdp.php>.

[8] E-commerce represented 17% of all EU business turnover in 2014. See EU Intellectual Property Office (EUIPO), 'Research on Online Business Models Infringing Intellectual Property Rights' (2016), <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/resources/Research_on_Online_Business_Models_IBM/Research_on_Online_Business_Models_IBM_en.pdf>, at 4; Organization for Economic Cooperation and Development (OECD), 'The digital economy, new business models and key features', in OECD, *Addressing the Tax Challenges of the Digital Economy*, (OECD Publishing, 2014), <http://dx.doi.org/10.1787/9789264218789-7-en>, at 75-76.

2016.[9] The proliferation of access to online marketplaces and social media channels by a global audience of e-consumers and the ease in setting up a website or uploading and marketing infringing listings as an ambitious copyist, has facilitated a new path to IPR infringement. Consumers now have access to infringing handbags, footwear, and clothing at a click of a button. At the same time, high-end fashion brands with widely recognisable trade marks constitute major targets for infringers and primarily face the consequences, given that their products hold a premium pricing, that derives from their strong brand name and reputation. As an indication, luxury brands endure substantial losses from online counterfeiting, calculated at approximately $30.3 billion worth of sales in 2017.[10]

IP infringing goods are generally understood as those which bear substantial similarities with the goods of the IP proprietor, while the most common form of infringement is copying. As defined in TRIPS, 'counterfeit trademark goods' stand for:

'any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation'.[11]

Similarly, 'pirated copyright goods' stand for:

'*any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation'*.[12]

However, the thesis adopts a more holistic approach and is not confined to 'counterfeit trademark goods' or 'pirated copyright goods' within the meaning of TRIPS, that could give rise to criminal sanctions, if wilful and on a commercial scale.[13] Instead, the analysis considers infringements of any type of IP in relation to fashion creations, including design rights and design patents, committed by different types of industry players, whether wilful or unintentional. This reflects the fashion business reality and the obstacles fashion designers have to overcome as a result of copying on a daily basis, both in relation to imported and internally produced infringing articles.

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[9] OECD, *Unpacking E-commerce: Business Models, Trends and Policies* (OECD Library, 2019), <https://doi.org/10.1787/23561431-en>, at 32-34.
[10] Research and Markets, 'Global Brand Counterfeiting Report 2018-2020', (Dec. 2017).
[11] TRIPS (n 3), Art. 51, ft 14(a).
[12] TRIPS (n 3), Art. 51, ft 14(b).
[13] TRIPS (n 3), Art. 61.

Worryingly enough, the OECD and the US Homeland Security have declared that fashion products make the top IP infringing product categories that are being seized every year in the EU and the US jurisdictions.[14] The value of counterfeit goods in global trade has grown from USD 461 billion (EUR 338 billion) in 2013[15], to USD 509 billion in 2016, amounting to 3.3 % of world trade, as opposed to 2.5 % of world trade in 2013.[16] In 2019, fashion products accounted for approximately 70% of the overall global custom seizures of fakes.[17] These figures demonstrate the growth of IP infringement, as well as counterfeiting in recent years. Hence, the problem has clearly become even more serious and, subsequently, intellectual property is at greater risk.

In terms of EU imports, statistical data reveal that 5.8% of total EU imports in 2019 were IP infringing goods, with an estimated value of 119 billion euros[18], up from EUR 85 billion, or 5% of total EU imports in 2013.[19] At the same time, the majority of IP infringing imports in the EU between 2011-2016 comprised luxury and fashion products.[20] Similarly, the top four IP infringing product categories in 2019 were fashion-related.[21] Equally, IP infringing

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[14] OECD, EUIPO, 'Illicit Trade: Trends in Trade in Counterfeit and Pirated Goods (2019), <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/trends_in_trade_in_counterfeit_and_pirated_goods/trends_in_trade_in_counterfeit_and_pirated_goods_en.pdf>, at 31-2 (Figures 3.3-3.4); US Homeland Security, 'Intellectual Property Rights Seizure Statistics: Fiscal Year 2019', (Apr. 24, 2020), <https://www.cbp.gov/sites/default/files/assets/documents/2020-May/FY%202019%20IPR%20Seizure%20Powerpoint%20FINAL%20PBRB%20APPROVED_0.pdf>, at 16; European Commission (EC), 'Customs controls: EU customs stopped fake and potentially dangerous goods worth nearly €760 million in 2019', Press Release (Dec. 2020), <https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2401>.

[15] OECD, EUIPO, 'Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact' (2016), <https://read.oecd-ilibrary.org/governance/trade-in-counterfeit-and-pirated-goods_9789264252653-en#page1>, at 68.

[16] OECD, EUIPO, 'Trends in Trade in Counterfeit and Pirated Goods' (2019), <https://euipo.europa.eu/tunnelweb/secure/webdav/guest/document_library/observatory/documents/reports/trends_in_trade_in_counterfeit_and_pirated_goods/trends_in_trade_in_counterfeit_and_pirated_goods_en.pdf>, at 14.

[17] OECD, EUIPO, 'Illicit Trade: Global Trade in Fakes – A Worrying Threat' (2021), <https://euipo.europa.eu/ohimportal/el/web/observatory/report-on-trade-in-fakes>, at 22; See also EC, 'Report on the EU customs enforcement of intellectual property rights: Results at the EU Border, 2019' (Dec. 2020), <https://taxation-customs.ec.europa.eu/system/files/2020-12/ipr_report_2020.5464_en_04.pdf>.

[18] OECD, EUIPO (2021) (n 17), at 22; See also EC, 'Report on the EU customs enforcement of intellectual property rights: Results at the EU Border, 2019', (Dec. 2020), <https://taxation-customs.ec.europa.eu/system/files/2020-12/ipr_report_2020.5464_en_04.pdf>.

[19] Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact (April 2016)

[20] EUIPO, '2020 Status Report on IPR Infringement' (June 2020), <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2020_Status_Report_on_IPR_infringement/2020_Status_Report_on_IPR_infringement_en.pdf>, at 23.

[21] Ibid, at 56-57.

clothing, footwear and accessories were amongst the top ten product categories investigated by the UK Trading Standards authorities in 2020-2021.[22]

Likewise, the top IP infringing products that were seized at US borders in 2018 included wearing apparel and accessories, footwear, watches, jewellery, handbags and wallets. [23] As an indication, 27,599 IP infringing articles have been seized in the US border in 2019, among which 15% were watches and jewellery, 14% were wearing apparel and accessories, 13% were handbags and 12% were wallets. In other words, over half of the overall seized articles – specifically 54% of them – were fashion goods, with their worth exceeding $800 million.[24] Things have slightly changed for the worse in 2020, with 57% of seized IP infringing goods in the US being fashion products.[25]

The magnitude of IP infringement in fashion is further reflected on direct losses of legitimate business by IP owners/designers, as well as on employment and government revenue, as a result of infringement. If we take the EU as an example, the economic cost of IP infringement in the clothing, footwear, and accessories sector for the period 2007-2012, as estimated by the Office for Harmonization in the Internal Market, amounted to 9.7% in lost sales, equal to €26.3 billion of revenue lost by the industry every year and an employment loss 363.000 jobs. IP infringement in fashion also contributed to an €8.1 billion loss in government revenue in terms of social security contributions and taxes. Another study, tailored to the jewellery and watches sector, reveals that 13.5% of industry sales were lost due to counterfeiting, equal to €1.9 billion of lost revenue. The Office for Harmonization in the Internal Market estimates that IP infringement in this sector is also responsible for the loss of 15.000 jobs and €600 million in government revenue.[26] Nevertheless, it must be stressed that a segment of fashion consumers would not necessarily opt for authentic fashion goods produced by legitimate businesses, as there are various factors that could influence their buying decisions. For instance, these may include exclusivity and status-conferring

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[22] UK Intellectual Property Office (UKIPO), 'IP Crime and Enforcement Report 2020-2021' (2021), <https://www.gov.uk/government/publications/annual-ip-crime-and-enforcement-report-2020-to-2021>, at 13.

[23] Ibid.

[24] US Homeland Security (2020) (n 14).

[25] U.S. Customs and Border Protection, 'Intellectual Property Rights: Seizures Statistics – Fiscal Year 2020 Report', (Sep. 2021), <https://www.cbp.gov/document/report/fy-2020-ipr-seizure-statistics>, at 21.

[26] Office for Harmonization in the Internal Market (OHIM), 'The economic cost of IPR infringement in the clothing, footwear and accessories sector' (2015), <https://euipo.europa.eu/ohimportal/en/web/observatory/ip-infringements_clothing-accessories-footwear>; OHIM, 'The economic cost of IPR infringement in the jewellery and watches sector' (2016), <https://euipo.europa.eu/ohimportal/en/web/observatory/ipr_infringement_jewellery_and_watches>. These data were produced by being compared to the total consumption of these products by the EU Member States.

qualities of branded goods originating from luxury fashion companies, which often come in contrast with their high pricing, rendering them inaccessible to the wider public and potentially leading to the search of IP infringing 'substitutes' of the former. Indeed, research suggests that a segment of consumers knowingly engage in the purchase of IP infringing goods, including fashion goods.[27] As such, the above-mentioned losses may not be as high in reality, yet it is submitted that the detrimental effect of IP infringement in fashion remains considerable.

without detracting from the author's position of the overall detrimental effect of IP infringement in fashion, which remains considerable.

The negative consequences of IP infringement cannot only be quantified in economic terms, but can potentially take a toll on innovation. In simple terms, the same way the absence of IP protection could discourage production of innovative assets, high levels of IP infringement by reducing individual designers' and brands' returns in relation to such assets, could disincentivise investment in fashion. For instance, the development and production of a fashion design collection is far from costless, with industry experts suggesting that the creation of a fashion line by a brand requires an investment of approximately $1-$5 million.[28] The desire to create even leads some emerging designers with a low budget to work from their own home, as was the case with Doo-ri Chung, who created her first line on her parents' laundry shop basement with a $100,000 budget that she had borrowed from them.[29] Given that this type of emerging designers cannot afford to hire any employees, others even work second jobs to support their career goal, such as Prabal Gurung, who was working full-time as assistant to a well-established designer, while working on designing their own clothing line part-time.[30] In the prospect that all this hard-work could be wasted the moment copyists decide

[27] A 2020 UKIPO study revealed that 29% of consumers have knowingly purchased IP infringing goods, and 13% made such purchases of 'Clothing, Footwear and Accessories'. See UKIPO, 'IPO counterfeit goods research', (Sep. 2, 2020), <https://www.gov.uk/government/publications/ipo-counterfeit-goods-research/ipo-counterfeit-goods-research>; A 2023 EUIPO study reveals that 1 in 3 EU consumers and 1 in 2 young EU consumers 'finds it acceptable to buy counterfeit products if the price of the genuine product is too high'. The same study reveals that 'a more affordable price for original products is cited by 43% as the top reason for refraining from buying fakes', see EUIPO, 'European Citizens and Intellectual Property: Perception, Awareness and Behaviour' (2023), <https://euipo.europa.eu/ohimportal/el/web/observatory/ip-perception-2023>.

[28] M. Gehlhar, *The Fashion Designer Survival Guide: Start and Run Your Own Fashion Business* (3rd ed., Kaplan, Inc., d/b/a/ Barron's Educational Series, 2021), at 34.

[29] K. Arden Houser, 'VTALENTS – Success Stories: Doo-ri Chung', Vogue Italia (26 Jan., 2011), <https://www.vogue.it/en/talents/success-stories/2011/01/doo-ri-chung?refresh_ce=>.

[30] R. Feitelberg, 'Following Their Dreams Without Much Fanfare', Women's Wear Daily (June 29, 2004), <https://wwd.com/fashion-news/fashion-features/following-their-dreams-without-much-fanfare-712210/?full=true>.

to steal their designs, as well the return in their investment in time, effort and creativity, an incentive to innovate could rapidly fade. At the same time, Chapter 2 discusses how IP infringement cannot only negatively affect small designers and foretell their survival to the industry, which may depend on a limited number of sales, but also can have an adverse economic and reputational impact on brands with a reputation. Dealing with the IP infringement phenomenon effectively is, therefore, directly linked to countries' innovation and economic growth.

1.2 Aims of the Contribution & Research Question

This thesis undertakes research on IP infringement in fashion, one of the largest global creative industries, across three jurisdictions, namely the United Kingdom (UK), the European Union (EU) and the United States (US). Despite the existence of different IP regimes, including trade mark, copyright and design law regimes, and government measures to protect works of fashion, IP infringement appears to be the fashion sector's longstanding pandemic and is growing over recent years. As previously discussed, the high levels can have negative effects not just on creators' incentive to carry on with their designing endeavours, but also to the economy, society and innovation. There are two mains aims in this thesis:

Firstly, the thesis attempts to shed light on the potential causes and relevant factors that contribute to the exacerbation of this phenomenon, from the right holders' or fashion designers' perspective, whilst drawing a distinction between designers of different socio-economic backgrounds, such as independent emerging designers, SMEs and large fashion brands. The starting point to identify the first possible reasoning behind the significantly high levels of IP infringement in fashion is Chapter 3. This examines whether or not IP protection can be granted to fashion design articles and how likely this is, depending on the type of fashion design, in the three jurisdictions under examination. The Chapter assesses whether the thresholds of the said IP frameworks can successfully be met, in terms of both protection and infringement. A potential inability of fashion designers to access the IP regimes in question and a subsequent inability to secure protection, would allow for lawful copying and could merely justify this expansive phenomenon. Yet the Chapter disproves this hypothesis.

In Chapter 4, the discussion turns on IP enforcement and generally the lack thereof in the fashion industry. The Chapter enquires whether the prevalence of the IP infringement phenomenon is caused due to a lack of enforcement by fashion designers and/or due to the inadequacy of the currently available IP remedies to serve the needs of this particular industry. To

answer this, the Chapter takes a pragmatic approach towards enforcement via the traditional litigation route and remedies, by looking at industry practices and challenges that need to be overcome from the lens of designers of different sizes and budgets. This research fills a gap in the field, as a lack of research on the levels of IP enforcement in fashion via the traditional litigation route is noted, with the exception of very few studies by academics and IPOs for IP infringement in general, but not tailored to fashion. Given the lack of fashion-related research findings, the author of this thesis has collected civil law cases associated with copyright, trade mark and design law infringement disputes in fashion that have reached judgment before the UK national courts and US federal courts over a number of years, in order to paint the overall picture of fashion-related IP litigation rates, thereby making an original contribution to knowledge. The research findings from this qualitative case study reveal low levels of IP litigation in fashion. Long procedures and time constraints, excessive litigation costs, insufficient remedial relief awards to the needs of a fast-paced industry like fashion, a lack of awareness of available legal protections by a segment of fashion industry actors, social norms, as well as a desire to preserve a good brand image, are among the potential contributing factors to an unwillingness for enforcement through the traditional litigation route, both by small and large designers and fashion entities.

The Chapter then explores alternative routes to IP enforcement, that do not require the involvement of courts. Private settlements are common practice for dispute resolution among fashion players, yet they may be unfavourable to smaller brands or emerging designers with little negotiating power against larger fashion brands. The Chapter identifies other extra-legal enforcement solutions powered by social media, which are quicker and less costly than litigation, meaning that they may be deployed even by small designers. Yet, they do not come without any flaws, especially in light of the role of social norms in influencing the behaviour of different fashion players. In overall, despite the existence of a variety of IP enforcement routes, fashion-related infringement is growing. Hence, it is argued that both traditional and non-traditional enforcement frameworks are likely underutilised or partly ineffective. As a result, existing laws are arguably not given their full effect and copyists have little to worry about.

The above enquiries and the subsequent realisations on the state of IP protection and IP enforcement in fashion are prompts to fulfilling the second aim of this thesis, which is to answer the overarching research question. This author has acknowledged the need for research beyond the law discipline that could address and potentially help minimise the long-standing IP infringement phenomenon. This thesis' overarching question is: *Can blockchain technology complement the current enforcement efforts, in order to help minimise intellectual property infringement in fashion?*

Blockchain technology, an emerging distributed ledger technology, is the last central concept of this thesis, explored in Chapter 5. Having identified the specific enforcement hurdles experienced in fashion, the author examines blockchain's potential role in the battle against IP infringement. By approaching a longstanding problem from a novel technological perspective and by tailoring it to the needs of the fashion sector, something which has not been previously attempted by the existing literature, the thesis makes a number of original proposals. By creatively exploring how the qualities of both private permissioned and public permissionless blockchain infrastructures in combination with a popular blockchain technology application, the so-called tokenization, the thesis formulates two use cases which could be used in this particular sector so as to address those hurdles in a novel way. Both of the proposed use cases are aimed at maximising the overall effectiveness of IP enforcement, as well as minimising IP infringement in fashion, but each of them approaches IP enforcement from a completely different angle, whilst being capable of complementing existing enforcement approaches.

The first addresses a perennial challenge that many designers encounter, especially those who have only started climbing the career ladder, in view of enforcing their IP rights in out-of-court settlements against larger fashion players, namely the unfairness of parties' bargaining positions. With private settlements as the enforcement method of choice for many industry actors, the use case focuses on blockchain's potential to enhance the effectiveness and fairness in an out-of-court settlement context and achieve the rebalancing of parties' powers, while paying particular attention to the fact that some may have to navigate their way through a negotiation under the pressure of a limited budget.

The second focuses on enhancing the anti-infringement endeavours of governments and the industry itself, by utilising blockchain to verify the provenance and authenticity of physical IP-protected fashion assets. As part of this blockchain use case, the author makes new government policy recommendations to optimise customs authorities' day-to-day anti-infringement efforts and enhance the effectiveness of IPR enforcement on governments' part. The author acknowledges that traditional enforcement via litigation, private settlements and other extra-legal solutions are only potentially effective in the case of infringers' identities being known and things may be complicated when infringers import IP infringing goods from overseas. For this reason, the second proposed use case is designed to be fully effective irrespective of whether copyists' identities are unknown, where copyists originate from and whether or not they are produced within or outside the territories under examination, thereby adopting a more spherical approach to tackle the IP infringement phenomenon. A uniform adoption of the proposed blockchain anti-infringement use case across the three jurisdictions under examination could not just offer higher respect for intellectual property, but

also bring about greater levels of innovation, a wave of increased production of creative works in the fashion field, thereby fulfilling one of the core purposes of intellectual property law and at the same time, leading to economic growth in this sector. While blockchain technology may not be the panacea for all contributing factors to the high levels of IP infringement in fashion, the author supports that its proposed applications can act as promising complementary tools in the battle against IP infringement.

1.3 Scope and Limitations

Three jurisdictions have been selected to set the scene on IP infringement in fashion, namely the United Kingdom (UK), the European Union (EU) and the United States (US). The two main reasons why these have been selected are because they constitute some of the largest fashion markets worldwide, leading also in creativity, production and brand concentration; and, at the same time, because a high volume of IP infringing fashion seizures at national borders are noted in all 3 jurisdictions, effectively meaning that they constitute major targets for counterfeits. As such, they are heavily affected by IP infringement and the need to minimise this is imminent within those territories.

Based on data from 2023, the European apparel market generated $484.20bn in revenue[31] and is home to the world's largest retailers, such as the Inditex Group, parent company to fast-fashion giant Zara ($13.5 billion) and the H&M Group. Moreover, some of the most valuable fashion brands worldwide are EU-based, including Louis Vuitton ($32.3 billion), Hermes ($18.3 billion), Gucci ($18.2 billion), Zalando ($17.9 billion) and Adidas ($16.2 billion).[32] The US apparel market follows with $343.70bn in revenue in 2023.[33] The UK was until recently part of the EU and even post-Brexit, constitutes an important fashion market. Based on data from 2019, the UK fashion industry contributed £35 billion to the domestic economy and UK consumers spent £45bn on clothing and textiles[34], while in 2023 the UK apparel market generated $85.08bnin revenue.[35]

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[31] Statista, 'Apparel: Europe', (2023) <https://www.statista.com/outlook/cmo/apparel/europe?currency=USD>.

[32] Fashion United, 'EU: Home to Leading Retailers Worldwide & Europe's Most Valuable Brands Worldwide' (2020), <https://fashionunited.com/global-fashion-industry-statistics>

[33] Statista, 'Apparel: United States', (2023) <https://www.statista.com/outlook/cmo/apparel/united-states?currency=USD>

[34] British Fashion Council, 'Annual Report & Accounts FY 2019/20' (2020), <https://www.britishfashioncouncil.co.uk/uploads/files/1/BFC%20Annual%20Report%20201920.pdf>, at 3

[35] Statista, 'Apparel: United Kingdom', (2023) <https://www.statista.com/outlook/cmo/apparel/united-kingdom?currency=USD>

Furthermore, according to the World Trade Organization (WTO), all three jurisdictions have been amongst the top 10 importers of clothing products between 2000-2020, accounting for more than half of clothing imports worldwide (a combined share of 56.2%) with an estimated value of 276 billion USD in 2020.[36]

Jurisdiction	Value	Share in global imports			
	2020	2000	2005	2010	2020
EU	168 billion USD	32.7%	37.4%	37.6%	34.1%
US	82 billion USD	33.1%	28.7%	22.1%	16.8%
UK	26 billion USD	7.5%	8.7%	7.1%	5.3%
Combined	276 billion USD	73.3%	74.8%	66.8%	56.2%
Top 10 total	349 billion USD				

Table 1: EU, UK and US among top 10 importers of clothing, 2020

The same report suggests that the EU and UK have also maintained their place in the top 10 exporters of clothing goods for the past two decades, accounting for 1/3 of clothing exports globally (29.8%) with an estimated value of 133 billion USD in 2020.[37] Although clothing is only a sub-set of fashion goods, it provides an broader idea that other than consuming fashion goods at a high rate, the above jurisdictions under examination are also intensively producing them.

Jurisdiction	Value	Share in global exports			
	2020	2000	2005	2010	2020
EU	125 billion USD	26.4%	29.3%	26.9%	27.9%
UK	8 billion USD	2.1%	1.8%	1.6%	1.9%
Combined	133 billion USD	28.5%	31.1%	28.5%	29.8%
Top 10 total	378 billion USD				

Table 2: EU and UK among top 10 exporters of clothing, 2020

Furthermore, the thesis acknowledges the proliferation of e-commerce-related IP infringement that contributes to the IP infringement phenomenon in fashion, other than IP infringement carried out in the offline world. Yet, the thesis is not going to explore e-commerce related legislation or case law associated with IP enforcement and the potential liability of information society service providers or online intermediaries, such as Internet access providers, search engines, Internet platforms or e-commerce marketplaces. A

[36] World Trade Organization (WTO), 'World Trade Statistical Review 2021' (2021), <https://www.wto.org/english/res_e/statis_e/wts2021_e/wts2021_e.pdf>, at 78, Table A22; According to this report, the EU constitutes world's largest importer of both apparel and textiles.

[37] Ibid

comprehensive overview of online intermediaries' responsibility in the context of fashion-related IP infringement is provided by E. Rosati in her forthcoming *Routledge Handbook of Fashion Law*.[38] It is submitted that the two proposed blockchain Use Cases in Chapter 5 for enhancing IP enforcement and minimising IP infringement in fashion are universally applicable to any type of fashion-related IP infringement, irrespective of whether performed in the online or offline world. Therefore, an acknowledgment, rather than an in-depth exploration, of online fashion infringing activity as a contributing factor to the overall high IP infringement levels in fashion will only be covered. Instead, the thesis will primarily focus on IP infringement carried out in the offline world in the Chapters to follow.

In terms of the IP legal protections for fashion designs under examination, copyright, registered and unregistered designs, as well as registered trade marks will be covered. Unregistered trade mark protection is also available, at least against copying, but is not part of the analysis due to length limitations. Furthermore, in relation to the review of fashion-related IPR enforcement in Chapter 4, it must be noted that the discussion is primarily focused on civil, rather than criminal, IPR remedies and enforcement.

In Chapter 5, even though the thesis is primarily concerned with traditional fashion assets, it acknowledges the recent industry shift on the metaverse and the emergence of digital fashion assets that can be sold as NFT collectibles, and partly incorporates them within the framework of Use Case No.1. As for Use Case No.2, the author acknowledges that detentions of IP infringing articles happen not only at national borders, but also within the internal market. However, this thesis will primarily focus on border measures and anti-infringement strategies.

Moreover, while the compatibility of blockchain networks with the existing UK, EU and US regulatory frameworks is a highly debated subject, especially in relation to public permissionless blockchains, it will not form part of this thesis. The reason being that the only instance where public permissionless blockchains are discussed is under Use Case No.1, concerned with record-keeping uses of the ledger from private individuals or trusted business stakeholders. Private permissioned blockchains are susceptible to regulation, as they are not completely decentralised. This effectively means that a private permissioned network is subject to some degree of control and the fact that users' identities are verifiable, makes it easier for its compliance with the law, i.e. data protection laws. However, it must be noted that this thesis' exploration of blockchain solutions does not involve personal data that are somehow linked to a particular individual. Hence, consideration of data

[38] E. Rosati, 'The Role, Responsibility and Liability of Online Intermediaries Under EU IP Law' in E. Rosati, I. Calboli (eds), *Routledge Handbook of Fashion Law* (Routledge, forthcoming 2024), Chapter 7.

protection laws and enforcement on a blockchain ecosystem fall outside the scope of this thesis.

1.4 Methodology & Thesis Structure

This thesis comprises 6 chapters. The methodology is predominantly doctrinal, focusing on legal research for each of the three types of intellectual property rights (IPRs) most relevant to fashion, namely trade marks, copyright and designs; comparative, involving the comparison of IP protection, infringement and enforcement in three jurisdictions: the United Kingdom, the European Union and the United States; and partially qualitative, involving the collection and analysis of fashion related IP case law, as well as an assessment of statistical data and the relevant literature. The author has acknowledged the need for research beyond the law discipline that could address and potentially help minimise the long-standing IP infringement phenomenon. The research integrates IP law, legal proceedings (regarding litigation) and fashion business practices in the analysis, in order to increase understanding regarding the roots of the issue from a pragmatic point of view. In Chapter 5, the research integrates blockchain technology, a disruptive distributed ledger technology, to help tackle the existing IP infringement problem through a novel extra-legal approach, so as to align with fashion's commercial reality and business practices.

Chapter 2 introduces the reader to the so-called 'Fashion Cycle', the industry process that describes how new designs are born and how they subsequently go to their doom, which constitutes a key driving force for innovation in fashion. It also paints the picture on fashion-related IP infringement and its implications to fashion designers, whose works have been subjected to unauthorised uses. For the sake of clarity, the thesis avoids the use of terms such as 'counterfeits', 'knock-offs' or 'replicas', given the definitional overlaps. Instead, it opts for 'IP infringing goods or articles', when referring to fashion infringement in relation to any type of IPR, broadly defined. The thesis draws a distinction between small designers and large fashion brands, as IP infringement may have different effects on each type of industry player. This differentiation is of particular importance, given that the fashion sector in the EU is primarily consisted of small businesses with fewer than 50 employees, representing 90% of all EU fashion workers[39], while small, medium and micro businesses represent 80% of the UK workforce in fashion.[40] For the purposes of this research, the author uses the definition of micro, small and medium

[39] EC, Executive Agency for Small and Medium-sized Enterprises, *IP in the fashion industry*, (Publications Office, 2021), <https://data.europa.eu/doi/10.2826/041434>, at 2.
[40] British Fashion Council (n 34), at 16.

enterprises (SMEs) as proposed by the European Commission, which classifies micro businesses with fewer than 10 employees and a turnover under €2 million; small enterprises with fewer than 50 employees and a turnover under €10 million; and medium-sized enterprises with fewer than 250 employees and a turnover under €50 million.[41]

Chapter 3 uses both a traditional doctrinal and comparative legal research methodology to explore the IP law surrounding fashion designs and the different types of IP protections available across all three jurisdictions under examination. The author lays out key UK, EU and US primary and secondary law, as well as commentaries on the rule of law. Upon setting the scene, the Chapter undertakes a critical qualitative and comparative evaluation of the legal materials under the different IP frameworks to disprove the hypothesis that the high levels of IP infringement in fashion can be attributed to insufficient IP protection for fashion designs.

Chapter 4 includes an original qualitative analysis of UK and US case law involving IP and fashion-related disputes, to provide an overview of the litigation landscape in fashion. The civil cases under examination are those that have been brought before the UK's Intellectual Property Enterprise Court (IPEC) and High Court (HC) between 2013-2021, as well as cases litigated before US federal courts between 2019-2021, due to the thesis' length limitations and the substantially higher volume of US cases per year compared to the UK. In total, 24 cases have been litigated before the UK courts and 78 before the US courts for the respective above-mentioned periods. The analysis of the research findings focuses on the volume of litigation, the success rates, as well as the amount of remedial relief awarded for fashion-related IP infringement by civil courts (excluding criminal remedial relief). The case law review is based on published judgments included on the British and Irish Legal Information website (bailii.org – understood to contain IPEC multi-track and fast-track judgments and HC judgments), Westlaw and Lexis Nexis for the UK jurisdiction, and Lexis Nexis International for the US jurisdiction. The search keywords (and their combinations) that were used to identify the case law were 'apparel', 'clothing', 'clothing industry', 'fashion', 'fashion accessories', 'counterfeits' and 'infringement'. While the types of fashion claimants are also of interest, no subscription-free database was available to determine the size (number of employees and annual revenue) of the litigants and therefore, the review does not produce findings on the types of claimants or defendants (i.e. SMEs, large companies) involved in litigation. The case law analysis was completed in February 2022. Chapter 4 also enumerates the challenges faced by fashion designers when attempting to enforce their IPRs via litigation and attempts to

[41] EC, Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, Official Journal L 124 , 20/05/2003 P. 0036–0041, (Mar. 29, 2019), <https://ec.europa.eu/growth/smes/sme-definition_en>, Art. 2.

shed light on possible factors that impact on the low volume of such cases brought before courts.

Lastly, Chapter 5 adopts a doctrinal research methodology to introduce the reader to blockchain technology. It also sets out the proposed blockchain use cases for the enhancement of IP enforcement and the minimisation of IP infringement in fashion.

Chapter 2. The Fashion Cycle & Fashion-Related IP Infringement

2.1. Introduction

Fashion-related IP infringement is a growing phenomenon that is far from harmless, not just to innovation, creativity, and economic growth, as discussed in Chapter 1, but also to fashion designers. This Chapter explores IP infringement's potential impact from the viewpoints of both high-end fashion designers and large brands, as well as of emerging fashion designers.

Unauthorised copying of an IP protected fashion design, must, nevertheless, be differentiated from producing mere 'look-alikes', namely designs that bear *some* similarities with the protected design, or derivative designs of pre-existing fashion. In fact, the majority of fashion designs draw upon earlier designs as 'fresh takes' and may even partly incorporate earlier design features in them.[42] 'Look-alikes' can be best understood as the natural next step of the industry, where designs that are first showcased during Fashion Week end up being sold to the masses at department stores over the course of few weeks. The shared similarities among them do not automatically amount to IP infringement, unless they are exact or substantially similar. Instead, the production of similar designs forms an integral part of the so-called 'Fashion Cycle', the industry process that describes how new designs are born and how they subsequently go to their doom, introduced in the following Section. At the same time, the Fashion Cycle underlines that it is not always possible to secure IP protection for all designs which share similar features, as only few fashion designs, typically those first launched by high-end designers, could be viewed as novel or substantially different from previous ones.[43] Different types of fashion designers and brands play a different role in this process and, as later explored in Chapters 3 & 4, the distinct industry dynamics can have an influence on designers' decision on when to pursue IP protection and when to seek enforcement.

It must be stressed that the focus of this analysis is on IP infringing fashion articles in general, and not solely on imported 'counterfeit trade mark goods' or 'pirated copyright goods' within the meaning on TRIPS, that could give rise to criminal sanctions, if wilful and on a commercial scale.[44] Instead, the

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[42] C.S. Hemphill, J. Suk, 'The Law, Culture, and Economics of Fashion', 61 Stanford Law Review 1147 (2009), at 1160; D. Chung, 'Law, Brands, and Innovation: How Trademark Law Helps To Create Fashion Innovation', 17 John Marshall Review of Intellectual Property Law 493 (2018), at 494; K. Raustiala, C. Sprigman, 'The Piracy Paradox: Innovation and Intellectual Property in Fashion Design', 92 Virginia Law Review (2006), at 1704.

[43] Novelty and individual character give rise to design law protection in the EU. Other IP protections are also available, see Chapter 3. A. Eguchi, 'Curtailing Copycat Couture: The Merits of the Innovative Design Protection and Piracy Prevention Act and a Licensing Scheme for the Fashion Industry', 97 Cornell Law Journal 131 (2011), at 138.

[44] TRIPS (n 3), Art. 51, ft 14(a), (b); Art. 61.

analysis takes a more holistic approach and considers fashion infringements of any type of IP, committed by different types of industry players, whether wilful or unintentional. This reflects the business reality and the day-to-day hurdles that designers have to overcome as a result of copying, both in relation to imported and internally produced infringing articles. In turn, the analysis appreciates to what extent such infringing activity may impact different types of designers.

2.2. The Fashion Cycle

Fashion is defined as '*the prevailing style of a particular time*'[45]. Since the early 1900's, Simmel underlined the peculiarities of fashion's driving force and its ties to hierarchical societies. Under Simmel's fashion development theory, new fashion styles emanate from the elite of society and gradually become disseminated to the lower levels of society.[46] The social incentive for the higher societal class to innovate in this sector is their desire to differentiate themselves from the lower classes, by seeking to produce new fashion styles that other classes have not yet emulated. In modern day, the foundations of this widely acknowledged theory are still of relevance, as owning branded fashion items can communicate one's status to others and differentiate them from those who own non-branded products. As soon as new fashion gets launched, it is highly desirable by status-seeking consumers, who try to differentiate themselves from the rest of the crowd by adopting the newest prevailing styles first. As such, behind every purchase decision, there still lies a social incentive aside from personal preference. At the same time, the fewer the people that own a product, the more exclusive and desirable it is perceived, as it is more difficult to acquire than others. In contrast, the more diffused a fashion design becomes to a wider consumer base over time, the less exclusive and prestigious it becomes in the eyes of consumers. Over 100 years ago, Simmel distinguished the fashion industry's distinct consumption habits from other industries, by noting that '*as soon as an example has been universally adopted, that is, as soon as anything that was originally done only by a few has really come to be practiced by all – as is the case in certain portions of our apparel and in various forms of social conduct – we no longer speak of fashion. As fashion spreads, it gradually goes to its doom.*'[47]

Applying this to how the fashion industry works in practice, new fashion designs are typically first launched by high-end designers and large fashion houses at a premium price, given that they have the necessary resources to access the industry's insight reports regarding trend forecasts and market

[45] Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/fashion>.
[46] G. Simmel, 'Fashion', 10 International Quarterly 1 (1904); 62 American Journal of Sociology 6 (1957), at 541-558.
[47] Ibid, at 138-39; 549-550.

research.[48] Equipped with the knowledge of what styles would likely appeal to consumers, they set the season's prevailing styles or 'trends'. Therefore, trends act as guidelines to other designers on what styles to produce to attract consumers. Soon after their launch, non-infringing 'look-alikes' or variations of the new designs become produced and subsequently, mass produced by lower-end brands at much more affordable pricing.[49]

Garments that align with seasonal trends are highly sought after by status-seeking consumers, as they are willing to pay a higher price tag to obtain them as soon as they are launched, before broader society gets access to them, so as to distinguish their clothing choices from what is worn by the masses and mark their social status. Once the lower-priced alternatives become more accessible for purchase by wider society over time, they gradually lose their exclusivity, until they reach a point of diffusion, where they are no longer desirable by anyone. By the time they become outdated, new seasonal trends are introduced in a never-ending cycle. Other than the expected revenue from status-seeking consumers, another drive for innovation in fashion is identified by Hemphill and Suk.[50] They argue that high-end designers are incentivised to constantly produce new designs to differentiate themselves from lower-end brands, in fear that the low-cost and low-quality products that closely resemble the designs first launched by them may become falsely associated with and devalue their brand. This recurring circular process, alongside consumers' underlying social incentives, enable the fashion industry to remain creative and successful.

It must be noted that while, until recently, trends typically lasted for only few months[51], trend-setters are no longer exclusively high-end designers. Large fast-fashion chains like Shein and Zara have shaken up the industry, as their increasing use of data analytics can radically reduce the timeframe to identify a new trend and establish it. For instance, Zara reportedly turns trends into low-cost garments within 30 days, as opposed to the average 4 to 12 months needed by most of their competitors.[52] The European IPR Helpdesk reports that '*[Zara] receives daily e-mail streams from store managers*

[48] M. Lambert, 'The Lowest Cost at Any Price: The Impact of Fast Fashion on the Global Fashion Industry', Lake Forest College Publications (2014), at 61.
[49] K. Raustiala, C. Sprigman (n 42).
[50] C. S. Hemphill, J. Suk, 'The Law, Culture, And Economics of Fashion', 61 Stanford Law Review 1147 (2009), 1160-67, 1175.
[51] V. Bhardwaj, A. Fairhurst, 'Fast Fashion: Response to Changes in the Fashion Industry,' 20 International Review of Retail, Distribution and Consumer Research (2010), at 167.
[52] EC (2021) (n 39), at 16; E. Hunter, S. Marchessou, J. Schmidt, 'The need for speed: Capturing today's fashion consumer', McKinsey (Mar. 14, 2018), <https://www.mckinsey.com/industries/retail/our-insights/the-need-for-speed-capturing-todays-fashion-consumer> (as little as 6 to 8 weeks); The Fashion Law (TFL), 'From Dr Martens to Ralph Lauren, Lawsuits Are Starting to Build for $15 Billion Ultra-Fast Fashion Brand Shein' (June 15, 2021), <https://www.thefashionlaw.com/from-dr-martens-to-ralph-lauren-lawsuits-are-starting-to-build-up-against-15-billion-ultra-fast-fashion-brand-shein/>.

identifying new trends, fabrics and cuts serving as a base for the designers to quickly prepare new apparel. The fabric selected is immediately cut in an automated facility, and sent to work shops. A high-tech distribution system then ensures that the finished items are shipped and arrive in stores within 48 hours.'[53] As such, mass production of a trend and design obsolescence can nowadays be achieved at a much quicker timeframe.

Lastly, it must be noted that the Fashion Cycle is largely applicable to the fashion industry and designs produced on a seasonal basis, but does not apply in relation to timeless fashion designs, which are unaffected by trends, can survive multiple seasons and still remain 'fashionable' and desirable by consumers, despite being copied every year that passes. Designs that have outlasted trends include the Dr. Martens 1460 Boot with the yellow welt stitch, designed 60 years ago for workers and gradually transforming into a cultural icon[54], as well as the iconic Louboutin red sole, inspired by Louboutin's assistant, who was painting her nails a bright shade of red. Since 1992, the specific shade evolved into a luxury symbol globally and has infiltrated pop-culture, the worlds of cinema, television, and music.[55]





Figure 1: Dr. Martens 1460 Boot[56] Figure 2: Louboutin red soled heel sketch[57]

Another fashion sub-category that remains unaffected by trend diffusion is 'haute couture', or else hand-stitched gowns made-to-measure on a 'toile beige', an off-white cotton fabric, and sewn around a wooden mannequin with exceptional attention to detail. While as little as 30 days up to

[53] Ibid.
[54] Dr. Martens, 'The History of Dr. Martens', <https://www.drmartens.com/us/en/history>.
[55] Christian Louboutin, 'La vie en red (sole)', <https://eu.christianlouboutin.com/be_en/red-sole>.
[56] Dr. Martens, <https://www.drmartens.com/us/en/originals-boots-and-shoes#06015600>.
[57] Christian Louboutin (n 55).

a year are required for preparing a new fashion collection[58], from research and product design to delivery of products to the market, it can take several hundred hours of labour for the meticulous planning, designing and production of a single custom-made couture piece, that can span over 4 months[59] of designing it to its last detail, hand-stitching every seam, button, embroidery, or bead. One of the haute couture pieces that took the longest to make in the history of fashion is the Chanel white feather garment below (Figure 3). It took 750 hours for the feathered dress, made out of cockerel and ostrich feathers, as well as 550 silk organza camellias and 450 plastic camellia petals, to come to life. And 400 more hours were required for the waistcoat, pants, and cape, while two different ateliers, Lesage and Cécile, hand-stitched them together.[60]



Figure 3: Chanel Haute Couture Garment[61]

In practice, the creation of a single couture piece requires almost the same amount of time that a whole seasonal ready-to-wear collection would require. It is, therefore, arguable that such investment in time and resources is more likely to be made by larger fashion houses, which can afford to employ an

[58] (n 52).
[59] G. Mensitieri, *The Most Beautiful Job in the World* (1st ed., Bloomsbury Publishing, 2020), Chapter 2.
[60] E. Trochu, 'Haute Couture: the dresses that took the longest to make' Vogue France (Jan. 29, 2018), <https://www.vogue.fr/fashion/fashion-inspiration/diaporama/haute-couture-the-dresses-that-took-the-longest-to-make/48668>.
[61] Ibid, Photo: Yannis Vlamos.

entire designing team, as opposed to smaller designers under a much higher pressure to survive every season and depend on the volume of their sales, that can best be guaranteed by producing seasonal highly-desirable pieces.

Given that timeless designs or haute couture pieces like those in the above examples are not aligned with seasonal trends, they often are slightly different in nature from 'trendy' designs, not just because their pattern or decorative elements can be considered 'in style' after multiple seasons, but also because the materials used to produce them are of high quality, too. As such, fast-fashion poor quality pieces produced off the back of those timeless designs, let alone 'haute couture' carefully crafted garments, are typically not capable of diffusing them, as the former would vary significantly from the rapidly produced, often low-cost 'look-alikes'.

2.3. Fashion-Related IP Infringement

Although fashion is a highly saturated field, mainly fuelled by the creation of derivative works off the few new and original designs, not all fashion designers merely gain inspiration from the works of others. Some incorporate copies of IP protected designs, including patterns, prints or decorative elements, as well as designs that bear source-identifying features, into their own fashion pieces. Such acts would amount to IP infringement.

While one might have pictured copyists as street vendors selling IP infringing fashion articles in flea markets, in reality well-established brands can sometimes overstep the line of 'borrowing' pre-existing design elements and be classed under the same category. And even higher-end brands may rip-off designs of emerging designers, produce them using higher-quality luxury fabrics and materials and sell them for premium prices, despite having the necessary resources to hire a designated designing team to create new designs and keep them at the forefront of the industry. For instance, in 2009 giant luxury fashion designer Diane von Furstenberg (DVF) was sued for copying a cropped floral jacket design initially launched by a small Canadian fashion brand, Mercy, the previous year.



Figure 4: Left: DVF $1000 'Zaria' jacket, Right: Mercy $300 jacket[62]

Another example is brought by designer Peach Carr, who reveals that when she agreed to assign her first design to a large high-end department store back in 1997, they decided to call-off the deal after receiving her samples and a few months later, launched garments with her design under the store's own label. Carr's experience was similar throughout her early career steps, as she also had her entire first collection ripped-off by another local designer.[63] From high-end designers to department stores and even local designers, fast-fashion retailers could not be left out of the IP infringement equation. In fact, they make a prime example of a profitable business model, whose entire philosophy is to steal designs and sell IP infringing garments for less, though there may be instances where they also produce non-infringing 'look-alikes'. Chinese fast-fashion giant Shein is amongst the most prominent copycats in fashion, accused of following '*a pattern of systematic intellectual property infringement from the very beginning*'[64] not just in relation to trend-led designs first launched by high-end designers and large brands, but also works of fashion produced by small independent creators.

Controversially, Raustiala and Sprigman made an argument for a copying paradox that takes place in fashion, claiming that copying benefits designers because designs' mass production and diffusion is achieved at a

[62] S. Scafidi, 'DVF Does the Right Thing', Counterfeit Chic by Susan Scafidi (Apr. 24, 2009), <http://www.counterfeitchic.com/2009/04/dvf_does_the_right_thing.php>; See also C. Lieber, 'Fashion Brands Steal Design Ideas All The Time. And It's Completely Legal.', Vox (Apr 27, 2018), <https://www.vox.com/2018/4/27/17281022/fashion-brands-knockoffs-copyright-stolen-designs-old-navy-zara-h-and-m>.

[63] M. Lambert (n 48).

[64] C. Farivar, 'Fast-Fashion Giant Shein's Rise Built on 'Systematic' IP Theft, New Lawsuit Claims', Forbes (July 14, 2023), <https://www.forbes.com/sites/cyrusfarivar/2023/07/14/fast-fashion-giant-sheins-rise-built-on-systematic-ip-theft-new-lawsuit-claims/>.

higher speed and so is the change in seasonal trends.[65] They argue that this equals to '*more rapid turnover and additional sales*'[66] for designers and conclude that the existence of copies and their mass distribution enhances, rather than undermines, the original designer's repute. Miucci Prada once famously said: '*We let others copy us. And when they do, we drop it*'[67]. Yet, the author of this thesis argues that copying is not the only way to trigger innovation. As previously discussed, the Fashion Cycle's inevitable acts of merely 'referencing' or 'borrowing' elements of other designs into one's work – an integral step in fashion innovation – is less harmful than blatant copying and could have the same effect within the spirit of fair competition, rather than by completely disregarding a creator's intellectual property. As discussed in Chapter 3, certain designs may be more than just expressions of creativity. They may be capable of reflecting their authors' own intellectual creation or communicating the values, ethos and history of a brand, and act as a powerful marketing tool that attracts a loyal customer base. Justifying or even supporting their blatant copying on the altar of innovation could have the exact opposite effect, as fashion designers would no longer be incentivised to invest substantial amounts of their personality, creativity, passion, effort as well as financial resources, in the knowledge that none of the fruits of their labour could ever be meaningfully protected.

Given fashion's unique mode of operation in line with the fashion cycle, the unauthorised copying of IP protected designs is particularly detrimental to fashion designers and poses an imminent threat to their business. Considering the constant and quick changes in trends and the launch of new designs every season, an IP protected design's value in the eyes of consumers diminishes over time and, in most cases, has an expiration date. This is why the sales made over the first few months after launching the designs are key in recouping the investment that has gone into their creation. What often happens in reality is that copyists lurk around trade shows to have first-hand access to the newest designs and produce copies with a lower pricing moments after being featured on the runway, thereby stealing away designers' potential clients.[68] Given that infringing copies can nowadays reach the market within a matter of days[69], there is high probability that the designs first enter the market circulation by the copyist. This could impend the complete economic meltdown of an aspiring independent designer, who lacks the necessary goodwill that would enable

[65] K. Raustiala, C. Sprigman (n 42).
[66] Ibid, at 1722.
[67] In Style Mag, 'The Look of Prada' (Sep. 2006), at 213.
[68] D. Strukelj, 'Comparison of the Intellectual Property Protections Available for Fashion Designs in the U.S. and the EU', TTLF Working Papers No.58 (2020), <https://law.stanford.edu/wp-content/uploads/2020/06/strukelj_wp58.pdf>, at 23-24; G. Steward, *Logos and No Gos: How to Understand and Get the Most from Your Brand IP* (1st ed., John Wiley & Sons Ltd, 2006), at 165.
[69] TFL (n 52).

consumers to differentiate between their products and those produced by the copyist, causing him substantial losses of the expected profit he would have made from selling the designs. Lazaro Hernandez, fashion designer and co-founder of luxury brand Proenza Schouler, confirms that '*design piracy can wipe out young careers in a single season*'[70].

At the same time, the sale of unauthorised copies of fashion designs can further have a detrimental effect on an established fashion brand's reputation and image, i.e. in cases where the copies are produced in a way that deviates from the brand's values and/or are made of inferior quality materials. For example, when a brand's philosophy revolves around sustainability and identical copies of the branded designs that appear on the market consist of non-environmentally friendly materials, such as polyester, they could take a hit on the brand's reputation. Nevertheless, over recent years the gap of quality between genuine products and fast-fashion copies has started becoming smaller and smaller, as modern machinery can recreate garments with high accuracy and speed and in certain instances, both branded designs and their copies are actually produced under the same manufacturing facilities.[71] Although one would expect to find a substantial difference among the quality and attention to detail that goes into garments produced by high-end fashion brands versus infringing copies, the so-called 'superfakes' have recently made their appearance, challenging the average consumer's ability to distinguish fakes from authentic products. A luxury handbag authenticator confessed that the fakes '*are getting so good, to the point that it comes down to inside etchings, or nine stitches instead of eight*' and there are suspicions that '*the really, really good ones [might] be from people who work for the companies [and] take home real leathers*'[72].

'Superfakes' are made of high-quality materials and are selling for much less than authentic products, but still at a premium price, as opposed to fakes one could find on a flea market for a fraction of the price. For instance, an iconic Chanel Classic flap handbag is retailed for $10,200 and a 'superfake' for the same bag ranges from $200 to $600 (Figure 5). Given that many IP infringing copies of high-end fashion no longer bear obvious differences in quality and/ or pricing with brand-developed authentic designs, IP infringement arguably results in greater economic damage in terms of loss profits than in the past.

[70] Statement by Hernandez, Innovative Design Protection & Piracy Prevention Act: Hearing on H.R. 2511 Before the Subcomm. on Intell. Prop., Competition and the Internet of the H. Comm. on the Judiciary, 112th Cong. 4 (2011), at 4.
[71] S. Segre Reinach, 'China and Italy: Fast Fashion versus Prêt a Porter', 9 Fashion Theory (2005), at 49.
[72] A. Wang, 'Inside the Delirious Rise of 'Superfake' Handbags', The NY Times (June 18, 2023), <https://www.nytimes.com/2023/05/04/magazine/celine-chanel-gucci-superfake-handbags.html>.



Figure 5: Left: Chanel handbag ($10,200); Right: 'Superfake' ($390)[73]

Nevertheless, this may not be entirely owed to the fact that consumers can no longer tell fakes apart from authentic products. In fact, a 2023 EUIPO study reveals that 13% of EU consumers have willingly purchased IP infringing or counterfeit articles within the last 12 months, while another survey reveals that nearly 1/3 or 32% of participating consumers in the US admitted that they have 'definitely' or 'maybe' knowingly purchased a counterfeit fashion product, including clothing, accessories or leather goods.[74] Furthermore, a radical shift in status-seeking consumers' behaviour has been noted over the past two decades, from avoiding mass produced lower-quality products at all costs as per the Fashion Cycle, now opting for lower-end fast-fashion chains like '*Zara routinely, and repeatedly, for timely, decently priced approximations of the runways' greatest hits*'[75]. Mixing of luxury fashion clothing choices with fast-

[73] Ibid, Grant Cornett for The New York Times.

[74] EUIPO (2023) (n 27); Incopro, Sapio Research, 'Is Fake the New Real? Living in a Fake Society' (Oct. 2019) (1,059 survey participants); A. Zaczkiewicz, 'Survey Reveals Number of Shoppers Buying Counterfeit Goods', WWD (Dec. 6, 2019), <https://wwd.com/business-news/retail/incopro-consumer-survey-1203388913/>.

[75] R. La Ferla, 'Zara, Where Insiders Look for an Edge', N.Y. Times (June 4, 2014), <https://www.nytimes.com/2014/06/05/fashion/zara-where-insiders-look-for-an-edge.html>.

fashion pieces is no longer considered a taboo for high-fashion shoppers in their endeavour to keep up with trends year-round; designer Lazaro Hernandez explains that further damage is caused to high end fashion houses, as 'd*esigners are only able to recoup their investments when they later offer their own affordable ready-to-wear lines based on those high-end collections. They then can lower the prices at which their designs are sold because they sell more of them. Just like other businesses – it's dependent on volume.*'[76] Hence, luxury brands' possibility of earning additional profit by selling more pieces through a ready-to-wear collection of their own is being significantly curtailed by the significantly cheaper mass produced 'look-alikes'. Given that many fast-fashion chains are known for overstepping the line of merely 'referencing' elements of other designs into their products, other than 'look-alikes', they can end up selling IP infringing copies in hope that a suit is not brought against them.[77] As such, the sales of luxury brands are directly affected by the availability of IP infringing products, which, depending on their type, can be of similar quality and as affordable as the authentic products.[78]

2.4. Conclusion

In summary, the purpose of the above analysis was to set out the landscape of how the fashion sector operates in line with the Fashion Cycle and shed light into the harmful effects that the activity of copyists can have to fashion designers, irrespective of their size or popularity, underlining the need for IP protection to safeguard their interests. It must be stressed that counterfeiting on a commercial scale is not the only IP infringement context that can cause damage to designers. Even the small-scale unauthorised copying of IP protected designs can be particularly harmful and this is why this thesis does not limit itself on counterfeiting, but takes a more holistic approach and considers infringements of any type of IP in relation to fashion creations, committed by different types of industry players, so as to better reflects the fashion business reality.

High-end designers and larger brands may experience reputational damage and a substantial loss in sales, not just in relation to their lower-priced lines reproduced by fast-fashion chains, but even their most valuable pieces, in light of low-cost flea market IP infringing articles and the rise of 'superfakes', which are able to fool even the most trained eye on what is fake and what is authentic. The effects of copying can be even more detrimental to small designers, as it may cost them their survival to the industry. Its consequences

[76] Statement by Hernandez (n 81).

[77] A tendency not to seek litigation in fashion is observed, owed to a number of factors, including designers' size and resources. See Chapter 5, sections 4.3.-4.5.

[78] See G. Appel, B. Libai, E. Muller, 'The Short and Long-term Impacts of Fashion Knockoffs on Original Items', MSI Report No. 13-108, Marketing Science Institute (2013), at 8.

could be catastrophic to this type of designers, if copies are produced early on upon their launch and before small designers are able to recoup their investment in producing those designs, which in many cases may consist of their entire budget. Moreover, small designers do not typically possess the necessary goodwill that would enable consumers to recognise that the copyists' designs in reality are copies of theirs and support them. As such, the impending loss in sales caused by IP infringing activity could leave them out of business, since they would normally lack the financial means to endure one or two seasons of low sales.

Having stressed fashion-related IP infringement's various implications, the thesis considers that one of the most effective tools against it is the existence of a robust IP protection framework in relation to fashion designs, as copyists would be presented with the possibility of facing legal sanctions for their infringing activity. Yet, the fashion-related infringement phenomenon persists on a global scale. For this reason, the following Chapter explores whether or not fashion designers can have access to the IP protection regimes for their different types of designs, as the inability to secure protection potentially explain why infringers carry on with stealing the designs of others. The Fashion Cycle will be of relevance throughout this analysis, as both the industry's dynamics and the different types of fashion designs could have a direct influence on what kind of IP protection would be most suitable to be pursued by a designer.

Chapter 3. IP Protections & Limitations in Fashion

3.1. Introduction

This Chapter examines the first possible reasoning behind the significantly high levels of IP infringement in fashion, namely whether or not IP protection can realistically be granted to fashion design articles and how likely this is, depending on the type of fashion design, in the EU, UK and US jurisdictions. The Chapter assesses whether the thresholds of the said IP frameworks can successfully be met, both in the context of protection and infringement. A potential inability of fashion designers to access the IP protection regimes in question and a subsequent inability to secure protection, would allow for lawful copying and could merely justify this expansive phenomenon. Yet the Chapter reveals that trade marks (TMs), copyright and design law (Figure 6) afford designers with an arsenal of protections for different aspects of their creations and that the said thresholds can be met in many instances. Despite the existence of limitations to protection, recent case law in the EU and the US places fashion designs within a relatively sufficient protection framework, accompanied by the possibility of concurrent IP rights vested in a single creation.[79] The Chapter concludes that the existing IP regimes surrounding fashion designs cannot justify the high volume of fashion-related IP infringement nowadays.

3.1.1. International Framework

How do we protect intellectual property in fashion? Before delving into the respective UK, EU and US legal frameworks concerning the IP protection of fashion designs, it must be stressed that there exists an international legal framework that lays down global minimum standards and imposes common obligations to all three jurisdictions.

The two key international IP instruments that lay the groundwork for the scope of IP include the Paris Convention (1883)[80] for industrial property and the Berne Convention (1886)[81] for copyright. Relevant parts have been replicated by the TRIPS Agreement (1994)[82], signed by all three jurisdictions, which sets the minimum standards of protection and enforcement for all types

[79] I.e. see Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the Legal Protection of Designs, OJ L 289, Art. 17, Rec. 8; Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, Art. 96(2), Rec. 32; See E. Derclaye, 'Overlapping Rights', in J. Pila, R. Dreyfuss, *Oxford Handbook of Intellectual Property Law*, (1st ed., OUP, 2018).
[80] Paris Convention for the Protection of Industrial Property (Paris Convention) (1883)
[81] Berne Convention for the Protection of Literary and Artistic Works of 1886 (Berne Convention)
[82] TRIPS (n 3)

of IPRs. Importantly, it does not replace the pre-existing Conventions, but complements them. In Articles 2 and 9, it further imposes signatories with an obligation to comply with all substantive provisions of the Paris and the Berne Conventions, while TRIPS imposes slightly higher standards of protection.[83]

3.1.1.1. International Framework on Registration

Given that industrial property rights, trade marks and designs, have a registration requirement, the Paris Convention (1883) first established a right to national treatment.[84] This effectively means that those who register in any of the countries-signatories, would be treated as home applicants. IP owners would, nevertheless, need to file individual applications to each participating country. This all changed subsequently with the enactment of other international instruments.

In relation to design rights, in 1925 the WIPO introduced the Hague System[85] giving right holders the option to file a single application for the international registration of industrial designs in up to 96 countries, including the three examined jurisdictions. Additionally, the Locarno Agreement (1968) established an international classification framework for industrial designs, to which the UK and a number of EU member states participate.[86] As for trade marks, in 1989 the WIPO introduced the Madrid Protocol,[87] which offers 'international registration' of qualifying mark and cumulative registered protection in dozens of countries which have ratified the Protocol, including the three jurisdictions this thesis focusses on. Furthermore, national and regional trademark registration procedures became standardised and internationally harmonised under the Trademark Law Treaty (1994).[88] The Nice Agreement (1979)[89] has further laid down an international framework for the uniform classification of goods and services for the purposes of trade mark registration, while the Vienna Agreement (1985)[90] established an international classification framework for figurative elements of trade marks. The Paris Convention (1883) further established the right of priority, where applicants have a so-called

[83] TRIPS Agreement (n 3), Art. 2, 9.
[84] Paris Convention (n 80), Art. 2, 3.
[85] The Hague System under the Hague Agreement Concerning the International Registration of Industrial Designs of 1925, as amended in 1979.
[86] Locarno Agreement Establishing an International Classification for Industrial Designs (1968), as amended in 1979.
[87] Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks 1989, as amended, Art. 2, 3.; WIPO, 'Members of the Madrid Union: Membership Report', (June 9, 2022), <https://www.wipo.int/madrid/en/members>
[88] Trademark Law Treaty of October 27 1994.
[89] Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as amended in 1979.
[90] Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks of June 12 1973, as amended in 1985.

'grace-period' of 6 months for trade marks and industrial designs to register their rights elsewhere.[91]

3.1.1.2. International Framework on Protection

In relation to trade marks, Article 6*bis* of the Paris Convention recognised the international protection of well-known marks, against unauthorised uses or registration.[92] Article 9 also prohibits the importation of goods bearing signs that would infringe upon a trade mark within a territory and signatories may decide to seize them under their national or regional laws.[93] Other than making all substantive Paris Convention provisions obligatory, TRIPS provided the definition of a trade mark, namely '*any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings.'*[94] TRIPS also set out the registrability requirements, the exclusive rights that would be conferred to the trade mark holder upon registration and permissible limitations.[95] It must be noted that TRIPS makes a distinction between infringing activity in general, which would give rise to civil liability, and more serious forms of infringement, namely counterfeiting and piracy, which could give rise to criminal liability. In the context of trade marks, TRIPS extended protection against imported 'counterfeit trade mark goods', which stand for:

'any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation'.[96]

Although Chapter 2 has made it clear that the thesis does not limit itself to counterfeiting on a commercial scale, but rather on any type of fashion-related infringement in relation to any IPR, it is still a pertinent type of infringement that impacts designers and will be briefly covered, though the discussion will approach infringement more broadly.

In terms of copyright, TRIPS has made all substantive Berne Convention provisions obligatory, too.[97] Accordingly, the Berne Convention first set out the scope of copyright to include any productions in the literary, scientific or artistic domains, whatever may be the mode or form of their expression.[98] It also

[91] Paris Convention (n 80), Art. 4(C).
[92] Paris Convention (n 80), Art. 6*bis*.
[93] Paris Convention (n 80), Art. 9, 9(3).
[94] TRIPS Agreement (n 3), Art. 15.
[95] TRIPS Agreement (n 3), Art. 16-21.
[96] TRIPS (n 3), Art. 51, ft 14(a).
[97] TRIPS Agreement (n 3), Art. 9.
[98] Berne (n 81), Art. 1.

stipulated that protection of a work arises automatically without any formalities[99] and established a minimum term of protection, which is the author's lifetime and 50 more years.[100] It introduced the exclusive rights of the author, both moral and economic rights, including the right of reproduction, adaptation and communication to the public.[101] Notably, the WIPO Copyright Treaty (WCT) (1996) established the right to distribution[102], else called making available to the public, as well as expanded the scope of the communication to the public right, to include acts of communication through the Internet.[103] In the context of copyright piracy, TRIPS extended protection against imported 'pirated copyright goods' stand for:

'*any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation*'.[104]

Lastly, Article 25 of TRIPS equally set out the protection requirements for an industrial design, namely that it must be '*independently created*' and '*new or original*'. Article 26 further specified the exclusive rights and limitations for industrial designs.[105]

3.1.1.3. International Framework on Enforcement

Regarding enforcement, Articles 41 to 61 of the TRIPS Agreement set out a number of enforcement procedures and remedies that need to be available under signatories' national laws against acts of infringement, both pre-emptive procedures to prevent infringing activity, such as injunctions under Article 44, and remedies to deter further infringing activity.[106] Under Article 45, these include damages and a sum for expenses, i.e. attorney fees, where an infringer has knowingly, or with reasonable grounds to know, engaged in infringing activity. National courts may further order the payment of an account of profits and/ or statutory damages, even in instances of lack of constructive knowledge. Under Article 46, other remedies include the destruction or disposal of infringing goods.

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[99] Ibid, Art. 5
[100] Berne (n 81), Art. 7(1); TRIPS Agreement (n 3), Art. 12.
[101] Berne (n 81), Art. 9, 12.
[102] WIPO Copyright Treaty (WCT) (1996), Art. 6.
[103] Ibid, Art. 8.
[104] TRIPS (n 3), Art. 51, ft 14(b).
[105] TRIPS Agreement (n 3), Art. 25-26.
[106] TRIPS (n 3), Part III, Art 41-61; s, Including Trade in Counterfeit Goods of the Marrakesh Agreement Establishing the World Trade Organization (1994), Annex 1C; WCT (n 102), Art 14. See also Paris Convention (n 80), Art. 9, 9(3).

In the context of the more serious forms of IP infringement, counterfeiting and piracy, the international framework has established additional enforcement procedures at the borders and remedies, as well as the possibility of applying criminal sanctions. Under section 51, right holders are able to request the seizure of goods which they suspect as counterfeited or pirated by border authorities.[107] As for remedies, Article 59 establishes that IP infringing articles may be destroyed or disposed of at the borders, while Article 61 sets out mandatory criminal procedures that are to be followed in the case of wilful counterfeited or pirated goods on a commercial scale. The remedies in those instances can include imprisonment or monetary fines, as well as the seizure, forfeiture or destruction of infringing articles.[108]

3.1.2. Seasonal v Timeless Fashion Designs

One thing that must be underlined is that, although TMs, copyright and design law protect different types of fashion designs, as well as different aspects of them, they cannot always be guaranteed. Given that fashion is an industry with a unique way of operation, the so-called 'Fashion Cycle', there is vast diversity among works of fashion. Different types possess distinct characteristics – some are influenced by seasonal trends, while others are meticulously designed to ensure their longevity in the market. As such, different types of protection are reserved for seasonal and timeless designs respectively, as some are more likely to meet the different criteria dictated under the UK, EU, and US IP regimes than others.

[107] TRIPS (n 3), Art. 51.
[108] TRIPS (n 3), Art. 59, 61.

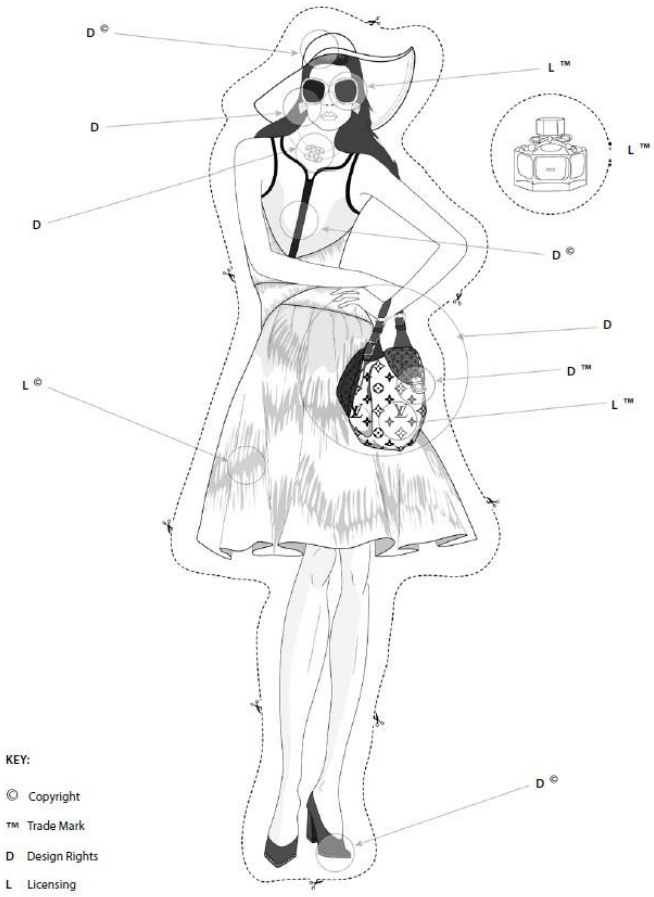


Figure 6: IPRs in fashion designs[109]

In a nutshell, given that timeless designs are not aligned with seasonal trends, they often bear different features from 'trendy' designs, which are often well thought out, as brands still want the designs to be successful, even though they deviate from the 'hot looks' of the season. As such, timeless designs arguably have increased chances to be original, novel, distinctive or reflect 'their author's own intellectual creation' and therefore, capable of protection under multiple IP regimes. In contrast, seasonal designs are of time-limited value, as they are not expected to continue being fashionable for long upon their launch. For this reason, little thought goes into their planning and design and they largely adopt specific features that are 'in style' for the duration of a particular trend with a few weeks' lifespan. Design law often is the only route for protection for seasonal designs, as the unregistered right offers automatic 3-year protection in the EU, substantially less than the term of protection of any of these types of IPRs that could be vested in a timeless piece. Moreover, EU designers are being given the chance to test their designs in the market for a year and then decide whether registered renewable 5-year

[109] Centre for Fashion Enterprise, 'Intellectual Property in the Fashion Design Industry', (Mar. 2012), at 4.

protection is worth investing. The UK offers a more extended term of unregistered design protection for 10-15 years under stricter conditions, while no equivalent unregistered design protection exists in the US. Equally, automatic copyright protection in the EU/UK regimes under the relatively low 'author's own intellectual creation' standard is a possibility for a number of those. The automatic protection without the need to go through the costs and time-consuming process of attaining registrations for other types of IPRs are crucial for seasonal designs, as they would likely become obsolete and outdated by the time registration would be secured. [110]

Registered protection may, thus, be more suitable for timeless fashion pieces. Given that they are durable and generally unaffected by copyists' activities, even when being copied themselves, they are expected to contribute to a designer's revenue, popularity, and brand image for many years to come. In those cases, the decision of seeking maximum protection and for the maximum amount of time seems reasonable and might possibly turn out as profitable, too.

Furthermore, as previously discussed in Chapter 2, the distinct fashion industry's dynamics as per the Fashion Cycle can directly impact on the industry 'power' of designers and brands of different sizes at any given time. In other words, these dynamics can influence and predict the type of IP protection that would most likely be sought after by designers, depending on whether they are trend-setters, trend-followers or do not follow trends at all, as explored in Chapter 2. The size of a fashion business is also generally foretelling of the type of fashion that is most likely to be produced.

For instance, the production of timeless fashion is largely reserved for larger brands, given the attention to detail and meticulous planning that goes into their creation. While larger fashion houses may be able to invest both in time and resources and afford to employ an entire designing team for such goal, small designers with limited budget are precluded from doing so. Many of them experience significant time pressures to produce enough volume of designs that would allow them to survive every season, that can best be guaranteed by producing seasonal highly-desirable pieces. Given that they do not have access to the industry's insight reports regarding trends and market research, which are largely exclusive to large brands, they cannot predict to the same extent whether their collection will appeal to consumers. With all the above constraints, they are effectively presented with two options: to either produce designs that closely resemble trend-setters' designs to guarantee sales and therefore, have access to an extremely narrow IP portfolio to protect them, or take a substantially higher risk and invest all of their resources to create new

[110] For the so-called 12-month grace period, see Regulation No 6/2002 (n 79), Art. 7.

designs, with their success largely depending upon their talent, creativity, and vision.[111]

3.2. Trade Marks & Trade Dress

Other than designs and trends, fashion designers are equally concerned with the creation of a strong trade name or brand. This is often because the more recognisable the trade name, the greater the value of the associated fashion assets. As such, designers use signs that serve as visual representations of their business and enable consumers to associate fashion products with their brand. And when they reach a certain degree of popularity and 'distinctiveness', they may be registered as TMs.[112] Fashion designs which either bear or constitute TMs, and especially famous TMs, are major targets for copyists, due to the greater value that they can get out of selling the copies. By taking a closer look at the relevant EU legislation, which has been incorporated within UK national law pre-Brexit and remains being followed by the UK courts[113], EU/UK TM law[114] protects:

'*any sign capable (a) of being represented in the register in a manner which enables the registrar and other competent authorities and the public to determine the clear and precise subject matter of the protection afforded to the proprietor, and (b) of distinguishing goods or services of one undertaking from those of other undertakings*'.[115]

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[111] I. Lapatoura, 'Copyright originality in fashion: industry-induced bias against small designers in a sector dominated by seasonal trends', Kluwer Copyright Blog (Feb. 21, 2022), <https://copyrightblog.kluweriplaw.com/2022/02/21/copyright-originality-in-fashion-industry-induced-bias-against-small-designers-in-a-sector-dominated-by-seasonal-trends/>.

[112] Hence, why emerging or small independent designers are generally precluded from TM protection, unless their designs acquire goodwill and popularity over time.

[113] Note in relation to the UK/ EU regimes: Although post-Brexit CJEU rulings are no longer legally binding in the UK, any CJEU rulings or EU legal provisions introduced prior to the end of the transition period/ IP Completion Day (31 December 2020) remain binding on lower national courts. The UK SC and CA have the power to depart from them, see European Union (Withdrawal) Act 2018, ss. 6(4)-(5); European Union (Withdrawal) Act 2018 (Relevant Court) (Retained EU Case Law) Regulations 2020, Reg. 3-5. Also, post-Brexit CJEU rulings often continue being taken into consideration by UK national courts.

[114] See P. Torremans, *Holyoak and Torremans Intellectual Property Law*, (9th ed., Oxford University Press, 2019), Chapters 24-27. See A. Michaels, A. Norris, *A Practical Approach to Trade Mark Law*, (5th ed., Oxford University Press, 2014), Chapters 1-3, 7, 9. Note that unregistered TM law protection is not part of the analysis.

[115] EC Regulation 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark, OJ L 154, 16.6.2017, (TMR) Art. 4; EU Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015 to Approximate the Laws of the Member States Relating to Trade Marks, OJ L 336, 23.12.2015 (TMD), Art. 3; First Council Directive 89/104/EEC of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks, (1989) OJ L 40/I, Art. 2; Trade Marks Act 1994 (TMA), s. 1(1) (as amended by the Trade Mark Regulations 2018, SI 2018/825).

Qualifying signs may now consist of '*words, including personal names, designs, letters, numerals, colours, sounds or the shape of goods or of their packaging*'.[116] By looking closely at the definition, a mark must be represented in the register in any appropriate form using general technology and not necessarily by graphic means, or else, in a way that enables the registrar and the public to identify it as a TM *clearly and precisely*.[117] In *Sieckmann*, the CJEU introduced a seven-step test for this condition, where the representation of a sign must be clear, precise, self-contained, easily accessible, intelligible, durable and objective.[118] A mark also needs to be distinctive in performing its origin function, that is to enable consumers to distinguish the goods or services of one undertaking from those of others. The average consumer, who is reasonably observant and reasonably well-informed and circumspect, must be able to draw this distinction.[119] While it is uncommon for fashion articles as a whole to qualify as TMs, it may be possible to pursue protection where a product's entire surface is covered by a source-identifying design or shape, i.e. the iconic Hermès Birkin handbag. At first glance, US TM law appears more restrictive than the EU/UK approach, where protection covers:

'*any word, name, symbol, or device used to identify and distinguish goods from those manufactured or sold by others and to indicate the source of the goods in the course of trade*'[120].

Nevertheless, the USPTO guidelines make it clear that protection extends to non-visual marks, sounds and scents, as a dedicated classification has been established for registration of such marks.[121] Furthermore, trade dress law, a sub-category of TM law, protects product configuration as an indicator of source and extends to the total image of a product, including a product's design, shape colour, texture or even packaging.[122] Trade dress confers protection against uses of the above features that could cause confusion or deception as to a trader's affiliation with another's business, or as to the origin or approval of another trader's goods.[123]

3.2.1. Functions

[116] Directive 89/104/EEC (n 115), ibid; TMA (n 115), ibid, s. 5.
[117] TMD (n 115), Rec. 13.
[118] C-273/00, *Sieckmann v German Patent and Trademark Office* [2002] ECR I-11737, paras 48-54.
[119] C-210/96, *Gut Springeinheide & Tusky* [1998], ECR I-4657, para 31; C-304/06, *Eurohypo v OHIM* [2008], ECR I-3291, para 66.
[120] US Lanham (Trademark) Act, 15 U.S.C., §1051 et seq. (Ch. 22) (2012), §1127.
[121] United States Patent and Trademark Office (USPTO), 'Trademark Manual of Examining Procedure' (July 9, 2022), §807.09.
[122] 15 U.S.C., §22; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), at 762; *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd*., 40 F.3d 1431 (3d Cir. 1994), at 1439.
[123] 15 U.S.C., §1125(a).

Indicating trade origin is a TM's primary function across all three jurisdictions[124] and various academics support that it must remain as the essential function of TMs.[125] Denicola argues that TMs can be viewed as indications, '*not necessarily of physical origin, but of a more general connection between the trademark owner and the trademarked goods*'.[126] As such, the information a mark conveys to consumers is that all products bearing it have been produced, manufactured or marketed under the control of a single entity, which is responsible for their quality[127] and a number of other product qualities that cannot be discerned by mere external examination.[128] As such, TMs are less influenced by the 'Fashion Cycle', as they do not necessarily have to do with design diffusion – they have to do with a designer's goodwill and reputation to the extent that a sign could point to their business in the eyes of the consumers.

According to the theory of the economics of TMs by Landes and Posner, TM owners are encouraged to maintain a consistent quality guarantee on their products, in order to build reputation by consumers who use marked products and due to being satisfied, are inclined to make repeat purchases.[129] Once a standard quality reputation is established, consumer loyalty, or else 'goodwill'[130] is built and the TM's value is increased, often alongside the products' price tags. Although consumers would likely have to pay more, they could rely on the mark as a reference point that guarantees the origin and the consistent quality of the branded products and as a result, benefit from having reduced search costs associated with identifying analogous products to their desired standards.[131] Hence, TMs' origin and economic functions are said to safeguard not only consumers' interests, but also benefit brand owners who can acquire reputation by featuring their mark on products.

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[124] TMD (n 115), Rec. 10; 15 U.S.C., §1127.

[125] P. Torremans, 'The Likelihood of Association of Trade Marks: An Assessment in the Light of the Recent Case Law of the Court of Justice' 3 I.P.Q. [1998], at 296-302; T. Aplin, J. Davis, *Intellectual Property Law: Text, Cases, and Materials* (1st ed., OUP, 2008), at 228; J. Tarawneh, 'A New Classification for Trade Mark Functions', 4 Intellectual Property Quarterly 358 (2016), at 366-367.

[126] R.C. Denicola, 'Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995', 59 Law and Contemporary Problems 75 (1996), at 77.

[127] C-10/89, *Hag II, SA Cnl-Sucal v. Hag* (1990) 3 C.M.L.R. 571, para 13; C-201/01, *Arsenal Football Club v Reed* [2002] ECR I-10273, paras 46-48.

[128] M. Strasser, 'The Rational Basis of Trade Mark Protection Revisited: Putting the Dilution Doctrine into Context', 10 Fordham Intellectual Property Media & Entertainment Law Journal 375 (2000), at 385-6.

[129] W. Landes, R. Posner, 'Trademark Law: An Economic Perspective', 30 Journal of Law & Economics 265 (1987), at 269-70; *Hag II* (n 127), para 18.

[130] *Commissioners of Inland Revenue v Muller & Co's Margarine* [1901] A.C. 217 HL, at 223- 224, per MacNaughten LJ.

[131] J. Aldred, 'The Economic Rationale of Trade Mark: An Economic Critique', in L. Bently, J. Davis, J. Ginsburg (eds), *Trade Marks and Brands: An Interdisciplinary Critique* (1st ed., CUP, 2008), at 267-70

Nonetheless, in contemporary society neither are TMs merely indicative of origin and product quality, nor all consumers necessarily make rational purchases, solely based on the best value-quality equation.[132] Instead, both economic and social influences have transformed TMs into status symbols, or symbols that reflect a brand's identity and character.[133] In fact, research supports that marks have the ability to stimulate purchases, through engaging with consumers on a psychological level that allows them to get emotionally attached to the products bearing the mark.[134] It has further been observed that a brand's customer following is more likely owed to emotional preference, as opposed to rational choices.[135] Both the UK courts[136] and the CJEU have realised this shift, leading to the recognition of three additional functions performed by TMs that may be linked to the primary origin function, namely the communication, advertising and investment functions.[137] While US courts do not expressly recognise any functions other than source origin, they demonstrate an awareness of the importance of the modern TM functions.[138]

Under the advertising function, TMs can be strategically used as a means for making products known to the public through advertisements, with the aim of acquiring goodwill and the function is infringed if a third-party use of a mark '*adversely affects the proprietor's use of its mark as a factor in sales promotion or as an instrument of commercial strategy*'[139]. Extensive advertising of a TM can 'educate' consumers on how to recognise the link between the mark and the protected goods, helping them develop 'brand awareness', which could subsequently increase the TM goods' demand.[140] The investment function is concerned with turning a mark into a publicity sign to '*acquire or preserve a reputation capable of attracting consumers and retaining their loyalty*'[141], for which TM proprietors invest time and money in brand

[132] Ibid, at 267-8.

[133] G. Atwal, A. Williams, 'Luxury Brand Marketing: The Experience Is Everything!', Journal of Brand Management 16 (2009), at 338-346.

[134] Y.K. Kim, P. Sullivan, 'Emotional Branding Speaks to Consumers' Heart: The Case of Fashion Brands', 6 Fashion and Textiles 2 (2019), at 1; F. Schechter, 'Rational Basis of Trademark Protection', 40 Harvard Law Review 813 (1927), at 830-832.

[135] A. Etzioni, 'How Rational We?', 2 Sociological Forum 1 (1987), at 10; J. Tarawneh (n 125), at 362

[136] *Arsenal v Reed* (n 127), at para 46, where AG Colomer recognised that a TM can communicate '*quality, reputation and even a way of seeing life*'.

[137] *L'Oreal SA & Ors v Bellure NV & Ors* [2010] EWCA Civ 535, paras 58-64; Joined Cases C-236/08, 238/08, C-237/08, *Google France Sarl v Louis Vuitton Malletier* [2011] All ER (EC) 411, para 77.

[138] G. Dinwoodie, 'The Function of Trademarks in the United States', in I. Calboli & J. Ginsburg, *The Cambridge Handbook of International and Comparative Trademark Law* (Cambridge University Press, 2020), at 178-191.

[139] *Google France*, ibid, paras 91-92; *Arsenal* (n 127), para 43.

[140] P.K. Fletcher, 'Joint Registration of Trademarks and the Economic Value of a Trademark System', 36 University of Miami Law Review 297 (1982), at 308-323.

[141] C-323/09, *Interflora Inc and Anor v Marks and Spencer Plc* & Anor [2011] EU:C:2011:604; [2012] ETMR 1, paras 60-61.

presentation and marketing. While the CJEU acknowledged that the definitions of these two functions largely overlap, it was argued that they are distinct, as advertising is only one possible commercial technique for acquiring or preserving a TM reputation.[142] The communication function refers to TMs' ability to convey information to consumers about the trade origin and quality of products. In AG Mengozzi's view, TMs' scope extends from passing information to consumers about non-physical qualities that the brand may be associated with, such as quality and trustworthiness, to other attributes, such as wealth or power.[143] This information is communicated either *viva voce* or through TMs' advertising campaigns and endorsements. And while a wide interpretation of the communication function recognises and protects a TM's reputation as a whole, it could be argued that its main elements are already encompassed into the other functions.

Despite criticisms over the CJEU's failure to clearly define the role and scope of modern functions that could lead to an over-expansion of TM protection, which could ultimately undermine competition as later discussed[144], it is undeniable that their recognition conforms with current market reality. Indeed, TMs nowadays can represent positive and desirable values that reflect a brand's identity, such as exclusivity, youth, or adventure.[145] Over recent years, Hermès leather handbags have arguably become the ultimate status symbol. The longing of countless fashion enthusiasts for getting their hands on a Hermès handbag can stretch up to 6 years, although there is no guarantee that the bag will ever be acquired even after the wait. The handbags are produced in limited number and this scarcity heightens demand, despite the 10,000$ starting price of a standard Hermès Birkin 30 handbag.[146] Conveying positive values can lead to an increase in TM products' value and the Hermès TM has developed a commercial value of its own.

The ever-growing relevance of TMs' investment and advertising functions is evident in fashion, given that marketing strategies can drastically impact on a TM's reputation and desirability. The story of how the Manolo Blahnik Hangisi pumps became iconic and world-renown illustrates that point. Blahnik's partnership with the popular tv show 'Sex and the City', described as a 'marketing dream'[147], led to the exponential growth of the pumps' value since first worn by the glamorous main character, Carrie Bradshaw, in the early

[142] Ibid, para 61.
[143] *L'Oréal* (n 137), at para 54, per AG Mengozzi.
[144] *L'Oréal* (n 137), para 30; M. Senftleben, 'Trade Mark Protection-A Black Hole in the IP Galaxy', 42 International Review of Intellectual Property 4 (2011), at 383-387.
[145] J. Tarawneh (n 125), at 357; T. Drescher, 'The Transformation and Evolution of Trademarks: From Signals to Symbols to Myth', 82 Trademark Reporter (1992), at 328-330.
[146] D. Arden Chong, 'How to Buy an Hermes Bag, According to an Expert', Who What Wear (May 3, 2023), <https://www.whowhatwear.co.uk/how-to-buy-an-hermes-bag/slide3>.
[147] M. Nichols, '"Sex and the City" film a marketing dream', (May 15, 2008) Reuters, <https://www.reuters.com/article/us-sexandthecity-idUSN1530121420080515>.

2000s. Twenty years later, their price has grown at more than double, selling for 1,195$.[148]



Figure 7: Manolo Blahnik Hangisi Pump[149]

What is commonly observed in fashion, and particularly in luxury fashion purchases, is consumers' desire to fulfil their emotional need 'to belong' or express themselves through their buying decisions. Luxury fashion purchases could be translated as a means of communicating wealth and social status to others.[150] Research reveals that luxury purchases could further boost buyers' self-esteem, who could get emotionally attached to fashion brands that manifest an ideal perception of self-image.[151] While famous TMs, such as Hermès or Manolo Blahnik, serve luxury fashion brands with goodwill and a considerable revenue, what compensates for their high pricing is their promise to consumers of access to products of superior value that are rare, authentic and of premium quality[152], capable of fulfilling their emotional needs. This example illustrates exactly what AG Mengozzi meant in *L'Oréal* on TMs' communication function, that far exceeds a mere communication of the product's origin and quality standard.[153] The power of a TM's communicative function can even extend to unrelated markets. From fashion to personalised

[148] Manolo Blahnik, 'Hangisi Blue Satin Jewel Buckle Pumps', <https://www.manoloblahnik.com/us/hangisi-16027.html>.
[149] Ibid.
[150] T. Veblen, *The Theory of the Leisure Class*, (Reprint, Penguin Books, [1899] 1994); L.S. Bagwell, D. Bernheim, 'Veblen Effects in a Theory of Conspicuous Consumption', 86 American Economic Review 3 (1996), at 349-73.
[151] L. Malar, H. Krohmer, W.D. Hoyer, B. Nyffenegger, 'Emotional Brand Attachment and Brand Personality: The Relative Importance of the Actual and the Ideal Self', 75 Journal of Marketing (2011), at 35-49.
[152] T.R. Garfein, 'Cross-cultural Perspectives on the Dynamics of Prestige', Journal of Services Marketing 3 (1989), at 17-19.
[153] *L'Oréal* (n 137), at para 54, per AG Mengozzi.

cakes, the Chanel logo and many other luxury fashion TMs make consumers willing to pay a premium price, despite being aware that the logo attached to the cakes has no affiliation with the fashion brand. Consumers are arguably drawn from the Chanel TM's communicative function and in return, they satisfy an emotional need.[154]

Redefining the scope of TM law, so as to become aligned with the market reality and better reflect consumer behaviour is a significant achievement for fashion brands and particularly famous mark holders and their modern business practices. Extended TM protection is vital against the creation of a free-riding culture, where competitors could rely on the branding values of TMs of others to increase the popularity of their own products, that could adversely impact not just origin, but all modern functions of a mark. However, there is a lack of clear guidance on the scope and application of the modern TM functions, possibly owed to the fact that what exactly should be protected under TM law is highly contested. By protecting all branding aspects[155] linked to a TM which aim to create awareness and trust with consumers, such as a brand's visual identity, a particular marketing strategy, a specific slogan or advertisement, the overarching aim of TM law could be disturbed. A TM's main aim is to preserve the communication between the mark owner and the consumer as to the origin of the goods that bear the mark. By protecting a very specific slogan, which is part of a brand's advertising campaign, but not necessarily part of the TM's advertising function, there lies an imminent danger. Although brand reputation and reach to consumers could be further strengthened, brand advertising could end up transmitting mixed signals to the consumer, likely disturbing the central message that the TM wants to be passed.

At the same time, such protection could overly restrict the commercial activity of other traders and create an anti-competitive environment. TMs are regarded as an essential means for achieving undistorted competition, as Griffiths explains that they enable '*firms to brand products and differentiate them from others of the same kind, which turns them into specific objects of demand and facilitates their marketing and promotion to consumers*'[156]. However, the recognition of brand values beyond trade origin, as reflected in the modern TM functions, could empower brand owners in monopolising products and differentiate them through premium pricing. This could stifle competition, as branded products with a big price difference to identical non-

[154] D. Basma, 'The Nature, Scope, and Limits of Modern Trademark Protection: A Luxury Fashion Industry Perspective', University of Manchester, Doctor of Philosophy Thesis, School of Law (2016), at 220.

[155] J. Davis, 'Between a Sign and a Brand: Mapping the Boundaries of a Registered Trade Mark in European Trade Mark Law', (with Bently, Davis, Ginsburg), *Trade Marks and Brands: An Interdisciplinary Critique* (1st ed., Cambridge University Press, 2008), at 81, 87.

[156] A. Griffiths, 'Trade Mark Monopolies in the Digital Age', 2 Intellectual Property Quarterly (2017), at 127.

branded products of the same class could not compete with each other. Dilbary argues that the decrease in competition is justified, as consumers are presented with products of a different value - the premium charge for a branded product is for the product itself, for the information embedded in the mark about the product's qualities and for the psychological freight, or else the fulfilment of fashion consumers' emotional needs.[157]

While no further CJEU clarifications have been offered regarding the modern functions' scope at the time of writing, their anti-competitive properties may be counter-balanced with acting in the interests of consumers. The current EU/UK TM regime can in many instances be accessed by fashion designers, who are now in a position to not only protect their designs, but also previously unprotected branding aspects. Yet, this author takes the view that only those branding elements which are part of the enlisted functions and which do not deviate too much from the primary origin function should fall within the scope of TM protection, to avoid an over-expansion of brands' interests that could adversely impact on lesser-known designers' ability to compete with them.

3.2.2. Registration & Absolute Grounds for Refusal

In all three jurisdictions, namely the UK, the EU and the US, TMs may be registered or unregistered, though this thesis will solely focus on registered marks. Registration enables TM owners to gain a competitive advantage over other traders in relation to the specific goods for which they have secured registration, by preventing others from using identical, similar, or even dissimilar marks for a period of 10 years, renewable indefinitely, so long as their marks are being used in the course of trade.[158] In the US, TMs can be protected under both federal law[159], which applies in commerce among multiple states, and state law, only applicable to intrastate commerce.

In order to gain a monopoly TM right, mark owners need to ensure that their 'sign' complies with a series of absolute and relative grounds for refusal registration, which are the identical under both UK and EU law.[160] Accordingly, a TM will be refused registration, if it is devoid of a distinctive character. A product will demonstrate distinctiveness when a significant proportion of the relevant consumers perceive the mark as denoting the product's source.[161]

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[157] S. Dilbary, 'Famous Trademarks and the Rational Basis for Protecting 'Irrational Beliefs'', (John M. Olin Program in Law and. Economics, Working Paper No. 285 (2006), at 640-641.
[158] TMR (n 115), Art. 52, 53; TMA (n 115), s. 42(1)-(2); 15 U.S.C., §1059.
[159] 15 U.S.C., §1072 (federal registration).
[160] Absolute grounds: TMR (n 115), Art. 7(1)(b)-(d); TMD (n 115), Art. 4(1)(b)-(d); TMA (n 115), s. 3(1)(b)-(d); Relative grounds: TMR (n 115), Art. 8(1)(a)-(b); TMD (n 115), Art. 5(1)(a)-(b); TMA (n 115), s. 6.
[161] *Enterprise Holdings v Europcar Group UK Ltd and Europcar International SASU* [2015] EWHC 17 (Ch), paras 130-50.

However, registration may not be refused in cases where an initially indistinctive mark can prove that it has acquired distinctiveness or a 'secondary meaning' in the eyes of the relevant consumers, who are reasonably well-informed and reasonably observant and circumspect, before the date of filing for registration.[162] Lack of distinctiveness is a valid ground for refusal of registration in the US, too.[163]

Given that a large segment of fashion designs typically draw inspiration from the changing trends that dominate the market, they often closely resemble designs of others and therefore, rarely possess inherent distinctiveness.[164] As such, they would need to demonstrate that a 'secondary meaning' has been acquired, in order to fall within the ambit of registered protection. Branding elements in fashion that have acquired distinctiveness through use, or else a secondary meaning in consumers' minds, include the shape of luxury brand Longchamp's Le Pliage handbag.[165] Le Pliage owes its global success to extensive marketing and its affordable pricing in comparison to other luxury handbags, with more than 50 million handbags having been sold since first launched in 1993.



Figure 8: Longchamp's Le Pliage handbag[166]

[162] TMD (n 115), Art. 4(4); TMA (n 115), ss. 3(1)(b)-(d); C-215/14, *Société de Produits Nestlé SA v Cadbury UK Ltd* [2015] EMTR 50, at para 67; *Tusky* (n 119).
[163] 15 U.S.C., §1052.
[164] Although product packaging can be inherently distinctive.
[165] EUTM No. 013928528, No. 014461958; See Milan Court of First Instance, Decision 10280/2021.
[166] Ibid.

Christian Louboutin's iconic red shoe sole is another classic example of acquired distinctiveness in fashion.[167] Despite that the shape of the sole is delimited from the colour, the subject-matter of protection is neither the shape of the sole, nor the contour of the specific shade of red (Pantone 18-1663TP) with the rest of the shoe in relation to footwear more broadly. In his application, Louboutin only sought to protect the application of a specific colour shade to a particular part of a product, namely Pantone 18-1663TP as positioned on shoes' soles.



Figure 9: The Louboutin Mark[168]

Over the years, Louboutin's considerable investments, both in terms of substantial amounts of capital as well as marketing, have established a global repute for high end footwear, whilst some styles command over $1,000 a pair. From homages to the lacquered red outsoles by all kinds of celebrities, among them famous pop singer Jennifer Lopez[169], to brand collaborations, including the creation of a limited-edition pair of red-soled shoes inspired by Disney's iconic Cinderella glass shoes[170], '*for those in the know, cognitive bulbs instantly flash to associate: "Louboutin"*'[171].

[167] USPTO Registration No. 3361597; USPTO Registration No. 4430996; EUTM No. 0874489. See also C-163/16, *Christian Louboutin, Christian Louboutin SAS v Van Haren Schoenen BV* (2018) ECLI:EU:C:2018:423.

[168] Ibid.

[169] Jennifer Lopez, 'Louboutins' (Epic Records 2009).

[170] C. Coupin, A. Pastor, 'Christian Louboutin re-creates Cinderella's shoes for Walt Disney', Vogue, (Jul. 6, 2012), <https://www.vogue.fr/fashion/fashion-news/articles/christian-louboutin-re-creates-cinderellas-shoes-for-walt-disney/21994>.

[171] *Christian Louboutin S.A. v Yves Saint Laurent Am., Inc.,* 778 F. Supp. 2d 445 (S.D.N.Y. 2011), para 448; See also *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc*., 696 F.3d 206 (2d Cir. 2012).



Figure 10: Louboutin's recreation of Disney's Cinderella's glass shoes[172]

Louboutin's important win in making red shoe soles synonymous to the brand name itself worldwide has been somewhat restricted following the longstanding court battle with luxury brand YSL. The US District Court held that there was '*something unique about the fashion world that militates against extending protection to a single colour*'[173]. Other than excluding monochromatic red shoes with red soles from protection, the court further established a much unfavourable blanket rule to fashion designers, where protection of a single colour for use in relation to any fashion articles is now unavailable, at least in the US. While various colours, including colour combinations, on fashion items have previously been protected, perhaps the single-colour exception will have some effect on encouraging creativity and competition in fashion that the EU/UK courts might have to consider, given the already extensive TM portfolio of Louboutin, which covers a specific shade of red and any similar colour shades, potentially also encompassing shades of orange or pink, as positioned on the sole of any type of shoe, so long as the red sole contrasts with the upper part of the shoe.

Other absolute grounds for refusal focus on the nature and qualities of marks. Descriptive marks, which designate characteristics of the protected

[172] C. Coupin (n 170).
[173] *Christian Louboutin* (n 171), para 451; See also S. Teilmann-Lock, T.B. Petersen, 'Louboutin's red sole mark and the logics of fashion', 13 JIPLP 11 (2018), at 890-895.

goods applied for, including, but not limited to, their quality, quantity, intended purpose, value, geographical origin or the time of the production or rendering of services are unregistrable. Similarly, under US law, descriptive or misdescriptive marks of '*an ingredient, quality, characteristic, function, feature, purpose, use or geographic origin of the goods'* are also disqualified from registration.[174] This ground's rationale is that indications about the goods that seek registration should be available to be used by anyone and not be exclusively used by a trader, as this could result in an unfair monopoly.[175] Equally, marks' customary use in the course of trade, i.e. due to being heavily advertised, render them unregistrable.[176]

Furthermore, marks consisting exclusively of three-dimensional shapes or any other characteristics that result from the nature of the products themselves, or are necessary for achieving a technical result, or give substantial value[177] to the products in question, irrespective of distinctiveness are part of the absolute registration prohibitions.[178] The latter, namely the 'substantial value' ground, is particularly relevant for fashion and could render a non-negligible amount of fashion designs unregistrable. In *Gömböc*, the CJEU clarified that 'substantial value' cannot solely be quantified in terms of a product's appearance, but its historical significance – in this case what the shape represented in relation to the history of science, how it is produced, what materials it contains and whether rare or precious, even the identity of the designer can be relevant factors.[179]

Louboutin risked losing protection over its red sole shape mark; as a competitor, Van Haren, claimed that it concerned a shape conferring substantial value to the shoes.[180] The worldwide acquired distinctiveness of Louboutin's shape mark would be of no use, as this would not prevent this ground of refusal from being given effect. Louboutin prevailed, due to the old exclusion provision applying only to 'shapes' under the Directive 2008/95.[181] And in this case, given that the mark in question only sought to protect the application of a colour shade as positioned to a specific part of a shoe, the court held that the colour red could not be considered a mark, which consists of a

[174] TMD (n 115), Art. 4(1)(c); TMA (n 115), ss. 3(1)(c); 15 U.S.C., §1209-1210.
[175] Joined cases C-108/97, C-109/97, *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* (1999) EU:C:1999:230, at para 25; *British Sugar Plv v James Robertson & Sons Ltd* [1996] RPC 281.
[176] TMD (n 115), Art. 4(1)(d); TMA (n 115), ss. 3(1)(d); C-517/99, *Merz & Krell* [2001] ECR I-6959, para 40.
[177] *Philips Electronics BV v Remington Consumer Products Ltd* [1998] RPC 283, per Jacob J.
[178] TMD (n 115), Art. 4(1)(e); TMA (n 115), ss. 3(2)(a)-(c); C-299/99, *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* (2002) EU:C:2002:377, paras 57, 75-76.
[179] C-237/19, *Gömböc v Szellemi* (2020) ECLI:EU:C:2020:296, para 60.
[180] C-163/16, *Christian Louboutin* (n 167).
[181] Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, OJ L 299, 8.11.2008, (repealed and replaced by TMD), Art. 3 (1)(e)(iii).

shape.[182] The TMD 2015 widened the scope of this exclusion ground to cover 'any other characteristic', including colour, and therefore, the 'substantial value' question could come into play.[183] Even if so, AG Szpunar clarified that 'substantial value' relates exclusively to the intrinsic value of the shape, rather than the factors that are extrinsic to it, such as the attractiveness of goods arising from the reputation of the TM or its proprietor.[184] Hence, it would be unlikely that the colour red inherently gives substantive value to the shoes, so as to invalidate the red sole mark.[185] This exclusion ground could, nonetheless, imperil fashion designers' right to protect designs that consist of high quality materials, rare beads or precious stones, especially 'haute couture' pieces, though such aesthetic designs may still be protected under other IP rights. Yet, the shape of a pendant '*that meant to designate jewellery made of precious metals'*[186], rather than solely designate costume jewellery, could fall outside the scope of the exclusion and be protected as a TM. The US position is that marks which are merely ornamental features of goods cannot be registered. [187] Nevertheless, small designs or discreet wording on clothing, i.e. located on a pocket of a shirt, could potentially be registrable.[188]

Lastly, the overall appearance of products may be registrable under US trade dress as source identifying, provided that a product's mark, consisting of its design and shape or packaging, is non-functional, or else not necessary to the product's use or purpose or affects the product's cost or quality[189]; and distinctive, or else recognisable by consumers as a source indicator, pertinent to a mark's use in trade for at least five continuous years.[190] For instance, decorative design features of a garment that add value to it, such as embroidery with precious stones and beads would likely fall outside the scope of protection. Equally, a pair of fluorescent neon shoes with the purpose of increasing visibility would not be protectable. Yet, a clothing line's configuration, including the colour, shape and arrangement of materials[191] or the arched stitch pattern on the back pocket of a pair of Levi's jeans below are used to identify the product's source as well as the brands they represent and are therefore, protectable. Lastly, as with TMs, unless proof that a 'secondary

[182] C-163/16, *Christian Louboutin* (n 167), paras 23-26.
[183] TMD (n 115), Art. 4(1)(e)(iii).
[184] C-163/16, *Christian Louboutin* (n 167), Opinion of AG Szpunar of 22 June 2017, ECLI:EU:C:2017:495, points 70-72.
[185] See E. Rosati, 'Red Sole Diaries: another chapter', The IPKat (Feb. 14, 2019), <https://ipkitten.blogspot.com/2019/02/red-sole-diaries-another-chapter.html>.
[186] A. Kur, 'Twenty Years in Design Law—What Has Changed?', in H. Bosher and E. Rosati (eds), *Developments and Directions in Intellectual Property Law: 20 Years of The IPKat* (1st ed., Oxford University Press, 2023), para 1.2.2.
[187] 15 U.S.C., §1202.03, 1211.
[188] Other EU/ UK absolute grounds include TM applications made in bad faith, against morality or public policy.
[189] 15 U.S.C., §§105, 2(e)(5).
[190] Ibid, §§1051-1052, 1127, §2(f).
[191] *Wal-Mart Stores, Inc. v. Samara Bros., Inc*., 529 U.S. 205 (2000).

meaning' has been acquired, fashion design elements, which often lack inherent distinctiveness by nature, would fall outside the scope of registered trade dress protection.

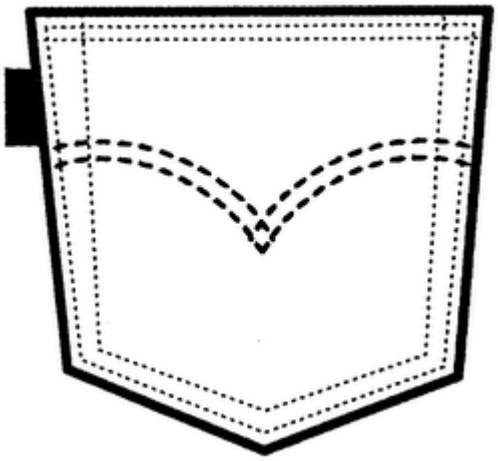


Figure 11: Levi's stitch pattern[192]

3.2.3. Relative Grounds for Refusal of Registration & Infringement

Under EU/UK law, the relative grounds for refusal of TM registration[193] are identical to the TM infringement grounds.[194] Both the infringement and refusal grounds are concerned with potential conflicts between marks and any pre-existing rights relating to earlier 'signs', though the latter are bound by two conditions that limit TM proprietors' scope of exclusive rights. More specifically, for use to be considered infringing of those rights, it must be performed 'in the course of trade' in relation to 'goods or services'.[195] Infringing TM use must therefore be '*in the context of commercial activity with a view to economic advantage*'[196], though preparatory acts prior to the marketing of goods may also qualify as infringing, such as acts reproducing goods at their manufacturing or promotion stage. For instance, the act of affixing a similar or identical mark to the TM on goods or packaging, labels, tags, security or authenticity features or devices, which would then be combined with infringing goods, would constitute infringement. Likewise, for TM registration in the US, proof of use or an intention to use the mark in commerce is required.[197]

[192] USPTO Registration No. 2791156.
[193] Relative grounds (n 160).
[194] TMD (n 115), Art. 10(6); Directive 89/104/EEC (n 115), Art. 5(5); TMA (n 115), s.10(1)-(3).
[195] TMD (n 115), Art. 10; TMR (n 115), Art. 9; TMA (n 115), s.10.
[196] *Arsenal* (n 127), para 40.
[197] 15 U.S.C., §1051.

According to the first relative ground, registration may be refused when an identical sign to an existing TM already exists in relation to identical goods or services. Use of such sign in the course of trade would result to infringement. For signs to be identical, the new mark must reproduce all elements of the earlier TM, including insignificant differences that the average consumer would be unable to spot.[198] For determining whether the goods associated with the allegedly infringing sign are identical, the court would consider whether they fall within the same class of goods as specified in the earlier mark's registration.[199]

The second ground for refusal of TM registration and/or infringement, is when there is an identical sign to a TM in relation to similar goods or services, or a similar sign to a TM in relation to identical or similar goods or services, which would likely cause consumer confusion or association between the two undertakings. Under *SABEL v Puma*, the test for determining likelihood of confusion or association involves an assessment of the similarity between the two marks on a visual, aural or conceptual level and their overall impression from the lens of the average consumer in relation to the goods for which the mark is registered.[200] As per *L'Oreal v eBay*, infringement would be established where use would not enable, or enable with difficulty, the average consumer to ascertain the trade origin of goods and whether they are economically linked.[201] The two marks need to be '*at least partially identical as regards one or more relevant aspects*' for the average consumer to make that assumption.[202] Confusion as to trade origin is also recognised as a valid ground for refusal and/or infringement under US TM and trade dress law.[203] TM holders are protected against a third party's confusing or deceptive use as to the source origin of goods, or else any '*use in commerce [of] any reproduction, counterfeit, copy, or colourable imitation of [their] . . . mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive*'[204]. Likewise, trade dress will be infringed when the use of a protected mark will likely confuse consumers that the proprietor endorses a third party's goods or is affiliated or connected with a third party's business.[205]

The third and final relative ground for refusal of registration mirrors the final TM infringement ground and is aimed to protect well-known, particularly

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[198] *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 767.
[199] Ibid; T-257/14, *Novomatic AG v OHIM* (2015) ECLI:EU:T:2015:141.
[200] For confusion, see, C-251/95, *SABEL BV v Puma AG* [1997] ECRI-6191; [1998] 1 CMLR 445 (ECJ), at 456-60.
[201] C-324/09, *L'Oreal SA v eBay International AG* [2012] All ER (EC) 501; [2011] ETMR 52; [2011] RPC 27, para 2; *Arsenal* (n 127).
[202] P. Torremans (2019) (n 114), at 456-460; T-257/14, *Novomatic* (n 199), paras 26-28.
[203] 15 U.S.C., §§1052 (d), 1125(a); *Two Pesos* (n 122).
[204]Ibid, §1114(1)(a) (registered TMs).
[205] Ibid, §1125(a).

strong registered TMs with a reputation, whose protection is mandated by Article 6*bis* of the Paris Convention.[206] While no criteria for determining what qualifies as 'well-known' are available at the international level, case law has interpreted it to mean a sign which is known by a significant proportion of the public concerned with the goods or services covered by the TM within the EU or UK territories respectively.[207] Irrespective of whether the signs in question are similar or not, registration of a sign that would take an unfair advantage or cause detriment to the TM's reputation or distinctive character would be refused, while consumer confusion is not part of the equation. Infringement would take place, where use of the sign without due cause has the same effect. Similarly, US holders of famous TMs, which are '*widely recognized by the general consuming public of the United States as a designation of source of the goods or services'*[208], can receive additional protection against the blurring of their marks, where use of another mark is likely to cause dilution by blurring or tarnishment of the famous mark's distinctive quality, in cases of a likelihood of confusion or harm to the famous mark's reputation.[209]

In *Intel v CPM*, the UK courts have constructed a higher 'unfair advantage' threshold, recently re-affirmed in *Argos*, according to which proof of a positive change on the average consumer's economic behaviour on the relevant market would translate as advantage taken.[210] Yet, the 2020 *PlanetArt* case confirmed that, for proving 'advantage' alone, a direct impact on the average consumer's economic behaviour need not be demonstrated. In cases where registration is sought for a new mark, it was held that if the proprietor of the earlier TM decides to change their own behaviour in order to make their mark '*more different from that of a newcomer in order to maintain the same level of recognition […] or devote resources to amplifying its brand message*'[211], the requirement would be satisfied. While this approach could overly favour famous marks over new players trying to enter the market, as the more investment in their attractiveness, the more likely they would satisfy the 'advantage' provision, 'unfairness' is still a key component of the test. In the UK, a standalone economic advantage for use of a sign that is similar to a reputable TM, even if intentional or incidental, would not suffice to prove 'unfairness'.[212] What would be considered 'unfair', is a substantial interference

[206] Paris Convention (n 80), Art. 6*bis*.
[207] C-375/97, *General Motors Corp v Yplon SA* [1999] ECR I-5421, [2000] RPC 572, paras 22, 24-28.
[208] 15 U.S.C. § 1125(c)(2)(A).
[209] 15 U.S.C., §§1125(c)(1)-(2)(A); Federal Trademark Dilution Act of 1996, as revised by the Trademark Dilution Revisions Act of 2006.
[210] C-252/07, *Intel Corporation Inc* v *CPM United Kingdom Ltd* [2009] ETMR 13, paras 77, 81; See also *Argos Ltd v Argos Systems Inc* [2018] EWCA Civ 2211, para 107.
[211] *PlanetArt LLC v Photobox Ltd and Anor* [2020] EWHC 713 (Ch), paras 56, 179.
[212] *Argos* (n 210), para 108.

with a TM's investment function, or else its ability to '*acquire or preserve a reputation capable of attracting consumers and retaining their loyalty*'.[213]

The position in the EU is generally aligned with the CJEU's judgment in *L'Oréal v Bellure*.[214] In dealing with 'unfair advantage', the CJEU ruled that evidence of a mere attempt to free-ride on the coattails of the reputable mark, or else gain an unfair advantage from creating a material link between them in consumers' minds would suffice.[215] In effect, likelihood of damage became the lowered threshold for satisfying the infringement conditions.[216] Here, Bellure used comparison tables, which included L'Oréal's TMs, to communicate that their perfumes have a similar smell to those produced by L'Oréal. Although this could be a permissible use for comparative advertising purposes, Bellure's choice to use packaging and perfume bottles that imitated those of L'Oréal, was viewed as an attempt to gain a disproportionate advantage from the benefit that arises by the association with the well-known brand, without compensating the TM proprietor for such beneficial association. The Court made it clear that 'unfair advantage' is not assessed on the basis of detriment caused on the reputable mark, but rather relates to the advantage that the defendant may obtain from the alleged 'free-riding'. There is a further bad faith dimension that increases the 'likelihood of unfair advantage' in instances where the third-party attempts to imitate an earlier mark with a highly distinctive character or repute, as in the above-mentioned perfume 'look-alikes' of L'Oréal's products, or attempts to launch a business model that is based upon targeting the TM's consumer base.[217]

L'Oréal has been criticised on giving too much weight on the intent of the alleged 'free-rider', while substantially increasing the power that brands with reputable marks have over their marks. In an industry like fashion, lesser-known designers and even well-known fast-fashion chains often copy the successful marketing strategies of established fashion houses or imitate the packaging that luxury fashion brands use, to attract clients. At the same time, emerging or small fashion brands, may wish to advertise their products by referring to the similarities that they may have with established fashion houses. The underlying risk with the extended protection of reputable marks and the harsh approach against 'free-riders' is that it could overly-favour owners of strong marks and undermine free competition, as one would logically expect that businesses would seek advantages of a commercial nature. Therefore, the courts need to carefully examine whether such uses would hide the intention

[213] C-323/09, *Interflora* [2011] (n 141), para 62.
[214] C-487/07, *L'Oréal SA v Bellure NV* (2009) ECLI:EU:C:2009:378
[215] *L'Oréal*, ibid, paras 49-50; *Intel* (n 210), para 66.
[216] *L'Oréal*, ibid; *Intel* (n 210), para 38.
[217] *L'Oréal* (n 214), paras 48-50; *Whirlpool Corporation and Ors v Kenwood Ltd* [2009] EWCA Civ 753, para 111.

to free-ride on the mark's reputation and therefore, whether the advantage would be fair or unfair.[218]

Other than the courts' decision-making process in balancing right holders' interests with unhindered competition, certain instruments are in place to limit the scope of the protection offered to reputable marks. Under the Comparative Advertising Directive, use of a competitor's TM for comparison purposes is permissible, if the aim is to objectively highlight differences that do not give rise to situations of unfair competition and so long as the comparison does not take unfair advantage of the TM's reputation.[219] Moreover, under the Unfair Commercial Practices Directive, commercial practices contrary to professional diligence which may materially distort consumer behaviour are prohibited.[220] For instance, the Directive prohibits the marketing of a product which creates confusion with a competitor's products or TMs and is likely to influence consumers' purchase decisions.[221] Although the confusion requirement of the misleading conduct can be parallelised to TM law's 'likelihood of confusion', it is aimed to combat unfair competition, rather than protect IP interests. It may, therefore, be realised as a stricter condition, applicable only in instances where there is an actual risk for consumers to be mistaken about the products' identities, i.e. where the competitor fails to place disclaimers on the products being compared.[222] Nevertheless, since the assessment is based on the average consumer's perception, the provisions may be further limited to situations where there is clear deception of a consumer in relation to their search for a particular brand.

In the US, in line with the Paris Convention, well-known marks are equally protected against unauthorised uses or registration. [223] The US courts examine whether the use of the defendant's mark will likely have the effect of diluting or diminishing the value of the famous mark by '*blurring*' its distinctiveness and uniqueness, and/or tarnishing it with

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[218] C-323/09, *Interflora* [2011] (n 141), para 91; See also *L'Oréal v Bellure NV* (2010) E.T.M.R. 47, paras 14-15, and Jacob LJ's free speech criticism. (Lord Justice Jacob stressed that the CJEU has potentially undervalued free speech, as Bellure's tables contained accurate information, namely that perfumes that smell like L'Oréal's are available on the market for a lower price, yet they were still found to be infringing.).

[219] Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising, OJ L 376, 27.12.2006, Art. 4, para 15; see *L'Oréal* (n 137), para 88.

[220] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council, OJ L 149, 11.6.2005, Annex I, Art. 5-9.

[221] Ibid, Art. 6(2)(a).

[222] F. Henning-Bodewig, 'International Protection Against Unfair Competition - Art . 10bis Paris Convention , TRIPS and WIPO Model Provisions', 30 International Review of Industrial Property and Comp. Law 2, No. 116 (1999), at 176.

[223] Paris Convention (n 80), Art. 6*bis*.

something negative or distasteful.[224] In *Moseley v V Secret Catalogue*, famous fashion brand 'Victoria's Secret' brought a claim against a company selling adult novelties, named 'Victor's Little Secret', arguing that the brand's distinctiveness could be eroded and its reputation could be tarnished.[225] Even though the appellate court recognised that consumers would make an automatic mental association between the famous mark and the adult novelty company's products, the Supreme Court dismissed the case. As the case preceded the Trademark Dilution Revisions Act of 2006 and the introduction of the 'likelihood of dilution' standard, the court interpreted the old Federal Trademark Dilution Act of 1996 as requiring evidence for proving that actual dilution of the mark took place in support of such claims. On appeal, the Sixth Circuit confirmed that an actual dilution of the mark is no longer required. In *Visa v JSL*, the US Ninth Circuit's interpretation of this statutory provision suggests that similarity of the allegedly diluting mark and the famous mark with respect to their characteristics in the eyes of the claimant would suffice for satisfying 'likelihood of dilution', rather than the finding of a mental association of the public between the marks in question and reliance on '*expert testimony or marketing surveys*'.[226] Accordingly, fashion brands can now seek protection for their reputable marks under an even lower threshold, even before actual harm to the brand's reputation or harm in form of actual economic injury takes place and according to the Ninth Circuit's position, without necessarily introducing any external evidence to support their claim.

3.2.4. Defences

Certain exceptions to TM infringement[227] are in place, in order to maintain a balance among the interests of TM proprietors and other traders and those most relevant to fashion are briefly enlisted next. Under both the EU and UK jurisdictions, certain uses of a mark in accordance with 'honest industrial or commercial practices', or else, in accordance with the legitimate interests of the TM proprietor are permitted.[228] Some of those, equally apply under US law. Accordingly, use of a TM is permitted in the EU, UK and US when for 'purely descriptive purposes', i.e. to describe certain aspects of goods of a

[224] (n 197); I. Calboli, J. De Werra, *The Law and Practice of Trademark Transactions: A Global and Local Outlook*, (1st ed., Elgar, 2016), at 78.
[225] *Moseley v V Secret Catalogue*, 537 U.S. 418 (2003); See *V Secret Catalogue v Moseley*, 605 F.3d 382 (6th Cir. 2010), at 387.
[226] *Visa International Service Association v JSL Corporation*, 610 F.3d (9th Cir. 2010), at 1091.
[227] TMD (n 115), Art. 14(1); TMR (n 115), Art. 14(1); Directive 89/104/EEC (n 115), Art. 6; TMA (n 115), s.11; 15 U.S.C., §1115. See also EU Regulation No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation No 1383/2003, OJ L 181, 29.6.2013, Art. 27-30.
[228] TMA (n 115), s.11(2); TMD (n 115), Art. 14(2); TMR (n 115), Art. 14(2); C-228/03, *Gillette Company & Gillette Group Finland (GC) v La-Laboratories Ltd Oy* [2005] ECLI:EU:C:2005:177, para 49.

competing brand[229], or when a third party uses their own name, and in the EU/UK, also the use of their own address.[230] Moreover, under EU/UK law, use of non-distinctive signs or terms incorporated in a TM are not considered infringing either.[231] In all three jurisdictions under review, where there has been use of an earlier mark in the course of trade in a particular locality, no infringement will be established in relation to use of that earlier mark in relation to that particular locality.[232]

In both the EU and UK territories, under the 'without due cause' defence, failure to prove the taking of an unfair advantage of a reputable mark negates infringement.[233] For instance, use of a fashion designer's mark by a fashion boutique store to indicate that they offer clothing of that particular brand would be justified and would, therefore, be with due cause.[234] Equally, the CJEU held that use of similar or identical goods with the aim of presenting a commercial alternative to the goods covered by the famous mark would be considered with due cause.[235] Whereas in instances involving use of a sign which would damage the reputation or distinctiveness of a famous TM or negatively affect its functions, the CJEU held that, in determining whether the defence applies, greater weight would be placed to the alleged injury sustained by the famous mark, rather than the justifications for such act.[236] Nevertheless, the UK has recently departed from such strict interpretation of the defence that favours reputable marks and according to the High Court, regard must be given to the circumstances of the trade.[237]

At EU level, both the TM Directive and Regulation expressly state that they should be '*applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression*'.[238] It follows that, both in the EU and UK jurisdictions, use of a TM for artistic expression, such as for parody purposes, is considered fair. Fair use in the US[239] only applies in relation to famous TMs and accordingly, blurring will not be established where use of a mark is in the context of advertising for product comparison purposes, or for parody, criticism or commentary purposes, except for instances where use of the mark is intended to designate trade origin.[240] In other words, use of a mark for parody purposes would not infringe, provided that it is obvious to

[229] TMD (n 115), Art. 14(1)(b); TMA (n 115), s.11(2)(b)-(c); 15 U.S.C., §1115(b)(4).
[230] TMD (n 115), Art. 14(1)(a); TMA (n 115), s.11(2)(a); 15 U.S.C., §1115(b)(4).
[231] TMD (n 115), Art. 14(1)(b); TMA (n 115), s.11(2)(b).
[232] TMD (n 115), Art. 14(3); TMA (n 115), s.11(3); 15 U.S.C., §1115(b)(5)-(6).
[233] TMD (n 115), Art.10(2)(c); TMR (n 115), Art. 9(2)(c); TMA (n 115), s. 10(3).
[234] *Intel* (n 198), paras 37, 39; *Argos* (n 198), paras 120, 122.
[235] *Interflora Inc & Anor v. Marks and Spencer Plc (Rev 1)* [2014] EWCA Civ 1403, paras 98, 100.
[236] Joined cases C-85/16 P and C-86/16 P, *Kenzo v EUIPO* [2017] EU:C:2017:950, para 38, per AG Sharpston.
[237] *PlanetArt* (n 211), para 43.
[238] TMR (n 115), para 21; TMD (n 115), para 27.
[239] 15 U.S.C., §1125(c)(3).
[240] 15 U.S.C., §1125(c)(3)(A).

the public that the mark is the subject of criticism or comment and that the use is not perceived as sponsored by the TM owner.[241] Lastly, under US law, use of a famous mark for news reporting or for any other non-commercial uses are permitted.[242]

3.2.5. Conclusion

The protection offered by TM law upon registration is balanced with the interests of other traders in using signs that are identical or similar to pre-existing marks to denote their own goods. Reputable marks of famous fashion brands evidently enjoy a higher level of protection against dilution in all three jurisdictions, even in the absence of consumer confusion. Particularly in the EU, the low threshold for assuming TM-associated reputation and the fact that protection is no longer confined to similar goods tip the scales in their favour, with the risk of restricting other traders' freedom of expression.

At EU level, a series of CJEU decisions and the TM reform of 2015 have widened the scope of protection to non-traditional marks, similarly to the US position. TMs now protect more than just their origin function and the landmark *L'Oreal* ruling recognised that the quality, communication, investment and advertising functions are protectable. While the US courts do not expressly recognise any of the modern functions, they do acknowledge their importance. Fashion designers' ability to register important aspects of how they promote their business as TMs, including the building of iconic designs, such as the shape of Le Pliage handbags and the Louboutin red sole, or even product packaging, vest them substantial power to prevent competitors from launching similar features on their products. And the freedom to seek simultaneous protection for multiple product features can lead to a strong overall brand protection that can help build considerable reputation. Yet, meeting the threshold for protection or affording to pay the registration costs is not guaranteed for small emerging designers or brands with limited resources.[243] Furthermore, the lack of inherent distinctiveness of fashion designs presents an obstacle for both trade mark and US trade dress law, making registered protection more difficult to obtain. Given that larger brands with an established reputation have the means to invest in advertising and in making their fashion designs' appearance distinctive over time, it could be said that registered TM or US trade dress protections are indirectly reserved for them.

Despite the existence of defences and other limitations to the scope of TMs, brand owners and particularly, those with reputable marks are arguably in a strong position to protect their creations. Nevertheless, the iconic red sole

[241] *Louis Vuitton Malletier S.A. v Haute Diggity Dog*, 507 F.3d 252 (4th Cir. 2007).
[242] 15 U.S.C., §1125(c)(3)(B)-(C).
[243] Unregistered protection is available, at least against copying, but is not part of the analysis.

might have never been protected as a TM, had Louboutin not persisted in yearly litigation against competitors. As will be discussed over the next Chapters, avoiding litigation seems to be the norm in this industry, yet unenforced rights leave fashion brands exposed to exploitation. Extra-legal solutions and blockchain technology have the potential to revolutionise giving effect to those protections or being adequately remedied in cases of a mark's unauthorised use.

3.3. Copyright

Copyright law protects the original expression of ideas and is commonly sought after by fashion designers and brands, especially those who produce timeless designs or 'haute couture' fashion pieces that are not necessarily subject to seasonal trends. Although fashion designs that align with seasonal trends can be innovative, they frequently share many similarities to other designs that are hard to overlook, given that the overarching aim is to conform with a handful of specific 'hot looks' every season and sell fast - before the trend 'expires' and the designs become outdated shortly after their launch on the market. The limited duration of a trend's lifecycle also encourages a speedy production process and designers often opt for a shortcut path in their designing that can be as little as 6-8 weeks for the planning, design and production of an entire collection, which does not leave much room for originality and creativity.[244] In turn, it could be argued that timeless fashion pieces, such as the iconic Hermès Birkin bag, or 'haute couture' gowns would more easily meet the relatively low *Infopaq*'s *originality* threshold and/ or the US *modicum of creativity* requirement, as '*free and creative choices*' would probably need to be exercised into their design process by their creator in order to make them stand out or surpass trends and diffusion.

Under the international framework, copyright is an automatic right, for *any* productions in the literary, scientific or artistic domains, whatever may be the mode or form of their expression.[245] In the EU/UK territories, protection arises the moment a work is created and upon the fulfilment of the *originality* criterion.[246] For many years, the UK courts' failure to interpret *originality*, as well as other copyright principles in light of EU law and CJEU decisions, even pre-Brexit, has led to some inconsistencies in protectability and an environment where securing UK copyright protection for fashion designs was far more challenging. Yet a series of recent UK decisions demonstrates a shift in a more harmonious interpretation of *originality* under both regimes, leading

[244] I. Lapatoura (Kluwer Copyright Blog) (n 111).
[245] Berne (n 81), Art. 1, 5. TRIPS Agreement (n 3), Art. 9.
[246] See P. Torremans (2019) (n 114), Chapters 9-13, 15-16; See J. Pila, P. Torremans, *European Intellectual Property Law*, (2nd ed., Oxford University Press, 2019), Chapters 10-13; E. Rosati, *The Routledge Handbook of EU Copyright Law*, (1st ed., Routledge, 2021), Section II.

to greater legal certainty and a more favourable protection landscape for UK fashion designers in line with the CJEU's position.[247] In the US, copyright protection subsists in any independently created work that possesses a *modicum of creativity*.[248] Yet, the treatment of fashion creations as 'useful articles' under US law make protection less attainable than in the EU/UK, despite the existence of the 'separability' doctrine.[249] The author of a copyright protected fashion design is generally granted the exclusive rights to reproduce, distribute or publicly display the work.[250] Given that no registration is required, copyright protection is immediate and lasts for the duration of the author's lifetime and 70 years after their death, which is a considerable term of protection.[251]

3.3.1. Protection

3.3.1.1. Idea/ Expression Dichotomy

The idea/expression dichotomy is enshrined under both international and national copyright laws and dictates that protection does not extend to ideas, but is rather limited to works that constitute the expression of ideas.[252] Both the TRIPS Agreement and the WIPO Copyright Treaty (WCT) (1996) set out that

'*copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such*'[253].

In the CJEU's view in *Infopaq*, a creation that qualifies as a copyright 'work' is understood as '*the elements that are the expression of such creation*', which, at the same time, are *original*.[254] The overarching aim behind this principle is to enable other creators to use the same ideas as copyright owners

[247] *HRH The Duchess of Sussex v Associated Newspapers Limited* [2021] EWHC 273 (Ch) (11 Feb. 2021); *WaterRower (UK) Ltd v Liking Ltd (T/A Topiom)* [2022] EWHC 2084 (IPEC); *Wright & Ors v BTC Core & Ors (Rev1)* [2023] EWCA Civ 868. All these will be discussed in the next section of this Chapter.
[248] *Feist Publications v Rural Telephone Service Co* (1991) 499 US 340, at 345.
[249] This issue was the central in *Star Athletica, L.L.C. v Varsity Brands, Inc.,* 137 S. Ct. 1002 (2017). It will be highlighted in the next section of this Chapter.
[250] Berne (n 81), Art. 9, 12; Copyright, Designs and Patents Act 1988 (CDPA), ss. 2, 18-21; Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society [2001] OJ L 167 (InfoSoc Directive), Art. 2-4; US Copyright Act, 17 U.S.C. §§ 1 et seq. (Ch. 1) (2012), §106.
[251] Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights, OJ L 372, 27.12.2006, Art. 1; CDPA (n 250), s. 12; 17 U.S.C., §302. Under the international framework, the minimum term is lifetime + 50 years, see Berne (n 81), Art. 7(1); TRIPS Agreement (n 3), Art. 12.
[252] CDPA (n 250), s. 1, 3(2); *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2000] 1 W.L.R. 2416 HL, para 128; 17 U.S.C., §102(b); *Mazer v Stein* 347 U.S. 201 (1954), at 217.
[253] TRIPS (n 3), Art. 9(2); WCT (n 102), Art. 2.
[254] C-5/08, *Infopaq International v Danske Dagblades Forening* [2009] ECR I-6569, paras 37, 39.

and exercise their free and creative choices to produce their own works. However, it is much more complex to clearly differentiate between ideas and their expressions, particularly in the finding of copyright infringement. Therefore, copyright protection is limited to the creative aspects of a work which are *original* expressions, such as decorative elements. In the example below (Figure 12), fashion designer Vera Neumann brought an infringement claim against fellow designer Kate Spade, over a red poppy design. Although the case was not litigated, treating a red poppy design on a white background as an expression, rather than an idea or theme, could result in unwanted outcomes. With Neumann's protection lasting for a substantial term – her lifetime and 70 additional years – a whole generation of designers could be precluded from producing similar decorative elements on garments or accessories. This could undermine creative expression and pose an obstacle to innovation.



Figure 12: Left: Vera Neumann's design, Right: Kate Spade's design[255]

Levola marked another important development for the notion of copyright 'work', where protection extends to expressions that allow the work to be identified 'precisely and objectively', even if not necessarily in permanent form.[256] While the taste of cheese was found as subjective to the taster here, it follows from this case that fashion designs in digital form that later come to life as physical objects or fashion designs in NFT form could still be protected under

[255] J. Phillips, 'Handbags at Dawn 1: fashion, copyright and trade marks', The IPKat (Sep. 24, 2012), <https://ipkitten.blogspot.com/2012/09/handbags-at-dawn-1-fashion-copyright.html>.
[256] C-310/17, *Levola Hengelo BV v Smilde Foods BV* [2018] ECLI:EU:C:2018:899, paras 33-35, 37, 40-41.

EU law. Nevertheless, the same cannot be said for UK and US law, where fixation in any *material* medium of expression is still a formal requirement.[257]

3.3.1.2. Originality

The notion of copyright *originality* was first introduced in the Berne Convention[258] and while initially reserved to limited subject-matter, it was extended to fixed and original literary and artistic works. In the landmark *Infopaq* case, the CJEU ruled that *any* type of work which is '*its author's own intellectual creation*' is original and therefore, copyright eligible.[259] *Painer* established that a work is original, provided that the author can '*express his creative abilities in the production of the work by making free and creative choices*'[260] and therefore, the work reflects their own personality. The standard was reiterated in *Cofemel v G-Star Raw*, where the two cumulative conditions for a 'work' to be protected are *originality*, in the sense that it is '*its author's own intellectual creation*', and provided that it is the 'expression' of the intellectual creation.[261] Interestingly, the previous position under Article 17 of the Design Directive 98/71/EC, was that member states had discretion to establish the level of originality for works of applied art.[262] Nonetheless, the CJEU has established that a single test for originality is to be adopted by all EU member states for qualifying works, including works of applied art.[263] This interpretation of originality partially resembles the US approach, where a work must be independently created by the author, in the sense that it is the product of their creative efforts[264]; and must possess a *'modicum of creativity'* and – in the US Supreme Court's wording *'even a slight amount will suffice*'.[265]

The European copyright standard of *originality*, interpreted as deriving from '*the author's own intellectual creation'*, has been transposed into UK law with the *Infopaq* ruling.[266] It was not until recently that the UK courts departed from their traditional copyright standard of proof of sufficient skill, judgement and/or labour into a work's creation, or else the difficulty that had to be overcome by the author in creating the work and proof that the work had not

[257] CDPA (n 250), s. 3(2); 17 U.S.C., §§101(A)-102.
[258] Berne Convention (n 81), Art. 2(3), 14*bis*(1).
[259] C-5/08, *Infopaq* (n 254), para 35.
[260] C-145/10, *Eva-Maria Painer v Standard Verlags GmbH & Others* [2012] ECDR 6, paras 87-89, 97-99.
[261] C-683/17, *Cofemel-Sociedade de Vesturário SA v G-Star Raw CV* (2019) ECLI:EU:C:2019:721, para 29.
[262] Directive 98/71/EC (n 79), Art. 17.
[263] C-5/08, *Infopaq* (n 254).
[264] 17 U.S.C., §102; *Bleistein v Donaldson Lithographing Co.* (1903) 188 US 239, at 345.
[265] *Feist* (n 248); *Harper & Row, Publishers, Inc. v Nation Enters.,* 471 U.S. 539 (1985), at 547-549.
[266] Transposed into the CDPA (n 250), ss. 1-3; See also *SAS Institute Inc V World Programming Ltd* [2013] EWCA Civ 1482, paras 29-37.

been copied.[267] The old standard stemmed from an attitude of remedying injustice or ensuring that third parties do not reap the benefits of another's labour, rather than being concerned with the protection and the rewarding of creative effort under the *Infopaq* standard. And while the old UK test only excluded end-products of trivial or insignificant 'labour' from protection[268], what was added to the new test was '*a significant qualitative factor, […that requires] some subjective contribution, 'sweat of the brow' will not do*'[269].

After a series of failed attempts by UK national courts to interpret *originality* in line with *Infopaq* and, in some instances, following attempts to reformulate the test, so as to fit within the 'skill labour and/or judgment' framework[270], in *Duchess of Sussex v AP* (2021) the High Court took a much clearer stance and affirmed that the test to be followed is indeed '*the author's own intellectual creation*'. [271] In *WaterRower v Liking* (2022), the IPEC applied both the old UK test as well as *Infopaq* in determining copyright subsistence in relation to the design of a 3D functional object.[272] The latest and by far most important decision on the point of *originality* is *Wright v BTC Core*[273] (2023), where the CA adopted the clearest of stances to date that a Bitcoin File Format needed to be assessed as an *'intellectual creation'* as explained in CJEU's case law.

3.3.1.3. Artistic Value & Aesthetic Appeal

The US courts have long recognised that it is not the judiciary's role to consider the artistic value of works '*outside of the narrowest and most obvious limits*'[274], the author's skill, experience, the intended use of the works in industry or their commercial appeal.[275] This was reaffirmed by the US Supreme Court in the leading *Star Athletica* case, ruling that copyright eligibility must be based on '*how the article and features are perceived, not how or why they were designed*'[276]. It follows that US copyright may be vested to *any* type of work so

[267] *University of London Press, Ltd v University Tutorial Press, Ltd* [1916] 2 Ch 601.
[268] *Francis Day v Twentieth Century Fox* [1940] AC 112.
[269] H. Laddie, P. Prescott, M. Vitoria, *Laddie, Prescott and Vitoria: The Modern Law of Copyright* (3rd ed., Butterworths, 2018), para 30.27.
[270] *University of London Press* (n 264); *Football Dataco Ltd and others v Stan James (Abingdon) Ltd* [2010] EWHC 841, at para 45; *Newspaper Licensing Agency Ltd v Meltwater Holding BV* [2011] EWCA Civ 890, at paras 80-81, per Proudman J; *Future Publishing Limited v The Edge Interactive Media Inc and Others*, [2011] EWHC 1489 (Ch), at para 10, per Proudman J; held that for originality, there must be '*the expenditure of more than negligible or trivial effort or relevant skill in the creation of the work*'; *Taylor v Maguire* [2013] EWHC 3804 (IPEC), para 8; held that an artistic work is considered original, if it is '*the result of independent skill and labour by the artist*'. *SAS* (n 266), paras 37-39, 112-113.
[271] *HRH The Duchess of Sussex* (n 247), para 148.
[272] *WaterRower* (n 247), para 63.
[273] *Wright (Rev1)* (n 247), paras 61-64.
[274] *Bleistein* (n 264), at 251-252.
[275] *Star Athletica* (n 249), at 1015; *Mazer* (n 252), at 219.
[276] *Star Athletica* (n 249), at 1015.

long as the copyright protection threshold can be established.[277] Yet US law treats fashion creations as non-protectable 'useful articles' and despite the copyright separability doctrine, US designers are arguably left in a difficult position.

The scope of fashion design protection in the EU/ UK territories has been initially widened in *Flos*[278] and refined by the CJEU in the landmark *Cofemel*[279] case. The CJEU held that the interpretation of the InfoSoc Directive[280] does not conform with any additional national law criterion that 'works' must possess an '*aesthetic appeal*' in order to be conferred copyright protection.[281] Instead, *any* work that satisfies *originality* under the *Infopaq* test will qualify for protection.[282] The decision has opened the floodgates to protection for works of applied art, including fashion designs which may not have been perceived as tasteful or possessing sufficient aesthetic value by national courts, which now need to be judged under the same test as any other type of subject-matter. Nevertheless, the original Portuguese Court which made the referral ruled that the designs of t-shirts, sweatshirts and jeans were not protectable, and to this day, the CJEU has not yet shed light on how *'the author's own intellectual creation'* is to be applied in relation to works of applied art, or else, what makes a fashion design an *original* work. However, the recent CJEU referral in the *Mio*[283] case is asking the Court to clarify the assessment of *originality* in such context. Until then, this ultimately means that the task remains with national courts and, depending on how diligently they carry out the assessment, it is plausible that works of applied art may now be more likely to enjoy cumulative protection under both the copyright and design law regimes.[284] In any case, cumulative protection in a single 'object' is permitted, as affirmed in *Cofemel* and in line with the Berne Convention.[285]

If this is the case, fashion designers will be in a privileged position to enjoy strong protection for their creations, particularly if they opt for the commonly sought after short-term unregistered design protection of 3 years, coupled with a lifetime monopoly and 70 more years. Although this may incentivise innovation, as protection for 3D functional designs may now be easier to obtain, Derclaye stresses that it could '*block follow-on innovation*

[277] 17 U.S.C., §§101-102(a).
[278] C-168/09, *Flos SpA v Semeraro Casa e Famiglia SpA*, EU:C:2011:29, para 34.
[279] *Cofemel* (n 261)
[280] InfoSoc (n 250), Art. 2.
[281] C-683/17, *Cofemel* (n 261).
[282] Ibid; see also Directive 2006/116/EC (n 237), paras 28-35.
[283] C-580/23, *Mio and Others*: Request for a preliminary ruling from the Svea Hovrätt, Patent- och marknadsöverdomstolen (Sweden) lodged on 21 September 2023 — Mio AB, Mio e-handel AB, Mio Försäljning AB v Galleri Mikael & Thomas Asplund Aktiebolag.
[284] E. Rosati, 'The absolute ground for refusal or invalidity in Article 7(1)(e)(iii) EUTMR/4(1)(e)(iii) EUTMD: in search of the exclusion's own substantial value', 0 JIPLP 0 (2020), at 18-19.
[285] *Cofemel* (n 261), para 52.

because it is much easier to prove protection and infringement.'[286] As per the previously explored Fashion Cycle, this effectively means that the current state of affairs will likely benefit trend-setting designers, the so-called fashion 'innovators': primarily large brands, including fast-fashion giants. At the same time, emerging designers and smaller brands will likely be found in an even more difficult position, in greater risk of infringement and in need of extra cautiousness when borrowing design elements and following trends, given that the same *originality* standard is being applied in assessing infringement. Derclaye's interpretation of *Cofemel* in this context goes a step further, where she argues:

'*if one follows [the Cofemel] reasoning and applies the AOIC, which is low level, a minimal amount of free and creative choices - perhaps just even one - i.e. not dictated by technical considerations, rules or constraints which leave no room for creative freedom, is sufficient for the clothes to be protected.'*[287]

While it is true that it may now be more likely to afford copyright protection to fashion designs, the author of this thesis supports that only those seasonal designs which are the first few designs of a season, created by trend-setting 'innovator' designers, would likely possess such '*minimal amount of free and creative choices'*. This ultimately means that *Cofemel*'s impact in fashion may not be as groundbreaking, at least in respect of the vast majority of seasonal designs typically protected under the 3-year unregistered design regime, given their time-limited desirability and value.

In line with this Chapter's assessment on whether the threshold for copyright protection can be met, it appears to be in the affirmative, yet *Cofemel* may have just made things more difficult for smaller designers and slightly better for larger 'innovator' brands. Based on this analysis, the underlying risk of the *Cofemel* decision could be the creation of an anti-competitive environment with an increasing dominant position of larger brands in the market.

Compliance with CJEU's jurisprudence is a work-in-progress and whether 3D fashion designs are going to be recognised as protectable subject-matter in those countries which previously had this *higher level* of *originality* criterion remains to be seen. Derclaye's empirical research[288] notes a gradually increasing compliance with *Infopaq* by a number of countries which had an

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[286] E. Derclaye, 'The status of three-dimensional functional works post-*Cofemel*. An empirical analysis of the case law of the Member States' case law which had an artistic merit requirement' (Dec. 13, 2022, ssrn), <http://dx.doi.org/10.2139/ssrn.4300926>, at 2.

[287] E. Derclaye, 'Doceram, Cofemel and Brompton: How does the Current and Future CJEU Case Law Affect Digital Designs?' in B. Pasa (ed.), *Il design, l'innovazione tecnologica e digitale, Un dialogo interdisciplinare per un ripensamento delle tutele - Design, technological and digital innovation. Interdisciplinary proposals for reshaping legal protections*, (ESI Press, 2020), SSRN:<https://ssrn.com/abstract=3507802>, at 10.

[288] E. Derclaye, (Dec. 13, 2022, ssrn) (n 286), at 7-9.

'*aesthetic appeal*' or *'artistic merit'* requirement for 3D functional works under their national laws, such as Spain and Sweden. The same research reveals that most works of applied art were found protected even in countries with a reluctancy to apply both *Cofemel* and *Brompton*. This is a further indication that it may now be easier to protect works of applied art, including in countries which previously had a higher level of *originality* for such subject-matter.

Originality in works of applied art as per *Cofemel*, was affirmed and further substantiated in *Brompton*. Here, the CJEU also offered additional guidance on how to deal with objects dictated by technical constraints. In this case, the CJEU affirmed that an '*aesthetic appeal*' requirement for the said works is contrary to EU law, as well as that functional characteristics in works does not, *per se*, pose an absolute bar to copyright protection.[289] While the departure from the requirement of a higher level of *originality* for such works and the recognition of *originality* as an autonomous legal concept with a single test for all types of works promotes EU's harmonisation agenda and the smooth functioning of the internal market, it could lead to some unwanted outcomes. The arguably overbroad protection afforded to industrial designs under *Infopaq* could potentially result in the protectability of trivial or controversial functional designs, such as Moschino's 'cape sheer overlay dress' below (Figure 13) that closely resembles a dry-cleaning clear bag retailed for $735. Yet, whether this would overly stretch copyright's scope is worth considering.

[289] Ibid; C-833/18, *Brompton Bicycle Ltd v Chedech/Get2Get* (2020) ECLI:EU:C:2020:461.



Figure 13: Moschino dress[290]

The implication of *Cofemel* and the preceding CJEU judgments, arguably extends to the imposition of any additional requirements for copyrightability by member states as not being permitted. In effect, the UK's requirement that protection is pertinent to whether or not subject matter falls within a statutorily defined closed list[291] is incompatible with EU law. And by extension, the 'artistic quality' requirement for certain works that fell within the '*works of artistic craftsmanship*' statutory UK law sub-category.[292]

It was not until recently that the UK legislature has begun to pay attention to the EU departure from these additional requirements. Under the UK legal landscape, the categorisation requirement only allows fashion designs

[290] Moschino, Instagram Post (Nov. 9, 2017), <https://www.instagram.com/p/BbSRYBmhlBF/?utm_source=ig_embed&ig_rid=5beafabc-8852-4164-8c68-2b6951c162fd>.
[291] CDPA (n 250) s. 3.
[292] CDPA (n 250), s. 4.

or specific aspects of them to be considered protectable if they fall within the CDPA definition of 'artistic works' and most commonly, within the sub-categories '*graphic works, […] sculptures, irrespective of artistic quality, […] or works of artistic craftsmanship*'[293]. Under this framework, fashion designs and garments are rarely capable of being protected in their entirety, due to bearing various elements, such as patterns, prints, embroidery, or other fabric designs that could fall under different sub-categories. For instance, most 3D works would be classed as 'works of artistic craftsmanship', while 2D garment designs, consisting of words or symbols would often be considered 'graphic works'. Instead, those original elements can only be individually protected copyright works and be applied on non-protected garments, footwear, or accessories. At the same time, the narrow categorisation of copyright-eligible 'works' under the CDPA leaves certain unconventional works of fashion outside the scope of protection.[294] Rosati highlights that maintaining categorisation not only amounts to non-compliance with the InfoSoc Directive, which is part of retained law in the UK, – as well as the open-ended approach to copyright protection under the Berne Convention – but also potentially poses a barrier to trade.[295] She notes that non-harmonised copyright laws and uncertainties in protection '*may hinder economies of scale for new products and services containing copyright and related rights*'[296]. While the UK no longer forms part of the EU internal market, the non-protection of certain works under the 'pigeon-holed' UK approach could, nonetheless, undermine competition and take a toll on domestic innovation.

In terms of the UK categorisation requirement, one of the most common protection routes for works of fashion arguably is the sub-category *'works of artistic craftsmanship*', bound by much more stringent conditions than those for other sub-categories of artistic works. Accordingly, protectable works need to possess elements of 'craftsmanship' and some degree of 'artistic quality' or 'aesthetic appeal'.[297] Due to the lack of a statutory definition for 'artistic quality', the courts in the UK have previously interpreted it as meaning something which is handmade and not mass produced[298], as producing aesthetic satisfaction to the public or as intended to be a work of art by the

[293] CDPA (n 250), s. 4.

[294] The issue on categorisation was demonstrated in the legal analysis of *Lucasfilm Limited and Ors v Ainsworth and Anor* [2011] UKSC 39.

[295] E. Rosati, 'Closed subject-matter systems are no longer compatible with EU copyright' (2014) 12 GRUR International 1112, at 118.

[296] Ibid.

[297] *George Hensher Ltd v Restawile Upholstery Ltd* [1976] AC 64 (HL), at 77, per Lord Reid; *Bonz Group v Cooke* [1994] 3 NZLR 216, at 222.

[298] *George Hensher*, ibid, at 78-96. The overall sentiment was to avoid the over-expansion of copyright protection to works produced on an industrial scale, whose production process may involve skilful expertise, but does not reach the 'craftsmanship' standard.

author.[299] In *Guild v Eskandar*, garment prototypes of a fashion piece displayed at the Victoria and Albert Museum, which one could perceive as a work of art, did not meet the threshold. Here, the garment prototypes were intended for mass production, the sample garments were machine made and the claimant did not consider herself an artist. The CA further held that being exhibited in a museum is not indicative of artistic quality, but merely represents garments' contribution to '*new developments in the world of fashion*'[300]. This can be contrasted with the pre-*Cofemel* Italian 'Moon Boot' case, where copyright was vested in an iconic design of boots that had been influential to other designers, had a durable popularity over time and was on display at the Louvre Museum as a 'significant design object' of the 20th century.[301]



Figure 14: Moon Boot[302]

A similar position to *Guild v Eskandar* was maintained in *Vermaat v Boncrest*[303], concerning sample bedspreads and cushion covers, where the UK

[299] *Merlet v Mothercare Plc* [1986] RPC 115, paras 124, 365; *Guild v Eskandar Ltd* [2003] FSR 3 (CA), para 161.

[300] Ibid, para 162; see J. Schroeder, 'The Artist and the Brand' 39 European Journal of Marketing (2005), at 1291, in agreement, arguing that museums are not treated as spaces for marketing goods.

[301] *Tecnica Group Spa v Anniel Group Spa* (2016) Milan IP Court, Judgment No. 8628; L. London, 'How Exactly Did Moon Boots Go From A Space Age Experiment To The A-list's Go-To Shoe?', Forbes, (Jan. 8, 2020), <https://www.forbes.com/sites/lelalondon/2020/01/08/how-did-moon-boots-go-from-space-age-experiment-to-a-list-shoe/>.

[302] T-483/20, *Tecnica Group Spa v EUIPO*, ECLI:EU:T:2022:11, para 2.

[303] *Vermaat (t/a Cotton Productions) v Boncrest Ltd* [2000] ChD; *Vermaat (t/a Cotton Productions) v Boncrest Ltd (No1)* [2001] FSR 5; [2002] FSR 331.

court adopted New Zealand High Court's test in *Bonz Group v Cooke*.[304] Under the test, the creator must be both a craftsman and an artist, possessing enough creative ability to produce works with an aesthetic appeal to at least some people. Although the garments demonstrated skilful workmanship, they were found to lack the necessary aesthetic value that could confer them 'artistic quality'. Nevertheless, the drawings of the garment designs, consisting of words and figures, were found protectable as graphic works.

The more restrictive UK standard for 'works of artistic craftsmanship' took a shift in favour of fashion designers by the IPEC in *Response Clothing v Edinburgh Woollen Mill* (2020), concerning a jacquard fabric with a distinctive ridged design that resembled waves.[305]



Figure 15: Response Clothing's 'Wave Fabric'[306]

[304] *Bonz* (n 297), para 223, per Tipping J.
[305] *Response Clothing Ltd v Edinburgh Woollen Mill Ltd* [2020] EWHC 148 (IPEC).
[306] Ibid, Annexes 1-2.

Partly influenced from *Cofemel*, where the CJEU ruled that aesthetic appeal is no longer a pre-requisite for copyright originality, the UK High Court took a relaxed approach towards the *Bonz* requirements of 'craftmanship' and 'aesthetic appeal'. It was argued that the latter can be of a nature which causes the work to appeal to potential customers and protection to the wave fabric was granted, irrespective of the fact that it was machine-produced and a number of copies were already marketed. In its broader interpretation of 'works of artistic craftsmanship', the court, thus, signalled a departure from the strict traditional *Hensher* standard, which may have only favoured a handmade fashion garment of limited production over the 'Wave Fabric'. Yet the fabric was found to have an aesthetic quality as a fact and, therefore, the UK 'artistic quality' requirement was not completely disregarded.[307]

The same issue surrounding the UK's 'artistic quality' requirement and its clash with the EU notion of copyright work arose in the recent *WaterRower v Liking* (2022)[308]. The case dealt with the WaterRower, a well-recognised water resistance rowing machine with a distinctive design, inspired by Shaker furniture, which was exhibited in New York's Museum of Modern Art and London's Design Museum. The initial WaterRower was handcrafted and subsequent industrially manufactured machines still required certain elements to be constructed by hand. In determining whether the work could qualify as both a 'work of artistic craftsmanship' under the CDPA and as a copyright work under the *Cofemel* and *Brompton* rulings, Mr David Stone adopted an analogous position as in *Response Clothing* and reaffirmed that a 'work of artistic craftsmanship' can possess '*a real artistic or aesthetic quality, beyond simply being appealing to the eye*'[309] as per *Hensher*, while acknowledging that '*Cofemel says that eye appeal cannot be required*'.[310] The judge continued that the design could, at the same time, satisfy the European copyright standard as an *original* expression of the designer's intellectual creation, although he did not attempt to bridge the apparent inconsistency in approach between the UK's higher level of *originality* in cases of 3D functional works with the CJEU's rulings.

In the *Wright v BTC Core* (2023)[311] case, the UK High Court took the clearest of stances to date in determining whether copyright subsisted in a Bitcoin File Format by declaring it *original*, in the sense of being the product of the '*author's own intellectual creation*' as per *Infopaq*, while completely

[307] Rendering the previous position that 'works of artistic craftsmanship' need to be handmade, e.g. see Board of Trade, 'Report of the Copyright Committee', (Cmd 8662, 1952), at 260; *Hensher* (n 297), at 77F-G, per Lord Reid.
[308] WaterRower (n 247).
[309] *WaterRower* (n 247), paras 55-56.
[310] *WaterRower* (n 247), para 75.
[311] *Wright & Ors v BTC Core & Ors* [2023] EWHC 222.

disregarding 'categorisation' under the CDPA in their assessment of *originality*.[312] In determining 'fixation', Mr Justice Mellor further considered previous CJEU and UK cases, and declared the national CDPA fixation requirement as being synonymous to the CJEU's interpretation in *Levola*.[313] Although an appeal was successful for allowing the claimants to serve a copyright infringement claim for the Bitcoin File Format outside the jurisdiction, the Court of Appeal reiterated the position that the work needed to comply with the CDPA 'categorisation' system; on the point of *originality*, Lord Justice Arnold adopted the same position as the High Court judge in line with the CJEU rulings, although, on the facts, appeared *'sceptical as to whether the Bitcoin File Format is an intellectual creation in the sense that has been explained by the Court of Justice'*[314].

Although no express departure from the CDPA's categorisation framework has been marked, the above UK decisions demonstrate a pattern emerging by the courts in interpreting the notion of 'works of artistic craftsmanship' much more broadly and at the same time, the first steps in trying to fall in line with the *originality* standard as established under the CJEU's case law. The CA's acceptance of the CJEU's approach in assessing *originality* in *Wright* is an extremely important step in securing copyright protection in the UK under the European threshold. Although the case did not concern a 'work of artistic craftsmanship', it is possible that the additional 'artistic quality' condition, which imposes a higher level or *originality* contrary to *Infopaq*, will no longer be followed, although this remains to be seen. In light of recent developments, fashion designers are arguably now in a more favourable position, since it is likely that they would have greater chances in securing copyright protection over a wider range of industrial designs that are not necessarily handmade under the relatively lower *'author's own intellectual creation'* threshold.

3.3.1.4. Functionality

In both the UK and the EU, functionality and copyright protection are not mutually exclusive. In the recent *Brompton Bicycle* case, the CJEU confirmed that functional shapes are protectable, provided that they can be designed in a way that satisfies the EU originality standard.[315] Irrespective of the existence of technical constraints, copyright may still subsist in a work, as long as there is enough room for the author to make free and creative choices

[312] Ibid, paras 28-29.
[313] Ibid, para 27; *Levola* (n 256).
[314] *Wright (Rev1)* (n 247), paras 61-64.
[315] C-833/18, *Brompton* (n 289), para 38; C-604/10, *Football Dataco and Others* [2012] EU:C:2012:115, para 39; I. Fhima, 'The CJEU decision in Brompton Bicycle (Case C-833/18): An original take on technical functionality?', 42 European Intellectual Property Review 11 (2020), at 761-767.

in order to express their intellectual creation and reflect their own personality in the work.[316] This decision is particularly important, as it effectively means that 3D fashion designs bearing original and creative decorative elements are not automatically excluded from copyright protection. According to Schovsbo, the previous lack of CJEU guidance on the technical constrains concept in the pre-*Brompton* era, meant that the copyrightability of fashion items under Danish law was reserved, while every day fashion items, such as T-shirts, were completely excluded from protection.[317] Schovsbo further gave the example of a pair of trousers where copyright protection was not even claimed in litigation, despite being deemed as possessing 'artistic merit' and despite now following seasonal trends, demonstrating an analogous perception from fashion designers themselves.[318] The author of this thesis supports that the decision in *Brompton* is a positive development for fashion designers, as they now have greater chances to protect their valuable creations. While one could argue for an over-expansion of copyright law that overlaps with the realm of design law, *originality* and *novelty* are very different standards and only those partly functional works that are the *author's own intellectual creation* would qualify as copyright works. At the same time, design and copyright regimes are governed by the principle of cumulation and no issue arises should a design satisfy both thresholds, yet the CJEU has pointed that cumulation is to be envisaged only in limited instances.[319]

On a practical level, in the context of fashion, copyright protection to woks of applied art would likely only extend to fashion designs which are timeless, as seasonal designs are largely uniform and follow a central theme, with very little room for *free and creative choices*. As per the Fashion Cycle, creators of timeless designs are mainly large or high-end designers. Hence, in response to this Chapter's enquiry, namely whether designers can have access to the UK/ EU copyright regimes in place and whether they can satisfy the protection thresholds, the answer seems to be in the positive, but evidently larger designers are far more likely to compared to small or emerging ones.

US copyright law excludes 'useful' articles from protection, in cases where they have '*an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information*'[320]. Fashion designs of clothing and footwear in their entirety are, therefore, generally excluded from US copyright protection, due to being capable of being worn and serving a practical necessity. In contrast, jewellery designs, such as earrings or necklaces,

[316] *WaterRower* (n 247), para 64.
[317] J. Schovsbo, 'Copyright and design law: What is left after all and Cofemel? – or: Design law in a 'double whammy' Schovsbo, Jens, Copyright and Design Law: What Is Left after All and Cofemel? – Or: Design Law in a 'Double Whammy' (January 14, 2020), SSRN: <https://ssrn.com/abstract=3519156>, at 11.
[318] *Ugeskrift for Retsvæsen* 2001.2387 S (Denmark)
[319] *Cofemel* (n 261), para 52.
[320] 17 U.S.C., §101.

are capable of being protected, as they are viewed as a 'personal adornment' when being worn.[321] The US Code dictates that a 'utilitarian' or 'useful' product may only acquire copyright protection, if it '*incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article*'[322]. Hence, clothing, footwear or jewellery designs which are sewn onto clothing, such as brooches or beaded motifs, could only be protected if separable from the 'utilitarian article'. Case law has shed light on the concept of separability, drawing a distinction between *physically* and *conceptually* separate copyright works. *Physically* separable fashion design articles can be separated and be sold separately from the original product, without causing an adverse impact on the product's functionality.[323] Physical separability can be illustrated in Mr Justice Breyer's example in *Star Athletica* below, where a table lamp, a 'utilitarian article', and a *physically* separate cat sculpture are depicted on the left.[324]



Figure 16: Left: Physical separability. Right: Conceptual separability[325]

On the right, a cat sculpture is incorporated into the body of the table lamp and cannot be *physically* separated from it, yet could *conceptually* be perceived separately from the utilitarian article as standalone copyright work.[326] In the fashion field, *conceptually* separable designs '*invoke a concept*

[321] US Copyright Office Compendium, (3rd ed., 2021), §908.1-908.3.
[322] 17 U.S.C., §101.
[323] *Jovani Fashion, Ltd. v Fiesta Fashions*, 500 Fed. Appx. 42 (2d Cir. 2012), cert. denied, 133 S.Ct. 1596 (2012), at 44.
[324] *Star Athletica* (n 249), No. 15–866, Breyer J, para 3.
[325] Ibid.
[326] See *Mazer v Stein* (n 252).

separate from that of their 'clothing' function and their addition to the clothing article is not intended to enhance the article's functionality'[327]. In some of the limited instances in fashion where copyright was granted, *conceptually* separable elements of utilitarian fashion articles included belt buckles[328] and certain elements, such as hands or heads of animal-themed Halloween costumes.[329] While fashion designs in their entirety are generally excluded from protection, lace and embroidery elements of a tunic dress were regarded '*totally irrelevant to the utilitarian functions of the tunic'*[330]. Nevertheless, decorative elements of a prom dress – including crystals, sequins, layers of tulle and different types of fabric – failed the separability test, because they '*enhanced the functionality of the dress as clothing for a special occasion [and were they removed, they would] adversely affect the garment's ability to function as a prom dress'*[331].

In the leading *Star Athletica v Varsity Brands*[332] case, the US Supreme Court ruled that surface decorations of cheerleading uniforms may be subject to copyright, provided that they are *conceptually* separable, thereby completely abandoning the distinction between *conceptual* and *physical* separability.[333] According to the Court's test, copyright may protect '*either two- or three-dimensional works of art separate from the useful article, [… which] would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated*'[334]. Here, the Court found that '*the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter's canvas—they would qualify as 'two-dimensional . . . works of . . . art*'.[335]

[327] *Chosun International, Inc. v Chrisha Creations, Ltd.*, 413 F.3d 324 (2d Cir. 2005), at 330.
[328] *Kieselstein-Cord v Accessories By Pearl, Inc.,* 632 F.2d 989 (2d. Cir. 1989), at 990-994.
[329] *Chosun* (n 327).
[330] *Express, LLC v Fetish Group, Inc.*, 424 F.Supp.2d 1211 (C.D. Cal. 2006), at 1224.
[331] *Jovani Fashion* (n 323), at 44.
[332] *Star Athletica* (n 249), at 1016.
[333] Ibid, at 1014.
[334] Ibid, at 1007.
[335] Ibid, at 1012.



Figure 17: Varsity Brands' designs[336]

It was further held that imagined features, such as lines and contours, may still be protected, even if they partly replicate the shape of the utilitarian article to which they were applied, though protection for the overall shape of garments or footwear would likely be reserved.[337] One the one hand, the Court's approach could be viewed as expansive, as both 2D and 3D decorative elements that can be easily extracted from a fashion garment, including the design, pattern, or embellishments, may be protected, if they bear features which can be identified *conceptually* separately and independently from the garment's utilitarian features. However, the test may not work well for 3D forms of fashion designs in their entirety, as the Court expressly excluded the shape, cut and physical dimensions of useful articles from the assessment.[338] But while the Court's view on 'useful articles' was directed to fashion garments that can be worn, would this approach be followed in relation to the original plastic bottle dress by Enrica Borghi below (Figure 18).[339]

[336] *Star Athletica* (n 249).
[337] Ibid, at 1010-14.
[338] ibid, at 1016; J.C. Ginsburg, 'The Whole is More Public Domain than the Parts? US Copyright Protection for Works of Applied Art Under Star Athletica's Imagination Test', 81 University Of Pennsylvania Law Review; Columbia Public Law Research Paper No. 14-558 (2017), at 31.
[339] E. Borghi, 'Grande Soirée - Mamac, Musèe d'Arte Moderne et d'Art Contemporain', Photo: Muriel Anssens, <http://www.enricaborghi.com/en_US/home/works_installations/fashion/clothes>.



Figure 18: Enrica Borghi, Plastic bottle dress[340]

The attached water bottles, which could be the protectable features here, take the shape of a dress. While they are not *physically* separable from the underlying 'useful article', could they be imagined as existing separately and independently from it? *Conceptual* separability could trigger copyright protection to specific features of a 'useful article', except for when they replicate its entire shape, as in this case. Since the bottle dress would likely fall outside the scope of protection under the test, one must assess whether it would or should be considered a piece of clothing, just because of its shape. The way it has been put together appears fixed and inflexible and therefore, unsuitable to be worn, as opposed to ordinary garments. What potentially gives artistic value to those bottles is their detailed arrangement that takes the shape of a 'utilitarian article'. Could the bottles' arrangement give rise to a sculpture or art installation in the shape of a dress? If so, its 'utility' would be evaporated. Given that, in this case, the bottles are certainly not intended to enhance the article's functionality, perhaps merit should be given to whether or not a work is intended to be used as a garment and serve a functional purpose or rather be an artistic work, which was previously considered under the older separability tests.[341] Despite *Star Athletica*'s exclusion of features that take the whole shape of a utilitarian article from protection, protection could, in theory, subsist in this work if perceived as lacking an intrinsic utilitarian function, other

[340] Ibid.

[341] L. Levi, 'The New Separability', University of Miami Legal Studies, Research Paper No. 17-28 (2017), at 16-7.

than to portray or to inform and therefore, if perceived as capable of independent non-utilitarian existence.[342] Or, as Ginsburg explains, '*if, despite its utilitarian function, the useful article also has a non-utilitarian function*'[343].

If the latter approach to the separability test were not to be followed, it would be to the detriment of 3D shapes of useful articles. In reality, only few garments could demonstrate 'non-utility' in the same way as the plastic bottle dress, as iconic fashion designs would normally be capable of being worn. Nevertheless, the segment of fashion designs intended to be works of art could be found as overriding their utilitarian shape.

Shortly after the *Star Athletica* ruling, Puma brought a copyright infringement claim against fast-fashion giant Forever 21.[344] While the case was settled before the court had the chance to apply the separability test in relation to footwear designs, including the fur-coated slide below, Puma's copyright claim would likely fail. How likely would it be for the fur part of the slide to be imaged as existing independently of the useful article? The allegedly protectable feature is rather blended on that part of the slide and would arguably be perceived as an integral part of the 'utilitarian article'. But even if the separability test were to be overly stretched by the courts, whether a piece of fur attached on footwear could be regarded an artwork is highly unlikely, as it demonstrates very little creativity.



Figure 19: Left: Puma's design. Right: Defendant's design[345]

Star Athletica's expansion of the separability test was accepted in subsequent case law, signalling a shift on the part of US courts to consider more flexibly whether artistic elements could be imagined separately from their 'utilitarian articles'. Yet, there have been serious inconsistencies in applying the separability test. For instance, in *Silvertop v Kangaroo* a banana costume's

[342] 17 U.S.C., §101.
[343] J.C. Ginsburg (n 338), at 30.
[344] *Puma SE v Forever 21, Inc.*, 2:17-cv-02523 (C.D. Cal).
[345] Ibid, para 25.

combination of physical features, such as colours, lines, shape and length were found protectable, except for the costume's arm holes, which were found to be utilitarian.[346] Similarly, a New York court ruled that a swimsuit's T-shaped design and black trim, replicating the shape of the underlying 'useful article', were protected by copyright.[347]

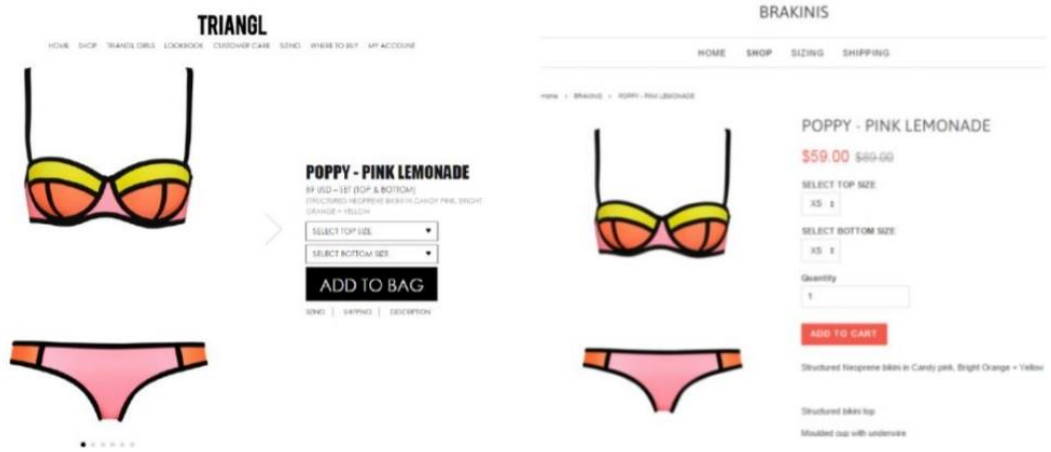


Figure 20: Left: Triangl's design. Right: Brakinis' design[348]

Although *Star Athletica* has substantially favoured protection in relation to certain fashion features, criticisms have sparked over the ambiguity regarding its limitations and the kind of features of a fashion design that could not be imagined separately from the 'useful article'. By disregarding the previous separability tests developed by US circuit courts and by failing to address how the test is to be applied to other artistic features of 'useful articles' apart from decorative elements in uniforms, Levi highlights that the test's application has evidently become a much more difficult task for the courts, as they have no precedents or guidance to look up to.[349] A broad interpretation of the test would result in a low threshold for satisfying the new separability test, offering much stronger IP protection to original fashion design elements than in the past. However, other scholars stress that when combined with the low 'modicum of creativity' originality threshold, it could amount to a significant growth of industrial designs seeking copyright protection[350], even for

[346] *Silvertop Assocs. v. Kangaroo Mfg.,* 931 F.3d 215, para 221.
[347] *Triangl Group Ltd v Jiangmen City Xinhui District Lingzhi Garment Company* (S.D.N.Y. 2017), at 8; D. Erikson, 'Copyright Protection for Conceptually Separable Artistic Features Post-Star Athletica: A Useful Article on Useful Articles', 18 Chicago-Kent Journal of Intellectual Property 1, at 74.
[348] Ibid.
[349] L. Levi (n 341), at 14-5.
[350] C. Buccafusco, J.C. Fromer, 'Fashion's Function in Intellectual Property Law', 93 Notre Dame Law Review 51 (2017), at 90-91.

conceptual elements of their designs, followed by the risk of '*increased prices and unforeseeable disruption in the clothing industry*'[351]. For example, granting copyright protection to the basic shapes and aesthetic features that are extensively used by most fashion brands on their products for a much greater term of protection than other IPRs, could not only curtail the development of fashion designs, but also undermine competition. For instance, given that fashion is an industry where designers commonly gain inspiration from one another, such statutory exclusivity would arguably no longer enable brands producing low-cost products to provide basic styles at the same low prices.

Denicola further claims that the separability test's ambiguity in *Star Athletica* could be interpreted more broadly '*welcoming into copyright features whose specific designs improve the functioning of useful articles*'.[352] Stemming from the judgment itself, the lamp sculpture example used clearly indicates that although the sculptural structure performs a functional role and holds up the lamp, it is not excluded from protection if capable of being imagined separately. Others, such as Chatterjee and Tushnet, interpret the separability test to limit itself to instances where the functional elements of a work are functional by accident and not where they are specifically designed to serve a function, i.e. to make a work any better at doing its job or to make a lamp better at lighting.[353] One could argue that the latter interpretation would amount to a more balanced approach that would not lead to an overprotection of industrial designs by different types of IPR. However, the author of this thesis argues that should this more reserved interpretation be the norm, the fate of fashion designs would be prejudiced and left once again at the mercy of registered design patents or TMs, with accompanying high registration fees. Although finding the right balance is a difficult task for the courts, it is plausible that functional features in fashion designs would most likely be classified as improving the underlying garment in some sort of way, i.e. serving to enhance body movement. It is submitted that such interpretation of the US test would be a step back to the already difficult to acquire protection for fashion designs and would be particularly detrimental to emerging or small fashion designers, who have for long been facing hurdles to access the patents or trade mark regimes.

3.3.2. Infringement

Copyright infringement is established where a third party uses a copyright work in violation of the author's exclusive rights, without acquiring

[351] *Star Athletica* (n 249), at 1035, per Breyer J.
[352] R.C. Denicola, 'Imagining Things: Copyright for Useful Articles After Star Athletica v. Varsity Brands', 79 University of Pittsburgh Law Review 635 (2018), at 647.
[353] M. Chatterjee, 'Conceptual Separability as Conceivability: A Philosophical Analysis of the Useful Articles Doctrine', 93 N.Y.U. Law Review 558 (2018), at 569-70; R. Tushnet, 'Shoveling a Path after Star Athletica', 66 UCLA Law Review 1216 (2019), at 1225-1227.

their permission first. Fashion-related IP infringement commonly refers to the unauthorised copying or distribution of fashion designs for sale. As previously discussed, an act may only be considered infringing if it is in relation to the expression of an idea, rather an idea. In both the EU and the UK, the originality test is applied in order to assess infringement. Accordingly, an act is infringing in cases where a third party reproduces the whole or a part of a protected design, which is the author's own intellectual creation.[354] In other words, copyright is infringed if, as a matter of quality, *any* original features of the copyright work have been incorporated into the new work to the extent that a substantial part of its originality has been copied. This approach shifts the pre-*Infopaq* UK position, where an infringing copy needed to be a substantial part of the independent '*skill, labour and judgment*' of the author. There is a further requirement that the work must be copied and a causal connection needs to be established, either via direct or indirect access to the protected work by the alleged infringer.[355] In cases where direct access cannot be established, the courts in the UK will look at the role of similarities between the two works to determine whether a 'substantial' part where originality resides has been taken, but proof of independent creation would effectively negate copying.[356] The EU approach followed at the infringement stage arguably makes it easier to establish copyright infringement and pay particular attention to the creative effort of the authors, since the whole or *any* kind of partial reproduction of the original work which is the author's own intellectual creation will suffice.[357] This effectively means that protection for original fashion designs is strengthened, since infringement is now demonstrable, so long as the designer's own intellectual creation can be found within the third-party's copy of the work, which in the *Infopaq* case was as short as 11 words.[358] Other than primary infringement, a third party who assists or abets the primary infringer or deals with infringing copies of the work may be liable for secondary infringement.[359]

In the US, copyright infringement consists of two components, namely 'copying' and 'unlawful appropriation'.[360] Copying is established where it can be demonstrated that the third party had access to, or a 'reasonable possibility' to view the protected work[361], including where the copyright work has been widely disseminated[362]; and that '*the two works share similarities probative of*

[354] InfoSoc (n 250), Art. 2; *Infopaq* (n 254), paras 37-39; CDPA (n 250), ss. 16(3), 17.
[355] *Designers Guild* (n 252).
[356] See *Francis Day & Hunter v Bron* [1963] 1 Ch 587; *Mitchell v BBC* [2011] EWPCC 42.
[357] E. Derclaye, 'Assessing the Impact and Reception of the Court of Justice of the European Union Case Law on UK Copyright Law: What Does the Future Hold?' 240 RIDA 5 (2014), at 14.
[358] *Infopaq* (n 254).
[359] CDPA (n 250), ss. 16(2), 22-26; U.S.C. 2015, §1051; Note that secondary liability is not harmonised at EU level.
[360] 17 U.S.C., §§1309 (a)-(b), (e).
[361] *Rentmeester v Nike, Inc.*, 883 F.3d 1111 (9th Cir. 2018), paras 1116-1117.
[362] *Three Boys Music Corp. v Bolton*, 212 F.3d 477, (9th Cir. 2000), at 482.

copying'[363]. The US 'copying' standard is proof of similarities that '*one would not expect to arise if the two works had been created independently*'[364], rather than be extensive or necessarily involve protected elements of the copyright work. However, for satisfying 'unlawful appropriation', the second component of the US infringement test, the similarities must be 'substantial' and must involve protected elements of the copyright work. In assessing substantial similarity, the courts either compare '*the objective similarities of specific expressive elements*'[365] of the works in question; or apply the intrinsic test, which requires that the copyright elements of a work are viewed as a whole and the finding of substantive similarity between them depends upon the subjective standpoint of the ordinary reasonable observer, rather than upon external criteria.[366] Importantly, in light of *Star Athletica*, copyright in a work may be infringed, even if the medium on which the work was fixed is not copied.

3.3.3. Exceptions and Limitations

Copyright protection is counterbalanced with the public interest, or else the interests that society and other creators have in making use of protected works, and certain exceptions and limitations to copyright infringement are in place to achieve this balance.

The international framework sets out the defences or exceptions and limitations from copyright infringement. Article 9(2) of the revised Berne Convention (1967), Article 13 of the TRIPS Agreement (1994) and Article 10 of the WCT (1996) make reference to the so-called three-step test.[367] Under this test, permitted copyright uses must be limited to certain special cases, must not conflict with a normal exploitation of the work in question and must not unreasonably prejudice the legitimate interests of the concerned IP proprietors.[368] Under US law, for the first step of the test such defence under domestic law is to be understood as having 'a narrow scope and reach'[369], while 'special case' under EU law is to be understood as limited in its coverage and 'specific and purpose-driven to copyright'[370]. Next, the second step of the test assesses whether a defence under national law permits uses that 'enter into economic competition with the ways that right holders normally extract

[363] Ibid.
[364] *Rentmeester* (n 361), at 1117.
[365] *Cavalier v Random House, Inc.*, 297 F.3d 815 (9th Cir. 2002), at 822.
[366] *Jada Toys, Inc. v Mattel, Inc*., 518 F.3d 628 (9th Cir. 2008), at 637.
[367] Berne (n 81), Art. 9(2) (initially concerning the right of reproduction) See also Articles 10 and 10*bis*; TRIPS (n 3), Art. 13 (extended to all economic rights under copyright); WCT (n 102), Art. 10 (extended to the digital environment)
[368] See World Trade Organization (WTO), 'United States - Section 110(5) of the US Copyright Act', WT/DS160/R, 15.06.2000, § 6.160.
[369] Ibid, § 6.112.
[370] E. Rosati, 'Copyright reformed: the narrative of flexibility and its pitfalls in policy and legislative initiatives (2011–2021)', 31 Asia Pacific Law Review 1 (2023), at 50-51.

economic value from that right to the work and thereby deprive them of significant or tangible commercial gains'[371] or else, that said uses may undermine a normal exploitation of the work in the market[372]; and the third examines whether it could cause 'an unreasonable loss of income to the copyright owner'[373], while what amounts to unreasonable prejudice may vary depending on social norms and public policies at national level.

At EU level, Article 5 of the InfoSoc Directive[374] sets out a list of optional exceptions and limitations to copyright infringement. It stipulates that it is at the member states' discretion to incorporate such exceptions or limitations into their national laws in line with the objectives of the Directive, as long as compliance with the three-step test is met.[375] As a general rule, infringement can be justified where the unauthorised reproduction of a work takes place in cases which do not conflict with the normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the copyright owner.[376] This balancing mechanism safeguards other creators' interests in safely using inspiration without risk of infringement, as well as IP holders' right in being rewarded at all other instances. The most relevant EU provisions within a fashion context are a work's incidental inclusion in other material, a work's reproduction or communication to the public for illustration purposes in teaching or scientific research, in the context of private study or research, for the purpose of caricature, parody or pastiche, alongside quotations for criticism or review purposes, as part of published articles on current economic, political or religious topics or for the purpose of reporting of current events.[377]

Out of those, the UK has adopted some so-called 'fair dealing' defences relevant to fashion under the CDPA[378], which correspond to the 'three-step' test. Similarly, 'fair use' defences exist under US law. The fair dealing' or 'fair use' doctrines acknowledge that existing original designs can act as a source of inspiration for future creations and permit certain good faith reproductions or transformations of copyright material to promote creative freedom.[379] While no statutory definition of 'fair dealing' exists, in considering whether use is fair,

[371] WTO (n 102), § 6.183.
[372] M. Ficsor, *Guide to the Copyright and Related Rights Treaties Administered by WIPO and Glossary of Copyright and Related Rights Terms* (2003), <https://www.wipo.int/edocs/pubdocs/en/copyright/891/wipo_pub_891.pdf>, at 313-314.
[373] WTO (n 102), § 6.229.
[374] InfoSoc (n 250), Art. 5 (with the exclusion of Article 5(1))
[375] CJEU Opinion 3/15 (Grand Chamber), EU:C:2017:114, paras 123-125.
[376] Berne Convention (n 81), Art. 9(2); TRIPS (n 3), Art. 13; InfoSoc (n 250), Art. 5(5); CDPA (n 250), s.28(1).
[377] InfoSoc (n 250), Art. 5(3).
[378] CDPA (n 250), ss. 29, 30, 30A, 32 (Research or private study; Criticism or review; Quotation; Reporting current events; Parody, Caricature or Pastiche; Illustration for instruction)
[379] CDPA (n 250), Chapter III, Part I; 17 U.S.C., §107.

the court in *Pro Sieben*[380] laid out a number of relevant factors to be weighed by national courts, including the degree with which the work competes with the exploitation of the copyright work; the amount of the original work that is copied; the purpose of and motive behind copying; the necessity of such use; whether the original work has already been published.

Similarly, the US four-pronged test for determining 'fair use' corresponds to the 'three-step test and also looks at the purpose and character of the use, i.e. whether for commercial purposes or for non-profit educational purposes; the amount and substantiality of the copy used in relation to the original work, the nature of the pre-existing copyright work and the economic effect that the use has of the use on the value of the work or its potential markets.[381]

More specifically, both in the UK and the US, use of a fashion design for the purpose of providing criticism or review in a social or moral context is considered fair, provided that the designer is acknowledged and the work has previously been made available to the public, i.e. being featured in a magazine to accompany the critique or review upon its launch on the runway.[382] Similarly, use of a fashion design for reporting of current events may be considered fair, i.e. use of a photograph of a fashion design that is being displayed in a gallery alongside a report on the exhibition.[383] Using protected fashion designs in teaching, studying, or conducting research are equally permissible uses.[384] Furthermore, use of a work in the context of parody may be relevant to fashion in instances where brands create products that are targeted to pre-existing original works, but are noticeably different from them, as expressions of mockery or humour.[385] In *Louis Vuitton v My Other Bag*, the whole business model of the defendant relied on selling bags that bear reproduced images of branded luxury fashion bags on their surface, including Louis Vuitton bags.[386]

[380] *Pro Sieben Media AG v Carlton UK Television Ltd* [1999] 1 WLR 605; [1999] FSR 610, at 619, per Walker LJ.
[381] 17 U.S.C., §107(1)-(4).
[382] CDPA (n 250), s.30(1); 17 U.S.C., §107.
[383] CDPA (n 250), s.30(2); 17 U.S.C., §107; *Harper & Row* (n 265), at 561.
[384] CDPA (n 250), ss.29, 32; 17 U.S.C., §107.
[385] C-201/13, *Deckmyn v Vandersteen*, EU:C:2014:2132, para 20; CDPA (n 250), s.30A; 17 U.S.C., §107.
[386] *Louis Vuitton Malletier, SA v My Other Bag, Inc*, No. 16-241-cv, (2nd Cir., Dec. 22, 2016).



Figure 21: My Other Bag bags & Louis Vuitton bags[387]

In this case, the portion reproduced from the Louis Vuitton bags was not considered 'substantial', while the contested bags were of a much lower quality and pricing than those produced by the luxury fashion house, demonstrating that the defendant had no intention of gaining popularity and increasing his profits. The latter was a determining factor for evoking this exception, as under the four-prong US 'fair use' test, the court will look at both the economic effect and the potential markets of the alleged copies.[388] Although analogous parodies in relation to established luxury fashion houses and their products would likely be inconsequential, the same cannot be said for parodies made off smaller and less popular fashion brands. Given the humorous or at times critical character of parodied products, which often aim to make people laugh, there is a possibility that they could end up being more popular than the small brand's actual fashion items. Arguably, the scales of the balancing exercise of IP protection against other interests could tip against the favour of a small fashion business, as the enforcement of this exception and the subsequent inability to stop others from marketing the small business' parodied products could pose a direct threat to its commercial value.[389]

[387] TFL, 'Louis Vuitton Wins the Last Round in Fight Over 'My Other Bags'', (Mar. 18, 2019), <https://www.thefashionlaw.com/louis-vuitton-wins-the-last-round-in-fight-over-my-other-bag/>.
[388] 17 U.S.C., §107.
[389] J.W. Marshall, N.J. Siciliano, 'The Satire/Parody Distinction in Copyright and Trademark Law - Can Satire Ever Be A Fair Use?' ABA Section of Litigation Roundtable Discussion (2006), at 5.

In the US, while copyright protection can subsist in a work automatically, registration with the US Copyright Office is a prerequisite for being able to bring an infringement claim. [390] In the absence of notice of the work's registration, a third party can invoke the 'innocent infringer defence' if they believed in good faith that their conduct was not infringing, even where they intentionally and consciously copy a work.[391] A similar US provision specifically applicable to designs, is proving lack of knowledge that the contested design was protected.[392] Furthermore, under all three jurisdictions under review, the incidental inclusion of a work in other material is not considered infringing.[393] In both the UK and the US, infringement cannot be established in cases where the third-party lacks knowledge of the existence of the original work and can prove independent creation[394], unless there are elements that could not be coincidental, i.e. small, unimportant details that exist in both works.[395] Lastly, in those two jurisdictions, any other lawful use of a work with no economic significance is considered non-infringing.[396] One last UK exception that is particularly relevant to the fashion industry is the permitted copying of artistic works on public display, such as fashion designs that are part of a fashion show or gallery exhibition, and even the distribution of copies depicting the work to the public.[397]

3.3.4. Conclusion

In the pre-*Cofemel* era in the UK, fashion designs would most likely only enjoy fragmented protection for individual creative aspects of them, such as decorative elements, that could meet a higher level of originality or fit within a single statutorily defined category of eligible subject-matter. In *Cofemel*, the CJEU held that aesthetic or 'eye-appeal' is no longer required, while in *Brompton*, it was ruled that technical constraints, i.e. of a shape, do not necessarily amount to non-protection. This effectively means that *any* fashion designs within which originality resides within the meaning of *Infopaq* can now be protected, some of which could have potentially previously fallen within the pigeonhole limitations of the CDPA.

The UK's recent shift in complying more and more with the CJEU rulings over the past few years and importantly, the UK Court of Appeal's adoption of the '*author's own intellectual creation*' as the test for measuring *originality* in

[390] 17 U.S.C., §412.
[391] 17 U.S.C., §405(b).
[392] 17 U.S.C., §§1309(c).
[393] InfoSoc (n 250), Art. 5(3)(i); CDPA (n 250), s.31; 17 U.S.C., §112.
[394] *Mitchell* (n 356); *Feist* (n 248), at 345-346; *Sheldon v. Metro-Goldwyn Pictures Corp.,* 81 F.2d 49 (2 Cir., 1936), at 54.
[395] *Nova Productions Ltd v Mazooma Games Ltd* [2007] EMLR 14, para 26.
[396] CDPA (n 250), s.28A; US: 17 U.S.C., §111; Other US equitable defences include laches, equitable estoppel, and exhaustion, but are not part of the analysis.
[397] CDPA (n 250), s.62(1)-(3).

the 2023 *Wright* judgment is a very promising development in this sphere and unless overruled, it constitutes binding precedent to all lower UK courts. In practice, timeless fashion designs that are designed to stand out and endure the constantly changing trends in this fast-paced industry would most likely result from free and creative expression, given that trend-led designs share many similarities and revolve around the same 'hot' theme of the season, bear the same details and very little time and thought goes into their creation. Yet the relatively low threshold under the *Infopaq* test could give rise to protection to even seasonal designs, provided that *originality* could be demonstrated.

Pre-*Star Athletica*, fashion designs in the US were generally deemed non-protectable, due to being inextricably linked to 3D 'utilitarian' or 'useful' fashion articles. However, the US Supreme Court's new separability test paved the way for greater copyright protection in fashion, given that elements of 'useful articles' may now be imagined separately as standalone copyright works. Nevertheless, the lack of clear guidance as to the test's limits and the complete departure from previous precedent has left much room for the test's interpretation by the courts. Contradictory applications of the test have already made their appearance in the fashion sector[398] and while an expansive interpretation, combined with the low 'modicum of creativity' US originality standard, would uncertainly be favourable to designers, the test could have a similar effect as *Cofemel* in Europe: it could lead to a new wave of protection of creative features that are commonly used in fashion products, thereby potentially curtailing creative expression and posing a threat to competition. Yet, only features that are independently created by the author that result from his creative efforts would fall within the ambit of protection. This effectively means that fast-fashion or trend-led features that are very basic or very similar to others would less likely be protected. Lastly, copyright also does not subsist in creative features which occupy or demarcate the entire shape of a useful article, even if capable of being imagined separately.

3.4. Designs and Design Patents

Following the current fast-paced fashion industry reality, influenced by seasonal trends and 'outdating' fashion designs over the course of few months, design law may be considered a more appropriate option to be pursued by designers and fashion brands. In the EU/UK territories, protection may be afforded with or without registration, while protection of a fashion design in the US can only arise upon registration of a design patent.[399]

[398] *Silvertop* (n 346); *Triangl Group* (n 347).

[399] See E. Derclaye, 'Protection of Designs on the Basis of Use' in H. Hartwig (ed.), *Research Handbook on Design Law* (Elgar Publishing, 2021), at 232-249; D. Stone, *European Design Law: a Practitioners' Guide* (2nd ed., Oxford University Press, 2016), Ch. 4-11, 17-20; P. Torremans (2019) (n 114), Chapters 21-23.

In both the EU and UK territories, Community design rights and UK national rights, both registered (CRDR/UKRDR) and unregistered (CUDR/UKUDR) give rise to protection of designs which are functional and liable to be mass-produced, yet they are new and distinctive. Protection encompasses the appearance of a product, including '*the lines, contours, colours, shape, texture of materials or ornamentation*', that may constitute its whole or just a part.[400] A protectable design may be part of almost *any* industrial or handicraft item, be it a fashion design or 3D fashion item, as well as a brand's packaging or get-up[401] and there is no need for aesthetic quality to be demonstrated.[402] Hence, other than the design itself, the scope of protection extends to elements of the product's identity, such as visual or communicative features, irrespective of whether the subject-matter is a haute couture hand-stitched dress or a fast-fashion piece of clothing. Upon registration, CRDRs and UKRDRs confer designers the exclusive rights to use, sell, import or export products that bear the design or any other design that does not produce a different overall impression from the design in question on the informed user, as well as preventing third parties from using identical or similar designs without consent.[403] It lasts for 5 years from the date of filing the application to register the design, renewable for up to 25 years.[404]

A CUDR arises automatically in qualifying designs and confers designers with the exclusive right of reproduction over their design against '*intentional copies'* used for commercial purposes.[405] It lasts for 3 years from the date a fashion design becomes disclosed to the public, by being exhibited, used in trade or disclosed in any other way that would make it reasonably known to circles of people specialised in the fashion sector within the EU territory in the normal course of trade.[406] In light of Brexit, designs first disclosed in the UK from 1 January 2021 can no longer qualify for CUDR protection, but can rather be protected under the newly introduced Supplementary Unregistered Design Right (SUD), which replaces the CUDR and mirrors its 3-year protection for the 2D and 3D appearance of products, but is only valid and enforceable nationally within the UK, as opposed to CUDR protection across all EU member states.[407] Importantly, the exclusion of simultaneous CUDR protection both at the UK and

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[400] Directive 98/71/EC (n 79), Art. 1(1); Regulation 6/2002 (n 79), Art. 3; **UK**: Registered Designs Act 1949 (RDA), s.1(2)-(3); CDPA (n 250), s.213(2) as amended by the Intellectual Property Act 2014, s.1(1), Explanatory Notes, para 10 (removal of '*any aspect of*')

[401] Directive 98/71/EC (n 79), Art. 1(2)**;** RDA (n 400), s. 1(3).

[402] Directive 98/71/EC (n 79), Rec. 11; C-395/16, *Doceram GmbH v Ceram Tech GmbH,* ECLI:EU:C:2018:172, at paras 23-25.

[403] Directive 98/71/EC (n 79), Art. 12; RDA, s. 7(1)-(2).

[404] **EU**: Directive 98/71/EC (n 79), Art. 10; Regulations 6/2002 (n 79), Art. 12; **UK**: RDA (n 400), ss. 3C(1), 8(2).

[405] **EU**: Regulations 6/2002 (n 79), Art. 19(2).

[406] Directive 98/71/EC (n 79), Art. 6; Regulations 6/2002 (n 79), Art. 11, Art. 110a(5).

[407] See European Union (Withdrawal) Act 2018 (n 113); Gov.uk, 'Changes to unregistered designs' (Jan. 20, 2020) <www.gov.uk/guidance/changes-to-unregistered-designs#disclosure>

EU territories creates complications to design protectability, as a design's first disclosure in the EU could '*destroy the novelty in that design, should (one) later seek to claim UK unregistered rights'*, while *'first disclosure in the UK may not establish a UCD and could destroy the novelty in that design, should (one) later seek to claim EU unregistered rights.'*[408] Designs first disclosed in the UK could also attract national UKUDR protection. However, there are stricter conditions to satisfy for securing the longer protection period of 10 years and similarly to SUD, protection only extends to the UK territory, rather than across the EU. This could have a tremendous impact in the world of fashion, as designers would be reluctant to disclose their designs for the first time in the UK, since they would sacrifice their entitlement to CUDR protection and as noted by Derclaye, this could potentially make the London Fashion Week and the London Design Fair gradually disappear.[409]

3.4.1. Design Protection

3.4.1.1. CRDR, CUDR, UKRDR

Protection is pertinent to the fulfilment of *novelty* and *individual character*[410], yet different conditions apply for the UK unregistered design right (UKUDR), which will be considered separately. A design is considered *new*, if it varies in more than immaterial details from any prior designs, which have been made available to the public before the relevant date or else, the filing date for registered protection.[411] Designs first publicly disclosed elsewhere can only be protected if registered within 12 months of disclosure as registered Community designs.[412] The 12-month 'grace-period' is particularly important to fashion, as designers are able to test the market and determine whether applying for design registration would be profitable, while in the meantime can remain protected against copying under a CUDR.

A '*design'* must also possess an '*individual character'*, determined by whether the design would create a different overall impression on the 'informed user' from any other relevant pre-existing designs, which were made available to the public before the relevant date.[413] In other words, the design in question must have pronounced differences that alter the overall impression from the one produced by a pre-existing design.[414] As such, small differences

[408] Gov.uk, Ibid.
[409] E. Derclaye, 'CUDR and CRDR post-Brexit from a UK and EU perspective—Will all unregistered design rights become history?', 13 Journal of Intellectual Property Law & Practice (JIPLP) 4 (2018), at 328-329.
[410] Regulation 6/2002/EC (n 79), Art. 4-6; Directive 98/71/EC (n 79), Art. 3-5.
[411] Ibid, Art. 5(1); RDA (n 400), s. 1B(2).
[412] Regulation 6/2002/EC (n 79), Art. 7; Directive 98/71/EC (n 79), Art. 6(2); RDA (n 400), s. 1B(6).
[413] Regulations 6/2002/EC (n 79), Art. 6(1)(a), Art. 10(1); RDA (n 400), s. 1B(3).
[414] P. Torremans (2019) (n 114), at 353-354.

that do not create a different overall impression would likely be disregarded, even if they are not insignificant details, while account must be taken in relation to the 'degree of freedom of the designer' in developing the design.[415] Both '*novelty'* and '*individual character'* are assessed on the basis of the '*informed user'*s' perception, who is particularly observant and attentive to the design's features and has some knowledge of the prior state of the art.[416] In the context of fashion, this would be someone who has potentially worked in this sector, but not necessarily someone who is a designer.

In *Karen Millen v Dunnes*[417], the CJEU clarified that, for determining CUDR protection in fashion designs, a comparison of the design in question with a combination of features of prior designs is unnecessary, even if they appear to be identical. What needs to be compared instead, is the design and a number of earlier designs taken individually. This ruling is particularly important to the fashion sector, as designers commonly get inspiration from a common third source, such as historical designs[418] or seasonal fashion trends and thus, they often share similarities '*that are not due to copying in a copyright [or design right] sense*'[419]. In effect, even if individual elements by previous designs become incorporated into a new design, the new design's '*overall impression*' can still stand apart from the '*overall impression*' created by earlier published designs. In *Tubes Radiatori v OHIM*[420], the CJEU further confirmed that even though the fashion industry is 'saturated' with pre-existing fashion designs and general trends, this does not affect the designer's degree of freedom to create. What this essentially means, is that the less restricted the designer's creative freedom is, the less likely it is that the informed user would consider small differences between the designs important. Moreover, it was held that in the assessment of '*individual character*', aesthetic or commercial considerations should not be taken into account, as they can often stimulate designers' originality in their creations.[421] Instead, for '*individual character*', a designer's freedom to create may only be limited by legal or technical constraints, further discussed in Section 3.4.2.

Perhaps one of the most important limitations to design protection in the context of fashion is functionality. Designs or features of the appearance of

[415] Regulation 6/2002/EC (n 79), Art. 6(2); Directive 98/71/EC (n 79), Art. 5(2), 9(2).
[416] See C-281/10, *PepsiCo Inc v Grupo Promer Mon Graphic SA and OHIM*, [2011] ECR I-10153; [2012] FSR 5, paras 53, 73.
[417] C-345/13, *Karen Millen Fashions Ltd v Dunnes Stores and Dunnes Stores (Limerick) Ltd* [2014] All ER (D) 156, ECLI:EU:C:2014:2013, para 34.
[418] D. Murphy, 'Dialogues Between Past and Present: Historic Garments as Source Material for Contemporary Fashion Design', V&A Online Journal (2011).
[419] V. Atkinson, V. Azard, M. Malaurie-Vignal, W. van Caenegem, 'Comparative Study of Fashion and IP: Copyright and Designs in France, Europe and Australia', 11 JIPLP 7 (2016), at 522.
[420] T-315/12, *Tubes Radiatori Srl v OHIM*, ECLI:EU:T:2014:115.
[421] ibid; Atkinson et al. (n 419), at 526.

a product, where function and shape are indissociable, fall within the scope of protection, as long as they are not *solely* dictated by technical function.[422]

Following a series of attempts to define this concept and how it applies in practice, the seminal decision of *Doceram* affirmed that EU design law excludes protection for:

'for features of appearance of a product where considerations other than the need for that product to fulfil its technical function, in particular those related to the visual aspect, have not played any role in the choice of those features, even if other designs fulfilling the same function exist'.[423]

The test, therefore, is whether function was the *only* consideration in the creation of the design. Commentators warn for a broad interpretation of the limitation post-*Doceram* by national courts, excluding too many designs based on functionality and raise the possibility that a requirement of 'aesthetic quality' could be raised as a result. Dinwoodie and Schovsbo stress that such turn of events would ultimately undermine the scope of the Design Directive, according to which the provisions are intended to apply objectively and offer protection to shapes of products.[424] The author of this thesis adds that copyright's broadened scope of protection in recent years, with *Brompton* permitting a degree of functionality and *Cofemel* departing from a higher level or *originality* for works of applied art, could ultimately end up being more accommodating to industrial designs, compared to the design regime, which was initially designed for that very purpose. Yet, it has been previously argued that copyright, despite the relatively low *author's own intellectual creation* standard, would unlikely extend to all types of fashion designs. Instead, the type of designs that are most likely able to demonstrate the expression of *free and creative choices* of their author are timeless designs. This means that creators of seasonal designs would unlikely stop seeking unregistered design protection any time soon. This view is shared with Derclaye, who argues that:

'design law will not become redundant [and] there are still advantages to rely on registered or even unregistered rights to get the best of both worlds'.[425]

3.4.1.2. UKUDR

The UK unregistered design right (UKUDR) aims to protect the shape or configuration of designs of a functional nature, which were previously indirectly protected under copyright law, that would fail to satisfy the UKRDR registration

[422] CDR, Art. 8; DDIR, Art. 7.
[423] *Doceram* (n 402), para 31.
[424] J. Schovsbo, G. Dinwoodie, 'Design protection for products which are "dictated by function"' in A. Kur, M. Levin, J. Schovsbo, *The EU Design Approach – A Global Appraisal* (Edward Elgar 2018), at 142-171.
[425] E. Derclaye (ESI Press, 2020) (n 287), at 13.

requirements. Similar to CUDRs' scope of protection, UKUDRs vest designers with the exclusive right to reproduction for commercial purposes, alongside protection against other designs which are '*intentional copies'*.[426] Nonetheless, protection lasts for 10 up to 15 years from the date that the design either becomes recorded in a design document or becomes part of an article[427], a substantially longer term compared to the 3 years granted under a CUDR.

Protection eligibility is more stringent than the CUDR and a UKUDR automatically subsists in an original design or its configuration, referring to the arrangement of 3D elements[428], provided that it is recorded in a design document or has some other tangible form.[429] The first condition is that it must be original. While the UK courts had previously interpreted design originality in the sense of copyright *originality* pre-*Infopaq*, according to which the design must not be copied and must demonstrate sufficient skill, judgement or labour, there is a growing number of UK decisions, where the UK courts have started aligning their approach in line with the CJEU judgments. The proposition that the CJEU-developed test to *originality* is to apply in relation to UKUDR first derived from *Whitby v Yorkshire* (2015)[430], where Lord Justice Arnold assumed, without deciding, that it was the correct approach. A similar approach was adopted both in *Action v G-Force* (2017)[431] and *Madine v Phillips* (2017)[432], though it was noted that the application of either test would not make any difference. In the IPEC case *Shnuggle v Munchkin* (2020)[433], HHJ Clarke acknowledged the differences between the two tests, but due to not making any difference in the particular case, decided to apply the CJEU's test in determining *originality* in two designs. Yet in the same year, Mr David Stone applied the old test in the sense that a design must not be copied in *Freddy v Hugz* (2020)[434]. Whether UKUDR *originality* is going to be assessed on the basis of whether a 3D functional object constitutes the *'author's own intellectual creation'* remains to be seen. Yet if *Brompton* and the inference that certain wholly functional product shapes fall outside the scope of *originality* were to also be incorporated within the interpretation of UKUDR *originality*, the scope of UKUDR protection would become even narrower.[435] The second condition

[426] CDPA (n 250), ss. 226(1)-(2), 227(1).
[427] CDPA (n 250), ss. 216(1).
[428] *Lambretta Clothing Co Ltd v Teddy Smith UK Ltd & Anor* [2005] RPC 6 (CA).
[429] CDPA (n 250), s. 213(1), (6).
[430] *Whitby Specialist Vehicles Ltd v Yorkshire Specialist Vehicles Ltd* [2015] E.C.D.R. 11, para 43.
[431] *Action Storage Systems Ltd v G-Force Europe.com Ltd* [2017] F.S.R. 18, paras 21-22.
[432] *Thelma Madine (t/a NICO) v Leanne Phillips (T/A Leanne Alexandra)* [2017] EWHC 3268 (IPEC), para 41.
[433] *Shnuggle Ltd v Munchkin, Inc* [2020] F.S.R. 22, paras 93-93, 113.
[434] *Freddy SPA v Hugz Clothing Limited, CC Liverpool Limited, Christopher Kavanagh* [2020] EWHC 3032 (IPEC), para 92.
[435] See J. Cornwell, 'Preserving the traditional English approach to originality in UK UDR', 43 European Intellectual Property Review 8 (2021), at 483-487.

for UKUDR protection is that the design must not be commonplace in the design field in question and in a 'qualifying country'[436] at the time of its creation.[437]

Furthermore, a UKUDR is only available to 'qualifying persons', who are habitually residing in the UK or some other qualifying country or are legal entities, formed under the law of a part of the UK, which have a place of business within the UK or another qualifying country, where substantial business activity is conducted.[438] What this means for foreign fashion designers who may wish to disclose their design first in the UK, e.g. during London Fashion Week, is that unless they are 'qualifying persons', or some other 'qualifying person' first markets the designs in the UK or another 'qualifying country'[439], they would be excluded from UKUDR protection. Effectively, their designs would be subject to permissible copying in the UK, unless they could secure copyright protection for designs that are their '*own intellectual creations*' or are registered as a UKRDR.[440]

Designs which fall outside the scope of UKUDR protection include those which enable an article to fit with or match with another object to be able to perform its function. [441] Also, surface decoration, or else decoration lying on the product's surface or constituting features of the surface itself falls outside the scope of protection.[442] What it practically means is that two-dimensional designs e.g. a graphic design or print applied on a garment, or even three-dimensional designs which decorate the surface of a product, such as grooves, cannot be protected under a UKUDR. In *Lambretta*[443]*,* the dying of a garment and the colourways applied to it were considered 'surface decoration', meaning that decoration can run through items and still be considered as an exclusion from UKUDR protection. In the absence of CUDR protection eligibility post-Brexit for those design features, designers in the UK may still be able to seek SUD protection, though valid only within the national UK territory, or copyright protection.

3.4.2. Registration & Grounds for Refusal

While CUDR protection is often the preferred route for protection, especially among designers who follow along 'seasonal trends' and require protection for a limited time only, registration might be a better option for

[436] The UK, EU countries and certain other countries as set under Design Right (Reciprocal Protection) (No2) Order 1989, SI 1989/1294.
[437] CDPA (n 250), s. 213 (4).
[438] CDPA (n 250), s. 217(1).
[439] CDPA (n 250), s. 220.
[440] E. Derclaye (2018) (n 409), at 327-329.
[441] CDPA (n 250), s. 213(3)(b).
[442] CDPA (n 250), s. 213(3)(c).
[443] *Lambretta* (n 428) (colours regarded as 'surface decoration', combination of colours 'not an aspect of the shape or configuration of the article').

designs that are expected to survive multiple seasons. Yet, the importance of speedy registration procedure is key, due to the speed with which copyists operate. In the EU, it only takes up to ten working days[444] for CRDRs to be approved and registered. Similarly, UKRDRs may be approved and registered within 8 weeks[445], provided that no oppositions are expressed. This is one of the quickest timeframes for registered rights to be given effect, undoubtedly playing an important role in defending designs in the age of instantaneous unauthorised copying in the fashion field.

A design will be refused registration if it does not fit within the above-mentioned definition of 'design'; if it does not comply with the '*novelty*' and '*individual character*' requirements[446]; if its features are solely dictated by technical function[447]; or if the design is produced so as to fit to another product.[448] Lastly, designs against principles of public policy or morality would be unregistrable.[449]

3.4.3. Infringement

CRDR and UKRDR infringement occurs where a third party performs any of the acts that are the designer's exclusive rights without obtaining permission, irrespective of whether they were intentional or not.[450] In relation to CUDRs and UKUDRs, the designer's right is limited to preventing acts that arise from the deliberate copying the protected design, including creating exact or substantially similar articles based on it, or creating a design document for the purpose of enabling others to make articles based on it.[451] In the UK, importing or otherwise dealing with an infringing article for commercial purposes constitutes secondary infringement, provided that the defendant knows or reasonably believes that the article is infringing.[452]

The test for determining infringement of a registered design right is whether the defendant's design produces a different overall impression on the 'informed user' from the protected design[453], while taking the degree of freedom in creating his design into consideration.[454] The only difference in

[444] EUIPO, 'Guidelines for Examination in the Office', (1 Feb., 2020), at 2.7.1, <https://guidelines.euipo.europa.eu/binary/1803372/2000000000>.
[445] Gov.uk, 'Register a Design', <https://www.gov.uk/register-a-design>.
[446] Directive 98/71/EC (n 79), Art. 11; RDA (n 400), s.1A(1).
[447] Ibid; RDA (n 400), s. 1C(1); See *Stratford Auto Components Ltd v Britax (London Ltd)* (1964) RPC 183; *Doceram* (n 402).
[448] Ibid; RDA (n 400), s. 1C(2)-(3).
[449] Ibid; RDA (n 400), s.1D; Regulation 6/2002/EC (n 79), Art. 8-9; Directive 98/71/EC (n 79), Art. 8.
[450] Regulations 6/2002 (n 79), Art. 19(1); RDA (n 400), s. 35ZA.
[451] Regulations 6/2002 (n 79), Art. 19(2); CDPA (n 250), s. 226(2).
[452] CDPA (n 250), s. 227.
[453] Regulations 6/2002 (n 79), Art. 6(1)(a), Art. 10(1); RDA (n 400), s. 1B(3).
[454] Regulation 6/2002/EC (n 79), Art. 6(2); Directive 98/71/EC (n 79), Art. 5(2).

determining infringement of a UKUDR, is that a different 'overall impression' is assessed on the balance of probabilities from the lens of the 'average user', who is not an expert in the design field in question, but rather the person to whom the design is directed with an interest in the product he purchases.[455] It is possible that the 'average user' could be less observant to details than the CUDR's 'informed user' and if so, spotting details that would be producing a different overall impression in the allegedly infringing design would be less likely. This arguably places the owner of a UKUDR in a much stronger position compared to the owner of a CUDR in the context of infringement.

Importantly, retaining evidence, such as documenting each design's creative process step-by-step, is imperative, as designers could otherwise fail to establish that a UDR subsists in their works.[456] For instance, in *Dalco v First Dimension*, lack of a time-stamped record of the design's creation to prove that the design in question predated that of the claimant, amounted to the subsequent inability to prove that the design enjoyed registered protection both in the UK and the EU.[457] Chapter 5 will, among others, make reference to how blockchain technology can optimise record-keeping and ensure designers do not fail in procedure in attempting to protect their fashion creations.

3.4.4. Defences

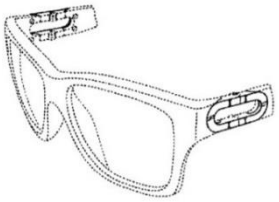
While different defences apply in relation to CRDRs and CUDRs, they equally apply to all types of design rights in the UK, except for uses that do not involve copying in relation to unregistered rights.[458] Accordingly, use of a design will not be considered infringing, if it was private and for non-commercial purposes[459], or for experimental purposes.[460] Also, copying a design for teaching purposes or for making citations is permissible, so long as the copying complies with fair trade practices, without negatively interfering with the normal exploitation of the design and provided that the source is referenced.[461] The above defences are applicable in relation to both Community design rights, as well as the UK national design rights. Furthermore, infringement cannot be established in case of an 'innocent infringement', where there is proof that the defendant was unaware and could not have reasonably known that a design

[455] *Bailey & Anor v Haynes & Ors* [2006] EWPCC 5, paras 15(g), 35.
[456] See *G-Star Raw CV v Rhodi Ltd & Ors* [2015] EWHC 216 (Ch); *John Kaldor Fabricmaker UK Ltd v Lee Ann Fashions Ltd* [2014] EWHC 3779 (IPEC).
[457] *Dalco v First Dimension* [2015] EWHC 760 (IPEC).
[458] Regulations 6/2002 (n 79), Art. 19(2).
[459] Regulations 6/2002 (n 79), Art. 20(1)(a); Directive 98/71/EC (n 79), Art. 13(1)(a); RDA (n 400), s. 7A(2)(a); CDPA (n 250), s. 244A(a).
[460] Regulations 6/2002 (n 79), Art. 20(1)(b); Directive 98/71/EC (n 79), Art. 13(1)(b); RDA (n 400), s. 7A(2)(b); CDPA (n 250), s. 244A(b).
[461] Regulations 6/2002 (n 79), Art. 20(1)(c); Directive 98/71/EC (n 79), Art. 13(1)(c); RDA (n 400), s. 7A(2)(c); CDPA (n 250), s. 244A(c).

right subsisted in the product.[462] At EU level, an analogous defence arises in relation to CRDRs, when a third party can prove good faith prior use of or preparations to use a design before the filing date of the CRDR.[463] Another potential defence is where the defendant can prove that an unregistered design right has expired or that it is invalid and hence, that a right never subsisted to the design article in question in the first place.[464] Lastly, in relation to UKUDR, the copying of a design with a licence issued by the designer during the last five years of protection is non-infringing.[465]

3.4.5. Design Patent Protection

Fashion designs in the US can further enjoy protection under design patent law, which protects the way products look or else, the outward ornamental appearance of products that would likely attract copyists. Protection can extend to either a specific non-functional design feature – such as Jimmy Choo's oval holes on the frame of sunglasses, illustrated below – or even a fashion design in its entirety that lasts for 15 years upon registration.[466]



U.S. Patent No. D596,660



Figure 22: Jimmy Choo's design patent[467]

[462] Regulations 6/2002 (n 79), Art. 20; RDA (n 400), ss. 7A(2), 24B; CDPA (n 250), s. 233.
[463] Regulations 6/2002 (n 79), Art. 22.
[464] Regulations 6/2002 (n 79), Art. 85.
[465] CDPA (n 250), s. 237.
[466] US Patent (Designs) Act, 35 U.S.C. §§ 1 et seq. (2015), §173.
[467] U.S. Patent No. D596,660.

A fashion design can be classed as a design patent, provided that it is a new, original, ornamental and non-obvious improvement of pre-existing designs in the eyes of the designer, who is ordinarily skilled in the art.[468] Protectable designs are those invented for 'articles of manufacture'[469] and therefore, can be applied to 'useful articles', such as garments, footwear, or jewellery. The granting of a design patent affords designers with the exclusive rights to make, use, sell, offer for sale, or import an article that bears the fashion design or its colourable imitation in the US.[470]

Nevertheless, satisfying the '*non-obviousness*' and '*novelty'* criteria in an industry saturated with clothing designs might be difficult, as there must not be any prior art reference that presents '*basically the same*' overall appearance as the fashion design in question or certain design features in the eyes of the designer of ordinary skills in relation to clothing articles.[471] In reality, the majority of garments draw upon earlier designs and fashion trends. This means that they often are fresh takes of pre-existing designs, without necessarily deviating 'substantially' from them, but rather tend to have a standard shape and form and even incorporate parts of earlier designs in them. Hence, only few fashion designs could be viewed as substantially different from previous ones. Assessing obviousness in design patent cases is equally difficult and in *Re Nalbadian* (1981), Judge Rich thought of it as an impossible task.[472] The *H.W. Gossard Co* case affirmed the difficulty in protecting clothing, where it was held:

'*It has been said that to invent anything in the way of a new dress design, however temporarily attractive such design may be, becomes almost impossible when one considers the enormous amount of fashion advertising, design service, magazines, and the host of skillful and intelligent dressmakers*'.[473]

While proving non obviousness for a garment in its entirety may be challenging, new and non-obvious shapes or certain features of clothing designs, such as embedded surface ornamentation, are arguably more likely to merit for protection. Lastly, for a design patent to be valid, both the '*article of manufacture*' and the design's 'ornamentation' in question must not be primarily dictated by function.[474] For example, even though a shoe's cushioning features might serve a functional or 'utilitarian' purpose, i.e. comfort or support in walking, it would not necessarily be barred from protection.

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[468] 35 U.S.C., §§101-103, 171-173; See *Jack Adelman, Inc. v Sonners & Gordon, Inc.*, 112 F. Supp. 187, (S.D.N.Y. 1934), at 189.

[469] See *Apple Inc. v Samsung Electronics Co. Ltd.*, 137 S. Ct. 429 (2016), at 434. An article of manufacture '*encompasses both a product sold to a consumer and a component of that product*'.

[470] 35 U.S.C., §289.

[471] *In re Nalbandian*, 661 F.2d 1214, USPQ 782 (CCPA 1981), at 211.

[472] Ibid, at 1219.

[473] *H.W. Gossard Co. v. Neatform Co. Inc.*, 143 F. Supp. 139 (S.D.N.Y. 1956), at 143

[474] Code of Federal Regulations, 37 C.F.R. (2010), §1.153.

Nevertheless, the process of acquiring protection presents certain difficulties. Other than the costs of registration, it takes 21 months on average for a design patent to be granted and approximately 16 to 17 months under the expedited route.[475] This lengthy framework is not ideal for fashion designers who embark on trends, as a design for which protection is sought may easily go out of style in weeks. Other than the shorter term of protection they offer compared to copyright and the trade marks, Willey stresses the considerably more costly investment that designers need to make in order to obtain them, given that registration is a prerequisite for design patent protection.[476] According to Burstein, the USPTO filing fee ranges between $190 - $760, attorney fees can lead up to $2,000, though a slightly less costly registration option is presented for SMEs.[477] Yet, investing in design patents can be invaluable to designs expected to last longer than a season, such as Jimmy Choo's ornamental design of twisted front footwear or the 'Veneta' handbag design by luxury brand Bottega Veneta, illustrated below (Figure 23).

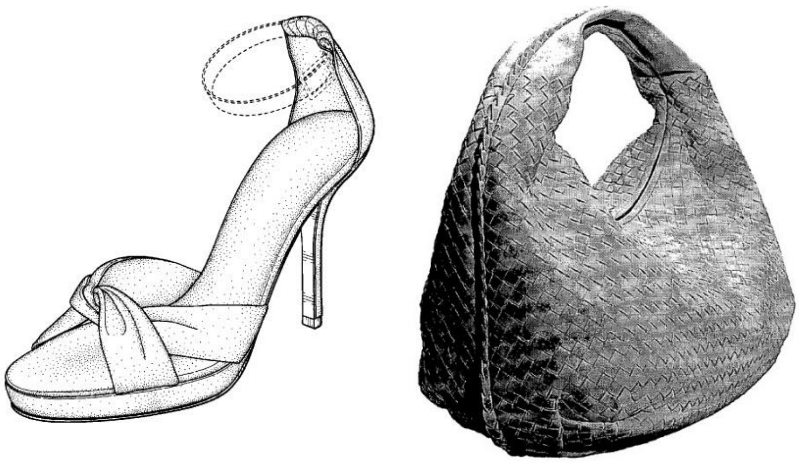


Figure 23: Left: Jimmy Choo's twisted front design[478]; Right: Bottega Veneta's 'Veneta' handbag[479]

Design patent protection is promising for US industrial designs and works of fashion, despite Tushnet's criticism that a wide interpretation of the US copyright separability test that encompasses the same subject matter could interfere with their desirability and make them redundant.[480] On the one hand, it may be true that when presented with the option of an automatic right, that

[475] USPTO, 'Design Data June 2023', <https://www.uspto.gov/dashboard/patents/design.html>.
[476] L. Willey, 'Fashion Design & Intellectual Property', 55 N.H. B.J. 6 (2014), at 7-8.
[477] S. Burstein, 'Costly Designs', 77 Ohio St. L.J. 107 (2016), at 123.
[478] U.S. Patent No. US D529,264 S (Oct. 3, 2006).
[479] U.S. Patent No. US D657,952 S (Apr. 24, 2012).
[480] R. Tushnet (n 353), at 1226-1227.

is copyright, which lasts for a substantially longer term compared to the 15 years afforded by design patents, designers, and particularly those who lack funds, would opt for it. However, the separability test's scope has yet to be interpreted clearly by the US courts, effectively meaning that there is no guarantee of copyright protection for functional objects or functional features of objects. Even if there is, Menell and Yablon support that there has long existed an overlap between design patent and copyright protection for certain works, such as fabric prints and sculptural works.[481] Yet, the author of this thesis argues that an overlap between design patent and copyright protection for works of fashion would likely only extend to durable timeless fashion designs, given the respective originality and novelty requirements, rather than fast-fashion seasonal designs. Another aspect that supports this assumption, is the fact that the timeframe for acquiring a registration for design patent protection in this fast-paced industry is not particularly accommodating, given that copyists are acting fast. This effectively means that such overlap would unlikely result in an overflow of design patent applications, as timeless designs are typically being produced by large fashion houses and high-end designers with the necessary funds to do so, whereas fashion is an industry dominated by small designers and SMEs, as explored in Chapter 1. In practice, a broad interpretation of copyright separability would have little impact on free competition on a practical level, but would undoubtedly benefit a segment of designers.

3.4.6. Infringement

A design patent is infringed where a third party, without licence, applies a protected design to any article of manufacture or performs any other act which is reserved for the fashion designer.[482] The test to determine design patent infringement assesses whether the allegedly infringing design and the patented design are substantially the same, to the extent that the novelty in the protected design is appropriated, in the eyes of an 'ordinary observer'. That would be an ordinary fashion designer of the type of the claimed products. If the third party's design is viewed as a slightly modified version of a previously existing patented design that would '*deceive or induce [the ordinary observer] to purchase one, supposing it to be the other*'[483], it would be considered anticipated and therefore, infringing. Given that the test for infringement does

[481] P.S. Menell, D. Yablon, 'Star Athletica's Fissure in the Intellectual Property Functionality Landscape', 166 University of Pennsylvania Law Review Online 137 (2017), at 143.
[482] 35 U.S.C., §289.
[483] *Gorham Co. v. White,* U.S. 511 (1871), at 526-527, 531; *Sears, Roebuck Co. v. Talge*, 140 F.2d (8th Cir. 1944), at 395-396; *Egyptian Goddess, Inc. v Swisa, Inc.,* 543 F.3d 665 (Fed. Cir., 2008), at 678-681.

not require identity, but 'sufficient similarity' between the designs, even slight differences could suffice.[484]

3.4.7. Defences

Defences to design patent include non-infringement, design patent invalidity, such as affirmative defences for non-ornamentality[485], obviousness[486] and unenforceability.[487]

3.4.8. Conclusion

Design law seems to be the most appropriate route to protect the appearance of fashion designs, partly or wholly. In the US, design patents protect the outward visual appearance of non-functional designs that are part of products, including garments, footwear, or accessories. However, protection is reserved for only a fraction of fashion designs that can demonstrate novelty and non-obviousness in an over-saturated industry, leaving a great deal of fashion designs exposed to copying.[488] In contrast, the EU/UK design law framework acknowledges industrial designs' value and affords designers with an exclusive right against copying over their appearance, including their shape or configuration. Registration is optional, yet can act as a powerful tool. It has a substantially longer duration compared to the 3 years of EU unregistered rights or the newly introduced SUD in the UK and at the same time, it offers extended protection beyond copying, irrespective of whether deliberate or not. The exception is the UKUDR, which protects different aspects of a design compared to CUDR and SUD, though still against acts of deliberate copying, and designers can benefit for 10 to 15 years, without having to endure any potential pressure by bearing the costs of having their designs registered in order to obtain a longer term of protection. Nonetheless, research shows that that most designers who follow seasonal trends opt for unregistered design protection, since the 3-year term of protection is typically more than enough and its zero cost is viewed as a means of evening out the costs that designers incur in the

[484] *Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, (Fed. Cir. 2014), at 701.
[485] *Automotive Body Parts Association v Ford Global Technologies, LLC*, No. 2018-1613 (Fed. Cir. July 23, 2019).
[486] 35 U.S.C., Art. 102; See *Laughing Rabbit, Inc v National Automotive Parts Association*, (2014) WL 556007, at 4.
[487] Other equitable defences include laches, equitable estoppel, and exhaustion, as well as the common law experimental use defence for the purposes of philosophical inquiry, curiosity, or amusement, but is not part of the analysis.
[488] G.C. Jimenez, 'Design Piracy Legislation. Should the United States Protect Fashion Design?' in G.C. Jimenez, B. Kolson, *Fashion Law: A Guide for Designers, Fashion Executives, and Attorneys*, (2nd ed., Fairchild Books, 2014), at 75.

design production process.[489] Designers are, nonetheless, being offered a 12-month 'grace period' to test the appeal that their designs will have upon being presented in a fashion show and decide whether unregistered protection solely against intentional copying will suffice or whether registration is a more appropriate option.

3.5. Conclusion

This Chapter set out the three different types of IP law that can subsist in fashion designs, namely TMs, copyright and design rights. While protecting a fashion design in its entirety is a rare occurrence, most design features which are part of garments, footwear, or accessories, can be independently or simultaneously protected by 1 or more of the above-mentioned IPRs. Typically, an entire fashion design may only be protected if source-identifying and thereby, acting as a TM, or if covered in new ornamental and non-anticipated features, protectable as a US design patent.

While certain fashion designs or design features may qualify as TMs, denoting trade origin is not an easy task. The extended TM protection that encompasses modern functions and branding aspects that are inextricably linked to a TM is invaluable for fashion brands in both the UK/EU territories. The whole business model relies on the building of a strong brand image and therefore, substantial investments are being made in advertising, product presentation and packaging and in certain cases, the building of an iconic design, such as the Louboutin red sole, so as to acquire goodwill and a loyal clientele. Whether or not all additional 'branding' elements are protectable has not yet been clarified by the courts, yet this shift marks an important win for fashion brands whose TMs place substantial emphasis on the modern functions**,** as origin as a standalone feature may be difficult to demonstrate, especially for differentiating products in an industry where brands get heavily inspired from others' businesses. Yet, meeting the threshold for protection or affording to pay the registration costs is not guaranteed for small emerging designers or brands with limited resources. When it comes to famous brands, they enjoy a higher level of protection against dilution across all three jurisdictions. Trade dress provides an alternative route to protect source-identifying product configuration, limited to fashion designs with a 'secondary meaning'. Yet, given that a large segment of fashion designs typically draw inspiration from the changing trends that dominate the market, they often closely resemble designs of others and therefore, rarely possess inherent distinctiveness. As such, it could be said that both TM and trade dress protections are indirectly reserved for larger fashion brands with an established

[489] J. Darcy, 'Under-Regulated or Under-Enforced: Intellectual Property, the Fashion Industry and Fake Goods', 35 European Intellectual Property Review (EIPR) 2 (2013), at 82-92.

repute and resources, capable of making considerable investments in promoting their fashion designs to the extent that distinctiveness is acquired.

Copyright provides a long term of protection for *any* creative fashion elements that are their 'author's own intellectual creation', expressed in a way that reflects their 'free and creative choices' in both the EU/UK territories in line with *Infopaq* and subsequent CJEU rulings. The UK courts' approach has for long deviated from this standard due to the existence of a different test, as well as more restrictive conditions and categorisation requirements under the CDPA. While categorisation remains, there has been a recent judicial shift which suggests greater compliance with the EU approach. The latter, in combination with the relatively low EU *originality* threshold, have created an environment where securing copyright protection in fashion is far less challenging than before. Arguably this threshold can easily be met by classic or 'haute couture' fashion designs that do not typically go out of style soon after their launch on the market. Due to being unaffected by seasonal trends, their creation requires thorough planning and trial-and-error, meaning that those designs would likely constitute works that reflect the freedom of choice and personality of the designer. Copyright protection may also subsist within certain seasonal fashion designs, yet the more quickly they are produced and the more common decorative elements they bear with other designs, so as to conform with the same 'hot' styles of the season, the less likely they could demonstrate *originality*. While copyright is an automatic right that could substantially benefit small or emerging designers from having to incur registration fees for obtaining other IPRs, the type of designs that would enjoy copyright protection in most instances are timeless pieces or 'haute couture'. In reality, such designs would most likely derive from larger fashion houses, with an abundance of time, resources and an entire designing team to experiment and produce high quality, well thought-out original pieces.

Copyright protection in the US extends to *original* works which possess a 'modicum of creativity', are independently created by their author and result from their creative efforts, an evidently lower standard than *Infopaq'*s. While fashion designs are generally excluded from protection in their entirety, due to their so-called 'utility function' of serving as wearables, *conceptually* separable non-functional artistic aspects of 'useful articles', including pictorial, graphic or sculptural fashion features, have increased chances of protection under the new US separability standard as per *Star Athletica*. Nonetheless, demonstrating that such non-functional features can be imagined separately from the 'useful article' is not always possible in fashion designs, where often form and function are intertwined. Furthermore, inconsistencies in applying the test have already made their appearance in fashion, given the rejection of the former separability tests and the absence of clear guidance as to the test's limits, yet the impact of this decision in the curtailing of creative expression and competition remains to be seen. Undoubtedly, the fashion designers' position

is enhanced, as post-*Star Athletica* fashion-related case law suggests that copyright claims over aesthetically artistic expressions are more likely to succeed, unless they demarcate the entire shape of their underlying 'useful article'.[490] At the same time, designers are presented with the option of automatic copyright protection, without having to go through a time-consuming registration process, in an industry where copyists waste no time.

Design law in the EU/UK territories provides the necessary protection to cover the gaps left by the above-mentioned IPR regimes, enabling the creator of a qualifying design to at least prohibit others from using designs with a similar appearance, i.e. shape, configuration and surface decoration for commercial gain. In light of fashion changes on a seasonal and trend-led basis, UDR appears to be the obvious choice for most fashion designers, unless they produce timeless designs intended to last multiple seasons. While no complete loss of the right for CUDR protection privileges has taken place post-Brexit, with the introduction of the national SUD, the fact that it is only valid within the UK territory and not across Europe places designers in a rather disadvantageous position, as they still need to consider where to first disclose their collections carefully. Nonetheless, the SUD widens the scope of protection for designers who first disclose their creations in the UK, given that certain design elements, such as colour or surface decoration, are excluded from UKUDR protection. Although registered protection is still an option, this could have a negative impact not only on emerging fashion designers that were previously relying on unregistered protection, but also large brands who are now deprived of automatic protection in either of those important markets. US law does not provide for a right equivalent to a UDR. Even though US design patent law is more limited in scope, it offers the strongest protection to original ornamental industrial designs that can demonstrate novelty and non-obviousness upon being registered. Yet only few non-functional fashion design features could possibly pass this threshold in this sector, where a plethora of fashion designs share multiple similarities. This leaves a great deal of US fashion designs exposed to copying, unless copyright law comes to the rescue for some, though only offering a patchwork protection.[491]

Under the existing IPR framework surrounding the protection of fashion designs in the three jurisdictions under examination, IP holders are being granted, among others, the exclusive rights to use, copy or sell their creations. In order to balance creators' rights with public interest, competition and societal economic growth considerations, certain defences or limitations to

[490] D.E. Shipley, 'All for Copyright Stand Up and Holler! Three Cheers for Star Athletica and the U.S. Supreme Court's Perceived and Imagined Separately Test', 36 Cardozo Arts & Entertainment Law Journal 149 (2018), at 152-53.

[491] V.R. Moffat, 'Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection', 19 Berkeley Technology Law Journal (2004), at 1475–77, 1512.

protection are in place. Nonetheless, the IP protection regimes as they currently stand and the possibility of concurrent IP protection vested in a single creation place fashion designs within a relatively sufficient protection framework, though protection is evidently stronger in the EU/UK than in the US. IP rights are also time-limited, but this does not negatively impact on an industry like fashion, where a large segment of designs is of an even more limited lifespan. It can be concluded that fashion-related IP infringement is unlikely owed to an inability of fashion designers to access the available IP protections. The next Chapter will examine IPR enforcement and remedies and their potential insufficiency and/ or unsuitability for this sector, so as to determine whether the current IP infringement reality can be partially explained.

Chapter 4. IP Remedies & Enforcement in Fashion

4.1. Introduction

As established in the previous Chapter, the protections available to fashion designers under the existing IP legal frameworks in the EU, UK and US are relatively strong and while fashion designs cannot typically be protected in their entirety, TM, copyright and/or design protection may subsist within a multitude of design features that are part of garments, footwear, or accessories. Hence, this thesis' first hypothesis over a potential inability of fashion designers to meet the protection threshold for works of fashion cannot be sustained, so as to justify the increasingly high levels of IP law infringement in fashion. This Chapter examines the second possible reasoning, namely whether infringement in fashion is on the rise due to a lack of enforcement of those IPRs by designers and/or due to the inadequacy of the currently available IP remedies to serve the needs of this particular industry. This thesis is going to focus on both SMEs and large fashion industry players, offering comparisons as to how they are tackling infringement of the IPRs vested in their products throughout this Chapter.[492]

4.2. IP Enforcement in Fashion - UK/US Case Law Research

Given the lack of research on the levels of IP enforcement via the traditional litigation route[493] that has been identified in the context of fashion, the author of this thesis collected civil law cases associated with copyright, trade mark and design law infringement disputes that have been brought before the UK's Intellectual Property Enterprise Court (IPEC) and High Court (HC) between 2013-2021[494], as well as civil law cases litigated before US federal courts[495] between 2019-2021. The review is based on cases in which a judgment was delivered. Although not a main focus of this thesis, a brief mention to e-commerce-related IP infringement cannot be completely omitted, given that fashion-related IP infringement takes place both offline and online, as acknowledged in Chapter 1. While the thesis will not expand on e-commerce legislation and case law associated with IP enforcement in the digital world, the

[492] For an overview of IP enforcement and remedies see J. Pila, P. Torremans (n 246), Chapters 24-25; P. Torremans (2019) (n 114), Chapter 32.

[493] With the exception of very few studies by academics and IPOs for IP infringement in general, but not tailored to the fashion sector.

[494] Since the IPEC was established in 2013, offering a lower-budget litigation option than the HC. Note that the IPEC judgments do not indicate the allocated track (multi-track or SCT), except for 1 case there was a 50k cap, for which it can be concluded that it was allocated under the SCT. Note that the HC's Shorter Trial Scheme is not applicable to this thesis' HC case law research.

[495] Note that US federal courts have exclusive jurisdiction over patent and copyright claims, while TMs are litigated both in federal and state courts.

US case law study encompasses litigation associated with IP infringement both in the offline and online worlds, in order to paint the overall picture of fashion-related IP litigation rates.[496] More specifically, 147 US TM cases have been identified within the 2019-2021 period. Out of those, e-commerce related claims amounted to 67 out of the 147 examined US TM claims.[497] These findings underline the proliferation of IP infringement online and further support that it is contributing to the overall fashion-related IP infringement phenomenon. Nevertheless, given the length limitations of this thesis, the following analysis will only focus on the remainder US TM cases concerned with fashion design infringement claims in the offline world (80), as well as cases involving trade dress claims (9), copyright claims (27) and design patent infringement claims (3), which were identified within the same period. As for the UK, the analysis will focus on trade mark cases (12), copyright cases (4), as well as design cases (10) litigated by both IPEC and the HC within the 2013-2021 period. It must be noted that, in some of the cases, overlaps of more than 1 different IPR claims have been identified: for the US, joint TM & copyright claims in 5 cases, joint trade dress & copyright claims in 1 case, joint TM & trade dress claims in 2 cases, as well as joint TM, trade dress & copyright claims in 1 case (9 in total)[498]; for the UK IPEC, a joint copyright & design claim in 1 case[499]; and for the UK HC, a joint copyright & TM claim in 1 case[500]. As such, the total amount of cases under examination that have been brought before court are 109 for the US and 24 for the UK.

Their success rate (whether at least one of the IPR(s) in the fashion design in question were found valid and infringed) will also be considered. However, a number of US cases will be disregarded for the success rate analysis, including 4 of the US TM cases that have reached a settlement in between proceedings[501], as well as 19 of the US TM and trade dress claims, 8 of the US copyright claims, 2 of the US design patent claims and 2 joint IPR claims (total 31 cases)[502], where no final judgment outcome was yet reached by the time the analysis was carried out in February 2022. Taking the IPR overlaps in relation to some of them into consideration, this amounts to a total of 78 US cases.

The research findings per type of IPR claim are summarised in Table 3 below:

[496] No e-commerce fashion-related IP disputes in the UK courts could be found for the specified period above.
[497] Annexes 3, 3.1. & 4, 4.1.
[498] Annex 3, 3.5.
[499] Annex 1, 1.4.
[500] Annex 2, 2.4.
[501] Annex 3, 3.1., cases 19, 27, 38, 64.
[502] Annex 3, 3.1., 2, 4, 12, 16, 17, 18, 21, 24, 35, 37, 40, 46, 58, 65, 69, 70, 78; 3.2, cases 5, 7; 3.3., cases 1, 5, 8, 13, 14, 15, 20, 24; 3.4, cases 1, 3; 3.5, cases 2, 8.

Fashion-related IPR Infringement Claims	UK IPEC	UK High Court	US Courts
Trade Marks	3	9	80
Trade Dress	-	-	9
Copyright	3	1	27
Designs	8	2	-
Design Patents	-	-	3
Total (cases with IPR overlaps counted once)	13	11	109
Settled	-	-	4
No outcome by the time case law research was carried out (February 2022)	-	-	31
Success rate	11/13 cases	8/11 cases	41/78 cases

Table 3: Fashion-related IPR Infringement Claims - UK and US case law research findings[503]

[503] Full list of case law in Annexes, 1-3.

At first instance, the research findings suggest that enforcement over the whole range of IPRs have been attempted by fashion industry claimants. More specifically, 13 fashion-related infringement claims have reached judgment in the IPEC, most involving design infringement (8), followed by TM infringement (3) and copyright infringement (3). Likewise, 11 cases have been decided in the HC. Most HC claims concerned TM infringement (9), followed by design infringement (2) and only one copyright claim (1). In the US jurisdiction, 109 IP fashion-related cases have been decided before US courts over 3 years. The number of TM claims is by far the highest (80), followed by copyright (27) and trade dress (9), while only 3 design patent claims were identified.

In terms of the claims' outcomes, an exceptionally high rate of successful IPR infringement claims (in whole or in part), where at least one of the IPR(s) in the fashion design in question were found valid and infringed is noted in both UK courts. All claims were successful, except for 2 IPEC claims[504] and 3 HC claims.[505] Although the US claims' success rate is not as high as in the UK, as slightly more than half of the cases were successful (41 out of 78 cases[506]). A relatively high prospect to succeed is particularly encouraging to fashion designers in achieving enforcement and the courts appear sympathetic both towards claimants with a large following, i.e. whose brand image is being under attack, and smaller claimants who make a living out of licencing their protected work. Yet the above litigation landscape is not representative of all types of IP disputes in fashion and as will be later highlighted in this Chapter, many disputes do not even reach the court.

So, what can these research findings tell us about IP enforcement through litigation in fashion? It appears that there is little litigation involving fashion designs in both the UK and the US jurisdictions. The fact that only 24 cases in total have been brought before the UK courts in almost a decade, indicates that fashion designers of any size, including fashion SMEs and larger brands, are not particularly keen on enforcing their rights through the traditional litigation route, even when presented with a low-cost enforcement option, in the case of the IPEC. The US courts have litigated a substantially higher number of cases compared to the UK, 109 cases over the course of 3 years, an average of 36 cases per year nationwide in 1/3 of the time compared to the UK. Although the US is arguably a more litigious country[507] compared to

[504] Annex 1, 1.3., cases 3, 5.
[505] Annex 2, 2.1., cases 6, 7, 9.
[506] 37 unsuccessful cases: Annex 3, 3.1., cases 5, 6, 7, 13, 14, 15, 25, 28, 31, 32, 43, 44, 45, 47, 49, 56, 59, 60, 61, 62, 66, 73, 76; 3.2., case 4; 3.3., cases 3, 4, 10, 11, 15, 16, 17, 18, 22; 3.4., case 2; 3.5., cases 6, 8, 10.
[507] J.M. Ramseyer, E.B. Rasmusen, 'Are Americans More Litigious? Some Quantitative Evidence' in F.H. Buckley (eds) *The American Illness: Essays on the Rule of Law* (Yale Scholarship Online, 2013).

the UK, it also is a country with 5 times the population of the UK[508] (with $343.70bn in revenue in 2023[509]) and almost 4 times the size of the UK fashion market (with a revenue of US$85.08bn in 2023[510]) and so, one might have expected to come across an even higher litigation rate. Especially when combining these findings with the high levels of fashion-related IP infringement, this particular sector clearly faces increased possibility of IP disputes arising. And this reality is experienced, despite the availability of legal protections for designers and fashion brands through TMs, copyright and design law. Although it is not clear whether the subject-matter of litigation were seasonal or timeless designs, that could influence designers' decision to litigate or not, the low volume of fashion-related litigation supports part of the Chapter's hypothesis that insufficient enforcement might be the cause of IP infringement's growth in fashion. Yet, it needs to be further examined and the next sections 4.3.-4.5. are going to look at possible reasons behind this phenomenon.

4.3. Civil Remedies

So, what might be the cause for the low litigation rates in fashion? The first potential reason behind fashion brands' unwillingness to bring an IP infringement action before court might be linked to the remedies awarded in successful claims. What, therefore, needs to be assessed is whether the remedies available and the promptness in them being awarded can have a meaningful positive impact on either halting the infringing activity or remedying the loss that fashion designers experience as a result of IP infringement, upon investing in time and costs to litigation.

Given that civil enforcement provisions, including procedures, remedies and enforcement measures, are mandated at the international level under the TRIPS Agreement, there are common obligations across all three signatories under examination and need to be available under signatories' national laws against acts of infringement.[511] As such, the analysis only focuses on US and UK courts' approach regarding civil proceedings and remedies for the purposes of this discussion. The timeframe for a case to be tried is 12-18 months upon filing a claim in the UK and ranges from 6 months up to several years in the US. Especially in an industry like fashion, where most trend-led designs maintain

[508] IndexMundi, 'United Kingdom vs. United States: Demographics', <https://www.indexmundi.com/factbook/compare/united-kingdom.united-states>; UK Population: 67.081.000 (June 2020); US Population: 334.998.398 (July 2021).
[509] Statista, 'Apparel: United States' (n 33).
[510] Statista, 'Apparel: United Kingdom' (2023) (n 35).
[511] TRIPS (n 3), Part III, Art 42-49, Art. 50-60; Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, OJ L 157, 30.4.2004 (Enforcement Directive), implemented into UK law with the Intellectual Property Regulations 2006 (SI 2006 No. 128).

their value for only few weeks, whether a post-trial remedy, awarded at least a year after filing a claim for IP infringement is valuable to the designer is questionable. In reality, it would typically only be able to compensate IP holders for the damage in monetary terms. Instead, swift answers to infringement, such as pre-trial court orders to stop the infringing act immediately would arguably offer the greatest assistance.

4.3.1. Injunctions - UK/US Case Law Research Findings

At the international level, Article 44 of TRIPS mandates that pre-emptive measures can be adopted and gives national courts the power to issue preliminary injunctions.[512] Preliminary or interim injunctions in the UK can be typically obtained within a few days or even sooner, in cases of extreme urgency, until the date of trial.[513] Indeed, a small London-based clothing manufacturer, Frank, was granted a preliminary injunction against Nike's campaign using the letters 'LDNR' alongside its 'swoosh' TM that closely resembled Frank's 'LNDR' TM, within 2 weeks upon filing the claim.[514]

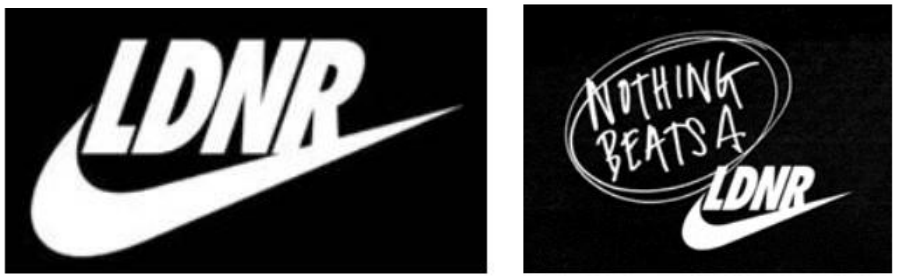


Figure 24: Nike's infringing sign[515]

Yet, it can take longer, as in the recent *Lifestyle Equities v Ahmed* case, where an interim injunction for TMs 'BEVERLEY HILLS POLO CLUB' and a single horse polo player sign in respect of clothing was not granted until after approximately 6 months just for the logo. This resulted in the continuation of the infringing activity for that period, resulting in additional harm to the brand's reputation.[516]

[512] TRIPS (n 3), Art. 44.
[513] Directive 2004/48/EC (n 511), Art. 9(a); The Civil Procedure Rules 1998 (CPR), Part 25.1 (1); G. Steward (n 68), at 165.
[514] *Frank Industries v Nike* [2018] EWHC 1893 (Ch).
[515] Ibid, para 5.
[516] *Lifestyle Equities C.V. & Anor v Ahmed & Anor* [2021] EWCA Civ 675, para 64.



Figure 25: Left: Lifestyle Equities' TM; Right: Santa Monica Polo Club's signs[517]

Despite that a US preliminary injunction is usually issued within 1 month in TM cases and within 4 months in copyright cases[518], preliminary injunctions still make one of the swiftest responses to infringement. In fact, Helmers et al. confirm their importance by stating that the primary reason claimants file IP lawsuits '*is to seek injunctions, not damages*'[519]. Nevertheless, such relief is only awarded in order to prevent likely irremediable damage to the IP holder. UK courts award preliminary injunctions where it is 'just and convenient' to do so, in cases where the applicant cannot be compensated by an award of damages, while US courts further consider the likelihood of the claim's success on the merits as well as potential clashes with public interest considerations.[520] US courts may additionally issue a temporary restraining order (TRO)[521] to restrict the infringing act until the preliminary injunction's hearing date, where the court believes that infringement would cause harm to the claimant until then.

Copying-induced damage can take many shapes and forms, from reputational damage of a brand's image, typically in relation to fashion houses with a reputation, to the complete economic meltdown of an aspiring young designer, whose designs are copied moments after their launch on the runway and may hit the market before he even gets the chance to finish off their collection. Hence, the ability to request the immediate halt of the infringing fashion articles' sale as soon as infringement is suspected is an invaluable tool that could help designers preserve their brand image and mitigate their revenue loss, until full litigation commences. Though the time-consuming application process for preliminary injunctive relief must not be understated, as it requires the collection of several key documents by an external counsel,

[517] Ibid, para 1, Annex 1.
[518] US: Federal Rules of Civil Procedure (FRCP), Rules 64, 65(a); 17 U.S.C., § 502(a); Lex Machina, 'Lex Machina 2016 Trademark Litigation Report' (2016), at i; Lex Machina, 'Lex Machina Copyright Litigation Report 2016' (2016), at I; Note that no equivalent data are available in relation to US design patent cases.
[519] C. Helmers, Y. Lefouili, B.J. Love, L. McDonagh, 'The Effect of Fee Shifting on Litigation: Evidence from a Policy Innovation in Intermediate Cost Shifting', American Law and Economics Review (2021), at 18.
[520] UK: *American Cyanamid Co v Ethicom Ltd* [1975] AC 396; See *Series 5 Software Ltd Ltd v Clarke* [1996] All ER 853, paras 407-408; Senior Courts Act 1981 (SCA), s.37(1); US: *Winter v Natural Resources Defense Fund* 555 U.S. 7 (2008), paras 20-24.
[521] FRCP, Rule 65(b).

including detailed witness statements, rather than merely filling out a form. And while it is not particularly costly (£569[522] in the UK and $402 in the US[523]), an upfront payment called a 'cross-undertaking in damages' as security to compensate the other party, if unsuccessful, adds up to one's litigation costs.[524] Blocking a sum of money alongside other litigation costs, without any guarantee of success in being awarded the relief, may especially impact on a small designer's finances and discourage them from filing an application.

Yet, depending on the type of design in question and the investments in creating it, pursuing a preliminary injunction may be a wise decision. Upon the hearing of a case, a preliminary injunction can turn permanent, unless there is evidence that infringement is unlikely to re-occur by the defendant in the future.[525] In the US, post-2006, such award further depends on the existence of proof, rather than mere presumption, of irreparable harm to the claimant[526], i.e. where a claimant is expected to lose substantial market share, customers or goodwill if the infringing activity continues.[527]

While one might have expected that US injunctions' success rates would drastically drop, statistical data reveals that, between 2006-2013, such relief was awarded in 195 patent cases and denied only in 64 cases.[528] Seaman's empirical research notes a particularly lower impact where the infringer was a market competitor (84% of claims), as opposed to claims against non-competing parties (21% of claims).[529] Hence, fashion designers seeking market exclusivity for their design patents have high chances of establishing irreparable harm and succeeding in an injunction application against a competitor brand. Sag's and Samuelson's empirical data on copyright cases note a greater decline post-2011 in successful permanent injunction claims from 60% to 43%, as well as a drop in awarded preliminary injunctions to 71% of the decided cases, compared to the previous 81%.[530] Interestingly, TM holders appear to have the greatest difficulty in proving irreparable harm, as only 1,801 preliminary injunctions and 6,854 permanent injunctions were successfully granted out of

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[522] HM Courts & Tribunals Service, 'EX50: Civil and Family Court Fees', (May 8, 2021), at 6.
[523] S.T. Bull, 'Preliminary Injunctive Relief: Procedure for Obtaining Preliminary Injunctive Relief (Federal) ', Thomson Reuters Practical Law Litigation (Federal) <https://content.next.westlaw.com/3-520-9724? lrTS=20210127040052455&transitionType=Default&contextData=(sc.Default)&firstPage=true>.
[524] FRCP, Rule 65(c).
[525] *Landor & Hawa International Ltd v Azure Designs Ltd* [2007] FSR 181, para 46.
[526] *eBay Inc. v MercExchange, L.L.C.*, No. 05-130. 401 F. 3d 1323 (2006), at 391.
[527] See *Sanofi-Aventis Deutschland GmbH v Glenmark Pharms. Inc.*, USA, 821 F. Supp. 2d 681 (2011), paras 693-94.
[528] US Patent Litigation Statistics, 'Post-eBay Permanent Injunction Rulings in Patent Cases to 12-31-13' (2013).
[529] C.B. Seaman, 'Permanent Injunctions in Patent Litigation After eBay: An Empirical Study', 101 Iowa Law Review 1949 (2016), at 1990-1.
[530] M. Sag, P. Samuelson, 'The Hysteresis Thesis: An Empirical Study of Copyright Injunctions After eBay', SSRN (Aug. 2, 2021), at 19.

a total of approximately 28,000 litigated TM infringement cases between 2009-2016.[531] Perhaps, inadequate evidence of 'irreparable harm' may be partly responsible for this significant deviation from injunctive awards as compared to other IPRs, as it was only after 2018 when guidance was provided over what the evidentiary standard is in *Adidas v Skechers*, at least in relation to TM fashion disputes. It was held that the claimant must show of loss of control '*over the reputation of its trademark [or trade dress]*'[532].



Figure 26: Top: Adidas Stan Smith shoe, Bottom: Skechers Onix shoe[533]

While Adidas employees' testimonies were not regarded 'concrete' enough, a consumer survey where 20% of participants believed that Skechers' Onix shoes, bearing a similar three-stripe design to Adidas' TM, were produced by, or somehow associated with the brand and the fact that Sketchers was a competitor were sufficient to establish 'irreparable harm'. Nevertheless, when it comes to small brands without a large following, collecting evidence of 'irreparable harm' would most likely be successful in cases where they have an online presence, paired with a large social media following.

This thesis' UK/US IP fashion-related case law research on the frequency of pre- and post-trial injunctive relief is limited to cases that have reached judgment. Other than the cases that have reached a settlement in between proceedings and those which had not yet been decided by the time the analysis was carried out in February 2022, additional cases which will be disregarded for

[531] Lex Machina (trade marks) (2016) (n 518), at 1 (The majority of reported claims were brought by luxury fashion brands and technology brands; hence data are relevant to fashion-related TM claims.)
[532] *Adidas America, Inc. v Skechers USA, Inc.*, 890 F.3d (9th Cir. 2018), at 768.
[533] Ibid.

the remedial analysis include 2 US cases,[534] 4 UK IPEC cases[535] and 3 UK HC cases[536], where a judgment was delivered, but remedies were not discussed by the courts. Taking the IPR overlaps in relation to some of them into consideration, this brings a total of 76 US cases, as well as 7 UK IPEC cases and 5 UK HC cases that will be under consideration. The research findings per IPR are summarised in Table 4, as follows:

IPR Pre-trial Remedies	UK IPEC	UK High Court	US Courts
TROs	-	-	-
Preliminary Injunction	1 TM case	1 TM case 1 TM/Copyright case	8 TM&TD cases 1 joint TD & copyright case
Total	1/7 cases	2/5 cases	9/76 cases
Permanent Injunction	2 TM cases	1 TM case	14 TM&TD cases 2 joint TM & copyright cases
Total	2/7 cases	1/5 cases	16/76 cases
Total successful awards (combined)	3/7 cases	3/5 cases	25/76 cases

Table 4: Pre-Trial Remedies: Awards of TROs, Preliminary and Permanent injunctions, per IPR - UK and US case law research findings

First, it should be noted that the US research findings are between 2019-2021 and therefore, examine a subsequent period than the previously mentioned US injunctive relief data from external sources in this Section and are exclusively tailored to the fashion industry. Having said this, the awarding of pre- and post-trial remedial relief in TM claims appears much more generous

[534] Annex 3, 3.3., case 9; 3.5., case 4.
[535] Annex 1, 1.1., case 3; 1.3., cases 2, 4, 7.
[536] Annex 2, 2.1., cases 1, 7; 2.3., case 1.

than in relation to other IPRs (8 preliminary injunctions[537], 14 permanent injunctions[538]), followed by 1 preliminary injunction award in a joint copyright & trade dress case[539] and 2 more permanent injunction awards in relation to 2 joint TM & copyright cases[540] out of 76 cases, while none were awarded in the 1 examined US design patent case that reached judgment. Similarly, injunctions in relation to TM and copyright claims were awarded in the UK (3 preliminary injunctions[541], 3 permanent injunctions[542]). In relation to the other examined cases where no injunctive relief was awarded, no express rejections for an award were made by the courts, but no information as to whether it had been requested by the claimants is available either. Notably, no TROs were awarded in either jurisdiction.

The rationale behind the granting of injunctions mainly in relation to TM claims, as evidenced from the Table above, may have to do with the fact that in both jurisdictions, the underlying objective in granting an immediately effective remedy within a short timeframe is the prevention of irreparable and irremediable harm.[543] Proving that damages would not be an adequate remedy in a TM infringement context would arguably be easier than in cases concerned with other types of IPRs. As previously discussed, an infringing use of a sign that is inextricably linked to a brand's identity could have serious implications on the survival and success of a fashion brand, as an unauthorised use of a TM could not only cause consumer confusion, but also damage to the brand image and modern TM functions, i.e. by making consumers believe that the brand's standards and ethos have changed, especially when infringers replicate designs on garments on inferior quality. When thinking of a brand that supports a sustainability ideology, is environmentally conscious and uses 100% cotton in its products as an example, the impact of their trade name being associated with garments of a high percentage of polyester, one of the least environmental-friendly materials, could change the way consumers perceive the brand and they could lose existing and future potential customers, that hear about them not committing to their brand values. The above-mentioned hypothetical example highlights the difficulty in assessing damage incurred to one's brand by a court in monetary terms, either by means of diverted trade or by reputational damage, thereby increasing the chances of being granted an injunction in TM claims. But, apart from preventing damage to the brand image, a preliminary injunction prohibiting the use of infringing articles bearing a brand's TM in the market could also prevent confusion, the one thing that

[537] Annex 3, 3.1., cases 1, 26, 29, 33, 27, 74, 36, 67.
[538] Annex 3, 3.1., cases 3, 9, 10, 11, 34, 39, 41, 42, 50, 51, 63, 64, 68; 3.2., case 2.
[539] Annex 3, 3.5., case 6.
[540] Annex 3, 3.5., cases 1, 3.
[541] Annex 1, 1.1., case 1; Annex 2, 2.1., cases 2, 4.
[542] Annex 1, 1.1., cases 1, 2; Annex 2, 2.1., case 8.
[543] *eBay Inc.* (n 526); *Frank Industries* (n 514); But it may also depend on the facts of the examined cases.

cannot be undone by monetary relief, since consumers would have no access to them and could not be confused. In contrast, the inadequacy of damages as an appropriate remedy might not be as self-evident in copyright, design or design patent cases, as there are some possible ways for the court to assess damage, i.e. calculating the equivalent of a licencing fee that the designer would have set for use of their work to be paid as damages. Hence, it is arguably less likely for these types of infringement claims to be granted an injunction.[544]

In terms of this thesis research, despite the higher rate of injunctions in relation to TM claims compared to other IPRs, the overall amount of awarded relief in the US remains low, making 1/3 or 25 awards out of the 76 successful claims. Another factor that may partially explain the low numbers, is the cost burden associated with applying for an injunction, both the application fee and the requirement for a cross-undertaking in damages, that may particularly influence small designers and fashion SMEs in not seeking this relief. In the UK, TM-related claims have almost exclusively secured injunctions and an equally high rate is noted, with 6 awards out of the 12 successful claims overall.[545] Yet, a preliminary injunction, arguably the most valuable order for fashion designers, was only issued in 3 instances.[546] Nevertheless, it must be noted that no interim relief, including interim injunctions are available under the IPEC's Small Claims Track[547], and thereby, this also contributes to the low levels of injunction awards by the IPEC.

Yet, from a practical point of view, the very few injunctive awards to fashion designers, effectively allowing infringers to carry on with their activities without restrictions until the date of trial, could bring about catastrophic implications to some of them. As discussed in Chapter 2, while larger brands could suffer reputational harm and loss of sales,[548] the type of designers exposed to the highest risk of harm from copyists are emerging ones or fashion SMEs, whose survival to the industry may depend on their ability to stop them promptly. Given that infringers act fast, the next Chapter argues that blockchain technology may enable designers of all sizes to increase their chances of ensuring that an injunction is enforced, as soon as IP infringement is established, when settling their disputes out-of-court.

4.3.2. Other Pre- and Post- Trial Orders - UK/US Case Law Research Findings

[544] M. Sag, P. Samuelson (n 530); C.B. Seaman (n 529); M.A. Lemley, 'Did eBay Irreparably Injure Trademark Law?', 92 Notre Dame Law Review 1795 (2017), 1802- 1814.
[545] Although there are no available data indicating whether claimants in all cases have applied for injunctive relief.
[546] And the 3 permanent injunctions were issued to SMEs (2) and large (1) claimants.
[547] HM Courts & Tribunals Service, 'Guide to the Intellectual Property Enterprise Court Small Claims Track', (Feb. 2018), para 4.3.
[548] See *Lifestyle Equities v Ahmed* (n 516).

At the international level, Article 50 of the TRIPS Agreement makes provision for other pre-trial or 'provisional' measures to prevent infringing activity, to prevent the entry into the channels of commerce of goods, including imports, as well as to preserve evidence. In cases where there is a risk of destruction, courts are vested the power to implement provisional measures without notice. Under Article 46, other post-trial remedies include the destruction or disposal of infringing goods.[549] Furthermore, Articles 51-60 set out anti-infringement measures that are to be adopted by the border authorities.[550]

By looking at the UK and US procedural rules, pre- and post-trial remedies that may be useful for fashion designers and brands include a search order, which is a rather draconian measure that involves entering the defendant's premises to search for and remove evidence, if it is thought that he might destroy or conceal evidence of the alleged infringement[551]; a notification injunction, which requires the defendant to give notice of any dealings with assets; or a freeze order, to prevent the defendant from disposing of, concealing or dealing with their assets in a manner that could affect the effectiveness of enforcing a current or future court decision, i.e. by transferring their funds abroad or purposedly making themselves bankrupt, so as to have insufficient funds to pay monetary compensation upon judgment[552]; a discovery order to disclose names of parties involved in IP infringement, i.e. importers of infringing fashion articles, to support litigation[553]; the delivery up or destruction of the goods suspected for infringement from the market channels[554]; the removal of an infringing sign, print or packaging, wherever possible[555]; or the seizure of infringing articles[556], which in the case of US copyright infringing goods, this can take place '*as soon as suit has been filed and without waiting for an injunction*'[557]. However, it should be noted that a UK court is entitled to replace these measures with pecuniary compensation payable to the injured party, if the alleged infringer can prove that the infringing act was unintentional and if the above measures could cause him/her disproportionate harm.[558]

[549] TRIPS (n 3), Part III, Art 46.
[550] TRIPS (n 3), Part III, Art 50-60.
[551] UK: CPR, Part 25A; Civil Procedure Act 1997, s.7; US: FRCP, Rule 34.
[552] SCA, s.37(1); CPR, Part 25A.
[553] *Norwich Pharmacal v Commissioners of Customs & Excise* [1974] AC 133; US: FRCP, Rule 26.
[554] Directive 2004/48/EC (n 511), Art. 9(b), 10(3); CPR, Part 25.1 (1)(a), (c), (e), (f), (h); TMA (n 115), ss.16, 19; CDPA (n 250), ss. 99, 114, 230-231; 15 U.S.C., § 1118; 17 U.S.C., § 503.
[555] TMA (n 115), s. 15; 15 U.S.C., § 1125.
[556] See Berne (n 81), Art. 16; CDPA (n 250), s. 196; 15 U.S.C., § 1161; 17 U.S.C., § 503.
[557] P. Goldstein, P.B. Hugenholtz, *International Copyright: Principles, Law, and Practice* (4th ed., Oxford University Press, 2019), at 391.
[558] Directive 2004/48/EC (n 511), Art. 12.

Table 5 provides an overview of the frequency of other common pre- and post- trial awards, aside from injunctions:

Other Pre- and Post- Trial Orders	UK IPEC	UK High Court	US Courts
Search Order	-	-	-
Freeze Order	-	-	-
Discovery	-	-	1 TM case
Delivery Up	-	1 design case	-
Destruction/ Disposal	-	-	2 TM cases
Total orders (combined)	-	1 case	3 cases

Table 5: Other Pre- and Post- Trial Orders, per IPR – UK and US case law research findings

The Table illustrates an extremely low volume of pre- and post-trial orders in the US and the UK examined cases. Discovery was ordered in only 1 of the US TM cases[559] and an order for the destruction/ disposal of infringing fashion products was equally only awarded in 2 US TM cases[560], out of a total of 76 cases. As for the UK, interim remedies, including interim injunctions, freezing, search and seizure orders, are not available on IPEC's Small Claims

[559] Annex 3, 3.1., case 67.
[560] Annex 3, 3.1., cases 1, 67.

Track, but only on the Multi Track.[561] As such, the above-mentioned remedies would not be applicable to a number of the examined IPEC cases. Nevertheless, only 1 delivery up order was made in relation to a design case by the HC.[562] Aside from this one case, there were no available data as to how many claimants have requested such orders and therefore, whether their requests were rejected or whether there simply were no such requests. As such, no conclusions can be drawn as to whether the low number of awards indicates a careful stance by the courts in awarding invasive orders, whether the claimants could not satisfy the necessary threshold of seriousness of the case, or whether an assessment for such relief was not applicable in the cases under examination.

4.3.3. Monetary Compensation - UK/US Case Law Research Findings

At the international level, the TRIPS Agreement stipulates that remedies to deter further infringing activity must be available under signatories' national laws. Under Article 45, these include damages and a sum for expenses, i.e. attorney fees, where an infringer has knowingly, or with reasonable grounds to know, engaged in infringing activity. National courts may further order the payment of an account of profits and/ or statutory damages, even in instances of lack of constructive knowledge.[563]

In the UK, damages may be awarded in order to put the claimant in the position he would have been, had the infringement not taken place, as far as it is practicable to do so.[564] Therefore, the payable monetary sum is either measured by the lost profit a TM owner suffered whilst infringement was taking place, or by calculating a reasonable licence fee that an IP owner would have normally set for use of their work. A pre-condition for an award of damages is knowledge of infringement[565], except for TM disputes, as the infringing act's effect is to mislead consumers, no matter what the defendant's state of mind might have been.[566] Additional statutory damages may be further awarded cases of deliberate copying in relation to copyright or UDR.[567] Alternatively, an account of profits may be awarded over any unfair profits that the infringer has made, as well as the negative economic impact and sometimes even the moral prejudice the IP holder may have suffered.[568] This remedy might be preferable to damages in cases where the revenue made from the sale of infringing goods

[561] HM Courts & Tribunals Service (Feb. 2018) (n 547), para 4.3. Note that the examined IPEC judgments did not explicitly specify which Track they were assigned to.
[562] Annex 2, 2.3, case 2.
[563] TRIPS (n 3), Part III, Art 45.
[564] *General Tire v Firestone* [1976] RPC 197.
[565] CDPA (n 250), s. 97(1), 233(1); RDA (n 400), s. 24B.
[566] See *Gillette UK Ltd v Edenwest Ltd* [1994] RPC 279, per Blackburne J.
[567] CDPA (n 250), ss. 97(2), 229(3); see *Williams v Settle* [1960] 1 WLR 1072.
[568] Directive 2004/48/EC (n 511), Art. 13.

exceeds the licence fee, that would normally be imposed by a fashion brand for use of a design, had the defendant followed the lawful route on using a protected work.

In the US, actual damages may be awarded dependent on evidence of actual harm that results from the infringing activity. Where actual harm derives from the use of counterfeit TMs in the sale of goods, statutory damages typically range from $1,000.00 up to $200,000.00 per counterfeit mark per type of good. In cases of intentional TM counterfeits, courts are allowed to increase the payable amount by up to three times, that could reach up to $2,000,000.00.[569] In copyright infringement cases, where registration has been granted, actual damages and any additional profits the infringer has made may be awarded.[570] Alternatively, statutory damages may be awarded, ranging from $750 up to $30,000 for each infringed copyright work and with a maximum statutory award of $150,000 for wilful infringement.[571] In terms of design patents, either damages in form of a reasonable royalty and lost profits[572] may be awarded, or the infringer's total profit, which might exceed the patentee's lost profit amount.[573]

In accordance with TRIPS, both UK and US courts may also order the payment of reasonable legal costs, litigation-related expenses incurred by the IP holder and/or attorney fees.[574] As discussed later, the recoverable amount in IPEC claims is capped and limited to only few specific circumstances,[575] while in the US there is a general rule that each litigant pays their own legal fees.[576]

Table 6 provides an insight into the frequency of monetary compensation remedies that have been awarded in the fashion-related IP cases under examination, per IPR type:

[569] 15 U.S.C. § 1117(a)-(c).
[570] 17 U.S.C. § 504(a)-(c) (2012); 15 U.S.C., §§ 411-412.
[571] 17 U.S.C. § 504(c)(2)-505.
[572] 35 U.S.C. § 284, 289.
[573] M.A. Lemley, 'A Rational System of Design Patent Remedies', 17 Stanford Technology Law Review 219 (2013), at 221.
[574] **UK:** CPR, Part 44; Directive 2004/48/EC (n 511), Art. 14; TMA (n 115), ss. 15-16, 19; TMR (n 115), Art. 10; CDPA (n 250), ss. 96-100, 277-282; Regulation No 6/2002 (n 79), Art. 89; RDA (n 400), s. 24A (1)-(3); **US:** 17 U.S.C. § 505; 35 U.S.C., §§ 281, 283-285; FRCP, Rules 54(d)(2), 68.
[575] CPR, Parts 27, 27.14; HM Courts & Tribunals Service (Feb. 2018) (n 547), at 11.
[576] *Baker Botts L.L.P. v. ASARCO LLC,* 135 S. Ct. 2158, 2164 (2015).

Monetary Compensation Remedies	UK IPEC	UK High Court	US Courts
Statutory Damages	1 TM case	1 design case	7 TM cases 3 copyright cases 2 joint TM & copyright cases
Total	1/7 cases	1/5 cases	12/76 cases
Actual Damages	-	-	1 TM case
Total	-	-	1/76 cases
Account of Profits	1 copyright case	2 TM cases	2 TM cases
Total	1/7 cases	2/5 cases	2/76 cases
Costs	2 design cases 1 copyright case	2 TM cases	4 TM cases 2 copyright cases 1 joint TM & copyright case
Total	3/7 cases	2/5 cases	7/76 cases
Attorney's Fees	-	-	5 TM cases 2 copyright cases 1 joint TM & copyright case
Total	0/7 cases	0/5 cases	8/76 cases

Table 6: Monetary Compensation Remedies, per IPR – UK and US case law research findings

In the UK, monetary compensation was awarded in relation to all examined types of IPR claims for use of protected designs. More specifically, damages or an account of profits were awarded in 2 out of the 7 IPEC successful claims[577] and in 3 out of the 5 HC successful claims[578] in which remedies were discussed by the UK courts.[579] Similarly, only 3 out of the 7 successful IPEC fashion claimants[580] and 2 out of the 5 HC claimants[581] were reimbursed for all or some of their costs by the UK courts. The low rates of receiving some form of monetary compensation may act as a deterrent for litigation, not only for small fashion designers before the IPEC, as not even recovering some of their costs could make them risk their day-to-day survival in this highly-competitive industry, but also for larger litigants before the HC when being faced with a high chance of not even receiving any form of compensation for the past infringement of their work, despite having to incur substantially higher costs to bring a claim compared to the former. In fact, it appears that designers who decide to enforce their rights through the UK litigation route, despite the promisingly high success rates, have in fact, much to lose, combining the limited instances of monetary compensation awards with the low rates of awarded injunctions to successful claimants.

In the US, a much higher rate of monetary compensation awards is noticed in this thesis' examined cases, with 12 statutory damages awards[582], 1 actual damages award[583], 2 account of profits awards[584], 7 costs awards[585] and 8 awards for attorney's fees.[586] Nonetheless, it is noticed that the majority of monetary compensation has been awarded to TM claimants, with copyright owners not being adequately compensated for the past infringing use of their works, except in very few instances. No monetary compensation was awarded in relation to the 1 design patent claim that reached judgment under examination, yet it is a very small sample, which is not enough to reach a conclusion as to whether design patent holders' position is so unfavourable.

The above remedies findings of IP fashion-related cases examined over the past five years, correspond with the findings of Lex Machina's latest reports on multi-sector IPR infringement in the US. Lex Machina's 2016 research on all TM filings between 2009-2016, amount to overall 28,000 US TM claims, the

[577] Annex 1, 1.1., case 2; 1.2, case 1.
[578] Annex 2, 2.1., cases 3, 4; 2.3., case 2.
[579] Remedies were not discussed by the UK courts in 4 out of 11 (in total) successful IPEC claims and 3 out of 8 (in total) successful HC claims. See Table 3: Fashion-related IPR Infringement Claims - UK and US case law research findings.
[580] Annex 1, 1.2., case 3; 1.3., cases 6, 8.
[581] Annex 2, 2.1., cases 2, 8.
[582] Annex 3, 3.1., cases 9, 10, 11, 20, 51, 57, 68; 3.3., cases 6, 19, 25; 3.5., cases 1, 3. Note that remedies were not discussed by the US courts in 2 cases.
[583] Annex 3, 3.1., case 52.
[584] Annex 3, 3.1., cases 34, 80.
[585] Annex 3, 3.1., cases 11, 41, 51, 68; 3.3., cases 19, 25; 3.5., case 3.
[586] Annex 3, 3.1., cases 9, 10, 11, 41, 68; 3.3., cases 19, 25; 3.5., case 3.

majority of which were brought luxury and fashion brands and technology brands. For the period under examination, the top 3 claimants who have recovered the highest amounts in damages were fashion brands, namely Chanel ($1 billion) followed by Burberry Limited ($523 million), and Gucci ($208 million).[587] Nonetheless, the total compensatory remedies awarded were only a small fraction of the overall amount of the filed cases. An account of profits was awarded in 171 cases, while actual damages were granted in 192.[588] As for US copyright claims, the same report reveals that during the 2011-2016 period approximately 600 copyright claims were made per year.[589] An increase was noticed in claims brought by textile companies, with one large fashion brand being among the top 5 claimants with the most filed cases, namely Coach with 441 cases, while department stores and retailers made the top defendants. Despite the finding of infringement in approximately 80% of claims in consent judgments (559 cases), the report notes that only 9% of cases resulted in compensatory damages. Lastly, Lex Machina's 2020 research on all US patent case filings, including design patent filings, between 2010-2019 indicate a slight decrease in cases where the claimants were awarded damages, from 76 in 2010 to just 54 in 2019[590], out of the approximately 5,000 filed cases annually[591], which makes a particularly low rate of damages awards. As for the types of claimants, no fashion brands made it to the top 10 litigants or defendants, but no conclusions that patent litigation is not particularly popular among fashion brands can be drawn, as it is possibly owed to the fact that the data examine both utility patents and design patents.

Therefore, the low rate of compensatory awards in this thesis' fashion-related claims, appears to be a wider phenomenon in the US that applies to different types of claimants and in different sectors. Despite the high rates of success in IP disputes concerning the infringement of fashion designs, a particularly small segment of claimants in both jurisdictions under examination are actually benefiting from any form of monetary compensation for the damage suffered. Arguably, not being able to be compensated in damages – i.e. for the amount of the licence fee which would have normally been due had the infringer requested permission for use of their designs, or for an account of profits made by the defendant by selling the infringing articles – is a potential factor that may partly explain why fashion designers do not appear particularly keen to resolve their disputes via litigation. Other potential factors may be the high litigation costs and the very limited instances where injunctions are being granted, as was apparent in the examined cases. At the same time, it could be argued that, from a practical perspective, monetary compensation several months after copying takes place may only be useful to larger brands. This is

[587] Lex Machina (trade marks) (2016) (n 518), at ii, 14-15.
[588] Lex Machina (trade marks) (2016) (n 518), at 9.
[589] Lex Machina (copyright) (2016) (n 518) (excluding file-sharing infringement claims).
[590] Lex Machina, 'Lex Machina Patent Litigation Report 2020' (2020).
[591] Lex Machina, 'Lex Machina 2017 Patent Litigation Year in Review' (2017), at 1.

because, by the time the compensatory payment reaches small designers, they may have already been left out of business. As such, retrospective enforcement via litigation, in most cases, months after an infringing act takes place and a low chance of becoming remunerated for use of designers' works, is an important factor that partially explains their unwillingness to litigate[592], thereby supporting the second part of the Chapter hypothesis, that other than insufficient enforcement, insufficient remedial relief might also be the cause of IP infringement's growth in fashion.

4.3.4. Enforcement measures by customs authorities

It must, however, be noted that, other than enforcement by private parties, enforcement can also be achieved at national level. Articles 51 to 59 of TRIPS enlist border measures that are to be applied at regional (EU/ US) and national (UK) level against IP infringement as important enforcement tools in the hands of border officials. This covers instances of more serious forms of IP infringement, namely counterfeiting and piracy, where the international framework has established additional border procedures and remedies, as well as the possibility of applying criminal sanctions.[593] Although Chapter 2 has made it clear that the thesis does not limit itself on counterfeiting on a commercial scale, but rather on *any* type of infringement in relation to any IPR in relation to fashion creations more broadly, it is worth noting the key enforcement provisions. Under section 51, right holders are able to request the seizure of goods which they suspect as counterfeited or pirated by border authorities.[594] As for remedies, Article 59 establishes that IP infringing articles may be destroyed or disposed of at the borders, while Article 61 sets out mandatory criminal procedures that are to be followed in the case of wilful counterfeited or pirated goods on a commercial scale. The remedies in those instances can include imprisonment or monetary fines, as well as the seizure, forfeiture or destruction of infringing articles.[595]

While TRIPS' minimum enforcement standards allow some flexibility in their implementation, at EU level, the key procedural rules to be followed by border authorities have been largely harmonised by the Customs Regulation, while offering increased protection to goods protected by all types of IPRs.[596] The Enforcement Directive further established a number of mandatory minimum standards for the application of provisional measures, i.e. in relation

[592] See H. Wollgast, C. Accornero, I. Palombella, F. Caretta, 'Managing risks and disputes in the fashion industry', WIPO Magazine (Mar. 2021); '*Stakeholders in the fashion industry are on the lookout for efficient and affordable ways to resolve disputes*.'
[593] Nonetheless, these are not the focus of this discussion, as explained in the 'Scope and Limitations' section.
[594] TRIPS (n 3), Art. 51.
[595] TRIPS (n 3), Art. 59, 61; UK: TMA (n 115), s. 92; CDPA (n 250), s. 107; US: 17 U.S.C., § 506.
[596] Regulation 608/2013 (n 227).

to preserving evidence and calculating damages.[597] Yet Article 60 of the TRIPS Agreement excludes '*de minimis*' imports, or else goods of a non-commercial nature contained in travellers' personal luggage, from the application of the aforementioned border measures, due to their insignificance.[598]

However, infringers acknowledge the higher risk of detection and seizures when goods are crossing borders. They, thus, engage in practices that can minimise the risk, i.e. by shipping non-labelled goods across borders, and only applying the fake authenticity features, i.e. a TM symbol at a later stage, prior to distribution. Others change their approach in transportation, by increasingly using small postal packages rather than bulk shipments. If we take the EU as an example, the EUIPO, nevertheless, declares that bulk transportation continues to be the most significant delivery mode for IP infringing products, as '*reaching 6.8 % of EU imports [in 2020] using small postal consignments would be impossible*'[599]. Yet, the EUIPO and OECD report that nearly 63% of confiscated counterfeit goods come in small parcels.[600] Given that bulk shipments remain the primary mode of counterfeits' transportation, this underlines that customs enforcement endeavours in the EU are only reaching the tip of the iceberg.[601] As will be later discussed in Chapter 5, blockchain technology can arguably bypass those practices employed by copyists to evade detection.

Lastly, another valuable enforcement database is the EUIPO's digital IP Enforcement Portal, launched in 2019, where right holders can exchange information regarding their IPRs and product details with customs officials and police to help them identify infringing fashion articles more easily and take action. IP holders are also able to send alerts and file customs applications for action and in turn, customs authorities can report detentions of infringing articles and inform them.[602] Chapter 5 will, among others, put forth a proposal on how to enhance the important work carried out by customs and border authorities against fashion-related IP infringement.

4.4. IP Litigation Costs & Duration

Having assessed the types of remedial relief awarded in the examined UK/US fashion-related IP disputes by the courts, it is now necessary to look at whether litigation is a viable option for fashion designers of different sizes, in

[597] Directive 2004/48/EC (n 511), Preamble, para 7.
[598] TRIPS (n 3), Art. 60; Directive 2004/48/EC (n 511), Art. 1(4)-(5).
[599] EUIPO (June 2020) (n 20), at 15.
[600] OECD, EUIPO, 'Misuse of Small Parcels for Trade in Counterfeit Goods: Facts and Trends' (2018), <https://euipo.europa.eu/ohimportal/en/web/observatory/trade-in-fakes-in-small-parcels>, at 11, 46-47.
[601] Note that they are permitted to destroy suspected IP infringing goods in 'postal or express courier consignments', see Regulation No 608/2013 (n 227), Art. 26.
[602] EUIPO (June 2020) (n 20), at 31.

terms of time and costs associated with the litigation process, as another potential reasoning for the low levels of litigation in fashion. Wade notes that '*fashion is a very hierarchical business, [where] established fashion designers and couture houses at the top of the pyramid have the resources and in-house legal teams to combat copycats with intellectual property remedies*'[603]. High litigation costs could be particularly discouraging to emerging designers and micro, small or medium fashion brands with limited budget, that may be prioritised as fuel to produce their next collection, rather than used to chase after infringers in court. Apart from costs, substantial delays in imposing sanctions against infringers could tip against litigation's favour, given the fast-paced nature of this industry, in terms of constant changes in what is considered desirable or not every few weeks. Indeed, an EC research study[604] confirms that SMEs in the fashion sector claim that lack of financial resources and time, alongside the complexity of the litigation procedure, are some of the determining factors that discourage them from making use of the IP law framework in Europe. And resources may not pose an issue for larger fashion enterprises, excessive litigation timeframes may still discourage them. So how much time and how much money need to be spent before a designer is able to enforce their IPRs and be remedied by a court for the damage or loss caused by an infringing act?

4.4.1. UK Litigation

To answer this question, a closer look has to be taken in relation to the litigation associated costs in the UK, as well as the timeframe for an IP claim to reach final judgment. In the UK jurisdiction, an IP claim can either be brought before the HC, often by large companies concerned with factually and legally complex issues, that require a trial of more than 2 days and involve the cross-examination of a large number of witnesses[605]; or before the IPEC, for less complex IPR claims with no significant issue of law that can be tried within 2 days and in exceptional circumstances, 3 days.[606] Depending on the value and complexity of the claim, a case will be allocated in one of the available Tracks, namely the Small Claims Track (SCT) for claims up to £10,000 (both IPEC & HC)[607]; the Fast Track (FT) for claims of value between £10,000 and £25,000 (HC); or the Multi Track (MT) for very complicated claims whose value exceeds £25,000 (HC) or for less complex claims ranging between £10,000-£500,000

[603] M.E. Wade, 'The Sartorial Dilemma of Knockoffs: Protecting Moral Rights without Disturbing the Fashion Dynamic', 96 Minnesota Law Review (2011), at 336.
[604] A. Turynska, 'How To Make Ends Meet - Sectoral IPR Guides for SMEs', European IPR Helpdesk, Bulletin, No. 41, (January-March 2009), at 3.
[605] HM Courts & Tribunals Service, 'The IPEC Guide' (Oct. 2022), at 7; See C. Helmers, L. McDonagh, 'Patent Litigation in England and Wales and the Issue Based Approach to Costs' 32 Civil Justice Quarterly 3 (2013), at 369-384.
[606] HM Courts & Tribunals Service, ibid.
[607] The IPEC's SCT does no cover RDR claims.

(IPEC).[608] The HC's Shorter Trial Scheme (STS)[609], introduced in 2018 and dedicated to deal with commercial disputes, will also be briefly examined.

In terms of litigation associated costs, official court fees are payable to both courts and largely depend on the value of the claims made or the remedies sought. The first type of fee is for filing a claim form and depends on the amount of damages sought by the claimant. For non-monetary claims, the fee is set for £528, that can increase if damages are sought by £35-£455 for claims up to £10,000; 5% of the claim for up to £200,000; £10,000 for claims over £200,000.[610] Other payable fees include an application notice fee of £275[611], a fee for filing a pre-trial check list of £110[612], as well as a hearing fee of £27-£346 for SCT claims; £545 for FT claims; £1,175 for MT claims.[613] 'Scale costs' in relation to key stages of the litigation proceedings that cover solicitor fees, charges, disbursements, expenses or remuneration also need to be paid. Such costs may relate to preparing for disclosure and inspection, drafting witness statements and expert reports, as well as preparing for and attending trial and judgment.[614]

Nevertheless, a successful claimant may be able recover, partly or wholly, their litigation-related costs, fees and expenses.[615] While HC litigants can claim to fully recover their litigation expenses without any restrictions, costs awarded by IPEC are subject to and a £50,000 cap in cases of infringement and a £25,000 cap for recovery of damages or profits.[616] MT claims in the IPEC are additionally subject to a limit on damages of up to £500,000. Yet, the general principle of recovery of legal costs by the winning party is inapplicable in IPEC's SCT[617], and the possibility that a costs court order will be awarded is limited to few specific circumstances.[618]

The costs and MT damages caps add to the appeal of the already attractive lower-cost IPEC procedure compared to the HC, particularly on the

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[608] HM Courts & Tribunals Service, 'EX305: The Fast Track and the Multi-Track in the civil courts', (2017), <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725673/ex305-eng.pdf>, at 1; HM Courts & Tribunals Service, 'Guide to the Intellectual Property Enterprise Court Small Claims Track' (July 2023), <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1168622/ipec-sdt-guidance-july-2023.pdf>, at 5.

[609] CPR, PD 57AB.

[610] HM Courts & Tribunals Service, (EX50) (n 522), at 5.

[611] Ibid, at 8. For instance, for attending a case management conference.

[612] The Civil Proceedings Fees (Amendment) Order 2011, Schedule 1, para 2.2.

[613] SCT claim - £27 to £346; FT claim - £545; MT claim - £1,175; HM Courts & Tribunals Service, (EX50) (n 522), at 7-8.

[614] CPR, Parts 44-45.

[615] Ibid, 44.3(2).

[616] Ibid, 27.

[617] The IPEC's SCT covers all types of IPR claims, except for UK and EU RDR claims, as well as patent and plant varieties claims.

[618] CPR, Part 27.14; HM Courts & Tribunals Service (Feb. 2018) (n 547), at 11.

part of SMEs, as they typically cannot afford to pay unlimited amounts to the winning party in case their claim fails. The cap reform has eliminated the risk of incurring excessive costs, thereby increasing IP holders' certainty regarding their potential exposure pre- and post-litigation[619]. Helmers' et al. research findings for the UKIPO confirm that the cap's introduction incentivised the filing of nearly 50% more IPR claims between 2010-2011[620], while noting that one of the effects of the IPEC's SCT is '*a decrease in the share of disputes settled after a claim is filed, because litigants can take the case to trial knowing that their cost burden is very low at the [SCT]*'[621]. Nevertheless, another study made at the behest of the UKIPO claims that '*individual designers are generally unable to afford the costs of legal proceedings, even if supported by their collecting society DACS (Design and Artists Copyright Society)*'[622]. The UK litigation procedure, even in its most affordable form, thereby, remains way above the financial capabilities of a segment of low-budget fashion industry players, leaving them exposed to IPR infringement. In a 2018 study, focused on UK design right holders (3/4 of which were sole traders or owned/ worked for a small company), 98.3% of interviewees had experienced infringement, but almost half cited that a 'fear of cost of legal proceedings, that the cost would not justify the potential benefit' was the key reason why they had chosen not to engage in litigation.[623] The same study reveals that 1/3 of the interviewed designers had incurred up to £5,000 and 1/5 of designers had incurred between £5,000 to £20,000 in litigation, while only a small minority (11.6%) had chosen to initiate legal action, indicating that alternative routes to enforcement may have been followed.[624]

In terms of the estimated litigation timeframes, the standard procedure for FT cases heard in the HC are as follows: upon a claim's allocation, disclosure and inspection take place after 4 weeks, exchange of witness statements after 10 weeks, exchange of expert reports, where applicable, after 14 weeks, pre-trial checklists are sent by the court after 20 weeks and are to be returned after 22 weeks, followed by a pre-trial review to finalise the details for trial. Moreover, the trial date is typically set after 30 weeks of allocation and the

[619] See *Scott Tynan v J4K Sports Limited (In Creditors' Voluntary Liquidation)* [2018] EWHC 3519 (Ch); at para 37, per Mr David Stone.
[620] C. Helmers (2021) (n 519), at 22-3; Although Helmers' et al. findings are not tailored to fashion-related IPEC case filings.
[621] UKIPO, C. Helmers, Y. Lefouili, L. McDonagh, 'Evaluation of the Reforms of the Intellectual Property Enterprise Court 2010-2013' (2015), at 35-6.
[622] UKIPO, D. Collopy, V. Bastian, T. Drye, F. Koempel, D. Lewis, P. Jenner, 'Measuring infringement of Intellectual Property Rights' (June 2014), at 20.
[623] UKIPO, S. Baumgart, N. Coutts, R. Soetendorp, 'Research into Designs Infringement: Attitudes and behaviour of design rights owners towards infringement' 2018/05 (Nov. 2018), <https://assets.publishing.service.gov.uk/media/5bf69b8fed915d183c9c53d8/Design-Rights-Infringement-report-2018.pdf>, at 42.
[624] Ibid, at 3-4, 42-43.

maximum duration for a hearing is one day for each side.[625] The procedure can become substantially longer if the case becomes appealed, in which case a trial's duration can extend beyond 15 days.[626] Hence, the estimated timeframe for a HC FT decision to be reached can be stretched up to approximately 23 months, or 2 years.

The above HC litigation timeframe is possibly excessive for a large segment of designers who wish to resolve their IP disputes as quickly as possible, including in cases where a TM is infringed and a 2-year delay could irreparably damage one's brand image. Nevertheless, when it comes to direct competitors of the same range appropriating important source-identifying brand features, such as the use of the Louboutin red sole by luxury brand Yves Saint Laurent, yearly litigation may be a strategic decision to ensure their protection. Litigation could also be regarded cumbersome in relation to trend-led designs, whose desirability and value extends to only few weeks, and the uncontrollable availability of unauthorised copies could be fatal to the IP holder's sales under the hearing of a claim. Yet, given the 10-year UKUDR term of protection for original and non-commonplace designs of a product's shape or configuration, even a 2-year litigation may be sensible for those which have achieved a significant success on the market. Likewise, a long litigation might be worth the trouble for certain copyright works, often timeless pieces which rarely go out of fashion on a seasonal basis and which remain protected for a substantially longer term compared to other IPRs.

Nonetheless, the recently introduced HC Shorter Trial Scheme[627] that was specifically designed for *'business related litigation, at a reasonable and proportionate cost [and] time'*[628] may appeal to larger fashion brands, whose claims are complex and would be allocated to the HC, but require quicker and less costly dispute resolution on a commercial timescale, while retaining the ability to recover damages and costs without the cap constraints imposed by the IPEC. Under this Scheme, oral testimonies at trial are limited, witness statements are accepted as evidence and cross-examination is strictly controlled by the court.[629] As a result, trial of no more than 4 days is expected to commence within 10 months.[630] On the other hand, IPEC claims are typically

[625] HM Courts & Tribunals Service (EX305) (n 608), at 5, 9. Note that there is no standard procedure for HC MT cases.
[626] Gov.uk, 'Appeal to the Court of Appeal Civil Division' (16 Nov. 2016), <https://www.gov.uk/guidance/appeal-to-the-court-of-appeal-civil-division>.
[627] CPR, PD 57AB.
[628] Judiciary.uk, 'Shorter and Flexible Trial Procedures Pilot Schemes' (Sep. 2015), para 2.
[629] CPR, PD 57AB, Paras 2.44, 2.53.
[630] Judiciary.uk (Sep. 2015) (n 611); HM Courts & Tribunals Service, 'The Business and Property Courts of England & Wales Chancery Guide 2022' (June 2023), <https://www.judiciary.uk/guidance-and-resources/practice-note-the-chancery-guide-2022/>, para 17.3.

heard within 12 months from filing[631] and trial lasts for 1-2 days and no more than 3 days in total.[632] Similar to the HC's Tracks, the IPEC procedure may also involve document discovery, witness and expert evidence.[633] However, cross-examination of witnesses, if ordered, is usually severely constrained, as it is a time-consuming process and must not exceed the short trial framework. Depending on the nature of the claim, a trial may be expedited, as in *Frank Industries v Nike*, where the case was swiftly decided within 7 months of filing.[634] Given that this case concerned infringement of a small brand's TM by fashion giant Nike in its advertising campaign, with an undoubtedly strong reach that posed a real risk in losing goodwill, the IPEC's speedy procedure was crucial in safeguarding Frank's rights.

While the IPEC offers a similar litigation timeframe to that under the HC Shorter Trial Scheme, the previously-mentioned 2018 study on design right holders validates the assumption that time is an important factor when contemplating whether to litigate, as 25% of interviewees decided not to litigate because they found the process *'too time consuming'*.[635] Moreover, larger fashion brands are only able to afford the HC'S SCT litigation-associated costs. In contrast, the IPEC's fixed costs system offers greater certainty to litigants regarding their exposure and make it particularly appealing in the eyes of fashion SMEs, yet the £50,000 cap on costs might still be a substantial financial burden to some, thereby partially explaining the low UK litigation rates. Moreover, access to even the least costly SCT remains largely unavailable to small independent designers.[636] At the same time, an important SCT downfall is that interim remedies, including interim injunctions, freezing, search and seizure orders, are not available under this Track.[637] Given that, in most cases, claimants in the fashion field would find interim measures to prevent any further infringement most effective, a 12-month period for remedies to be awarded with no option of pre-trial injunctive relief could still be detrimental for smaller brands, thereby making litigation less desirable. Nevertheless, interim remedies remain available under IPEC's Multi-Track, which is still a viable option for some, as litigation can be carried out at reduced cost compared to the HC. And given that this thesis' research findings indicate a particularly high rate of success in fashion-related IP claims before the IPEC[638], this potentially means that SMEs and designers who can support the litigation

[631] Judiciary.uk, 'Practice Statement: Listing of Cases for Trial in the Patents Court' (Dec. 10, 2015), at para 3.
[632] HM Courts & Tribunals Service (Oct. 2022) (n 605), at 7.
[633] HM Courts & Tribunals Service (Feb. 2018) (n 547), at 9.
[634] *Frank Industries* (n 514).
[635] UKIPO, S. Baumgart, et al. (n 623), at 67 (Q21).
[636] UKIPO, D. Collopy et al. (n 622), at 20.
[637] HM Courts & Tribunals Service (Feb. 2018) (n 547), para 4.3.
[638] Section 4.2., Table 3.

costs, may end up being awarded more under the IPEC than they normally would, had the matter been settled privately.

While no one-size-fits all litigation path exists, depending on the type of claim and the financial resources that litigants are able to invest, litigation remains an option for most designers and fashion brands, except for independent designers. The introduction of IPEC's SCT and the HC Shorter Trial Scheme designed to better serve the needs of different fashion players and to an extent, align with the fashion industry's fast-paced nature are recent positive developments. Despite offering a less costly access to justice framework for IP matters, whether or not a 12-month period, the quickest UK litigation timeframe, is speedy enough to protect one's brand is questionable. And this may partially explain the low litigation rates in fashion. So, is there another way for designers to ensure IPR protection in an even quicker and less costly manner?

4.4.2. US Litigation

Litigation in the US federal courts resembles the costly and lengthy HC standard litigation procedure and each party is generally expected to bear their own litigation costs, irrespective of the outcome of the case, both when filing or defending a claim.[639] The expected litigation-associated costs are far higher than under the HC, namely for claims of up to $1 million a litigant is expected to spend $300,000 for TM infringement, $200,000 for copyright infringement and $500,000 for patent infringement.[640] In terms of the expected US litigation timeframes, TM litigation can take a number of years to complete.[641] In turn, a copyright dispute typically requires a minimum of 6-12 months to be resolved, while the average duration of design patent litigation in first instance lasts between 18-42 months.[642]

It is safe to assume that a considerable segment of SMEs and emerging designers would hardly be able to afford the time and excessive costs US litigation involves, as well as the fees for legal support that larger brands have, not just for bringing a claim, but also for responding to follow-up litigation.[643]

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[639] C. Helmers (2013) (n 605), at 2.

[640] AIPLA, '2017 Economic Survey Report' (2017), at 41-44. Note that other costs apply for higher claims.

[641] For TMs: Thomson Reuters Practical Law, 'Trade Mark Litigation in the United States: Overview', <https://uk.practicallaw.thomsonreuters.com/w-009-7807?transitionType=Default&contextData=(sc.Default)>, para 22; For copyright: D. Donahue, J. Jones, 'ICLG: Copyright Laws and Regulations', ICLG.com (Oct. 14, 2020), <https://iclg.com/practice-areas/copyright-laws-and-regulations/usa>, para 5.7 (6-12 months minimum); For design patents: Lex Machina (patens) (2017) (n 592), at 29-33 (average duration of litigation in first instance typically lasts between 18-42 months).

[642] Ibid.

[643] See also L.J. Hedrick, 'Tearing Fashion Design Protection Apart at the Seams', 65 Washington & Lee Law Review 215 (2008), at 254-55.

Samuelson and Hashimoto argue that the license fee individual creators would likely charge for use of their works, such as photographs or stories, would be $1,500.[644] If an analogous fee were to be charged by small designers for use of their designs, seeking this amount back via litigation and court-awarded remedies would be impracticable. Samuelson and Hashimoto note a decreased likelihood to pursue litigation, by small creators, citing: '*Currently, many potential infringers are not deterred from infringing copyrights because they know that individual creators cannot afford to sue*'[645]. In the absence of a small claims process with speedy procedures and costs caps, this type of fashion players is effectively being precluded from access to justice via litigation and this arguably is another potential contributing factor to the high levels of IP infringement in fashion. Proposals for the introduction of a federal IPEC-style small claims court to accommodate claimants with limited budget and low-value straightforward claims have already been made by various academics over the past two decades.[646] Samuelson et al. affirm that such litigation route would be most beneficial to '*individual creators who are trying to make a living from their creative work*'[647].

In 2017, the US responded with a proposal to enact the Copyright Alternative in Small–Claims Enforcement Act, to hear copyright claims following streamlined procedures and impose a $15,000 cap on statutory damages per copyright work and a $30,000 overall cap on recoverable damages.[648] Yet, the overall cap on damages is substantially higher than IPEC's £10,000 cap, which could either still discourage a number of small designers from such high financial exposure, or even encourage other small copyright owners to make claims in relation to works with low market value, just to benefit from the possibility of gaining a high award of damages.[649] Although US law-makers are undoubtedly heading towards the right direction to expand access to justice to claimants with low budgets, more thought into the design of a US IPEC-style court must be invested, so as to avoid litigation of questionable social value by small claimants and enabling them to recover excess amounts for them. Moving

[644] P. Samuelson, K. Hashimoto, 'Scholarly Concerns About a Proposed Copyright Small Claims Tribunal', 33 Berkeley Technology Law Journal 689 (2018), at 10.
[645] Ibid.
[646] Ibid; M.A. Lemley, A.R. Reese, 'Reducing Digital Copyright Infringement without Restricting Innovation' 56 Stanford Law Review (2004), at 1345-1426; M.A. Lemley, A.R. Reese, 'A Quick and Inexpensive System for Resolving Peer-to-Peer Copyright Disputes', 23 Cardozo Arts & Entertainment Law Journal 1 (2005), at 1-20; B. Depoorter, 'If You Build It, They Will Come: The Promises and Pitfalls of a Copyright Small Claims Process', 33 Berkeley Technology Law Journal 711 (2018).
[647] P. Samuelson, K. Hashimoto (n 644), at 10.
[648] Copyright Alternative in Small–Claims Enforcement (CASE) Act, H.R. 3945, 115th Cong. (2017).
[649] L. McDonagh, C. Helmers, B. Love, Y. Lefouili, 'Who Needs a Copyright Small Claims Court? Evidence from the U.K.'s IP Enterprise Court', Berkeley Technology Law Journal (2018), at 8-9; P. Samuelson, K. Hashimoto (n 644), at 3, 9.

forward, establishing a small claims path for other types of IPRs, other than solely copyright, would also be beneficial to the protection of fashion designs.

It could be said that access to litigation is reserved for larger fashion corporations, which can afford the considerable investment in litigation costs. In fact, fashion and luxury brands once were amongst the top 2 claimant categories for most TM case filings in the US between 2009-2016, with luxury fashion brand Coach as the claimant with most filed cases (730 cases), followed by Chanel (330 cases).[650] Yet, fashion claimants' activity has dropped between 2018-2021, with only 3 fashion brands making it to the top 10 most active TM claimants and a total of 256 case filings. Fashion designers are less active in copyright litigation, although an increase in copyright case filings over textile patterns has been noted over recent years, from 67 filed cases in 2011 to 95 in 2015.[651] In terms of US patents litigation, it involves substantially higher fees than other IPRs, partly owed to '*the extent of pre-trial discovery, the role of any expert witnesses, as well as the length and complexity of the trials themselves*'.[652] Research reveals that only 5% of US patent disputes go through trial[653], and the vast majority is settled out of court. Given that no fashion brands have made it to the top 10 patent litigants between 2010-2019, it is likely that fashion designers opt for this alternative route for resolving design patent disputes. Another research study notes a 27% decrease in IP litigation rates by large companies with 750$ million or more in revenue between 2015-2019, while over half of claims were considered 'High Risk/Bet-the-Company or 'Significant/Complex'.[654] Although the latter are '*unlikely to damage a brand, stop operations, or kill a product line, they can inflict significant financial damage*'[655]. Therefore, even if an expenditure in US litigation is an option, fewer large brands lately choose to enforce their IPRs via the traditional litigation route, as the expected substantial financial losses in litigation costs, whether or not they succeed in their claim, could damage, or even risk such brands' survival. Bessen and Meurer further claim that in relation to US patents claims, including US design patent claims, the litigation costs outweigh the earnings gained from patent rights in most industries, while noting that this phenomenon is growing.[656]

At the same time, similarly to the UK's HC standard procedure, the US litigation timeframe contrasts with the tumultuous pace that fashion designers

[650] Lex Machina (trade marks) (2016) (n 518), at 14-16, ii.
[651] Lex Machina, 'Lex Machina Copyright Litigation Report 2015' (2015).
[652] WIPO, 'Special Theme: An Overview of Patent Litigation Systems Across Jurisdictions', World Intellectual Property Indicators 2018 (2018), at 13.
[653] Lex Machina, (patens) (2017) (n 592), at 29-33.
[654] Morrison & Foerster LLP, 'Benchmarking IP Litigation 2019', Study of IP Legal Decision-Makers (2019), at 1-3.
[655] Ibid, at 4.
[656] J. Bessen, M.J. Meurer, *Patent Failure; How Judges, Bureaucrats and Lawyers Put Innovators at Risk*, (1s ed., Princeton University Press, 2008), at 16-20.

replace their clothing lines, following seasonal trends, which would likely render this type of protected designs outdated. As such, there would be little value in being awarded remedies by the end of lengthy litigation, unless, as previously discussed, the subject-matter for protection is a timeless fashion design, or a design feature that has already proven its commercial success, or when a Louboutin-like strategy to ensure protection for a design feature with 'secondary meaning' is deployed. At the same time, in a fast-paced industry like fashion, where copying can take place immediately after a design is released to the eyes of the public, this relatively long timeframe would deprive designers from safeguarding their rights in time. Given the difficulty of small brands to fund the costly US IP litigation that only an IPEC-inspired solution could arguably minimise, they are practically presented with no choice to enforce their rights in courts. Larger fashion brands seem most likely to be able to afford US litigation, yet this route to enforcement is not necessarily the most practicable or desirable way of resolving IP disputes in fashion. As will be later seen in this Chapter, less costly alternatives, including out-of-court settlements and other extra-legal solutions, may better serve the interests of all types of designers.

4.5. Other Factors Limiting Enforcement

Other possible factors that may contribute to the low levels of IPR enforcement in fashion may be indirectly linked to the costs and duration of litigation, yet are often independent of each other. Firstly, the type of design that has been subject to unauthorised copying can play a determining role in influencing a designer's decision to litigate or not. When it comes to timeless designs, their survival in the fashion market is unaffected by seasonal trend changes and hence, their value does not diminish as quickly as trend-led designs, whose desirability has a rather quick expiration date. The classic Louboutin red sole is a striking example where the designer did not hesitate to get involved in yearly litigation against competitors to ensure protection, resting assured that future red sole sales year after year would pay off the incurred costs. At the same time, timeless designs are more likely to bear more unique or more recognisable features that can potentially receive cumulative protection under multiple IP regimes. Hence, investing time and resources in litigation may be more sensible in relation to this type of fashion designs. In contrast, the short term of protection and the limited-time value of a seasonal design could influence a designer's decision to avoid litigation, as the value of design itself could be worth less than supporting the costs of litigation.

Furthermore, research carried out over the past 15 years suggests that EU-based textile and clothing SMEs lack awareness of their legal rights, the IP

framework, the complex procedural requirements it entails[657] and how industrial designs might help their business.[658] However, Derclaye's et al. 2021 study on EU design litigation infers that a large number of SMEs were involved in litigation either as claimants or as defendants in approximately 70% of the examined litigations, suggesting that a high number of design right claims exclusively concern SMEs.[659] Things do not appear quite as promising in the UK jurisdiction. Janssens' and Mariangela's recent study in 2020 reveals that out of 14 UK-based emerging fashion designers that were interviewed, the majority were '*not really sure that there is an Intellectual Property system for designers*'[660]. The landscape has not particularly changed when looking back in 2010, where 66% of designers who participated in a Design Council survey admitted that they were not taking any action to protect their IPRs.[661] Moreover, out of approximately 500 UK SMEs that participated in a UKIPO IP awareness survey, almost half of the respondents (48%) had never been protected by any sort of IPR, the majority being micro and small businesses. The other half (52%) who did, mainly made use of TMs and copyright, as opposed to UDR.[662] Another 2018 study written at the behest of the UKIPO confirms that UDR proprietors are '*sometimes unaware that they own such rights*'[663] and those who are aware, perceive unregistered designs as the least robust form of protection.[664] The above partly explain the low litigation rates on emerging designers' and SMEs' part in the UK, as previously assumed by this thesis' litigation costs analysis and case law research findings, combined with their limited budget that precludes them from investing in legal counselling. But even when they do seek legal advice, their unawareness can allow for their exploitation. The example brought by Prof. Susan Scafidi, founder of the Fashion Law Institute, over an emerging fashion designer who sought legal advice and paid a considerable amount in fees upfront, only to find out that their handbag designs were unprotectable, illustrates that point and potentially acts as an additional factor that contributes to the low enforcement rates for designers who might have heard such stories.[665] The same do not seem to apply

[657] A. Turynska (n 604).

[658] Europe Economics, 'Economic Review of Industrial Design in Europe', MARKT/2013/064//D2/ST/OP, (Jan. 2015), at 170-1.

[659] E. Derclaye, O. Church, G. Stupfler, 'Design litigation in the EU Member States: Are overlaps with other intellectual property rights and unfair competition problematic and are SMEs benefitting from the EU design legal framework?' 46 European Law Review 1 (2021), at 57-60.

[660] A. Janssens, L. Mariangela, 'An Expensive, Confusing, and Ineffective Suit of Armor: Investigating Risks of Design Piracy and Perceptions of the Design Rights Available to Emerging Fashion Designers in the Digital Age', 24 Fashion Theory 2 (2020), at 246. *Note that there are no available data on awareness by US designers/ businesses.

[661] Design Council UK, 'Design Industry Research Report: Factsheets' (2010), at 1; See also UKIPO, S. Baumgart, et al. (n 623), at 3-4, 28, 42-43.

[662] UKIPO, 'Intellectual Property Awareness Survey 2015', (2015), at 6, 22-3.

[663] UKIPO, S. Baumgart, et al. (n 623), at 6.

[664] Ibid, at 22.

[665] For this reason, Scafidi has set up a Fashion Law Clinic, where designers can receive free legal advice by volunteer attorneys with Fashion Law Expertise. See Fashion Law Institute,

in relation to large fashion brands, as they can typically afford specialised legal teams to advise them.

Furthermore, Derclaye confirms that even when UK designers were afforded with simultaneous UK and EU design protection before Brexit, there was very little UK litigation involving CUDR, potentially because designers were, among others, not aware of it or because '*the right is so short that it made less sense to litigate*'[666]. The same low CUDR litigation rates apply for most EU countries, except for a few with larger markets where the possibility of disputes arising is higher, such as Italy, Germany, France and the Netherlands.[667] She also notes that the scope of design rights, including UKRDR, '*has been so curtailed by the UK courts that it is no use litigating: even if the design is found to be valid, it will not be found to be infringed*'[668].

Another potential contributing factor for the low levels of reported fashion-related IP litigation in the UK and the US is fashion brands' willingness to maintain a good brand image. As discussed in the previous Chapter, a brand's communication and advertising modern TM functions can foretell its success and help build goodwill, both of which are directly linked to how the brand is perceived by consumers. Pouillard and Kuldova argue that large fashion brands largely avoid litigation, with few exceptions to '*symbolically demonstrate their power in the market by publicly suing design and copyright infringers*'[669]. This strategy is part of their marketing, '*pointing to the company's originality or creativity and to its corporate power*'[670]. Choosing who to litigate against is equally important, so as to avoid receiving negative publicity that could harm their reputation.

On the one hand, litigation among brands of a similar large size, where both parties would have the financial resources to respond to a suit, would unlikely be perceived negatively by consumers, i.e. because the production of confusingly similar products of high quality at similar price points by a competitor brand could pose a real risk for losing goodwill and altering a brand's image. Similarly, calling out fast-fashion copyists, whose whole philosophy revolves around stealing designs and selling copies of them for less

'Fashion Law Pop-Up Clinic', <https://www.fashionlawinstitute.com/fashion-law-pop-up-clinic>.

[666] E. Derclaye (2018) (n 409), at 328.

[667] E. Derclaye, O. Church et al. (n 659), at 53. Other factors that may contribute to the higher litigation rates in certain countries include the effectiveness of the national legal systems, low costs, speedy procedures. Therefore, the fact that national judicial rules can be applied to sue on a CUDR, CRDR or TM, means that it is advantageous to do so in a country with a legal system that possesses the above characteristics, as the effect of the decision would be applicable throughout the EU.

[668] E. Derclaye (2018) (n 409), at 328.

[669] V. Pouillard, T. Kuldova, 'Interrogating Intellectual Property Rights in Post-war Fashion and Design' 30 Journal of Design History 4 (2017), at 343–355.

[670] Ibid.

for profit, would not cost designers any losses in reputation. An example is the notoriously known fast-fashion copyist Forever 21 and the 50 US lawsuits that have been brought against it on IP infringement grounds by an abundance of high-end fashion brands, including Anthropology, Diane von Furstenberg and Anna Sui.[671]

On the other hand, a large established fashion house would likely refrain from litigating against small emerging designers, as the former would likely be perceived as a bully, who is trying to bankrupt a small and less financially stable business owner. The bad publicity that would follow, could even lead to consumers opposing to and boycotting the brand's products, thereby directly affecting the brand's sales.[672] Louis Vuitton has previously been perceived as a bully, after suing an independent artist, Nadia Plesner, over incorporating Louis Vuitton products in her works, including the artwork 'Darfurnica' (see Figure 27), which features a black malnourished child carrying a bag that is identical to the brand's 'Aura' handbag (Figure 28).



Figure 27: Nadia Plesner, 'Darfurnica' Oil Painting[673]

[671] A. Odell, 'Forever 21's Ability to Copy Designer Clothes Could Be in Jeopardy', The Cut (Apr. 13, 2009), <https://www.thecut.com/2009/04/forever_21s_ability_to_copy_de.html#_ga=2.26742964.843423190.1694290990-1351090837.1694290983>; Note that all of them have been settled out of court.

[672] See A. Adler, J.C. Fromer, 'Taking Intellectual Property into Their Own Hands', California Law Review 107 (2019).

[673] N. Plesner, 'Darfurnica', <http://www.nadiaplesner.com/simple-living--darfurnica1>.



Figure 28: Left: Nadia Plesner, 'Simple Living'[674], Right: Louis Vuitton 'Aura' handbag[675]

The inclusion of the bag was a reference to status symbols representing the lack of interest in humanitarian crises and the artist's argument on freedom of expression was upheld by the court, potentially making Louis Vuitton appear as a suppressor of this fundamental right[676]. Moreover, Plesner was reportedly threatened by a lawyer representing the fashion giant, including that telling her '*If you do not stop your campaign immediately, your artistic career will end here. You will never exhibit in a single gallery or museum in your life.*'[677]. Despite Louis Vuitton's strong TM, it is highly likely that this litigation battle has taken a hit on the fashion giant's reputation. Hence, litigation may be avoided among parties with the above dynamics.

An alternative explanation for the low degree of litigation in fashion might be that the intellectual property system in place is not being fully utilised by fashion industry players, because they may have developed a set of norms that is accepted by all of them as a creative community and is better serving their needs.[678] For instance, by developing and abiding by amicable agreements that can be traced back to the 19th century[679], designers can protect their works and save in costs that would otherwise have to be spent in litigation. Yet, in the

[674] Ibid.

[675] R. Through, 'Louis Vuitton Tried to Prevent the Nadia Plesner Lawsuit', The Cut (May 8, 2008), <https://www.thecut.com/2008/05/louis_vuitton_tried_to_prevent.html>.

[676] *Nadia Plesner Joensen v Louis Vuitton Malletier SA*, Court of the Hague, District Court of The Hague, 4 May 2011, IER 2011/39.

[677] C. Bomsdorf, 'Artist Chronicles Fight with Louis Vuitton', The Art Newspaper (Jun. 8, 2015), <https://www.theartnewspaper.com/2015/06/09/artist-chronicles-fight-with-louis-vuitton>.

[678] See E. Fauchart, E. von Hippel, 'Norms-Based Intellectual Property Systems: The Case of French Chefs', 2 Organization Science 19 (2008), at 187-201.

[679] V. Pouillard, 'Managing Fashion Creativity. The History of the Chambre Syndicale de la Couture Parisienne During the Interwar Period', 2 Investigaciones de Historia Economica – Economic History Research, 12 (2016), at 1-16.

case of fashion, social norms often regulate the behaviours of industry players in a way that is advantageous to large brands. For example an imbalance of power is observed among several supply chain stakeholders in fashion, i.e. among designers and photographers on the one hand and models on the other, where in many instances there has been sexual exploitation of the 'weakest link', models, but interestingly their response is often silence, in fear of losing career opportunities.[680] La Diega's empirical research findings suggest that fashion stakeholders' relationships are primarily regulated by social norms and when it comes to the relationship between top luxury fashion brands and buyers or retailers, Interviewees talk about a relationship founded on appearances and no response to unfairness, where '*the weak contractual party does not call into question the contracts, manage to negotiate them, nor enforces breaches because if they disagree with the top brands, they feel that they will be excluded by the latter the following season and they risk the interruption of any commercial relationship*.'[681]

La Diega concludes that the continuation of top luxury brands' unfair practices is owed to a fashion community norm that it would be socially unacceptable to stand up against those who hold the power by any smaller supply chain stakeholder.[682] Yet, by bringing an analogy of the above in relation to this thesis' focus point throughout the analysis, which is specifically the issue of large and small designers' unequal powers in the context of IP disputes, the most convincing rationale for the unwillingness to act upon infringement committed by large brands and the core of the said inequality is the economic considerations of investing too much with an imminent risk of staying out of business for smaller parties. And while the above findings may reflect the truth in commercial transactions among top luxury brands and other supply chain stakeholders, in the context of IP disputes between a small designer vs a large brand, this Chapter later explains how the 'weakest link' to this relationship has become more and more proactive to use social norms in order to call-out big fashion players in recent years, albeit with risks. By acknowledging this reality, which reveals an underlying willingness to enforce by some small designers, irrespective of who they have across them, in Chapter 5 the author makes a proposal for a low-cost and low-risk blockchain-based complementary extra-legal solution to further empower smaller parties in private negotiations, in order to address this pertinent issue.

Lastly, another reason might be that brands opt for using the IP framework in order to secure or develop their protection portfolios over their

[680] K. Borovic, 'Edie Campbell's Comments on Sexual Assault in The Fashion Industry Sheds Light on An Important Issue', Bustle (Nov. 10, 2017), <https://www.bustle.com/p/edie-campbells-comments-on-sexual-assault-in-the-fashion-industry-sheds-light-on-important-issue-3345750>; G.N. La Diega, 'Can the law fix the problems of fashion? An empirical study on social norms and power imbalance in the fashion industry', 14 JIPLP 1 (2019), at 20.
[681] La Diega, ibid, at 24.
[682] Ibid.

works, as in the case of Louboutin, who decided to strategically litigate against specific brands to achieve this, rather than against each and every infringer of the red shole sole.[683] In fact, bringing an action against copyist fast-fashion brands might not resonate with certain luxury fashion brands, including Tom Ford, who explains that '*the counterfeit customer is not our customer*'[684]. For instance, IP owners may be mainly focusing on detecting a limited amount of infringing activity that could potentially cause the highest damage to the brand and decide to enforce their IPRs against selected identified infringers, who may be direct competitors, instead of pursuing enforcement against all infringers. Ability of enforcement and subsequent selective enforcement, depending on likelihood of damage to one's brand, is therefore another factor that may be contributing to the low fashion-related IP litigation levels in the UK and the US.

A final potential reason for the unwillingness to bring a claim that may apply only in relation to small independent designers, may be that they, in fact, want others to make use of their works, as it provides them with a chance to negotiate licencing their works to them and receive remuneration, often because their income might depend on that. This potential explanation is inspired by Cooper's and Burrow's research on IPEC's Small Claims Track copyright claims, brought by freelance photographers between 2012-2015. Out of the 21 photography-related copyright claims that reached judgment during this period, an injunction was only sought in 2 cases.[685] One interviewee of the study explains that the lack of concern in stopping others from using their work is because '*on discovery of an infringement, the objective is 'to turn' an infringer 'into a customer' by charging a licence fee*'[686]. This particular industry tactic is confirmed by another, who reveals that photographers try to spot infringers in the hope that they will become their customers and pay them fees. As such, they do not mind if their work is used, since this is how they make a living. In fact, the study suggests that some photographers spend approximately 15%-20% of their work time to detect infringing activity, target infringers who might want to pay for a licence and potentially earn customers that way. By analogy, emerging fashion designers or SMEs may equally not be particularly concerned with use of their works, so long as they become remunerated.[687] A settlement may, therefore, be the enforcement route of choice for some of them.

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[683] The 'Piracy Paradox' theory by Raustiala and Sprigman (n 42) might also serve as a potential explanation for some designers' unwillingness to seek to enforce their IPRs.

[684] Norman Lear Center, 'Ready to Share: Fashion & the Ownership of Creativity', USC Annenberg Norman Lear Center Conference 41, (Jan. 29, 2005), at 50 (quoting Tom Ford).

[685] E. Cooper, S. Burrow, 'Know Your Rights: What can you do when your copyright is infringed?', 159 The Royal Photographic Society Journal 5 (2019), (a).

[686] E. Cooper, S. Burrow, 'Photographic Copyright and the Intellectual Property Enterprise Court in Historical Perspective', CREATe Working Paper 18/02 (May 2018), at 21-2; 39 Legal Studies 1 (2019), (b), at 20.

[687] The reality could be different when dealing with established fashion brands, which are not concerned with making a living from licencing agreements, but rather have a strong brand image to protect and therefore, wish to maintain exclusivity in use of their works.

4.6. Alternative Routes to Enforcement

4.6.1. Out-of-court Settlements

So, how else can fashion designers enforce their IPRs, should they wish to? The different possible justifications for the low levels of IP enforcement in fashion may incentivise designers to resolve IP disputes through private settlements or other extra-legal solutions. Nevertheless, all of those solutions require that the IP infringer's identity can be traced, meaning that they are inapplicable to instances of online copying by anonymous users.

Settling out of court constitutes an alternative enforcement option for all types of fashion designers, given that the legal expenses associated with an infringement suit often exceed designers' chances of stopping the infringing activity promptly before the design becomes devalued and/or before considerable harm is caused to the brand. Settlements typically enable both parties to save in legal costs, time and determine compensation for use of their works among each other, as opposed to an unpredictable or unwanted outcome offered by a judge's decision approximately a year or more upon filing a claim. Upon a settlement agreement regarding the infringing use of an IP protected design, the parties may either agree for a compensatory sum to be paid to the injured party, or may sign a licensing agreement, allowing the infringer party to continue using the design in specific ways that are approved by the IP holder, while the latter is able to capitalise on use of their works.

Although no data on how many fashion-related cases have been settled upon being filed are available, a 2014 study written at the behest of the UKIPO suggests that '*few disputes on design rights actually reach court, and most disputes concerning the infringement of design rights are resolved by retrospective settlement and ensuing negotiations on future use(s) of the design.*'[688] This statement is validated by a subsequent 2018 study for the UKIPO on UK design right holders, which reveals that the majority of design right disputes are not brought before court, but rather 60% of participating designers *'try and resolve dispute out of court, [by] making contact with the [infringer] company'*.[689] Although the above data are inconclusive and not targeted to the fashion sector, given that design rights constitute a common route of protection for fashion designs, it could be inferred from the above that, at least as far as UK designers are concerned, private dispute resolution may be preferred to litigation. IPEC parties may be more enticed to settle, as they typically prepare their cases thoroughly from the outset, have access to the evidence and have a much clearer idea of their chances to succeed, as opposed to HC claims, where the full force of evidence is to be seen even until the last

[688] UKIPO, D. Collopy et al. (n 622).
[689] UKIPO, S. Baumgart, et al. (n 623), at 28.

stages of litigation.[690] In terms of US litigation, between 2018-2020, settlement has been reached in 82% of filed cases involving copyright and in 56% of cases involving TM[691], while the vast majority of US patent, including design patent, disputes during 2010-2019 were settled and only 5% of them went through trial.[692] Although these data are not specifically tailored to the fashion industry, settlement rates from other creative industries may be, to an extent, indicative of the state of fashion. For instance, Cooper's and Burrow's research on IPEC copyright claims brought by freelance photographers, reveals that out of 122 claims, only 21 reached judgment, while the rest 101 cases settled out of court.[693] By analogy, this trend of settling out of court may to an extent apply to copyright claims brought by small independent fashion designers, who are deprived of enforcement via litigation due to the insurmountable (to them) costs that come with it.

4.6.2. Social Media Shaming

In certain instances, brands confronted with an IP infringement allegation may issue a public apology and remove the infringing articles from their collection, also to restore potential bad publicity, as was the case with Diane von Furstenberg, when sued for copying a floral garment design off a small fashion brand. When asked in an interview about this incident, the designer commented '*I am devastated, but this can be a lesson for everyone*'[694]. Yet, such responsible stance and immediate response to copying allegations is not always guaranteed.

Given small designers' inability to enforce their rights via the courts, an alternative extra-legal enforcement tool that has been developed in response to technological developments is the utilisation of social norms to leverage a deal in the form of 'social media shaming'.[695] By publicly posting about the other brands that have appropriated their protected fashion designs without their consent on social media channels, IP proprietors can raise awareness of infringement and put pressure on copyist brands to either stop using their works or compensate them privately. Such social pressure can be put through exposing a brand's decision to infringe in front of the whole worldwide fashion community, or else the segment of consumers that purchase and use fashion products. As established in the previous Chapter, fashion brands are constantly

[690] Osborne Clarke, 'Current trends in the Intellectual Property Enterprise Court' (Mar. 7, 2016), <https://www.osborneclarke.com/insights/current-trends-in-the-intellectual-property-enterprise-court>.
[691] Lex Machina, 'Copyright and Trademark Litigation Report 2021' (2021), at 3.
[692] Lex Machina, (patents) (2017) (n 592), at 29-33.
[693] E. Cooper, S. Burrow (2019) (a) (n 685), para (a).
[694] S. Scafidi (n 62).
[695] See L.C. Grinvald, 'Shaming Trademark Bullies', 2011 Wisconsin Law Review 3 (2011), at 625-690; See E.L. Rosenblatt, 'Fear and Loathing: Shame, Shaming, and Intellectual Property', 63 DePaul Law Review 1 (2013).

seeking to maintain a good public image, so that consumers will be drawn to their products and become their customers by choice. The opinion of consumers is, therefore, highly valued by them, as it can directly influence a potential loss in goodwill and their brand's future success.[696] Hence, Khagi notes that it may be possible *for 'consumers to enforce norms against copycatting through social media'*[697].

Social media shaming of blatant copying can not only lead to bad publicity and fewer customers for the copyist brand, but has interestingly led to the creation of so-called 'industry watchdogs', made up of consumers that decide to take action and call out copyists themselves '*to educate about fashion law and give credit where credit is due*'[698], thereby achieving an online self-policing fashion regime. The Fashion Law blog, established by Julie Zerbo, and Counterfeit Chic, established by Susan Scafidi, dedicate posts on potential unauthorised copies, informing designers and warning copycats of the IP infringements that they may be committing.[699] A more recent social media initiative dedicated to this cause is Diet Prada (@diet_prada)[700], an Instagram account operated by Tony Liu and Lindsey Schuyler with a 3.4 million following, '*regularly naming and shaming brands, designers and others for fashion copycatting similarities in design*'[701] and watching designers' backs.

Publicly shaming copyists on social media platforms seems to be effective, as some fashion brands have acted upon it and removed the copied designs from the market.[702] For instance, when Tuesday Bassen, an independent LA-based fashion designer, sent a cease-and-desist letter to fast-fashion giant Zara over copying a number of her pins and patches designs, Zara's initial response was that '*the lack of distinctiveness in [the] purported designs makes it very hard to see how a significant part of the population anywhere in the world would associate the signs with Tuesday Bassen*'[703]. Upon Zara's refusal to take responsibility, Bassen made posts on her social media

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[696] Although certain loyal customers may continue supporting a brand, due to other brand traits that attract them.

[697] I.O. Khagi, 'Who's Afraid of Forever 21: Combating Copycatting through Extralegal Enforcement of Moral Rights in Fashion Designs', 27 Fordham Intellectual Property, Media & Entertainment Law Journal 1 (2016), at 98.

[698] R.A. Smith, 'Hunting for Fashion's Copycats', Wall Street Journal (Apr. 25, 2012), <https://www.wsj.com/articles/SB10001424052702303592404577364333707766366>.

[699] The Fashion Law, <https://www.thefashionlaw.com/>; Counterfeit Chic, <http://counterfeitchic.com/>.

[700] Diet Prada, <https://www.instagram.com/diet_prada/>.

[701] J.E. Bromwich, 'We're All Drinking Diet Prada Now', N.Y. Times (Mar. 14, 2019), <https://www.nytimes.com/2019/03/14/fashion/diet-prada.html>.

[702] R.A. Smith (n 698).

[703] D. Evans, 'Talking With Tuesday Bassen About Her David Vs. Goliath Battle Against Zara', The Cut (Jul. 29, 2016), <https://www.thecut.com/2016/07/tuesday-bassen-on-her-work-being-copied-by-zara.html>.

accounts[704], including an Instagram post where she called out Zara for stealing her designs and shared the company's response to her letter.

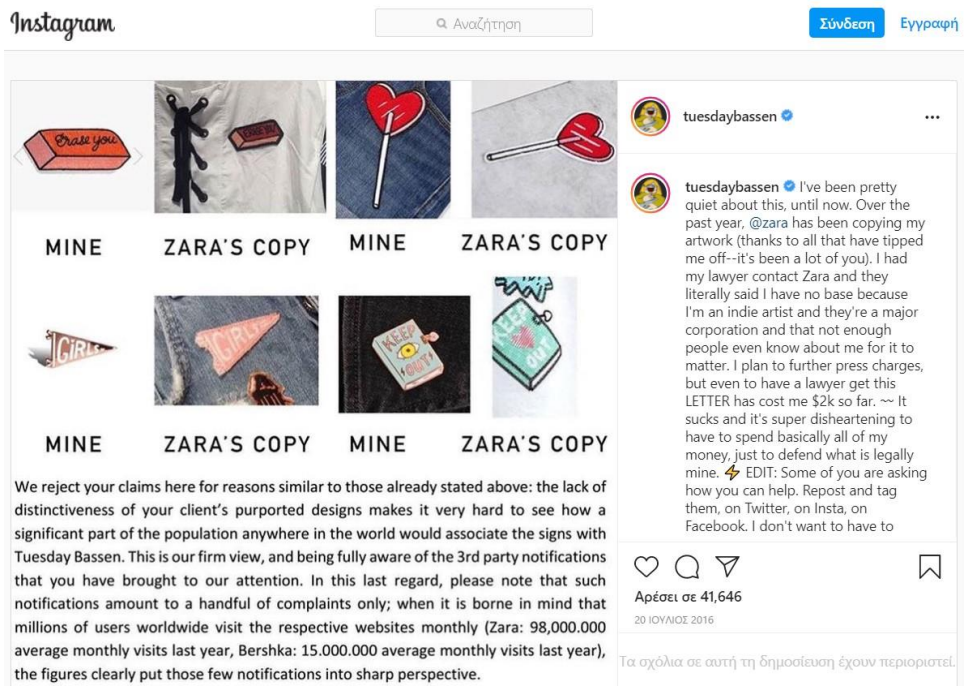


Figure 29: Bassen's Instagram post[705]

She also reached to a fellow designer, Adam Kurtz, whose designs had also been copied by the fast-fashion company and discovered that pins and patches designs of 18 more designers had been used by Zara in a single collection. Kurtz decided to create a Tumblr blog account called Shop Art Theft[706], where copied designs copied by Zara were compared with Zara's and other popular retailers' versions, alongside links to purchase and support the works of the original designers. This initiative and Bassen's social media posts have attracted public attention and this pressure placed on Zara's public image resulted in a shift in stance. The company shortly after suspended the infringing garments from sale and contacted Bassen's lawyers to settle the case, reporting that '*Inditex has the utmost respect for the individual creativity of all artists and designers and takes all claims concerning third party intellectual property rights very seriously […] also currently investigating other allegations.*'[707]. In this case, social media has proven a particularly valuable tool for IP enforcement in this

[704] See T. Bassen, Twitter Post, (Jul. 19, 2016), <https://twitter.com/tuesdaybassen/status/755530599385804801?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E755530599385804801%7Ctwgr%5E%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fmetro.co.uk%2F2016%2F07%2F20%2Fzara-has-been-accused-of-ripping-off-an-independent-artists-designs-6017687%2F>.

[705] T. Bassen, Instagram Post, (Jul. 20, 2016), <https://www.instagram.com/p/BIEGImxgFKe/?utm_source=ig_embed>.

[706] See Shop Art Theft, <https://shopparttheft.tumblr.com/>.

[707] D. Evans (n 703).

David vs Goliath battle, effectively resulting in an injunction-style measure and compensation to be negotiated privately.

Nevertheless, systematically targeting and publicly shaming a large fashion brand over copying allegations does not always come without a cost. For instance, a small upcoming designer that does so may be perceived in a negative way from other large brands or department stores, in a similar, yet distinct way that Louis Vuitton was potentially perceived as a bully when engaged in heavy litigation against Plesner, an independent artist. More specifically, systematically targeting brands could cost a young designer a potential future collaboration with this type of industry actors, which could help kick-start their career progression and popularity. By shutting doors of much-wanted potential collaborations, the decision to publicly shame could even cost a young designer's survival in the industry. Therefore, it might not be an optimal solution in this sector. By utilising blockchain technology as an effective tool to achieve IP enforcement instead, as discussed in the following Chapter, designers could avoid the unnecessary risk of being deprived of important interactions and collaborations with other brands.

4.6.3. Brand Collaborations & Giving Credit

The power that public awareness holds against copyists has resulted in the emergence of another extra-legal dispute resolution practice in fashion, often in instances where established fashion brands copy the work of smaller designers, that is 'brand collaborations'. It essentially is a marketing practice to compensate unauthorised acts of copying and instead of settling behind closed doors, there is an added benefit for both parties. The copyist fashion brand shows the willingness to make up for a mistake and as a result, receives good publicity. In turn, the emerging designer receives publicity, possibly greater than ever before, by gaining exposure to the established fashion brands' consumer following and potentially even some of its goodwill. Not only is this practice substantially cheaper and quicker than the formal litigation process, but this form of compensation in exposure and publicity terms arguably is even more valuable than monetary compensation that would have been awarded by the courts or through a private settlement, as it could kick-start the career of an emerging designer right after the launch of the collaboration.

During the 1980s-1990s, Harlem-based artist Dapper Dan was known for transforming existing fashion designs or attaching branded logos into his own designs, as in this case, while his shop was considered '*the go-to for rappers, gangsters, boxers and anyone else looking for even more Gucci, Fendi and Louis Vuitton than could be found at Gucci, Fendi or Louis Vuitton*'[708]. In

[708] M. Schneier, 'Did Gucci Copy 'Dapper Dan'? Or Was It 'Homage'?', N.Y. TIMES (May 31, 2017), <https://www.nytimes.com/2017/05/31/fashion/gucci-dapper-dan-jacket.html>.

2018, Gucci featured a balloon-sleeved jacket design with the brand's logo in its Cruise collection that closely resembled an old Dapper Dan's design, the only difference being the replacement of Louis Vuitton's logo with Gucci's.



Figure 30: Left: Gucci's Jacket, Right: Dapper Dan's Jacket[709]

Although the artist was appropriating the logos of fashion brands back then, Gucci re-appropriated his work without his consent. This resulted in criticisms of a racial nature, calling out the brand for appropriating the work of an artist with an African-American origin, amongst them Diane Dixon, the Olympic gold medallist and model who wore Dapper Dan's jacket.[710] According to one critic, '*While [Gucci]'s intentions may be good, no one can ignore the history of the extremely white world of high fashion plundering black culture and transposing those looks on white models*'[711]. After receiving bad press, Gucci attempted to make up by crediting the work to the artist through an official company statement, according to which '*[Gucci's collection included] a puff-sleeved bomber jacket from the 1980s in an homage to the work of the renowned Harlem tailor Daniel 'Dapper Dan' Day and in celebration of the*

[709] M. Gaubert (@michelgaubert), Instagram Post (May 29, 2017), <https://www.instagram.com/p/BUsGPSAB-2W/>.
[710] E. Brooke, 'Was Gucci Wrong to Copy Dapper Dan?', RACKED (Jun. 1, 2017), <https://www.racked.com/2017/6/1/15725666/gucci-dapper-dan>; M. Schneier (n 708).
[711] Ibid.

culture of that era in Harlem'[712]. The brand also dedicated an Instagram post in giving credit to the artist (Figure 31).



Figure 31: Gucci's Instagram post giving credit to artist Dapper Dan for its 2018 Cruise Collection[713]

Also, the brand's former creative director, Alessandro Michele, became interested in collaborating with the artist to celebrate his influence on the 1980's fashion and hip-hop culture.[714] A year later, the two collaborated in a Capsule Collection and Dapper Dan was included in the Gucci 2018 Cruise Collection's advertising campaign (Figure 32), in an attempt to help him re-open his shop.[715]

[712] M. Schneier (n 708).
[713] Gucci, Instagram Post, (May 31, 2017), <https://www.instagram.com/p/BUw9JwsF0pE/?utm_source=ig_embed>.
[714] M. Schneier (n 708)
[715] D. Renshaw, 'Dapper Dan Is Officially Working with Gucci Now', FADER (Sept. 11, 2017), <http://www.thefader.com/2017/09/11/gucci-dapper-dan-collab>.



Figure 32: Dapper Dan in Gucci's 2018 Cruise Collection advertising campaign[716]

Through this brand collaboration, an independent artist was not only credited for his work, but also offered compensation for the unauthorised use of his work in form of publicity, which quite possibly outweighs the value of the potential license fee that he would normally have charged Gucci for use of his design.

Given that public exposure is a particularly important element of success in the fashion industry, young artists have realised that collaborations with big brands could offer them just that. Some have started purposefully appropriating large brands' designs or logos, in hope that will get noticed and a brand collaboration will be on the table. This certainly was the fate of Trouble Andrew, a Brooklyn-based street artist, who started using the Gucci logo in 'graffiti-esque' style into, among others, clothing and a ghost Halloween costume that inspired his nickname 'GucciGhost'.[717] Trouble Andrew's unauthorised use of the Gucci TM was viewed as something *'completely different than the idea of copying, [but rather as] the idea that you try to [take to] the street, through language like graffiti, the symbols of the company'*[718], which Alessandro Michelle thought was quite genius. The artist was eventually hired by Gucci and they collaborated on the brand's 2016 Fall Collection.

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[716] Ibid.

[717] Gucci, 'Chatting with Trouble Andrew', Gucci Stories, Vol. 5 (2016), <https://www.gucci.com/uk/en_gb/st/stories/inspirations-and-codes/article/agenda_2016_issue05_guccighost_collection_trouble_andrew_qa>.

[718] B. Foley, 'Ghosting at Gucci', WWD (Feb. 24, 2016), <https://wwd.com/feature/ghost-gucci-alessandro-michele-guccighost-fall-10366122/>.



Figure 33: Gucci's creative director, Alessandro Michele and GucciGhost, Trevor Andrew, at the Gucci studio[719]

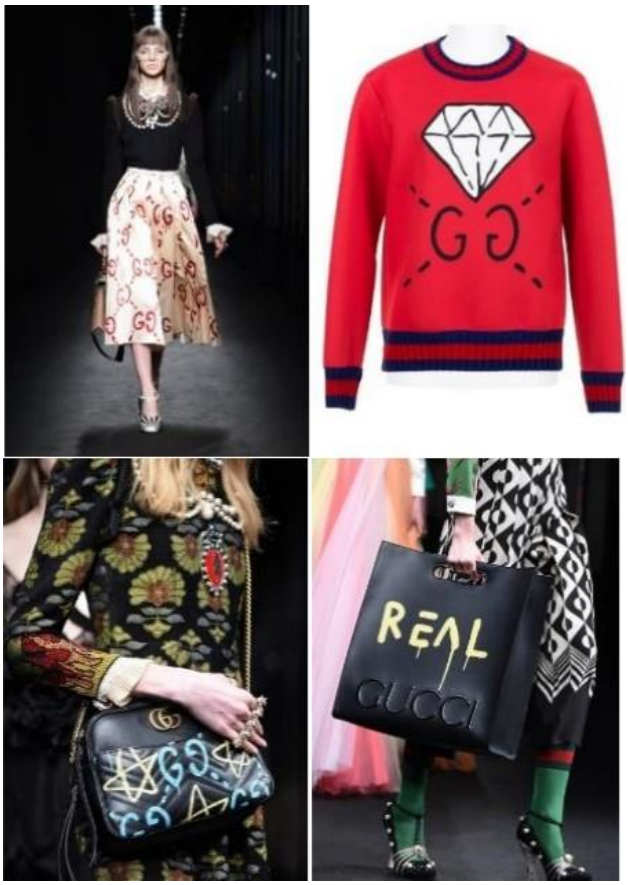


Figure 34: Gucci x GucciGhost Fall 2016 Collection, samples[720]

[719] Gucci (2016) (n 717).

[720] N. Fumo, 'Gucci Brought a Logo-Stealing Artist in House and Now They Have New It Bags', RACKED (Feb. 24, 2016), <https://www.racked.com/2016/2/24/11105162/gucci-fall-2016-guccighost-bags>.

This move was praised by the fashion community as '*the boldest collaboration of a major brand with an artist [in years] and the flashiest*'.[721] As stated by one fashion blog, '*One thing fashion […] adores more than art is raising eyebrows. If the entire industry is against copycats, what better way to shock than by embracing appropriation? […] Chanel issues lawsuits for misuse of its name, [but] the new Gucci blares it for all to see*'.[722] Indeed, Gucci's bold move raised many eyebrows in the interests of both parties, while the collection was particularly successful, contributing to the 17% increase in sales in 2016.[723] Not only would a lawsuit against the small artist would result in bad publicity for the brand, but also GucciGhost's work might have fallen within the copyright or TM 'fair use' exceptions. Nevertheless, collaborations between large fashion houses and small designers have not yet flooded the news. This effectively means that this extra-legal enforcement route is a less frequent occurrence, that would potentially only result from extreme public pressure or when larger brands feel that they could gain some advantage, such as gain popularity among, i.e. street art enthusiasts, a completely different audience than their typical consumer, and younger generations that embrace street style in their clothing choices.

In summary, social media can facilitate a platform where IP fashion controversies can be informally resolved in front of consumers' eyes, in a much speedier and less costly manner than litigation requires. Even if copyist brands do not immediately remove infringing works from their collections, they may become more willing to settle or even collaborate under the pressure of public scrutiny. This can be invaluable for all types of brands and especially SMEs and small designers that lack the financial resources to pursue litigation for enforcing their rights. Apart from the existing extra-legal enforcement practices, the next Chapter argues that blockchain technology can potentially constitute a valuable and low-cost complementary tool that could further help designers enforce their IPRs.

4.7. Conclusion

In conclusion, the UK, and US statutory route for compensating IP owners for infringement of their rights does not seem equally appealing to all types of fashion designers, evidenced by the low IP fashion-related litigation rate that was revealed by this thesis' fashion-related IP case law research. Both the US federal courts and the UK HC litigation procedures appear excessively

[721] B. Foley (n 718).

[722] L. Sharkey, 'Who is GucciGhost?', RACKED (Feb. 25, 2016), <https://www.racked.com/2016/2/25/11113048/guccighost-explainer-trevor-andrew>.

[723] Jquinones, 'Gucci Sales Are Up by 17%', The Source (Oct. 26, 2016), <https://thesource.com/2016/10/26/gucci-sales-up-by-17/>.

long for responding to the rapid changes in the fashion sector and come at a high cost, with the exception of the experimental HC Shorter Trial Scheme. This thesis' analysis of the litigation-associated time and costs reveals that the ability to bring an IP infringement claim before a court is disproportionate among small and large fashion entities. In both jurisdictions, small independent designers with limited budget are essentially precluded from pursuing litigation, although the UK SCT arguably better suits the needs of certain SMEs. On the other hand, the UK IPEC offers a more budget-friendly option for less complicated and lower value claims following a relatively short procedure, yet the costs remain unbearable for certain small designers, even if capped. No IPEC-equivalent route exists in the US and fashion SMEs arguably have the same fate as independent designers, given the substantially higher amounts that need to be spent in litigation fees compared to the UK, while only large fashion brands can afford litigation, should they wish to. In practice, the IP enforcement framework precludes a large segment of SMEs and independent designers from having access to justice and thus, inadequately protects their rights.

Despite the high success rates of fashion-related IP claims, both in the UK and the US, this thesis' case law research findings suggest that the overall litigation rates in this sector are low. Apart from the substantial investment in time (typically a year or more) and the high-cost burden associated with the litigation process, which would likely make court battles ineffective in such a fast-paced and primarily trend-led industry, the Chapter has examined other potential reasons that may discourage designers to litigate. These include the lack of promptness and suitability of available remedies to successful fashion claimants, the type of design in question, the levels of awareness of IPRs attributable to fashion designs among different types of brands, the willingness to maintain a good public image, the role of social norms and the development of amicable agreements tailored to this industry that may replace the IPR framework, or the utilisation of this framework solely to develop a protection portfolio, and even selective litigation against direct competitors.

Lastly, the low numbers of fashion-related case law might be owed to the fact that designers may opt for quicker and cheaper alternative dispute resolution options, including private settlements, social media shaming or brand collaborations. Nevertheless, as will be discussed in the next Chapter, private settlements may not be particularly favourable to small claimants, who have more to lose and who are usually in greater need of financial remuneration, as opposed to large brands, who can leverage them into deals that are not in their best interests. What is more, the extra-legal solutions that have recently started being used by some industry actors can be useful to an extent, but not in relation to all types of designers. Apart from the existing solutions, this author argues that blockchain technology's anti-infringement properties could be utilised in this sector by fashion designers, government

authorities, as well as consumers, in order to complement the current IP enforcement endeavours in the following Chapter.

Chapter 5. Blockchain Technology - An Extra-Legal Enforcement Tool?

5.1. Introduction

As explored throughout the previous Chapters, fashion-related IP infringement is flourishing globally, to the detriment of designers, innovation, and countries' economic growth. Despite the relatively strong IP frameworks in the three jurisdictions under examination, the phenomenon of unauthorised reproduction of protected fashion designs and sale of unauthorised copies for a profit persists. The previous Chapter's fashion-related IP litigation research revealed that the IP enforcement framework in the UK and in the US, namely litigation and customs and border measures, are arguably underutilised or partly ineffective, given the growing rate of fashion-related IP infringement, nationally and globally, despite their existence. Long procedures and time constraints, excessive litigation costs, a lack of awareness of available legal protections by a segment of fashion industry actors, social norms, as well as a desire to preserve a good brand image, are among the potential contributing factors to an unwillingness for enforcement through the traditional litigation route, both by small and large fashion entities.

Instead, private settlements and other extra-legal solutions powered by social media typically constitute quicker and less costly enforcement solutions than litigation for this fast-paced industry, yet they do not come without any flaws. Settlements may be unfavourable to emerging designers or fashion SMEs with little negotiating power against larger fashion brands, while social media shaming involves publicly exposing and calling out other brands or competitors, that could end up attracting negative publicity to both parties involved. Most alternative solutions are also only potentially effective in the case of named infringers, while fashion-related IP infringement does not come in a single shape or form – from physical fashion articles circulating the market to digital infringing designs – making both traditional and non-traditional enforcement even more unattainable.

Despite that the current enforcement measures are arguably expensive, time-consuming, and unfit for the needs of the fast-paced fashion sector, they exist and are at designers' disposal. But can they really be used in practice? The answer is that it depends. They may certainly be utilised in instances where the identities of the alleged infringers are known, i.e. copying being performed by a legitimate business, such as Gucci copying Dapper Dan's jacket design. In this scenario, the IP owner can bring legal action against the alleged infringer. And even if the IP owner decides to privately settle the dispute, it is highly likely that the other party would be willing to cooperate, or else, their brand image and business' reputation could be at risk.

However, fashion design copying may be carried out by an individual copyist or business, where the alleged infringers' identities are unknown and difficult to identify, i.e. street vendors selling fake handbags at flea markets or through illicit websites. In this second scenario, the IP enforcement frameworks become less valuable, as IP owners are unable to pursue litigation against individuals who cannot be identified and served with proceedings. In the event of street vendors selling infringing fashion articles, their identities will remain unknown, unless police officers make an arrest if caught selling infringing articles in action. Brands may further opt for a policing service, or hire private investigators to track down infringers and communicate this information to law enforcement authorities, but the associated costs effectively make this option reserved for larger businesses with the financial means to do so.[724] At the same time, it is safe to assume that all infringing activity that is taking place cannot possibly be detected, i.e. it is likely impossible for Louis Vuitton to detect every single infringing bag that is being sold in a specific country, let alone worldwide, either online or offline. The identification of infringing goods and their importation, exportation and circulation in a country's internal market is largely left to border and customs authorities, although this can be a particularly difficult task, given the excessive amounts of infringing fashion articles entering national borders.

It is, hence, evident that enforcement of IPRs is also a question of ability, which is fragmented by a combination of hurdles that cannot be overcome under the current examined enforcement frameworks. So, is there a better way for fashion designers to protect their valuable IP assets? And can governments' and regulators' anti-infringement endeavours somehow be enhanced? By taking all the above-mentioned relevant aspects that make effective enforcement less attainable into consideration, this Chapter is going to explore two different potential blockchain technology-based use cases, tailored to the fashion business model, that could be combined with the existing enforcement approaches, so as to better address those problematic aspects. Both are aimed at maximising the overall effectiveness of IP enforcement, as well as minimising IP infringement in fashion, whilst focusing on different areas each, as different types of fashion-related IP infringement require different measures for their minimisation. The proposed Use Case No.1 is designed for the scenario where the identities of infringers are known, targeted for implementation by IP holders of protected fashion designs; Use Case No.2 provides IP owners and governments with a use case against copyists whose identities are kept secret, requiring the cooperation of different fashion industry stakeholders, such as individual fashion designers and fashion brands, suppliers, manufacturers, border and customs officials, as well as enabling consumers to verify products' authenticity. Nevertheless, it should be noted that the two applications are

[724] K. Palmer, 'Fake Busters', 38 Government Executive Magazine 6 (2006), at 48-55.

aimed to complement and enhance, rather than replace, the current IP enforcement methods.

Before delving into how exactly blockchain technology could serve those objectives, the first part of this Chapter will provide a comprehensive overview of blockchain technology, enumerating its key characteristics and explaining how it works in practice. Key concepts and the underlying actors involved in its operation will be defined. The reader will be introduced to public and private blockchain networks, suitable for each of the above-mentioned proposed blockchain use-cases respectively, as well as tokenization, the process of linking works of fashion to the blockchain, and smart contracts, which form an integral part of the Use Cases that follow.

5.2. Introduction to Blockchain Technology

Blockchain arguably is one of the most disruptive technologies that have appeared since the Internet.[725] The blockchain technology market is rapidly growing; from a global market value of 400 million USD in 2018, reaching 5.85 billion USD in 2021 and with a predicted growth rate of 82.8% per year, it is expected to reach 1,235.71 billion USD by 2030.[726] But what makes it appealing?

In simple terms, '*blockchains may improve any process where people need to access, verify, send or store information securely*'.[727] It essentially constitutes a digital ledger which stores data in blocks that are linked together and form a chain. The ledger is shared, maintained, and verified among a number of participants and decision-making is not dependent upon a centralised authority.[728] According to Nicolas Cary, Co-Founder of Blockchain[729], it possesses a number of unique characteristics that may optimise the exchange and storing of information, including immutability, security, resilience, verifiability, and transparency.[730]

The first-ever blockchain application is Bitcoin, which was developed in 2008 by Satoshi Nakamoto and makes one of the best-known digital

[725] M. Baxter, 'Dismiss the Future of Blockchain at your Own Peril', Information Age (19 Dec. 2018), <https://www.information-age.com/future-blockchain-12398/>.
[726] Statista, 'Size of the Blockchain Technology Market Worldwide from 2018 to 2023' (2018); Statista, 'Blockchain technology market size worldwide in 2021, with a forecast for 2030', (Aug. 2022), <https://www.statista.com/statistics/1319369/global-blockchain-technology-market-size/>.
[727] B. Wigley, N. Cary, S. Meiklejohn, 'The Future is Decentralised: Block Chains, Distributed Ledgers, & the Future of Sustainable Development', United Nations Development Programme (2018), <https://www.undp.org/content/dam/undp/library/innovation/The-Future-is-Decentralised.pdf>, at 4.
[728] See D. Burkhardt, M. Werling, H. Lasi, 'Distributed Ledger ', 2018 IEEE International Conference on Engineering, Technology and Innovation (ICE/ITMC) 1 (2018).
[729] The other co-founder and CEO of Blockchain is Peter Smith.
[730] Ibid, at 6.

cryptocurrencies run on a public blockchain.[731] Since then, other than enabling the peer-to-peer secure exchange of cryptocurrency transactions, blockchain technology has infiltrated various industries as well as governments[732] to optimise processes that involve information sharing in a transparent way within a network. For instance, it is commonly being used to digitise and enhance internal business processes that involve record-keeping, securely storing information and increasing the efficiency in carrying out transactions automatically, while potentially leading in a reduction of administrative costs.

PwC's global 2018 survey, with 600 participating companies' executives, reveals that 84% of respondents confirm their companies' involvement with blockchain.[733] While utilisation of blockchain for cross-border payments remained as the most popular use case in 2021[734], 45% out of 1.280 executives and practitioners from different sectors that participated in Deloitte's global survey reveal that their companies had already implemented blockchain for secure information exchange by 2021. The same survey confirms that blockchain was also commonly used for asset tracking and management (40%), product supply chain track and trace (30%) and anti-counterfeiting purposes (32%).[735] The survey further reveals that the vast majority (93%) of respondents whose organisations have already adopted blockchain within their core business activities treat the technology as a top-5 strategic priority. Furthermore, 83% out of all respondents acknowledge that there is a compelling business case for this technology and 84% believe in its mainstream adoption.[736] Having acknowledged the technology's potential, this thesis argues that other than processing digital transactions, a blockchain distributed ledger can not only constitute a secure record for fashion assets related information, but also track the provenance and movement of tokenized fashion

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[731] S. Nakamoto, 'Bitcoin: A Peer-to-Peer Electronic Cash System' (2008), <https://bitcoin.org/en/bitcoin-paper>; D. Tapscott, A. Tapscott, *Blockchain Revolution: How the Technology Behind Bitcoin and Cryptocurrency Is Changing the World,* (Penguin, 2016), at 3; A. Michael, K. Pratt, 'Cryptocurrency Statistics 2023', Forbes Advisor (Aug. 1, 2023), <https://www.forbes.com/uk/advisor/investing/cryptocurrency/cryptocurrency-statistics/>.

[732] See UK HM Land Registry, 'HM Land Registry to explore the benefits of blockchain', (Oct. 1, 2018), <https://www.gov.uk/government/news/hm-land-registry-to-explore-the-benefits-of-blockchain>; See Swedish Lantmäteriet, 'The Land Registry in the Blockchain: A development project with Lantmäteriet (The Swedish Mapping, cadastre and land registration authority), Telia Company, ChromaWay and Kairos Future' (July 2016), <http://ica-it.org/pdf/Blockchain_Landregistry_Report.pdf>.

[733] PwC Global, 'PwC's Global Blockchain Survey 2018' (2018), <https://theblockchaintest.com/uploads/resources/PwC%20-%20Global%20Blockchain%20Survey%202018%20-%202018.pdf>.

[734] Statista, 'Blockchain technology market share forecast worldwide in 2021, by use case' (May 2022), <https://www.statista.com/statistics/982566/worldwide-top-use-cases-blockchain-technology-by-market-share/>.

[735] Deloitte, 'Deloitte's 2021 Global Blockchain Survey' (2021), <https://www2.deloitte.com/content/dam/insights/articles/US144337_Blockchain-survey/DI_Blockchain-survey.pdf>, at 18.

[736] Ibid, at 4.

assets throughout the supply chain and verify physical fashion products' authenticity. Before delving into the proposed applications of blockchain technology in the fashion sector, the next Section offers an overview of blockchain basics, the underlying technical framework upon which the technology operates as well as the process of linking real-world assets to the blockchain, the so-called tokenization.

5.2.1. Blockchain Basics

Blockchain technology originates from the 1970's, when Whitfield Diffie's and Martin E. Hellman's cryptography-related paper described a distributed ledger system that closely resembled the basis of blockchain technology as we know it today.[737] It is subset of a technology category known as Distributed Ledger Technology (DLT) and despite the lack of an official definition of a DLT system, it is commonly understood as:

"*a multi-party system in which participants reach agreement over a set of shared data and its validity, with no central coordinator and despite parties who may be unreliable or malicious, who undermine the system by using it in ways it was not intended for*".[738]

In other words, blockchains are commonly used to digitally record information, which is time-stamped, non-alterable and transparent, as it can be distributed in real time across online participating users. As will be later discussed in the proposed blockchain use-cases, information related to real-world fashion designs and/or products can take the form of unique blockchain tokens and become immutably stored within an interconnected blockchain 'block'. Blockchain networks are largely divided into public and permissionless, open to anyone who wishes to become a participant, and private and permissioned, either closed to the public or with an access control layer in place, where only users whose identities are verified can join the network.[739] Given that each of the proposed use cases focuses on each of the above types

[737] W. Diffie, M.E. Hellman, 'New Directions in Cryptography', 22 IEEE Transactions on Information Theory 6 (1976), at 644–654. Defining cryptography as the "*study of 'mathematical systems' for solving two kinds of security problems: privacy and authentication*".

[738] M. Rauchs, A. Glidden, B. Gordon, G. Peters, M. Recanatini, F. Rostand, K. Vagneur, B. Zhang, 'Distributed Ledger Technology Systems: A Conceptual Framework', Cambridge Centre for Alternative Finance, White Paper, (Aug. 2018) <https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2018-10-26-conceptualising-dlt-systems.pdf>, at 15, 22. In reality, depending on the type of blockchain system, decentralisation is achieved at different levels.

[739] M. Pilkington, 'Blockchain Technology: Principles and Applications', in F.X. Olleros and M. Zhegu, *Research Handbook on Digital Transformations* (1st ed., Edward Elgar, 2016); Bird & Bird, 'Private Blockchain Briefing Note' (July 8, 2020), <https://www.twobirds.com/-/media/pdfs/in-focus/blockchain/private-blockchain-briefing-note.pdf>; Bird & Bird, 'Public Blockchain Briefing Note' (July 8, 2020), <https://www.twobirds.com/-/media/pdfs/in-focus/blockchain/public-blockchain-briefing-note.pdf>.

of blockchains respectively, their different mode of operation alongside blockchain's unique characteristics are key for understanding the underlying framework of the use cases, why they have been selected and how they can serve the expected outcomes of this thesis. Therefore, an exploration of both types of blockchain networks will commence, along a brief overview of the technical framework under which blockchain technology operates.

Public blockchains operate in a distributed or peer-to-peer, decentralised and trustless manner.[740] Instead of a bank or other single controlling entity to oversee and authorise transactions, anonymous (or pseudonymous) blockchain participants, the so-called 'nodes', form a network and are vested equal powers to authorise or verify the execution of transactions related to cryptocurrency or information. In order to ensure trust in transacting even in the absence of a central controlling entity, blockchain systems are governed by technical protocols to ensure their smooth functioning and their integrity, irrespective of whether they are public or private. Those set out pre-defined rules on how the system should be operated, maintained, and updated, how a blockchain transaction can become validated, e.g. by mutual agreement of all participants, as well as the mechanism that specifies how nodes should interact with each other.

More specifically, all blockchain participating nodes hold a digital account, which is their address on the blockchain, similar to a real-world bank account. They are also assigned a digital wallet, defined by its pair of cryptographic keys, one private and one public. Keys are essential for nodes to engage in blockchain transactions, irrespective of the type of blockchain network. The private key is the equivalent of a credit card's PIN number, only non-resettable, that allows network participants to gain access to and control their accounts and tokens, which remains undisclosed to the rest of the network due to a mathematical formula applied to the transaction's data. The public key acts as a node's 'username' and is visible by all blockchain network participants.

Nodes serve different roles and control different components of the blockchain, but all share a common task, that is 'verifying' or 'validating' transactions. In doing so, they must ensure that an act on the network complies with the blockchain rules as set out in its technical protocol. For example, that a sender node has sufficient funds in their account to complete a certain money transfer on the blockchain. Once the majority (or 51%) of nodes reach a consensus and verify that a transaction is 'valid', it subsequently becomes recorded on the ledger as a new 'block' and broadcast to the whole network in

[740] T. Locher, S. Obermeier, Y.A. Pignolet, 'When Can a Distributed Ledger Replace a Trusted Third Party?', IEEE International Conference on Internet of Things (iThings) (2018) 1069; M.C. Lacity, S.C. Lupien, *Blockchain Fundamentals for Web 3.0*, (University of Arkansas Press, 2022), Chapter 4.

real time. For a transaction to be performed and for a 'block' to be initiated, a node must approve it by using their private key as their digital signature, which remains encrypted. [741] Also, the sender node must specify the digital account or address of a receiving node, or else their public key, in the same way as bank details of the receiving bank holder would be necessary for performing a monetary transaction through a bank. The blockchain software enables certain nodes to perform checks and identify instances where a node attempts to manipulate or tamper with a 'transaction' or the input data, giving them the power to ignore or invalidate such transactions. Lastly, the role of specialised nodes known as 'miners' is to check transactions that have been validated by the rest of the network and determine whether confirm them.[742] In practice, even though any node can initiate a 'block', it can only be fully created upon miners' approval.

5.2.2. 'Mining' or 'Block' Creation

The way 'mining' is carried out depends on the type of consensus mechanism adopted by the blockchain network in question. A well-known consensus mechanism used by Bitcoin and until recently by the Ethereum[743] blockchain is 'Proof-of-Work', which is the underlying algorithm that sets out the method to validate transactions and add valid blocks to the chain. In 'Proof-of-Work', a miner node attempts to prove to other nodes/ verifiers that they have spent a certain amount of computational power. Under this consensus mechanism, all mining nodes compete with each other in order to check whether the transaction in question complies with the blockchain rules, aiming to be the first to create a valid block and attach their valid computational output to their candidate record of the ledger.[744] In theory, the more computational power expended the more likely they are to succeed in this task first. The Bitcoin Protocol provides miners an incentive to perform this process as fast as possible, as the miner who approves a transaction and creates a valid 'block' first, is compensated 12,5 Bitcoins for their services by the blockchain network.

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[741] M. Rauchs et al. (n 738), at 28.

[742] See L. Lamport, 'Time, Clocks, and the Ordering of Events in a Distributed System', 21 Communications of the ACM 7 (1978).

[743] Ethereum is the largest universally accessible distributed ledger/ blockchain platform, which facilitates the execution of smart contracts. It can be described as *'a trustful object messaging compute framework'*. Other software applications can be built on top of and operate on the Ethereum blockchain. See G. Wood, 'Ethereum: A Secure Decentralised Generalised Transaction Ledger' (Aug. 25, 2023), Berlin Version, <https://ethereum.github.io/yellowpaper/paper.pdf>, at 1-2; See M. Rauchs et al. (n 738), at 74-84.

[744] Ethereum, 'Proof-of-Work (POW)', (Sep. 26, 2022) <https://ethereum.org/en/developers/docs/consensus-mechanisms/pow/>; See I. Bentov, A. Gabizon, A. Mizrahi, *Cryptocurrencies without Proof of Work* (Springer, 2016), at 142-157. Another popular public blockchain consensus mechanism is 'proof-of-stake'.

In order to better understand how exactly the complex 'mining' or 'block creation' process works in practice, an overview of a valid block's standardised format follows. As illustrated in Figure 35, each block comprises three main elements: the cryptographic 'hash' of the previous block in the ledger, which is unique and serves as a digital fingerprint of the block's data, a nonce, which is a number chosen at random and data, related to one or more validated transactions or else, new information that has entered the ledger.

A block can only become valid, if miners succeed in producing a brand new cryptographic 'hash' or digital fingerprint for the current block. To achieve this, each mining node detects newly validated transactions and combines them with the 'hash' of the preceding block, technical data and a randomly selected nonce, that can only be used once. Miners try out different combinations with different nonce values, until they guess the correct nonce value that would enable them to calculate a new and unique cryptographic 'hash' for the block, through the application of a mathematical algorithm called 'hash function'. In 'Proof-of-Work' governed blockchains, a new valid 'block' is only created when miners produce a 'hash' whose number is below a 'target number', or else a certain threshold that is pre-defined by the blockchain protocol and hence, the mathematical calculation with the nonce must produce a result that is below that number.

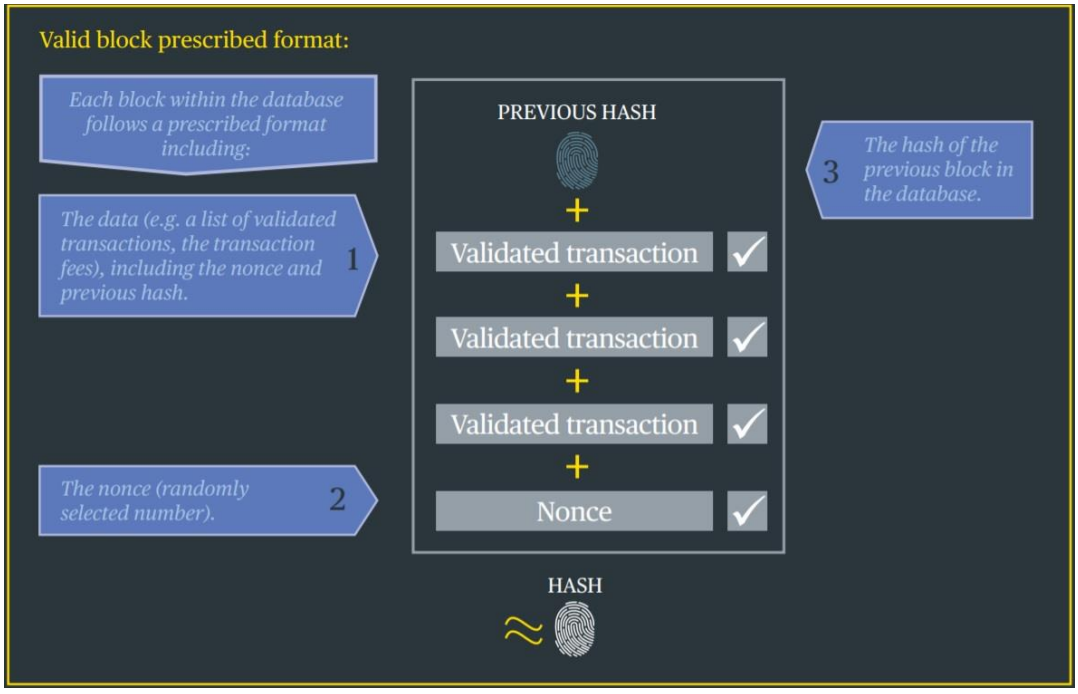


Figure 35: Valid Block Prescribed Format[745]

[745] Bird & Bird, 'Blockchain Uncut: Risks, Rewards & Regulation' (Oct. 2019), at 11.

But before the newly created valid 'block' is added to the blockchain, other miners and all other participatory nodes/ verifiers check the Proof-of-Work or computational power spent by looking at miner nodes' candidate records of the ledger. In case of two competing records, the network considers the longest chain, or else the ledger with the most accumulated computational power expended as the valid one.[746] Upon performing this check, a 'block' becomes permanently and irreversibly stored to the blockchain database and a timestamp is applied to it. The newly added block is then automatically reflected on all network participant's copies of the blockchain ledger.

5.2.3.1. Public and Permissionless Blockchains

As will be later explored, this thesis' proposed Use Case No.1 utilizes the public Ethereum blockchain for data storage purposes. There are numerous benefits associated with storing data in a decentralized, distributed, and immutable public blockchain, as opposed to a centrally managed storage. To begin with, blockchain networks are trustable by design, due to their immutability, not allowing any retrospective alterations once data have been logged into the ledger and a timestamp is applied. In essence, the linking among blockchain 'blocks' is technically unbreakable, as each new block contains its own unique cryptographic 'hash', which is made out of data related to the content of the new block and their combination with the 'hash' value of the previous block. Therefore, interfering with data stored within a public blockchain is nearly impossible[747], as any alteration, whether intentional or by human error, would be obvious to all nodes and could be rejected. The event of manipulating 51% of a blockchain's nodes to agree for the network to be tampered with is unlikely, not only because nodes are both anonymised and distributed, but also due to certain practical difficulties.[748] Given that any alterations in a particular block's data would change its 'hash' value, it would directly affect all subsequent interlinked blocks on the chain, as every block's 'hash' is the outcome of combining the block's input data with the previous block's 'hash'. In this hypothetical scenario, all subsequent blocks would need to be re-mined and all the Proof-of-Work would have to be re-done before any new blocks were added on the blockchain. Leaving the significant amounts of

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[746] M. Rauchs et al. (n 738), at 82; See S. Nakamoto (n 731), at 1: *'The network timestamps transactions by hashing them into an ongoing chain of hashbased proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain serves not only as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers.'*

[747] A. Gazdecki, 'How Secure Is Blockchain Technology?', Forbes (Oct. 12, 2018), <https://www.forbes.com/sites/forbestechcouncil/2018/10/12/how-secure-is-blockchain-technology/>; Except for instances where one's private key is compromised, in which case hackers can access blockchain users' accounts.

[748] R. Burbidge, 'The Blockchain is in Fashion', 107 Trademark Reporter 6 (2017), at 1262-1263.

computational power that would have to be used aside, this is extremely difficult to achieve in practice in a public blockchain like Ethereum, as the system processes 15 transactions per second.[749] The fact that it is impossible to retrieve a node's cryptographic private key through reverse-engineering their publicly accessible public key[750], further contributes to the security in blockchain data storage. Another feature that makes a blockchain system resilient and secure is the fact that it operates under a 'peer-to-peer' model, which means that even if some nodes become inactive, the network will continue to operate as normal. Contrarily, a centralised system would not be able to operate if the central controlling node, e.g. the server, became inactive.

Public blockchains are, therefore, considered more secure for storing data than centralised data storing systems. In the latter, although the record may be viewed and edited by multiple individuals, a single copy of the record is subject to irreversible alteration by one central node, which is fully trusted by all participatory nodes. Such system could be more susceptible to hacking, as hackers could focus on a single point of attack to access, amend or delete data. At the same time, the integrity of the information stored could come into question, as a single entity would have the sole power to control and authorise network activity. In contrast, decentralised blockchain systems offer high levels of trust, which is automated and based on digital systems and computer algorithms, while at the same time, all participating nodes possess the same degree of decision-making and for a data to be stored, a majority consensus over their validity must be reached.[751]

5.2.3.2. Private and Permissioned Blockchains

While public permissionless blockchains and their inherent decentralisation make robust systems for secure data storage that can serve the needs of the proposed Use Case No.1 below, private permissioned blockchains have grown in popularity for their potential to revolutionise business processes and for keeping a blockchain record that can only be updated internally by a business network.[752] They are, therefore, considered more suitable for storing data associated with real-world products' provenance and movement throughout the supply chain under Use Case No.2. Just like a fashion brand would only need to share company information with its partners and operators for carrying out business processes, rather than have a ledger

[749] Blocksplain, 'Blockchain Speeds & the Scalability Debate' (Feb. 28, 2019), <https://blocksplain.com/2018/02/28/transaction-speeds/>.
[750] M. Aydar, S.C. Cetin, S. Ayvaz, B. Aygun, 'Private Key Encryption and Recovery in Blockchain', Elsevier (2019), at 2-3.
[751] M. Fenwick, E. Vermeulen, 'Decentralisation is Coming: The Future of Blockchain', 2 Journal of the British Blockchain Association 2 (2019), at 105.
[752] Statista, 'Blockchain models deployed in organizations worldwide as of 2019' (May 2022), <https://www.statista.com/statistics/878706/worldwide-blockchain-models-in-enterprise/>.

completely open to the public that would allow anyone to log and access data, a track-and-trace process would only require the involvement of business and supply chain stakeholders in the logging and sharing of information among a closed network.[753] Not only would such closed network participants be pre-defined, but also their real-world identities would need to be visible, or at least verifiable, since they would consist of stakeholders linked to a business, including manufacturers, suppliers and retailers of products. While the above are not achievable in an anonymised trustless public blockchain that is freely accessible to anyone, the said network could operate effectively within a private permissioned blockchain environment.[754]

Even though private permissioned blockchains generally maintain the technology's key characteristics, they are not trustless and not as decentralised as public blockchains, since the network relies on a trusted central party or coordinating node (or group of nodes) to determine who is eligible to join the network and set the rules of the ledger to be followed. The coordinating node can further opt for different design choices on the network, in relation to what powers other nodes would have in the decision-making process, i.e. which nodes can validate transactions or new information to be added to the blockchain. Hence, some level of decentralisation is still in place, which adds to the security of the closed ledger, as information is irreversible and a majority of individuals known to each other would be required to reverse a block or series of blocks. Hence, any attempt to manipulate the network would be reflected on every stakeholder's copy of the ledger and could have direct repercussions to those involved, as their identities would be known.

Despite the existence of trust to the controller node(s) among participants, whose identities are verifiable, consensus mechanisms are still being deployed to ensure the network's security and integrity. While it is possible to utilize custom-made consensus mechanisms to fit the different needs and objectives of a specific use case, a commonly used one is Proof of Authority (PoA).[755] This mechanism makes use of certain trusted pre-approved nodes by the network to act as miners and validate transactions. Instead of anonymous miners that compete with each other to find a solution to a mathematical problem, authorised miners' real-world identities and reputation are used as stake, or as authority, that they will perform their mining duties appropriately. As such, they are authorised to validate transactions and create new blocks by means of reaching a majority consensus at their own discretion, as well as vote for the removal of any malicious miners in order to ensure the security of the network.

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[753] V. Gaur, A. Gaiha, 'Building a transparent supply chain', Harvard Business Review, (May-June 2020).

[754] M.C. Lacity (n 740), at 75-86.

[755] R. Das, 'Proof of Authority', Medium (June 12, 2020), <https://medium.com/coinmonks/proof-of-authority-ac34f1b3a2c2>.

Furthermore, private permissioned blockchains are customizable to the needs of the use case that they are being used for, as the controller nodes have the power to set different types of access and control to the system. For instance, in a track-and-trace blockchain use case, although the relevant stakeholders involved with the production, handling and distribution of physical fashion products would be full nodes, capable of logging new information on the ledger, consumers could have limited access to only view data that relate to tracked real-world assets that have been linked to the blockchain via tokenization.

Private permissioned blockchains can, therefore, be viewed as secure systems capable to optimise and automate long-established supply chain tracking business processes that were previously managed under a centralised business structure. At the same time, blockchain's ability to serve as a network where business stakeholders can log, access and exchange information in the single blockchain record in real time with complete transparency, as opposed to maintaining separate databases and relying on manual book-keeping, enables the business to run more efficiently, avoid traditional bureaucratic processes and potentially save in both time and book-keeping associated costs. Blockchain's potential in this context is further evidenced by the fact that, as of 2021, 31% of businesses and organisations worldwide have used this technology to track-and-trace products[756], including the UK government's smart waste tracking project for combatting illegal waste activity and tax evasion[757] and the US Department of Homeland Security's blockchain initiative for tracking imported oil, gas and raw materials.[758] Nevertheless, challenges as to integrating blockchain within current businesses exist, such as the high computational power that would be required for such a network to operate. And while the estimated cost of asset tokenization on the blockchain is not particularly high, as discussed in the next section, the costs for its adoption by businesses are high, due to the process of migrating existing IT systems, operational frameworks, and data into a blockchain-based infrastructure.

[756] Statista, 'Blockchain technology use cases in organizations worldwide as of 2021', (Aug. 2021), <https://www.statista.com/statistics/878732/worldwide-use-cases-blockchain-technology/>.

[757] UK Department for Environment, Food & Rural Affairs, The Rt Hon Thérèse Coffey MP, 'Smart tracking of waste across the UK: GovTech Catalyst competition winners announced', (Feb. 19, 2019), <https://www.gov.uk/government/news/smart-tracking-of-waste-across-the-uk-govtech-catalyst-competition-winners-announced>.

[758] US Department of Homeland Security, 'News Release: DHS awards $197k for blockchain-agnostic approach to tracking raw material imports', (Nov. 18, 2019), <https://www.dhs.gov/science-and-technology/news/2019/11/18/news-release-dhs-awards-197k-tracking-raw-material-imports>.

5.2.4. Blockchain Tokenization - Non-fungible tokens (NFTs)

Another technical process, which is integral to the two proposed blockchain use-cases in Section 3, is blockchain 'tokenization'. For the purposes of this thesis, tokenization of fashion assets refers to the process of linking IP protected fashion designs or individual physical products that bear such designs to the blockchain. From a technical perspective, a new block may be created and the data relating to the fashion IP asset in question will be become permanently and irrevocably part of the blockchain record in the form of a non-fungible token (NFT). The new NFT blockchain entry will automatically be reflected on all participants' copies of the ledger, irrespective of the type of blockchain network.

Unlike cryptocurrencies, or fungible tokens, such as Ethereum or Bitcoin, which hold the exact same value and can be divided and exchanged into smaller fragments, NFTs are non-exchangeable tokens. They may be best understood as '*uniquely identifiable digital representations of physical or digital items [in the form of structured metadata], but often not tied to [those]*'[759], or in the EUIPO's wording '*unique digital certificates registered in a blockchain*'[760], which can authenticate IP-protected fashion designs and fashion products. In theory, the creation or 'minting' of the NFT takes place by the IP holder of a fashion design, who is also the first owner of the token.[761] In such case, ownership of both the token and the underlying IP asset are immutably documented on the ledger and a trusted certificate of authenticity of the IP asset in question is created.

Importantly, depending on the kind of asset that is being tokenized, namely IP protected fashion designs or individual real-world products that bear such designs, NFTs may serve different purposes. For instance, NFTs may be used for merely record-keeping and authentication purposes or may be treated as distinct fashion assets that brands can commercialise upon, as will be illustrated when exploring Use Cases No.1 & No.2 in the next Section.

From a practical perspective, when an IP protected fashion design is the subject-matter of tokenization, the IP holder/ designer may 'mint' or create a fashion NFT on a dedicated NFT platform, i.e. OpenSea[762], by simply uploading a digital file containing a copy of the design in question. The copy of the IP asset is typically stored outside of the blockchain, i.e. on a secure server, and the way

[759] F. Idelberger, P. Mezei, 'Non-fungible tokens', 11 Internet Policy Review 2 (2022).
[760] EUIPO, 'Virtual goods, non-fungible tokens and the Metaverse' (June 23, 2022), <https://euipo.europa.eu/ohimportal/en/news-newsflash/-/asset_publisher/JLOyNNwVxGDF/content/pt-virtual-goods-non-fungible-tokens-and-the-metaverse>.
[761] See I. Lapatoura, 'Copyright & NFTs of Digital Artworks', The IPKat (Mar. 23, 2021), <https://ipkitten.blogspot.com/2021/03/guest-post-copyright-nfts-of-digital.html>.
[762] OpenSea, <https://opensea.io/>.

it is typically connected with the NFT is through a link contained within the NFT's metadata that pinpoints to its off-chain location.[763] OpenSea offers a free NFT 'minting' (or creation) service, while creators only have to pay a small service fee per NFT sale[764], as well as a one-off gas fee to the blockchain network, against the linking of their digital wallet and OpenSea account to the blockchain.[765] While the newly minted token can be solely used to securely store ownership and provenance information regarding the IP asset in question, it can also be treated as a distinct digital proprietary asset, at least in the UK.[766] This practically means that, where fashion NFTs are tied to an IP protected fashion design and not an individual physical fashion product, they are not to be treated as digital twins of real-world fashion products, even if both are associated with the exact same IP protected fashion design. Instead, they are simply two different means of commercialisation of an IP-protected fashion design, or else, two different types of products, independent of each other. To illustrate this point further, a physical fashion product to which a TM is applied, would be classified as Clothing, Footwear (Class 25) or Accessories and Jewellery (Class 14) under the Nice Classification.[767] In contrast, under the recent EUIPO guidelines, NFTs are regarded as 'digital content or images'[768], registrable under Class 9.

In such context, NFTs can be regarded as distinct digital assets that hold a value of their own, as their non-fungibility signifies that they represent unique or '*digitally scarce units of value*'[769] associated with the IP protected fashion design. As such, tokenization can be treated as a new means of commercialisation of a brand's IP, as the buyer of fashion NFT not only owns the digital certificate of authenticity of a fashion design, but also '*a scarce [digital] version, much like a limited-edition, of that design, which partly explains the value that it holds*'[770]. Other than being perceived as digital

[763] A. Guadamuz, 'The treachery of images: Non-fungible tokens and copyright', 16 Journal of Intellectual Property Law & Practice 12 (2021), at 1367-1385.

[764] For instance, OpenSea charges 2.5% of any transaction on the platform and allows free minting by users. See OpenSea, 'Help Center: What fees do I pay on OpenSea?', <https://support.opensea.io/hc/en-us/articles/14068991090067-What-fees-do-I-pay-on-OpenSea->

[765] OpenSea, 'Help Center: What are gas fees?', < https://support.opensea.io/hc/en-us/articles/1500006315941-What-are-gas-fees->; From a technical perspective, the gas fee is charged for the creation of a smart contract that becomes associated with the 'minter's' digital wallet and NFT platform account.

[766] *Osbourne v Persons Unknown & Anor* [2022] EWHC 1021 (Comm), para 13; See UK Law Commission, 'Digital Assets' Consultation paper 265, <https://www.lawcom.gov.uk/project/digital-assets/> (for a proposal of a new type of UK property category 'data objects').

[767] Nice Classification (n 89), Classes 9, 14, 25.

[768] EUIPO (June 23, 2022) (n 760).

[769] I. Lapatoura, 'Creative digital assets as NFTs: a new means for giving artists their power back?', 32 Entertainment Law Review 6 (2021), at 170.

[770] I. Lapatoura, 'Fashion beyond physical space: NFTs & intellectual property challenges in the metaverse', 33 Entertainment Law Review 6 (2022), at 199-200. Note that the IP

collectibles that can be traded, fashion NFTs may further be accompanied by a digital fashion article component within their metadata, that can be used as a digital wearable for users' virtual avatars in gaming and metaverse platforms.[771] Therefore, fashion NFTs may be perceived as a different product category to which an IP protected design may apply, other than physical fashion pieces.

In other instances, where a real-world individual fashion product is the subject-matter of tokenization, the linking on the blockchain is achieved through some unique identifying feature that the physical product bears as part of its label. For instance, a QR code, a Radio-Frequency Identification (RFID)[772] or a Near Field Communication (NFC) device sewn on a physical garment, capable of transmitting information to the blockchain when scanned, could constitute the link with its corresponding blockchain-stored NFT. Given that NFTs contain information as to products' origin, in cases where every single physical fashion product is matched with a digital twin NFT on the blockchain, a verified and undisputable blockchain certificate of authenticity of the asset in question is formed. As will be viewed in Use Case No.2, other than verifying products' provenance and authenticity, a permissioned blockchain distributed ledger can have the additional role of keeping track of the product's movement in the supply chain, as it is capable of becoming constantly updated by new data on the asset's real-world location whenever handled by a supply chain stakeholder, until it reaches the marketplace. Blockchain's immutability and security features can ensure transparency and product traceability in the supply chain, invaluable features for optimising anti-infringement strategies, as discussed in Section 5.3.2.

5.2.5. Smart Contracts

The final technical exploration that is required before delving into the proposed use cases concerns a very promising blockchain application, the so-called 'smart contracts'. To begin with, like in many other industries, licencing agreements are common practice in the fashion sector, as a way to capitalise on and regulate use of IP protected works or to settle disputes privately in cases of IP disputes, as previously discussed in Chapter 4. Under such agreements, the IP holder allows a third party to use, or continue to use, their protected works under certain conditions, and in exchange for a monetary fee. To that day, the legal document containing the licencing terms for an IP-protected work is typically drafted by lawyers in hard copy or electronic form, co-signed by the IP proprietor and the brand or individuals who wish to make use of that

holder/designer would still typically retain the IP rights of the tokenized underlying work, unless specified otherwise, i.e. for certain permitted uses of the work to be granted under a license.

[771] I. Lapatoura, 'NFTs, Digital Worlds and Brand Protection in Fashion: A UK/ European Intellectual Property Perspective', International Journal of Law in Changing World, Special Issue: NFTs and The Legal Landscape (30 November 2023), para 1.1.

[772] B. Violino, 'The Basics of RFID Technology', RFID Journal (Jul. 19, 2005).

particular IP work. In a similar fashion, blockchain technology makes it possible for some of the contents and contractual terms of agreements to be written in computer code format and become immutably registered as data in the blockchain.[773]

More than this, blockchain technology enables the automatic self-execution of those contractual terms, by means of a so-called 'smart contract'.[774] A smart contract is a digital multi-party agreement contained within a block and written in computer code – in the form of 'if-then' instructions –, which can become automatically executed by the blockchain system once triggered by a specific message.[775] Through such contract, the terms contained in a traditional licencing agreement could be expressed as self-executing code-based terms to automatically transact cryptocurrency among the parties involved within a blockchain network, i.e. whenever the blockchain-associated IP protected work or a copy of it was sold for commercial gain. From a technical perspective, the smart contract's code, which contains pre-specified instructions on how certain procedures should be executed,' is incorporated into a so-called 'contract transaction'.[776] From a practical perspective, the smart contract's digital address is shared across the network, so that nodes can trigger it by initiating transactions directed to this address. Upon triggering a smart contract, the 'contract transaction' needs to be validated. The interested parties and the participants of the blockchain network in question need to digitally sign it, using one of their blockchain cryptographic keys, similar to putting their signatures down on a piece of paper or electronic document. As soon as it becomes digitally signed in the blockchain, all pre-determined terms, or instructions, are automatically performed and become registered within the ledger in a brand new valid block.

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[773] G. Governatori, F. Idelberger, Z. Milosevic, R. Riveret, G. Sartor, X. Xu, 'On Legal Contracts, Imperative and Declarative Smart Contracts, and Blockchain Systems', 26 Artificial Intelligence and Law 377 (2018).

[774] Possibly first introduced to the world in 1994 by Nick Szabo, see N. Szabo, 'Formalizing and Securing Relationships on Public Networks', 2 First Monday 9 (1997), <https://firstmonday.org/ojs/index.php/fm/article/view/548/469>. Note that a smart contract may not necessarily always be synonymous to a contract in the legal sense – other things can be expressed in computer code in 'if-then' format and transform into smart contracts.

[775] P. De Filippi, A. Wright, *Blockchain and the Law: The Rule of Code* (Harvard University Press, 2018), at 74; M. Rauchs (n 738), at 37 ('*Smart Contracts: Programmatically-executed transactions (PETs) are computer scripts that, when triggered by a particular message, are executed by the system. When the code is capable of operating as all parties intend, the deterministic nature of the execution reduces the level of trust required for individual participants to interact with each other. For example, these scripts can replace fiduciary relationships, such as custody and escrow, with code. These are often called 'smart contracts', but are not autonomous or adaptive ('smart'), nor contracts in a legal sense. Rather, they can be evidence of a contract, or a technological means of implementing a contract or agreement*.')

[776] Chamber of Digital Commerce, 'Protecting State Smart Contracts Innovation, One Signature at a Time' (June 2, 2018), <https://digitalchamber.org/protecting-state-smart-contracts-innovation/>.

A smart contract's software can be parallelised to the instructions contained in a vending machine's software, where a user can insert a coin – in our example, correct data or a transaction directed to the smart contract's address – and receive a product – or bring about the automatic enforcement of instructions. Figure 36 below demonstrates a basic 'smart contract' transaction example, following the logic deployed behind a vending machine's operation.

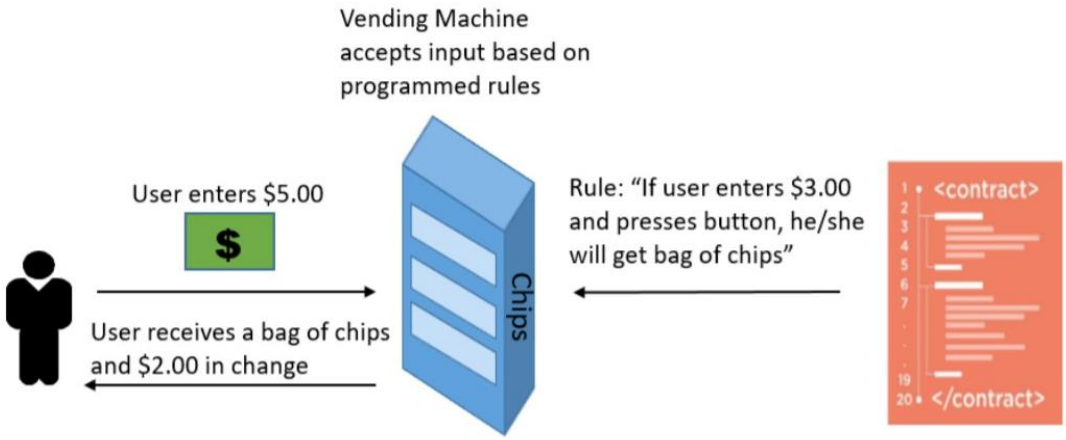


Figure 36: 'Smart contract' and vending machine example[777]

Figure 37 illustrates a smart contract's format in a fictional example involving stocks, provided by Kevin Delmolino et al.[778] Alice and Bob, the two parties, deposit the same amount of money in the form of cryptocurrency and they also place bets based on whether the value of a stock of an exchange will be higher or lower than a pre-determined estimate. Once the deadline is reached, a referral is being made to a stock exchange authority to confirm the stock's price and one of the two parties will receive the full amount deposited.

[777] A.M. Rozario, M.A. Vasarhelyi, 'Auditing with Smart Contracts', The International Journal of Digital Accounting Research 18 (2018), at 6.

[778] K. Delmolino, M. Arnett, A. Kosba, A. Miller, E. Shi, 'Step by Step Towards Creating a Safe Smart Contract: Lessons and Insights from a Cryptocurrency Lab', in J. Clark, S. Meiklejohn, P. Ryan, D. Wallach, M. Brenner, K. Rohloff, (eds) *Financial Cryptography and Data Security* (Springer, 2016), at 79-81.

```
data Alice, Bob
data deadline, threshold

# Not shown: collect equal deposits from Alice and Bob
# We assume StockPriceAuthority is a trusted third party contract that can give us the price
  ↪ of the stock

def determine_outcome():
  if block.timestamp > deadline:
    price = StockPriceAuthority.price()
    if price > threshold:
      send(Alice, self.balance)
    else:
      send(Bob, self.balance)
```

Figure 37: 'Smart contract' operation example[779]

The parties' identities, the deadline of the stock's price and conditions, i.e. to 'collect equal deposits', are all embedded within the smart contract's code. Pre-programmed instructions are strictly being followed and despite the absence of a single controlling entity to authorise the contract's execution, the peer-to-peer blockchain validation framework ensures its accuracy.

In a fashion NFTs context, when the NFT is sold, the NFT buyer purchases the digital certificate of authenticity of the protected work. No IP interests of the underlying asset are automatically transferred upon an NFT sale, but the NFT buyer may be granted certain permitted uses of the work under a license, i.e. the right to display, make copies or use the NFT in a commercial setting. And given that NFTs operate solely in a blockchain environment, so does contracting, meaning that the licensing agreement would be powered by smart contracts. This possibility of setting contractual sale terms of choice via smart contracts, without any negotiation, gives substantial power to the creator/ 'minter' of the NFT to control the context of use of their work, as such license agreements are pre-programmed and coded within the blockchain, and hence, are unalterable after sale. Yet, this specific potential use of smart contracts will not constitute a substantive part of the proposed use cases in Section 5.3.

Instead, the reason why smart contracts are of particular interest to this research, is due to their potential in facilitating an automated and decentralised supply chain tracking of physical fashion products, as explored in Use Case No.2 of this Chapter. Smart contracts could not only trigger monetary exchanges among different fashion business stakeholders, such as suppliers and operators, but also reflect actual fashion asset exchanges in the real world. As previously discussed, a blockchain digital twin of a real-world fashion asset can

[779] Ibid, at 3.

be created by means of tokenization. Whenever the physical asset is exchanged or handled by different supply chain stakeholders, the message could be transmitted on the blockchain and automated smart contract transactions could reflect the digital twin token's change in hands, simulating the real-world supply chain process. And through such asset exchange, the blockchain ledger could, among others, reflect change of ownership and authenticity of real-world fashion articles, that may prove particularly valuable in the battle against IP infringement, as discussed in the same Use Case.

This thesis is not particularly concerned with smart contracts' legality as per national contract laws and compliance with other laws as licensing agreements, because their relevance to this analysis is solely in relation to Use Case No.2. This Use Case deals with a private permissioned blockchain for facilitating a track-and-trace process among a closed group of stakeholders or nodes, whose identities are known. The context in which smart contracts are to be utilized is in relation to the execution of automated transactions solely among those pre-determined nodes, regarding real-world assets' movement and/ or payments, so as to optimise the effectiveness of how such business process is traditionally run in the real world. Thus, it is expected that the terms of the smart contract and, where applicable, the prevailing contract law jurisdiction will be pre-determined among the definite group of stakeholders.

Nonetheless, in cases where smart contracts give effect to legally binding agreements, issues may arise in relation to applicable law.[780] Due to being self-enforced, commentators have claimed that they could make contract law less needed.[781] But depending on a smart contract's nature and contents, contract law may be necessary, i.e. for settling disputes. Particularly in public permissionless blockchains, unless the parties have asked the smart contract's programmer to pre-define the governing law of their contract within its software, private international law dictates that jurisdiction is determined by the residence address of the defendant or the place that the contract was performed.[782] This could be problematic in a trustless blockchain network with pseudonymised nodes. Contrarily, in a private permissioned blockchain, certain rules that are embedded in the blockchain's code can be enforced to all

[780] Note that 'smart contracts' are not recognised as legally enforceable contracts by all jurisdictions. They sometimes are viewed as a financial computation among parties, because sophisticated contractual terms cannot always be adequately expressed in the form of code, so that parties would have a mutual understanding of their meaning and this could lead to the contract becoming non-binding. See discussion on 'Legal Design', a novel human-centred approach on accessing law and solving legal disputes; M. Corrales, M. Fenwick, H. Haapio, *Legal Tech, Smart Contracts & Blockchain*, (1st ed., Singapore: Springer, 2019).

[781] G. Rühl, 'The Law Applicable to Smart Contracts, or Much Ado About Nothing?', University of Oxford: Blog Home, (Jan. 23, 2019), <https://www.law.ox.ac.uk/business-law-blog/blog/2019/01/law-applicable-smart-contracts-or-much-ado-about-nothing>.

[782] Rome I, known as Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177, Art. 1, 3-4.

participants. By way of example, these could involve a contractual agreement determining which node is the administrator node and which are the participatory nodes, so liability would be established accordingly, and the legal framework determined by the contract (if determined) would apply.

In the USA, although there is no federal law related to blockchain and 'smart contracts' regulation, there have been recent state-level attempts to recognise and enforce them. The US common law principles of offer, acceptance and consideration are central in this process.[783] More specifically, it has been held that contracts do not need to be in writing to be valid[784] and therefore, code-based 'smart contracts' could be enforceable by law. For example, under the Uniform Electronic Transactions Act[785], which constitutes part of state law, adopted by 47 US states, records and signatures in electronic form are given the same legal effect as those in writing. Also, the Electronic Signatures Recording Act (E-Sign Act)[786], which constitutes federal law that all states are bound by, recognises electronic records and signatures in commerce within states as valid by law. It also recognises that any contract or record related to a transaction in electronic form has legal standing, notwithstanding the number of agents involved in its creation or delivery, provided that the rights it confers are "legally attributable to the person to be bound".[787]

In the EU, the Regulation on the Electronic Identification and Trust Services[788] was passed, enabling contracts signed by use of a digital signature or other digital verification services to be recognised as legally valid and admissible as evidence in court proceedings.[789] In an attempt to establish uniformity across the EU member states, an updated legal framework was set out for members to adopt. In practice, a 'smart contract' could be regarded as falling within the scope of the Regulation, because the electronic signature

[783] A contract is an agreement which is binding and enforceable in court proceedings: American Law Institute, *Restatement (Second) of the Law of Contracts*, Vol. 1 (1981), at 1-177.
[784] See *Lumhoo v Home Depot USA, Inc.,* 229 F. Supp. 2d 121, 160 (E.D.N.Y. 2002).
[785] Uniform Electronic Transactions Act (UETA) 1999; See also para: §2(6), where "electronic agents" are recognised as valid by law: ""a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part, without review or action by an individual."; See also para §2 cmt. 5, where "electronic agents" are "capable within the parameters of its programming, of initiating, responding or interacting with other parties or their electronic agents once it has been activated by a party, without further attention of that party,", thereby recognised smart contracts as early as in the late 90s.; Also, Illinois, New York and Washington have passed state laws for recognising electronic transactions.
[786] Electronic Signatures Recording Act (E-Sign Act) (2000).
[787] Ibid; 15 U.S.C., §7001(h); See also §7006(3), whereas an "electronic agent" is "a computer program or an electronic or other automated means used independently to initiate an action or respond to electronic records or performances in whole or in part without review or action by an individual at the time of the action or response".
[788] EU Regulation No 910/2014 of the European Parliament and of the Council of 23 July 2014 on Electronic Identification and Trust Services for Electronic Transactions in the Internal Market and Repealing Directive 1999/93/EC, OJ L 257/73, as revised in June 2022, Art. 25, 28.
[789] Ibid, Art. 25.

being used in the form of a cryptographic key, demonstrates the existence of a contractual relationship between the parties involved in the blockchain transaction. Nevertheless, whether the blockchain key satisfies the 'electronic signature' condition under the Regulation is questionable and is decided by each member state's national courts.[790]

In the UK, 'smart contracts', provided that they meet the requirements of a legal agreement, could be regarded as binding, just like any other type of contract. More specifically, so long as they can demonstrate the formation of an agreement, consideration, certainty and completeness, an intention to create legal relations and compliance with formalities. In 2021, the UK Law Commission acknowledged that the existing legal framework can comply with and support use of smart contracts.[791] Equally, e-signatures have been recognised as binding by law.[792]

5.3. Blockchain Use Cases

5.3.1. Tokenization & Blockchain-stored Evidence for Increased Fairness in IP Remuneration via Private Settlements

The proposed blockchain Use Case No.1 focuses on the potential that the blockchain tokenization of fashion assets may have for enhancing the effectiveness and fairness in dispute resolution and enforcement of IPRs via private settlements. It is tailored to instances where a fashion designer deals with infringers whose identities can be ascertained. A hypothetical example is where designers and/ or fashion brands rip off the designs of others, often emerging ones without a large consumer base or recognition, sell copies of designs as their own, and launch them within their own collections. What may possibly happen afterwards largely depends on the financial situation of the designer who has suffered infringement, as well as their business' size and PR strategy. They may either decide to pursue litigation against the named infringer, provided that they can support the heavy litigation costs and accompanying public exposure or decide to settle the dispute privately. From a purely economic perspective, a trial may be viewed as both '*a curiosity and a deadweight loss*'[793]: a '*curiosity*', as the litigation costs could be avoided via settlement, where a sum approximating the final award could be agreed upon,

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[790] See A. Wright, P. De Filippi, *Decentralized Blockchain Technology and the Rise of Lex Cryptographia*, SSRN (Mar. 10, 2015).

[791] UK Law Commission, 'Smart Legal Contracts: Advice to Governments', Law Com No 401, CPR 563 (Nov. 2021), <https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jsxou24uy7q/uploads/2021/11/Smart-legal-contracts-accessible.pdf>.

[792] Regulation No 910/2014 (n 788); Electronic Communications Act 2000, s.7; UK Law Commission, 'Electronic signatures are valid, confirms Law Commission' (Sep. 4, 2019), <https://www.lawcom.gov.uk/electronic-signatures-are-valid-confirms-law-commission/>

[793] W.M. Landes, 'An Economic Analysis of the Courts', 14 Journal of Law and Economics 61 (1971); R. A. Posner, 'An Economic Approach to Legal Procedure and Judicial Administration', 2 Journal of Legal Studies 399 (1973).

meaning that less costs expenditure is advantageous to both parties; and a '*deadweight loss*', as such a mutually financially advantageous agreement is an impossible trial outcome. As highlighted previously, litigation is not a viable option for designers with small budgets, due to the high financial burden it carries. Equally, large fashion brands with the financial means to pursue litigation, may not necessarily be willing to endure heavy public exposure and potential damage to their image.

5.3.1.1. Challenge No.1 - Unfairness in IP Remuneration for Designers via Private Settlements

Since only a small percentage of IP fashion disputes end up in court according to the previous Chapter's research findings, settlements are very likely being utilized by fashion designers and research suggests that they are indeed the enforcement path of choice for most design right holders in the UK. While a segment of designers may not seek enforcement at all, another research study indicates that 98.3% of UK designers have experienced infringement and the majority of those contacted the infringer brand to discuss options, once they became aware of the infringing activity.[794] While these data are not insightful as to the extent of utilisation of private settlements by fashion designers, it could be argued that some designers will wish to act upon infringement and if small or emerging, litigation will be quickly struck out as an option and settling privately may appear more enticing. In a sector like fashion, where brand image is of high importance and maintaining a good reputation is closely interlinked with the success of a brand, parties are often inclined to cooperate, to ensure that their interests and reputation are preserved at a fraction of the cost compared to litigation. Despite the undisputed benefits that a private settlement promises at first glance, it does not come without any flaws. The author of this thesis identifies a main problematic aspect of this enforcement route, namely the inequality between larger and smaller fashion designers and brands when bargaining a private agreement. Although being completely free to offer any amount of compensation for IP infringement may be viewed as something positive, being part of the free-market system we currently experience, such complete freedom may have negative repercussions to certain fashion industry players who partake in settlement negotiations, as well as to the safeguarding of intellectual property. The different bargaining attitudes among different parties will be briefly discussed, followed by the aforementioned repercussions and how blockchain can help in that respect, as a complementary mechanism for maximising the effectiveness and fairness in IP private dispute resolution.

In the absence of any bargaining standards, in cases of a settlement for IP infringement involving two large-sized fashion businesses, it is argued that,

[794] UKIPO, S. Baumgart, et al. (n 623).

due to both having the financial means to initiate a lawsuit in case things do not work out, their offers would be pragmatic and more likely to be representative of the actual damage resulting from the infringing act, recognising the value of the other similar-sized brand's intellectual property.[795] In this way, both brands would be willing to cooperate and at the same time, avoid the risk of incurring high litigation costs and the accompanying unwanted public scrutiny. But is this always the case among different-sized business players in fashion?

Although this may not always be the case, a large fashion brand's bargaining position may be stronger when negotiating a settlement with a smaller designer, whose IP protected design may have been used without authorisation.[796] Indeed, Fiss argues that the parties' financial situation and relative wealth may affect their bargaining powers and ultimately, the settlement's final agreed sum.[797] This may be true, particularly in the creative industries and in fashion, because it is likely that large fashion brands with economic security would rest assured that small designers and their limited budget would preclude them from threatening with litigation and would be much more inclined to accept a monetary offer, even if much lower than the remedies they would likely have been awarded by a court. For a small designer with no established reputation and limited funds, even a small amount of monetary compensation may go a long way and signify their survival to the industry. In the absence of any bargaining mechanism that could empower smaller designers' positions, this problematic situation may easily become the norm in settlements among fashion businesses of different sizes.

However, with such a norm lies a serious danger for IP protection. For instance, the knowledge that small businesses cannot pursue traditional litigation to enforce their IP. And the knowledge that they will likely settle for less exacerbates the imbalance of power among industry players and the subsequent unfairness caused, as larger brands can leverage their position of strength and financial security to get away with unfair practices. Such knowledge indirectly gives leeway to larger brands with deeper pockets to infringe upon the intellectual property of others – especially of emerging designers or fashion SMEs, who would be in greater financial need than others – with the knowledge that they can get away with it by paying a small compensatory sum or have the smaller party agree to let them continue using their IP, by proposing licencing terms that may be disadvantageous for the latter. This reality creates a rather unfair framework for creators of smaller

[795] O.M. Fiss, 'Against Settlement', 93 Yale Law Journal 1073 (1984), at 1076.

[796] R.J. Rhee, 'A Price Theory of Legal Bargaining: An Inquiry into the Selection of Settlement and Litigation under Uncertainty ', UF Law Scholarship Repository (2006), at 683: '*Some single-play parties, such as wealthy people, may be insensitive to risk due to a diminishing marginal utility of money. On the other hand, a single-play party whose legal dispute constitutes a substantial portion of his wealth may be highly sensitive to the variance of outcome since the risk cannot be diversified away or hedged in some form*'.

[797] O.M. Fiss (n 795), at 1076-78.

sizes, while at the same time enabling larger designers' businesses to grow, by taking advantage of the hard work of others and knowing that, if they get caught, they can cut an affordable (for them) deal that would not be detrimental to their business.

Unless small industry actors are equipped with something that could leverage larger designers to be more respectful of their IP's value**,** there lies a risk. A risk that certain large opportunistic designers and brands are not being adequately deterred from infringing the IP of their smaller industry competitors and may benefit from stealing the work of others with minimal consequences, given that most private settlements commence behind closed doors and the public is unaware of the final outcome or a brand's negotiating attitudes. The complete freedom in bargaining a settlement agreement, without any settlement mechanism in place to protect the interests of smaller designers, who have more to lose if they do not accept the deal they are being presented with, further amplifies this unfairness, while it may also have a negative impact on safeguarding the IP of smaller creators.

5.3.1.2. Use Case No.1 - Tokenization & Blockchain-stored Evidence

Despite this significant problematic aspect, it is unlikely that fashion designers and brands would vacate the private settlements route to IP enforcement over litigation any time soon. Indeed, as previously discussed, time is of the essence when it comes to IP infringement of fashion designs, given that the lifecycle and popularity of most is usually expected to be short, meaning that the infringing copy on the market would likely deprive designers of revenue and interfere with their brand image and reputation. Litigation is lengthy and the associated costs might even exceed the value of the fashion asset for which enforcement is sought, especially when it comes to seasonal fashion pieces with a lifecycle of only few weeks. Therefore, settling privately may constitute an industry practice, as a much quicker and cost-effective solution for resolving an IP dispute.

The benefits of IP enforcement via a private settlement appear to outweigh its accompanying problematic issue of bargaining unfairness. But in the absence of any mechanisms or policies to address the said inequality among those industry players, this proposed solution's prospect cannot be understated. Particularly due to the private nature of settlement agreements with very little insight as to the specifics agreed, the author argues that blockchain could achieve the rebalancing of the current landscape. This thesis supports that blockchain tokenization of physical or digital fashion designs or products can contribute to its minimisation. It argues that blockchain technology could complement the process of carrying out out-of-court settlements and contribute to the strengthening of designers' negotiating powers, and particularly of smaller designers' who may experience the above-

mentioned bargaining unfairness to a greater extent, in cases where their creations have been infringed by other designers or brands. It further supports that small designers' willingness to enforce, irrespective of who they have to enforce their IP against, as evidenced by the tendency to resort in social media shaming, at least by some small designers, over recent years, can be channelled via private settlements and for optimal results, also use blockchain as a low-cost and low-risk mechanism to source evidence, i.e. without exposing the other party as part of a social media campaign or encouraging other small designers who have experienced infringement to publicly call out the copyist brand.

Given that a public permissionless blockchain is a particularly secure digital record-keeper, it can constitute the digital infrastructure for notarising information related to physical or digital assets' provenance and verify their authenticity. Designers who opt for the tokenization of their IP protected fashion designs as NFTs are automatically creating an immutable verified record that holds information relating to their designs. The information contained within an NFT may relate to ownership of the token and of the underlying protected fashion design, a copy of the design or a link to its secure location off-chain, as well as up-to-date information as to any sale or resale of the token and details of the price paid, being monitored every step of the way.

As such, this author argues that designers could resort to verified data, stored within a public permissionless secure network, where the token could be used to prove authorship/ ownership, the exact timing of their design creation and/or their IP's real-time value, when making their claims and counterclaims in a negotiation setting. Given that it is not always possible for designers to possess the above information in verified undisputable format, generated from a decentralised and almost entirely tamper-proof system that cannot be manipulated, a token in which data are stored may serve to act as concrete proof in case a legal dispute arises and settlement is the preferred or the only possible route for resolution.[798] With this type of proof at hand, designers may be able to negotiate a fairer settlement agreement and increase their chances of securing fairer remuneration for the unauthorised use of their protected designs works.

More specifically, the first type of blockchain-stored evidence that can be sourced for use in private settlement negotiations relates to proof of authorship/ ownership and proof of the exact time a fashion design was created. It could be argued that the power imbalance, as stemming from the lack of adequate monetary funds for young or small designers, can have a direct impact on their ability to seek for evidence that would enable them to

[798] It is uncertain whether blockchain-based evidence may also be admissible as evidence in court. See R. Berto, 'Blockchain records: is the evidence admissible? A challenge for European Member States', 10 Civil Procedure Review 3 (2019), at 58-61.

initiate private negotiations and/or extra-legal solutions to enforcement, i.e. public shaming, without the confidence of possessing sufficient proof to establish that copying of their design has in fact taken place. In order to avoid encountering evidentiary issues in an infringement context, especially in relation to UDR and copyright, both being commonly sought-after for fashion design protection, blockchain offers a user-friendly and low-cost registration mechanism that is transparent and cannot be tampered with. Traditionally, designers could register their copyright works with a collecting society, such as the Design and Artists Copyright Society (DACS)[799] or the Artists' Collecting Society (ACS)[800], which negotiate licensing agreements and gather royalties on their behalf. Their operation does not, however, extend to all relevant IPRs that may be vested within a fashion design. At the same time, collecting societies maintain their copyright registries centrally and sometimes as - highly susceptible to forgery - paper ledgers, as opposed to public decentralised and distributed blockchain databases with no single point of failure, where tampering with the chain and its contents is nearly impossible. A blockchain could not only act as digital tamper-proof notary containing provenance and ownership information of copyright, trade mark and design rights of fashion assets ensured by cryptography, but also contain a time-stamp of when fashion assets – and automated protection in case of unregistered rights – came into existence, without burdening designers with intermediary administration fees payable to collecting societies.

A decentralised blockchain network can further surpass the jurisdictional boundaries of collecting societies and enable a global openly accessible digital database for registration of any type of IP, registered or unregistered, since participating nodes to the network can be located anywhere in the world. Other than placing trust in those entities, or a territory's IP Office for registered rights, '*trust [could] be placed in the mathematical certain provided by blockchain technology*'[801]. Authors should nevertheless consider declaring the jurisdiction within which the design was born within their blockchain metadata to ensure compliance with national IP rules, as well as for greater clarify in infringement instances. But even for those designers who wish to continue working with collecting societies for other reasons, they may still be able to benefit from blockchain-stored proof to use in cases disputes arise. In 2018, DACS has in fact acknowledged the unique qualities of blockchain technology in validating the authenticity of bronze sculptures by applying a hallmark stamp and generating an accompanying blockchain certificate of authenticity within the Verisart blockchain platform.[802]

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[799] Design and Artists Copyright Society (DACS), <https://www.dacs.org.uk/home>
[800] Artists' Collecting Society (ACS), <https://artistscollectingsociety.org/>
[801] A. Wright, P. De Filippi (n 790), at 28, ft. 115.
[802] DACS, 'DACS pioneers 'Bronzechain' as bronze artworks by Maurice Blik meet blockchain tech', (Apr. 12, 2018) <https://www.dacs.org.uk/latest-news/dacs-pioneers-

With or without the involvement of a collecting society, fashion creators of any size could still notarize details of their works in the blockchain by means of tokenization, given that it is a user friendly and low-cost process. When it comes to the tokenization of fashion design, blockchain could be further used as a living document throughout the design process and hold accurate data entries by more than one designer, on who contributed a specific feature of a design and when exactly that happened.[803] Particularly in relation to unregistered design rights or copyright, the most commonly sought after forms of IP protection for fashion designs and design elements subject to seasonal trends, the permanent recording of the designing process in the blockchain could prove invaluable when trying to prove authorship/ ownership in an enforcement context.

Designers who tokenize their creations as soon as they are produced are effectively shielding themselves from instances where protection over their designs becomes challenged in the future, as it is not a rare occurrence that new fashion designs may bear similarities with the prior art in this saturated field. For example, UK and EU fashion designers only afforded with UDR or copyright could defend themselves in disputes where the 'novelty', 'individual character' or *originality* of their designs are contested. Traditionally, the quality of evidence could come into question, as it is possible for the date on design sketches or CAD design files to be tampered with or falsified. This argument could be used in a private settlement negotiation and diminish the possibility for designers to secure the best deal possible. NFTs could nearly eliminate the potential manipulation of asset-related information stored on-chain. And even if courts of law may not fully accept blockchain-backed digital evidence to prove the timing of design creation yet, design infringers negotiating behind closed doors most likely would. Furthermore, the possibility of publicly disclosing designs through blockchain registration, which could negate protection i.e. in case of UDR, is minimal, since blockchain enables encryption in the immutably recorded data, which designers could release if and when needed, i.e. in a private negotiation setting and/ or potentially in litigation.

Nonetheless, it must be noted that a blockchain registry does not guarantee the truthfulness of the data entered by its nodes, but rather verifies

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bronzechain?category=For+Artists&title=N>; A promising development in this space would be the overall shift of DACS registry on a decentralised blockchain database, ensuring greater accuracy and transparency of stored data. Collecting societies could further benefit from smart-contracts' execution on the blockchain for rights management, i.e. for licensing agreements and for the automatic payment of royalties to creators. They could also track use of works arguably more easily, at least online. However, these aspects are not the main focus of this solution. See The Law Society, R. Burbidge, J. Shaw, C. Lyons-Rothbart, 'Blockchain: legal and regulatory guidance report (first edition)' (Sep. 2020), <https://www.lawsociety.org.uk/topics/research/blockchain-legal-and-regulatory-guidance-report>.

[803] See R. Burbidge (n 752), at 1267.

that a digital record was created at a specific point in time and that the record, which is part of an immutable chain, has not been tampered with. In theory, the blockchain nodes have the power to verify or reject transactions and therefore, potential false claims of authorship could be struck out of becoming part of the record. In reality, this would be impracticable in a completely decentralised and distributed blockchain where data entries are encrypted. Hence, a mechanism to verify the real-world identities of designers as an added layer, could better ensure the validity of recorded information, as designers could lose credibility and with their identities out in the open, could risk facing legal action in case they falsified the records. This identity-verification layer could be achieved either by NFT platforms directly, i.e. Opensea, as a compulsory step prior to minting, or by a degree of centralisation in the blockchain and the involvement of authorised entities as validator nodes by means of network consensus. Either of those mechanisms would not be aimed to undermine the openness of the database, but abolishing anonymity or pseudonymity could potentially add to the integrity of the recorded data. Remarkably, in late 2022, the EUIPO launched the first-ever blockchain-based IP registry called 'IP Register in Blockchain' expected to be fully adopted by all Member States by 2025, while also offering blockchain-verified IP certificates for download in 2023. The registry is further connected with DesignView and TMView, the EUIPO's search services for registered rights to automatically update the record with real-time IPR information.[804] Despite being particularly promising, this development concerns only registered IPRs within one of the three jurisdictions under examination and may not necessarily be of use to fashion designers, and particularly individual designers and SMEs, who primarily make use of unregistered protections for their short-life designs. However, the adoption of services for blockchain-backed evidence by official IP EU institutions and their accompanying reports could potentially intrigue small designers, even those who may not be fully aware of their legal rights, to be educated and grow a willingness to experiment with this emerging technology.

Through independently tokenizing their fashion assets and with the blockchain record in hand, designers would be in a position to prove whether their own design was created first, speeding up the whole private settlement process and increasing the chances of securing a fair deal. However, an important limitation in the implementation of this proposed solution remains. As identified earlier in Chapter 4, a large proportion of designers in the UK lack awareness of their legal rights in relation to their creations, though research suggests that once they become aware of infringing activity, some of them will contact the infringer company to discuss options.[805] Therefore, the above

[804] T. Lince, 'Innovation at the EUIPO: spotlight on digital tools and services', World Trademark Review (Jul. 20, 2023), <https://www.worldtrademarkreview.com/data/ip-office-tools-and-services/ip-office-tools-and-services/article/innovation-the-euipo-spotlight-digital-tools-and-services>.

[805] UKIPO, S. Baumgart, et al. (n 623), at 28.

proposed solution is only going to be of value to those designers who are fully or partially aware of their legal rights. It could be argued that recording the designing process on the blockchain, even in cases of designers who may not be fully aware of the exact IP protections that they may be entitled to, still places them in a more beneficial position than before. Arguably, the unalterable and timestamped blockchain record of their designs at hand, as opposed to a hand-drawn sketch or CAD design file, both susceptible to manipulation, may encourage them to demonstrate a higher degree of confidence to contact the infringer company and negotiate licensing of their designs, despite not being entirely sure what exactly their IPRs might be.

While the NFT is only viewed as a secure data storage vessel by the designer for the previously discussed type of evidence, whether or not the token becomes sold is highly relevant in the context the second type of evidence that may be used in a private settlement setting. For blockchain technology to be useful regarding evidence relating to the real-time value of designers' IP, the NFT associated with a fashion design must meet some commercial success. As previously discussed, while some designers may only use their blockchain tokens for storage purposes only, others may decide to sell them to consumers, as a new means of commercialising their IP. This analysis focuses on the latter scenario and it must be highlighted that, from a commercial perspective, a fashion NFT is not a digital twin of a physical fashion product, although both may be associated with the same IP protected fashion design. Instead, they are two completely different types of products, that can exist and/ or succeed in the market independently of each other.[806] Fashion NFTs linked to a protected design are regarded as digital content or images associated with a brand, appealing to consumers either as digital wearables for virtual avatars, or as tradeable digital collectibles. Therefore, in the context of this discussion, the information of interest that is stored within the blockchain exclusively relates to the sale and resale of the token itself, which is associated with the IP protected asset, the fashion design.

Following this clarification, the second possible way in which fashion NFTs may contribute to the creation of a fairer IP dispute resolution framework is through their ability to contribute to the provision of a more accurate and real-time insight of the IP value of fashion designs associated with them, which may prove particularly valuable in a private settlement setting. In case a dispute arises, proof of an IP asset's value can typically be provided by the amount of sales of physical garments, footwear and accessories that bear the protected design. Nowadays, the sales of fashion NFTs may further enrich the value of the IP protected fashion design they are associated with. And given that any NFT-related transactions, including details of the NFT purchase price, is reflected on

[806] In other words, the token's success is independent of the fate or success of the physical fashion product bearing the design in the real world.

the blockchain ledger, a designer could present it as additional proof or 'digital receipts', combined with their real-world fashion sale receipts when asserting a claim against infringers. For instance, if an emerging designer's fashion NFT initially sells for 100GBP, but subsequently increases in value and gets resold for 1,000GBP, the IP owner would retain the time-stamped 'digital receipt' of the blockchain sale. Where an IP protected design is subjected to infringing uses, the copyist designer, when contacted, would have to make an offer that is representative of the stolen design's current value, as reflected in the sales of both real-world products and NFTs. At the same time, an increase in the NFT's price in a resale could possibly affect the value attached to the underlying IP protected fashion asset – after all, an NFT simply is a digital receipt or certificate of authenticity of the underlying asset. Therefore, if consumers are willing to pay an increased price just so they can acquire not a copy of the fashion asset, by merely a digital receipt of it and in some instances, if the fashion NFT is regarded a 'collector's piece' worth paying a premium price for to acquire by some consumers, as in the case of NFT digital artworks in 2021[807], then it is safe to assume that the NFT's underlying fashion asset may be viewed as being more valuable. The combination of proof of the IP value of a protected design, tied to both physical garments and NFTs, as well as the blockchain accuracy in the proof presented from any NFT sales or resales, could further strengthen the negotiating position of the designer, so as to achieve a settlement agreement that is fairer and more representative of their IP asset's real-time value.

While it is possible that the opposing party may still be unwilling to agree to a fair deal and compensation, there is an increased likelihood that the blockchain-generated evidence would be reflected in their counteroffer, in the spirit of avoiding litigation and/ or unwanted public exposure, that designers could resort to against them via some extra-legal enforcement mechanism. As previously established, preserving one's reputation is generally a top priority for any fashion player, including large or established brands, small designers who are trying to build a career, but also copyist designers or brands. A relatively recent extra-legal enforcement practice followed by designers who have suffered infringement, as explored in Chapter 4, is to threaten to resort to public shaming, i.e. with evidence of cease-and-desist letters sent and responses by the copyist brand or a side-by-side comparison of the authentic and infringing designs on social media. With NFTs, the possibility of making all abovementioned kinds of blockchain proof available to the public, including time-stamped proof of creatorship, a tokenized version of the design for sale and/or unalterable 'digital receipts' of NFT sales, would help them reinforce their claim from a position of greater strength.

[807] See I. Lapatoura (The IPKat) (n 761).

As previously discussed, emerging designers or fashion SMEs with limited budget would most likely experience bargaining unfairness to a higher extent and although a segment of those could be unaware of their legal rights, research suggests that some would respond to infringement.[808] Therefore, blockchain could make a real difference on the way those designers could defend their rights against named copyists and particularly, against larger copyist brands, where it is expected that the power imbalance in private negotiations would be even more striking. The author argues that a combination of the existing extra-legal enforcement methods, as explored in Chapter 4, and NFT-associated evidence, would not leave much room for unfairness in such negotiations. Effectively, they could help designers of any kind, whose fashion designs have been copied, have better chances in receiving fair payment of a licence fee or compensation, or even achieve collaborations with the copyist designer or brand, if they so wish.

This solution addresses a longstanding and arguably overlooked issue faced by many fashion designers on a day-to-day basis in view of enforcing their rights, that is the bargaining unfairness within a private settlement context, given that litigation is a less viable option in this particular sector. The thesis makes an original proposal by creatively exploring how the qualities of a blockchain infrastructure in combination with a popular blockchain technology application, namely tokenization, could be used to address this issue in a novel way. The author concludes that, either directly or indirectly, fashion NFTs may act as powerful negotiating tools, presenting robust and undisputed information that parties can rely upon to complement their bargaining position in cases of IP infringement. To some designers, blockchain evidence could help prove that their design chronologically precedes that of the infringer and seamlessly resolve disputes that challenge the validity of their IP interests in the contested design. To others, the blockchain record over any sales of NFTs associated with an IP protected fashion design could contribute to the strengthening of designers' negotiating position regarding the value of their IP and what they should be paid in out-of-court settlements. By being able to rely on concrete evidence over an asset's real-time value, designers of any size or popularity could secure fairer private settlement deals, including fairer remuneration, without the bargaining unfairness lingering over the parties' negotiations, so long as they can support the relatively small cost of tokenizing their fashion designs in the blockchain. Although a segment of designers may not be convinced in the potential value of tokenizing their creations as a business move that could perhaps increase their reach and revenue, fashion NFTs' potential in helping resolve a practical problem that affects many designers who opt to enforce their IPRs out-of-court may do the trick and may be worth the investment.

[808] UKIPO, S. Baumgart, et al. (n 623), at 28.

5.3.2. Blockchain Authentication & Supply Chain Tracking Against Fashion-Related IP Infringement

This thesis' proposed Use Case No.2 explores blockchain technology's anti-infringement as well as anti-counterfeiting potential, tailored to instances where infringers' identities are unknown, both in the online and offline worlds. In such cases, litigation, private settlements, brand shaming are all out of the table, as infringers must be known for legal action to be brought against them, while they have no brand to protect and therefore, are not concerned with any potential bad publicity that they could endure. When it comes to real-world physical fashion goods, the weight for IP protection and enforcement against unknown IP infringers is mainly placed either on individual designers and fashion brands, or on governments and customs and borders control authorities to detect infringing goods and confiscate them, so that they do not enter the market circulation and, by extension, be within the reach of consumers. But how easily is this being achieved in practice?

5.3.2.1. Challenge No.2 – Fashion-Related IP Infringement & Difficulty in the Detection of IP Infringing Physical Fashion Products

Spotting shipments of infringing goods among authentic ones is undeniably a challenge for customs authorities in light of the excessive amounts of infringing fashion articles crossing borders and the need to undertake manual inspections. But, how effective are the current enforcement measures set up by governments for the detection of infringing goods, both within the internal markets and at countries' borders? By taking the EU jurisdiction as an example, statistical data reveal that 5.8% of total EU imports in 2019 were IP infringing goods, with an estimated value of 119 billion euros, while infringing fashion products were among the top confiscated product categories and accounted for approximately 70% of the overall global custom seizures. Equally, in 2020, 57% of seized infringing articles in the US were fashion products, while clothing, footwear and accessories were amongst the top ten product categories investigated by the UK Trading Standards authorities in 2020-2021. When it comes to the form of IP infringing seizures, 61% of the total number of seized shipments by customs globally were small parcels containing up to 10 items, while the postal service was the most popular way of shipping.[809] But, according to Rinaldi, the quantification of the IP infringement phenomenon based on customs seizures of counterfeit goods represents '*only around 10% of cross-border illegal trade and [does] not take into account the number of counterfeit products produced and distributed within a single country*'[810],

[809] OECD, EUIPO (2021) (n 17), at 22-23; EUIPO, '2020 Status Report on IPR Infringement' (2020) (n 20), at 15; U.S. Customs (Sep. 2021) (n 25), at 21; UKIPO, 'IP Crime and Enforcement Report 2020-2021' (2021) (n 22), at 13.

[810] F.R. Rinaldi, *Fashion Industry 2030: Reshaping the Future through Sustainability*, (1st ed., Bocconi University Press, 2019), para 5.1.

meaning that the fashion-related infringement problem possibly is even greater than what current statistical data indicate.

So, how effective can customs and border officers be in carrying out their work, when faced with these substantially high amounts of infringing fashion articles, the majority of which reach the border in thousands of small packages? Without a doubt, the work of national enforcement authorities is of limited effectiveness, as it is practically unfeasible to go through every single shipment in search of infringing articles. This is further witnessed by the high rate of IP infringement in fashion, that remains unaltered over the years notwithstanding customs authorities' operation.

5.3.2.2. Use Case No.2 - Blockchain Authentication & Supply Chain Tracking

Despite current efforts, the fashion-related IP infringement problem is unlikely to go away any time soon. So, is there an alternative strategy that the industry and regulators/governments may adopt to help minimise IP infringement in relation to real-world physical fashion goods, so as to better safeguard the IP interests of fashion designers? This thesis argues that blockchain technology may be able to achieve such goal. Having acknowledged the pressing need to tackle IP infringement in fashion and given the growing rate of IP infringement in recent years, in this Part the author makes a case for a two-part anti-infringement strategy, where each part could be implemented separately or in parallel for maximising results. Together with fashion asset tokenization and the cooperation between various fashion industry stakeholders, governments, and enforcement bodies within a private permissioned network, blockchain technology may facilitate a real-time monitoring framework for the movement of tokenized authentic physical fashion goods throughout their journey in the supply chain, as well as enable the verification of such products' authenticity. In this original contribution, the author acknowledges that a high number of infringers cannot be traced, while often may be based in other jurisdictions, making traditional enforcement via litigation or the previously discussed extra-legal enforcement solutions unsustainable. For this reason, this thesis' proposed strategy is designed to be fully effective irrespective of who the infringers are, where infringing fashion articles originate from and whether or not they are produced within or outside the territories under examination. At the same time, the anti-infringement strategy is designed to be viable for adoption by all types of fashion players in the UK, EU and US, though adoption could possibly be achieved at a different pace depending on designers' financial situation. This effectively means that there is a real prospect for its uniform implementation across the whole body of designers and industry players. And given that the UK, EU and US are all experiencing some of the highest levels of fashion-related IP infringement on a global scale, these three selected jurisdictions would be a good starting point

for trying and testing such strategy to tackle fashion-related IP infringement and have a direct impact on increased innovation and countries' economic growth.

Although blockchain technology is neither an enforcement tool, nor a remedy in the traditional sense, this thesis' original contribution is founded on the position that it can constitute an impactful anti-infringement tool in fashion. Both blockchain technology and the creation of NFTs, or digital twin tokens, for physical works of fashion have the potential to verify products' authenticity and monitor products' movement throughout the supply chain within a secure distributed private permissioned environment, that allows end-to-end visibility and transparency of the latter to both consumers and government regulators. In terms of product authenticity verification, once a physical fashion asset is matched with a blockchain token (NFT), information as to its provenance and any underlying IP protections may be immutably and securely stored into the objectively verifiable ledger. This record is part of the NFT itself, which can effectively act as a certificate of authenticity of the physical fashion asset in question.

With the above acting as the foundation of this Use Case, the author claims that blockchain could have a real impact on limiting the circulation of physical fashion goods that infringe upon existing IP rights in the fashion market, both nationally and internationally. The proposed original blockchain-based anti-infringement strategy for the fashion sector has two layers. Firstly, in Section 5.3.2.3, the solution revolves around consumers and vesting them the power to verify the authenticity of products, increase their confidence in brands and influence their buying decisions for greater respect for intellectual property. In this novel take of how blockchain asset authentication could constitute an indirect, yet highly effective anti-infringement strategy in fashion, the author concludes that a shift in consumer behaviour could play a crucial role in lessening the demand and production of infringing fashion articles.

Secondly, in Section 5.3.2.4., the focus shifts on using blockchain technology to enhance the effectiveness of customs authorities' operation, as an indirect means for minimising the circulation of IP infringing and counterfeit fashion goods within a country's national borders and beyond. The author supports that the tokenization of physical fashion products on the blockchain may enable customs authorities to authenticate them automatically upon scanning and result in their speedier processing through customs' checks. This could result in the prioritisation of checks and controls towards non-tokenized untagged products, thereby increasing the likelihood of weeding out infringing fashion articles that cross a country's border and leading to more efficient checks of imported and exported shipments at the border control check points.

5.3.2.3. Consumers

Under this proposed use case, the first relevant audience that needs to be able to reach this information is consumers. Statistical data reveal that 1 in 10 (or 9%) of surveyed EU consumers have been reportedly misled into buying infringing fashion goods in 2020, while one third (or 33%) of EU consumers were not completely sure whether a product they had bought was original on the same year.[811] With access to blockchain verified provenance information of a fashion product they wish to purchase, the segment of consumers in search of authentic fashion products would be able to make purchases with the confidence that they are buying authentic goods and less infringing fashion would end up being bought.[812] An immutable product provenance record would not only enable fashion brands to better protect their IP, but also help them preserve their reputation and potentially further strengthen consumer trust into their brand. But how can ordinary consumers access information that is stored in a blockchain?

A consumer-friendly way of accessing such information as part of their shopping experience would be through incorporating a wash-proof scannable microchip or some other unique identifying feature within a product's label, such as a QR code, a RFID tag, or a NFC device, that would constitute the product's link with its corresponding blockchain token. A QR code represents a web address that is readable by image recognition technology, which practically can be achieved through a smartphone's camera. RFID and NFC tags can store data and transmit short messages to other nearby devices. In practice, by scanning the tag with a smartphone, a message could be triggered to redirect shoppers to a web address or mobile app page with blockchain-stored product information, including the product's blockchain-verified authenticity certificate.[813] In order to increase the credibility of the product information logged into the ledger, designers could further notarize important events of the product's lifecycle in the supply chain in real time.

A pioneer to experiment with blockchain technology in fashion since 2017, is UK designer Martine Jarlgaard, by way of a partnership with technology company Provenance. Wash-proof 'smart labels', made up of a scannable QR code and a NFC chip, were introduced on garments, to provide shoppers with blockchain-verified provenance and authenticity information as to each piece

[811] EUIPO, 'European Citizens and Intellectual Property: Perception, Awareness and Behaviour 2020', (Nov. 2020), <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Perception_study_2020/Perception_study_full_en.pdf>, at 33; See EUIPO (2023), (n 27).

[812] Nevertheless, there is a segment of consumers that intentionally seeks to purchase IP infringing fashion goods - this use case would not apply to this category of consumers, but rather only to those who would make informed choices and opt for purchasing authentic products, rather than fakes. See UKIPO (Sep. 2, 2020), (n 27).

[813] E. Turban, C. Pollard, G. Wood, *Information Technology for Management: Driving Digital Transformation to Increase Local and Global Performance, Growth and Sustainability*, (12th ed., John Wiley & Sons, 2021), at 129-132; H. Kato, K.T. Tan, D. Chai, *Barcodes for Mobile Devices* (1st ed, Cambridge University Press, 2010), at 46-48.

of clothing via a mobile app (Figure 38). Other associated supply chain information of products' lifecycle so as to add to the record's credibility and at the same time, provide transparency as to products' quality, includes details regarding the origin of raw materials used in the production of knitted goods, e.g. alpaca wool, the providers and the location where they were sourced.[814]

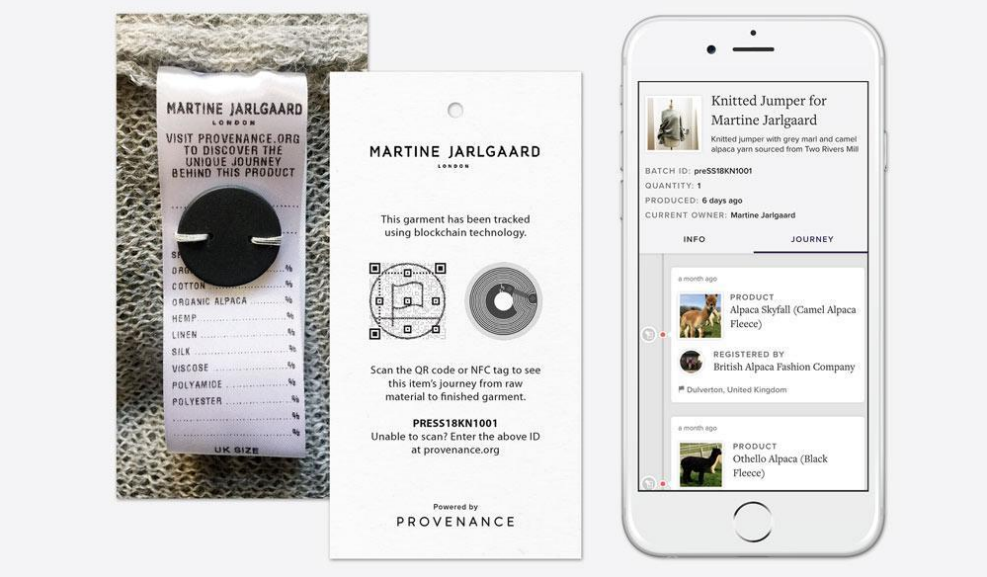


Figure 38: Martine Jarlgaard's Blockchain Certificate of Authenticity[815]

The prominence of blockchain tokenization of real-world goods has also expanded in the luxury fashion sector, as a means to combat infringing activity and ensure authentication and provenance of products. Luxury brands constitute a major target for copyists, evidenced from the loss of approximately $30.3 billion worth of sales caused from online counterfeiting alone in 2017.[816] Two recent initiatives which came as a response, include the Aura Blockchain Consortium[817], established by LVMH Moët Hennessy Louis Vuitton in partnership with Microsoft and Consensys[818]; and the Arianee Project, implemented by Arianee, a popular fashion NFT platform, and technology company IBM[819]. Both initiatives offer their services for an annual licensing fee

[814] Provenance, 'Why transparency matters in the Fashion Revolution' (Apr. 24, 2018), <https://www.provenance.org/news-insights/why-transparency-matters>.
[815] Ibid.
[816] Research and Markets (n 10).
[817] Aura Blockchain Consortium, <https://auraluxuryblockchain.com/>.
[818] I. Allison, 'Louis Vuitton Owner LVMH is Launching a Blockchain to Track Luxury Goods', CoinDesk (Mar. 26, 2019), <https://www.coindesk.com/markets/2019/03/26/louis-vuitton-owner-lvmh-is-launching-a-blockchain-to-track-luxury-goods/>; T. Akhtar, 'Louis Vuitton, Cartier, Prada to Use Bespoke Blockchain to Tackle Counterfeit Goods', CoinDesk (Apr. 20, 2021), <https://www.coindesk.com/business/2021/04/20/louis-vuitton-cartier-prada-to-use-bespoke-blockchain-to-tackle-counterfeit-goods/>.
[819] Arianee, 'IBM and Arianee join forces' (Jul. 8, 2021), <https://www.arianee.com/news/ibm-and-arianee-join-forces>.

for access to their software and charge a volume fee for every unit that a participatory luxury brand adds to the blockchain.[820] NFTs represent physical fashion products and are linked via a QR code or NFC chip[821] applied on their surface, that consumers can scan with their smartphones (Figure 39). Upon scanning, consumers can verify the authenticity of physical fashion goods, by accessing their blockchain-based authenticity certificates, called 'digital passports'. [822]

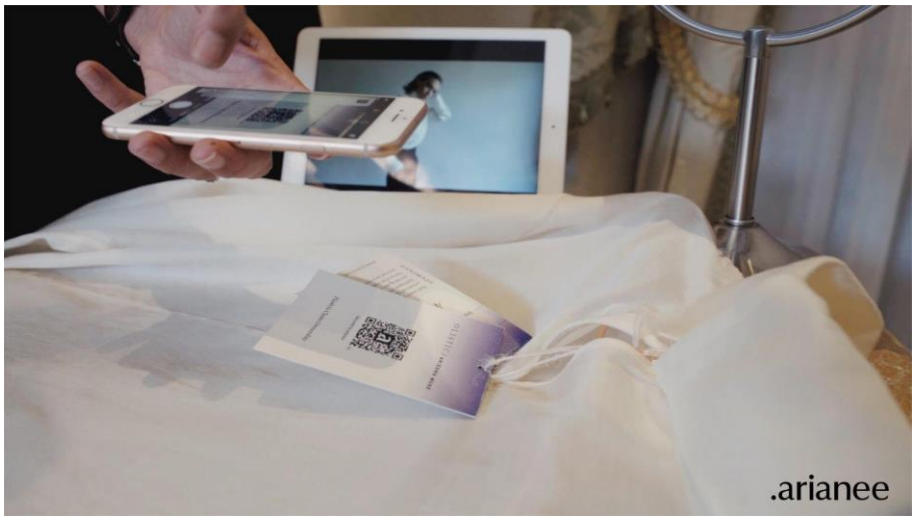


Figure 39: Arianee, IBM 'Scannable QR Code Attached on Fashion Products'[823]

Tokenization allows for accurate product traceability, from the sourcing of raw materials to the manufacturing and distribution of fashion products up to their debut to the market. In achieving this, various third-party stakeholders who act as blockchain nodes continuously update the blockchain with real time verified information as to the handling of products. By offering this information, brands can preserve their reputation and consumers are in an informed position as to whether products are authentic or fake. This ultimately increases the chances that some of them would refrain from knowingly purchasing infringing fashion articles, thereby resulting to greater respect for the intellectual property of fashion designers. This novel opportunity to protect both revenue and reputation has appealed to a wide audience of luxury brands.

[820] E. Paton, 'LVMH, Richemont and Prada unite behind a blockchain consortium', (Apr. 20, 2021), The NY Times, <https://www.nytimes.com/2021/04/20/business/lvmh-richemont-prada-blockchain.html>.

[821] Satoshi Studio, 'Satoshi_one: High-end sneakers for tech lovers', (Feb. 28, 2020), <https://www.kickstarter.com/projects/satoshi-studio/satoshi-one-high-end-sneakers-for-tech-lovers>; The brand has introduced NFC chips on sneakers.

[822] Arianee, 'A peek behind the tech curtain: the Arianee passport', (Jul. 2, 2021), <https://www.arianee.com/post/a-peek-behind-the-tech-curtain-the-arianee-passport>.

[823] IBM France (@IBM_France), Twitter Post (Jul. 8, 2021), <https://twitter.com/IBM_France/status/1413093394193297411/photo/1>.

Arianee has more than 50 clients and partners[824], while Aura works with 20 clients and has managed to tokenize more than 17 million products on the blockchain by 2022.[825]

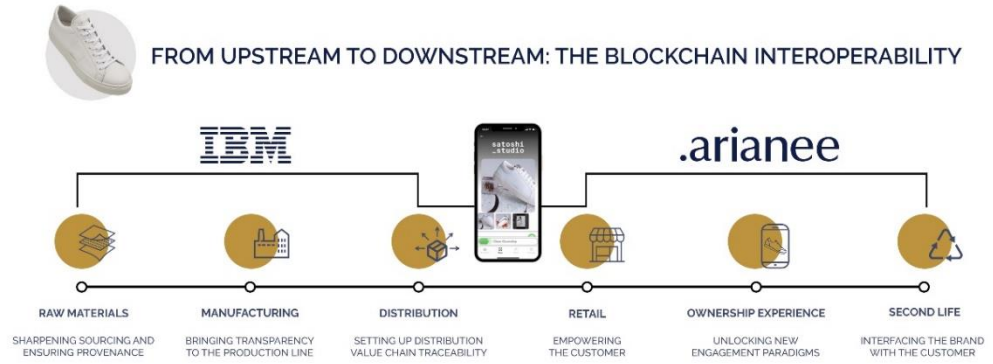


Figure 40: Arianee, IBM 'From Upstream to Downstream: The Blockchain Interoperability'[826]

Consumers who wish to confirm the authenticity of their purchased fashion products in Arianee need to set up a digital wallet.[827] This acts as a repository for all purchased Arianee-compatible fashion products and the purchaser becomes registered as owner of the assets on the blockchain. In practice, any registered product would need to be authenticated by the brand and/ or the manufacturer and would then turn into a so-called 'Smart Asset' and only then it would be accompanied by a certificate of authenticity. Also, access to the digital wallet would be achieved via an Arianee-approved mobile app called 'Owner's App'. At the same time, other than offering verified provenance information, the 'Owner's App' further monitors any subsequent changes in ownership of the asset in question, i.e. in case of a resale on the secondary market, and permanently captures them on the blockchain. By enabling consumers to access information as to the history and (past and future) chains of a product's ownership, the accuracy of the 'digital passport' in

[824] Arianee, 'Arianee Raises €20m Series A, Led by Tiger Global' (May 10, 2022), <https://www.arianee.com/news/arianee-raises-eu20m-series-a-led-by-tiger-global>.
[825] R. Cairns, 'Crypto is crashing but the tech behind it could save luxury brands billions', (June 30, 2022) CNN Business, <https://www.cnn.com/2022/06/26/business/aura-blockchain-luxury-counterfeit-hnk-spc-intl/index.html>.
[826] Arianee (@ArianeeProject), Twitter Post (Jul. 8, 2021), <https://twitter.com/ArianeeProject/status/1413128159856234504>.
[827] Arianee, 'Arianee White Paper' (May 1, 2022), <https://www.arianee.com/post/arianee-white-paper>, at 19-23.

tracing the whole journey of a physical garment's lifecycle beyond their first sale is further strengthened.[828]



Figure 41: Arianee, 'Owner's App – Features'[829]

Luxury watchmakers have been among the first adopters of a blockchain authentication use case for their products, such as Breitling's partnership with Arianee since 2020. Every Breitling watch is accompanied by a scannable 'e-warranty' card bearing a QR code, which enables customers to access unique product information, verify product authenticity and ownership, as well as access the warranty programme and product insurance, by means of a blockchain-powered 'digital passport'.[830] Luxury watch company Hublot has also embraced blockchain technology by launching an innovative visual recognition feature for product authentication. Shoppers can activate Hublot's 'e-warranty'[831], powered by the Aura Blockchain Consortium, and access a product's authenticity certificate, by simply taking a photo of their purchased watch with their phones. Every produced watch has a unique design and authentication takes place by the visual recognition of the structure and

[828] See also StockX, a recently launched digital resale platform for sneakers that utilizes tokenization for authenticating real-world products; StockX, 'Introducing Vault NFTs on StockX' (2022), <https://stockx.com/lp/nfts/>.
[829] Arianee (White Paper) (n 827), at 30.
[830] Breitling, 'Breitling Becomes the First Luxury Watchmaker to Offer a Digital Passport Based on Blockchain for All of Its New Watches' (Oct. 13, 2020), <https://www.breitling.com/jp-ja/news/details/breitling-becomes-the-first-luxury-watchmaker-to-offer-a-digital-passport-based-on-blockchain-for-all-of-its-new-watches-33479>.
[831] Hublot, 'Hublot e-warranty' (Nov. 19, 2020), <https://www.hublot.com/en-hu/news/hublot-e-warranty>.

specificity of the watche's materials. Hence, taking a photo of the watch itself is equivalent to scanning a unique QR code, that connects the user to a webpage with blockchain-stored unique customer information (Figures 43, 44).



Figure 42: Hublot 'E-Warranty'[832]



Figure 43: Hublot 'E-Warranty'[833]

[832] Ibid.
[833] Ibid.

Nonetheless, it should be noted that such a highly sophisticated scannable product authentication feature, as the one offered by Hublot, would be more suitable to larger fashion houses, as the costs associated with its development would likely exceed the budget of small and medium ranged designers. Nonetheless, even if large fashion brands could afford to implement such an expensive visual recognition authentication feature on their products, it would be best suited for jewellery pieces, such as watches, with a high price point, rather than be applied to mass produced and low-cost fashion products, like designer t-shirts.

Instead, a regular QR code or NFC tag would probably better serve the latter category of products, also serving the purpose to enable them to maintain their relatively low cost and accessibility to a much larger segment of consumers than expensive jewellery pieces. The cost of the incorporation of 'smart labels' into individual garments is relatively low, as the average cost of an NFC chip is $0.25, while an RFID tag can cost on average $0.05-$0.10[834], while a QR code can often be generated for free or for a negligible cost.[835] 'Smart labels' can become incorporated into garments and are either encapsulated in plastic, or, in the case of QR codes, can become printed as part of the care label sewn on an item, meaning that they are designed to withstand humidity and high temperatures, that may come with the washing and drying of garments.[836] Hence, despite some of them being electronic devices, they are expected to be reasonably durable and wash-proof for most of the product's lifecycle, including when it passes on to a second purchaser. Nonetheless, the advantage of applying a NFC tag over a QR code on a fashion product, is that the latter requires 'an optical line of sight'[837] or else, their application on a garment's surface to be scannable, whereas NFC tags can even be embedded inside products, i.e. within a shoe sole, that decreases the possibility of being tampered with. Smart labels' low cost and durability constitute them suitable for adoption and within the budget of any type of designer, individual designers and SMEs inclusive. Even in cases where relatively cheap garments are mass produced and tags would have to be applied in large quantities, the cost would unlikely be excessive.

Alternatively, there is a fairly affordable option for most types of designers to incorporate clickable 'smart icons' on fashion products that are listed and displayed on a brand's website. Technology company Provenance

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[834] Blue Bite, '6 Misconceptions About NFC, Explained', Medium (Oct. 10, 2017), <https://medium.com/blue-bite/your-questions-answered-7-common-misconceptions-about-nfc-9c580fd66635>.

[835] E. Turban et al. (n 813).

[836] V.V. Sople, *Supply Chain Management: Text and Cases*, (1st ed, Pearson, 2012), at 212.

[837] J. Frith, *A Billion Little Pieces: RFID and Infrastructures of Identification*, (1st ed., The MIT Press, 2019), Chapter 3.

offers such service, where 'smart icons' can point to blockchain-stored evidence for provenance and authenticity product verification, for an integration fee of £1,995 and a starting monthly £199 charge, while further discounts are applied to smaller brands with an annual turnover of less than £5M.[838] Although no authenticity doubt would be at stake where a consumer directly purchases a product through the brand's official website, the provision of this blockchain verification service could potentially encourage consumers to look up a physical garment (i.e. via its unique product ID) on to the brand's website before purchase and click on the 'smart icon' to access the relevant authenticity information. In this way, even if not all small designers and SMEs can afford to incorporate 'smart labels' into all of their physical products, they could offer consumers an alternative route to verify products' authenticity via their website, while the costs for adopting such service would likely be within their budget.

Another important consideration over the proposed blockchain authentication solution's suitability for different types of designers relates to the fact that the expected cost of setting up a blockchain tracking ecosystem for a designer's product line is largely unknown, which could negatively affect the possibility of its adoption to the same extent by all types of designers. According to Aura's general secretary, Daniella Ott, the annual licensing fee for joining their blockchain services is described as 'very competitive', although no precise costs have been disclosed.[839] Nevertheless, the combination of an annual licencing fee and additional volume-based payments would likely preclude small boutique luxury brands with a small revenue to engage with the above technological solutions for protecting their products. Instead, these solutions would be more sustainable for larger luxury brands and in fact, a large part of signatories to Aura and Arianee are leading brand names in fashion, including Louis Vuitton, Prada, Miu Miu, Maison Margiela, fine jewellery makers Cartier, Bulgari, as well as and fine watchmakers Breitling, Hublot, Audemars Piguet and Vacheron Constantin.[840] Particularly due to the fixed volume charge per product that applies, if smaller luxury brands were to engage with these services, they would possibly only be able to tokenize part of their collections, as the volume fee would still be applicable, even for those products which were unsold. This could leave them financially exposed, especially if a particular collection was not as successful and only few items were sold, as they would have invested in tokenizing the full range of their products. Equally, the non-transparency as to the actual cost of embarking on a blockchain track-and-

[838] Provenance, 'Pricing', <https://www.provenance.org/pricing>.
[839] M. Socha, 'Collaboration is Key for Luxury Blockchain Consortium', WWD (Jun. 25, 2021), <https://wwd.com/feature/aura-blockchain-consortium-luxury-lvmh-1234850039/>.
[840] Aura, 'Members', <https://auraluxuryblockchain.com/members>; Arianee, 'The Arianee Partner Programme', <https://www.arianee.com/partner-program>.

trace service so far, could disincentivise small designers and fashion SMEs to proceed with full-on tokenization.

However, the Aura and Arianee solutions would perhaps be suitable for smaller luxury brands with limited production. For instance, one of Arianee's smallest clients is Satoshi Studio, a sneaker brand established in 2018, which operates on a presale-only basis and produces limited quantities of shoes, according to demand.[841] As such, the payment of a volume fee for every unit of information that is added to the blockchain would correspond to the exact amount of tokenized products that will be sold. The assurance of a sale offered by this presale-only model, would enable small brands to protect their creations and, at the same time, let them rest assured that their tokenization-related investment can be remunerated via a guaranteed sale.

As for larger luxury brands, although most would normally be in a position to afford the tokenization of their full range of products, an assessment would need to be made as to whether the tokenization of mass-produced items which sell for a relatively low price point, like designer t-shirts, would be practicable when considering the applicable volume fee. As previously discussed, the cost for the application of a QR code or a NFC tag on a physical garment is negligible, but the uncertainty as to how many mass-produced pieces would actually sell in a season and how many would make their way to outlet stores for a fraction of their original price, could make an investment in tokenization and signing up to a track-and-trace blockchain use case unappealing for this category of products. Tokenization would arguably be more suitable for fashion pieces that are in limited circulation, with a higher expected rate of success among consumers. Nevertheless, depending on a luxury brand's budget and the extent of their willingness to protect their brand name, the blockchain authentication services offered by Aura and Arianee, or other future equivalent initiatives, could be a good investment for all their product lines.

In summary, fashion brands, big and small, are encouraged to tokenize the whole or even part of their collections, as a starting point for the fight against IP infringement in fashion. Blockchain gives consumers the ability to double-check products' authenticity and the confidence to make an informed choice as to whether they wish to purchase an IP infringing product knowingly. It is extremely plausible that a segment of consumers, including those who were previously tricked into buying an IP infringing product, would opt for the authentic one, should they have access to the relevant technology and a smartphone to verify product authenticity. This effectively means that there could be less purchases of IP infringing goods. And less demand for those, would equally disincentivise copyists from producing as many infringing fashion

[841] For instance, Satoshi Studio has partnered with Arianee and has introduced NFC chips on sneakers. Satoshi Studio (n 821).

goods as in the past. As such, the tokenization and keeping track of physical fashion products' provenance and ownership details may indirectly minimise both the production and circulation of infringing fashion articles in the internal market of a country. A reduced availability of infringing fashion to a country's consumer base could increase the likelihood that consumers would purchase authentic IP protected assets and minimise IP infringement instances, thereby leading to greater respect of intellectual property and greater chances for remuneration to fashion creators. And even more than this, the provision of a blockchain-proof product authentication service to consumers and the transparency that comes with it, could further strengthen consumer trust with legitimate fashion businesses, as opposed to sellers of IP infringing goods. The above part has further stipulated that product verification on the blockchain is not to be viewed as a privilege that only large or luxury brands can or should utilize, as it has largely been the case so far. The author argues that its large-scale adoption by different types of fashion players is viable and governments should intervene to make this possible, wherever financial obstacles to independent designers or SMEs, such as access to a blockchain tracking infrastructure, are presented. After all, the large-scale implementation of the above anti-infringement strategy is in governments' best interests, since it promotes the protection of IP rights, offers greater remuneration to creators and encourages innovation, increases consumer confidence and designers' satisfaction given the boost in demand for their branded products, as well as maximizes governments' tax revenue from legitimate product sales.

5.3.2.4. Governments & Customs Authorities

Under this proposed use case, for product authentication information to be impactful against IP infringement, as well as counterfeiting, and to potentially minimise the circulation of infringing fashion articles within a country's internal market and beyond, it needs to also be accessible by the second relevant audience, customs authorities. Other than making use of blockchain technology to connect to consumers and appeal to their sentiment to avoid purchasing infringing fashion articles through building a stronger consumer-brand relationship or rely on consumers' rationality that they would not purchase the former knowingly, blockchain may serve to fight fashion-related IP infringement from a different standpoint. By drawing an example from fashion designers like Jarlgaard and the Aura and Arianee alliances, offering access to product provenance and authenticity information, this thesis argues that a collaboration among industry and government/ regulators may follow their lead. Fashion designers and brands may collaborate with governments and embark on tokenization to track-and-trace authentic IP-protected fashion products throughout the supply chain, so as to pass more accurate information to customs authorities as to products' provenance.

As previously discussed, blockchain distributed ledger can arguably improve and automate a product tracking process, due to securely hosting and exchanging information across a network, i.e. comprised of a brand's stakeholders, enabling them to log and access information in the single blockchain record in real time with complete transparency, as opposed to the traditional bureaucratic processes, such as maintaining separate databases and relying on manual book-keeping. As of 2021, 31% of businesses and organisations worldwide have used blockchain technology to track-and-trace products[842], such as IBM's 'Food Trust' permissioned blockchain solution[843] and Blockpharma's blockchain use for tracking medicine.[844] A current example of an in-progress anti-counterfeiting project by the EUIPO is 'Blockathon'.[845] This project plans to utilise blockchain technology and tokenization for tracking and tracing physical counterfeit products in the supply chain, addressed to all sectors, and is expected to materialise in late 2023. In this EUIPO project, right holders will be able to authenticate their IP works via blockchain and create tokenized digital twins. Physical products will then bear a tag corresponding to their digital twin on the blockchain, that logistics operators and enforcement authorities will be able to scan to access blockchain-logged data and trace the origin of products.

In a similar fashion and drawing from the practices of other industries and the EUIPO in adopting blockchain tracking solutions, the author supports that the second prong of the proposed anti-infringement strategy for the fashion sector should follow their lead. This thesis proposes the introduction of an analogous system to provide a track-and-trace use case for fashion products, not just in the EU, but also in the UK and US jurisdictions.[846] Given that fashion goods constitute the top product categories of IP infringing seizures in the EU and the US in notable amounts and in light of the growth of fashion-related IP infringement in recent years, intellectual property is at greater risk and therefore, a targeted effort to check cross-border shipments could prove instrumental in the battle against IP infringing activity in the three jurisdictions under examination. The author supports that a fashion industry-specific policy movement to implement blockchain tracking for fashion products on behalf of governments and the creation of financial motives for the widespread adoption

[842] Statista (Aug. 2021) (n 756).

[843] IBM, 'IBM Food Trust: A New Era in the World's Food Supply', <https://www.ibm.com/products/supply-chain-intelligence-suite/food-trust>.

[844] Blockpharma, <https://www.blockdata.tech/profiles/blockpharma>.

[845] EUIPO, 'Anti-counterfeiting Blockathon Forum', <https://euipo.europa.eu/ohimportal/el/web/observatory/blockathon/acbi>; EC, EUIPO, 'Anti-counterfeiting Blockathon Forum: Blockchain Use Case', (Oct. 18, 2019), <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/Blockathon/Blockathon-Forum_Blockchain-Use-Case.pdf>.

[846] It should be noted that the proposed use case in fashion must comply with Regulation No 608/2013 (n 227).

of such framework for supply chain stakeholders and fashion designers should be a governmental priority. The reason why is because it could have the greatest impact on reducing the overall number of infringing fashion articles infiltrating the above jurisdictions' economies, as the highest volume of seized products has been consisting of fashion products for several years, as well as potentially disincentivise the production of infringing fashion by copyists operating in both the internal and external markets, as will be later explained, thereby ensuring greater respect for intellectual property.

In this proposed use case, the blockchain ledger that would be used, supervised, and potentially also funded by governments, would be updated with real time verified information as to the handling of physical fashion products. For instance, when products pass the manufacturing stage or become sold, such details would need to be logged as data into the blockchain, that IP right holders and operators would simultaneously and automatically be informed about, as all blockchain participants hold an up-to-date version of the ledger at any time. But how would such information about use of protected IP works be securely logged, in real time, into the blockchain? And how would the blockchain ledger be updated as to any transactions that relate to i.e. a physical fashion garment in the real world? This is where the tokenization of fashion assets comes at play. As previously explained, fashion designers and brands of any size are able to 'mint' NFTs that are linked to both their physical and digital assets for a low cost. In this proposed use case, each authentic physical fashion product would be linked to a digital NFT twin on the blockchain, that would constitute its verified certificate of authenticity. The simplest way to ensure that each individual physical product corresponds to a unique token on the blockchain, is firstly, by bearing some identifying feature or microchip, such as an NFC chip used in the above examples, from the manufacturing stage and by the incorporation of this same element or a corresponding link to the NFT's metadata, stored into the blockchain. And secondly, by the authentication of the identity of the 'minter' by the NFT platform of choice, that would have to be the fashion designer or brand, or else, the IP owner of the product's fashion design. Other than the authenticity factor, a right holder could also embed information within the NFT's metadata, as to any IP protections that the underlying fashion asset enjoys.

With the existence of a scannable microchip or other unique identifying feature on fashion products or their packaging, manufacturers, logistics operators and carriers of shipments would be able to confirm the handling of products that they process at any point in time and share this information with all relevant stakeholders that partake in a private permissioned blockchain network. All stakeholders' real identities would be validated on the system[847],

[847] For instance, the EUIPO Blockathon team has developed a 'Blockchain Access Portal', where verified right holders can tokenize their goods in the blockchain. See EC, EUIPO (Oct. 18, 2019) (n 845), at 9.

so as to ensure that authentic data are being logged into the ledger. From a practical perspective, each of those stakeholders would possess a digital blockchain wallet. Every time a product would pass through different parts of the distribution network, its corresponding blockchain token would be passed to the relevant stakeholder's wallet, i.e. the carrier's wallet, and then, on to the next one. This token exchange would be powered by automated 'smart contracts'. In this way, an accurate record of the product's current status could be reflected on the blockchain at all times. For instance, the Figure below (Figure 44) illustrates how this passing of tokenized goods from one operator to another could work in practice, drawn from EUIPO's aforementioned 'Blockathon' use case:

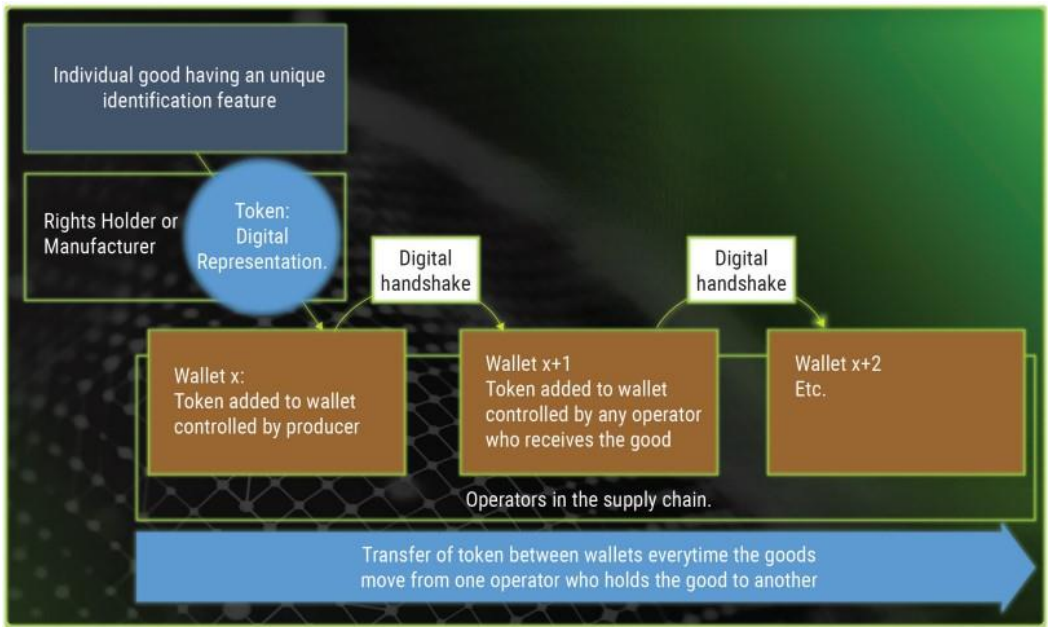


Figure 44: 'Blockathon' blockchain use case[848]

As a final checkpoint in the supply chain of a product, customs authorities could perform checks on parcels that try to pass the border by scanning them, just like consumers in the previous examples, to get access to a product's blockchain-stored authenticity certificate. Hence, the authenticity of any parcels that contain tokenized goods could potentially be ensured in a speedier way, equally speeding up their passage through customs' controls, while any parcels with no scannable identifying feature or no tokenized contents would be flagged as eligible for further controls.[849] As such, customs could become much more efficient in carrying out their duties, as they would be able to prioritise their time and efforts to thoroughly check parcels with

[848] See EC, EUIPO (Oct. 18, 2019) (n 845), at 6.

[849] See EUIPO, 'Blockathon: Customs Authority Challenge' (2018) <https://euipo.europa.eu/ohimportal/en/web/observatory/blockathon/challenges/customs-authority>.

untagged contents, instead of treating all incoming shipments at the border the same, thereby increasing the chances of spotting infringing fashion articles. Bearing in mind that a high volume of infringing fashion articles comes in small packages and in order to complement customs authorities' anti-infringement and anti-counterfeiting efforts, a secondary checkpoint could be national postal offices and courier depots when sorting parcels, where they could perform checks before approving them for delivery.[850]

The effect that this approach could have to intellectual property is tremendous, as fashion products make the top product categories of confiscated IP infringing goods by customs both in the EU and in the US. As previously discussed in Chapter 1, in 2019 alone, EU border authorities seized 70.000 infringing fashion articles worth €500 million, while US authorities seized 15.000 infringing fashion articles worth over $800 million.[851] Considering that these substantial amounts in a single year correspond to seizures without the assistance of blockchain tokenization and tracking, one can only imagine what the actual impact of fashion-related IP infringement may be, both on IP owners and national economies.[852] The expected impact of this blockchain-powered anti-infringement strategy, in a nutshell, is fewer unauthorised fashion articles and their reduced circulation, in both internal and external markets.

At first instance, in relation to a jurisdiction's internal market, the implementation of the track-and-trace blockchain solution at the borders of a country, which has embarked on a blockchain-authentication strategy as a standard border control procedure and a differentiation between tagged and untagged products, could result in a higher rate of spotting and confiscating IP infringing fashion imports, and therefore, lead to their reduced circulation in the internal market. External copyists, being aware that it would be less likely for their IP infringing goods to be admitted within such territory, would therefore be less incentivised to target this specific country for infringing imports. Additionally, this could potentially lead to a reduced overall production of infringing fashion from other countries, in light of losing access, or having greater difficulty to access to important markets like the UK, EU and US. Given that a notable amount of infringing fashion is imported, this could have the effect of a lower availability of IP infringing goods to a country's consumer base, including consumers that would previously be in search of fakes, which could potentially contribute to an increase in sales of authentic

[850] See EUIPO, 'Blockathon: Logistics Operator Challenge' (2018) <https://euipo.europa.eu/ohimportal/en/web/observatory/blockathon/challenges/logistics-operator> .

[851] US Homeland Security (2020) (n 14); EC, 'Report on the EU customs enforcement of intellectual property rights: Results at the EU Border, 2019' (Dec. 2020) (n 18).

[852] F.R. Rinaldi (n 810).

goods, as well as greater monetary remuneration to fashion designers for their creations.

This thesis' proposed anti-infringement strategy could also result in a reduced local/internal production of infringing fashion. Firstly, because it would be harder to export in fear of getting caught at the borders, which would become much more likely when trying to export untagged products, for which further inspections would be applied. A reduced likelihood that internal copyists would be able to export their IP infringing goods successfully would create a lower incentive to manufacture as many as in the past. With less infringing exports, their reduced availability outside those territories could further contribute to the minimisation of the global rate of fashion-related IP infringement. And secondly, because vesting consumers the power to also authenticate products themselves, would enable them to have greater confidence in their purchases and become less likely to be tricked in unknowingly purchasing fakes. And given blockchain's global nature and accessibility, scanning and authenticating products could also be performed by consumers outside the territory of production. This could ultimately lead to a lesser demand for infringing fashion articles and a higher demand for authentic fashion products, except for a segment of consumers who knowingly purchase infringing fashion goods, both at national and global level.

Furthermore, the relatively low cost of product tokenization[853], that both SMEs and large fashion brands could potentially afford, effectively means that brand growth and greater respect for intellectual property could be achieved in relation to fashion businesses of any size and not just in relation to large brands, though to a different extent and pace. It is likely that luxury fashion brands and large-sized corporations may be more eager to get involved with blockchain tokenization of their products in this proposed anti-infringement use case and reap off the benefits first. The reason is, not only because their products are particularly targeted by copyists[854], but also because of the existence of Aura and Arianee, two anti-infringement projects dedicated to luxury brands since 2021, that are already enabling them to offer certificates of product authenticity at a competitive rate only they could afford. A uniform adoption of this proposed blockchain anti-infringement model by all types of designers could not just offer higher respect for intellectual property, but also bring about greater levels of innovation and a wave of increased production of creative works in the fashion field, thereby fulfilling one of the core purposes of intellectual property law and at the same time, lead to economic growth in this sector and an increase in governments' tax revenue.

[853] Blue Bite (n 834); E. Turban et al. (n 813).
[854] Research and Markets (n 10).

5.3.2.5. Potential Use Case Flaws

Although the above-mentioned proposed blockchain use case may appear promising for fashion designers and their intellectual property, it does not come without certain potential flaws. Firstly, in terms of the above product authentication solution under Section 5.3.2.3., there is a possibility that the unique identifying feature or 'smart tag' that physical fashion products would bear could be compromised and/or removed.[855] In such a case, copyists could potentially tamper with the accuracy of the data that are being transmitted into the blockchain, i.e. in relation to the real location and handling of the product in the supply chain. Hence, brand owners and fashion designers could consider attaching a tag of more sophisticated technology, such as an 'authentication NFC chip', a more advanced and tamper-proof - but equally more expensive - version of regular NFC chips, which can inform the blockchain network of any foul play with it.[856] Alternatively, luxury watchmaker Hublot launched an innovative visual recognition feature as an additional layer of security for product authentication. The uniqueness of each watch's design guarantees a unique scannable shape that is far more secure than a regular QR code or other product identifier. It must be noted that although the introduction of more sophisticated 'smart labels' might have been more secure, their higher costs for development and implementation would disincentivize certain designers from getting involved.

Furthermore, there is a possibility that copyists could go to extra lengths and even imitate the entire product authentication solution to interfere with consumers.[857] Although the blockchain-contained information that a 'smart tag' would point to is accurate and cannot be tampered with, the same cannot be said about the 'smart tag' itself. Copyists could potentially recreate a fake scannable QR code or other 'smart tag' equivalent, applied to infringing fashion products. Then, depending on skill, the fake tag could redirect consumers to a fake 'twin' product authentication webpage, that would mimic the webpage launched via authentic products' 'smart tags'. Misuse of the proposed product authentication solution, initially introduced to minimise IP infringement, could indirectly facilitate a boost in the sale of fakes, passable as authentic goods to unaware consumers.

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[855] Technology company Provenance acknowledges the risk of tampering with QR codes and the ease at which one can be created online, but continues to use them due to being the most universal way of accessing information using just a phone; Provenance, 'Linking physical products with digital information through tagging' (July 28, 2017), <https://www.provenance.org/news-insights/tagging>.

[856] Seritag, 'The Ultimate Guide to Using NFC Garment Tags for Clothing', (Mar. 14, 2022), <https://seritag.com/learn/using-nfc/garment-nfc-tags-in-clothing>; Authena, 'NFC Security Seals and Labels' (Aug. 3, 2021), <https://authena.io/security-seals/>.

[857] This would not affect customs checks, as the blockchain track-and-trace frameworks eligible for speedy product authentication would likely be known and verified.

But how likely is it that small independent designers, or larger ones of the likes of Jarlgaard, would be the target of such copyists? Creating a fake 'twin' product authentication webpage would require sophisticated copyist skills and an expenditure both in time and resources. It is likely that such an investment on the part of copyists would be better justified if the profit they would gain out of it would be high, particularly when attempting to sell branded products and especially famous luxury fashion products, that status-seeking consumers are willing to pay for at premium prices. Luxury fashion alliance Arianee has foreseen this possibility and require users to verify their identities and set up a digital wallet, which can only be accessed through an Arianee-approved mobile app called 'Owner's App', as additional security layers for product authentication. Hence, if the fake 'twin' webpage was loaded without requiring the downloading of the dedicated app, this could be treated as a red flag by consumers. In a similar fashion, governments could ensure security of the authentication solution by setting up a dedicated authorised app for product authentication and by implementing specific unique characteristics in the app's interface.

Secondly, for the track-and-trace governmental use case to be as effective as possible, fashion designers and brands should be willing to 'mint' digital blockchain twins for all their assets. However, the cost of tokenization and/or access to a track-and-trace blockchain framework may still constitute a hurdle for certain designers with a small budget. Perhaps, governmental funding for product tokenization by fashion designers could be introduced to cover part of the cost for designers who are willing to take part in this proposed anti-infringement strategy, but cannot afford it. This could stem from an assessment of each individual designer's financial situation, as well as following a risk assessment of the possibility that the designer's creations would become subjected to unauthorised copying by taking a set of factors into consideration, i.e. their popularity, revenue and net worth, as well as their national or international presence.

At the same time, all different fashion supply chain stakeholders would need to cooperate in full and fulfil their duties i.e. scan the products' tags in real time when handling them, so that accurate data are reflected on the blockchain ledger. On the one hand, manufacturers, logistics operators and carriers would all have a strong monetary incentive to do so, given that a reduced availability of IP infringing articles could boost their own workload flowing from a higher demand to produce and handle legitimate fashion goods and consequently, lead to the boost of their own revenue. This could, nevertheless, still constitute another challenge, as the human factor could decrease the reliability of the blockchain's logged information. Given that the technology is still at its developing stage, whether or not such process could become completely automated remains to be seen. Perhaps digital signatures of the supply chain stakeholders could add to the reliability of the information.

At the same time, as previously discussed, in private permissioned blockchains a group of pre-selected 'block' validators would be responsible for ensuring the accuracy of blockchain entries, as their reputation would be at stake in case they do not perform their duties appropriately.

Governments could further consider assigning a dedicated team that would run checks on the link between physical products and their digital twin NFTs, i.e. by double-checking data with participatory operators outside the blockchain, so as to avoid any errors in relation to data that customs authorities would receive. Lastly, the transparency in a blockchain-based tracking system could not only help determine the value of each stakeholder's contributions in the supply chain, thereby ensuring fairness in their pay, but also payments amongst supply chain stakeholders could be automated via smart contracts. Other than the obvious benefit that their payment via cryptocurrency could have on businesses, potentially saving them substantial amounts that would otherwise be spent on bank transfer fees and foreign exchange rates, especially when dealing with large fashion corporations which operate across a multitude of countries, it could further constitute an additional incentive for stakeholders to perform their duties appropriately. How the private permissioned blockchain protocol could be designed to create such incentive, is by incorporating an additional clause as follows: If stakeholders log accurate information on the ledger and the trusted validators, whose identities are at stake (PoA) confirm that they are accurate, a pre-determined automatic payment for their services will be executed. And consistency in logging accurate data over a pre-defined period of time could perhaps reward stakeholders by an additional pre-determined payment. The creation of such incentives to commit to the track-and-trace solution, could further enhance the accuracy of the ledger.

Thirdly, although it is still possible for IP infringing fashion goods to be tokenized as NFTs and be sold at NFT marketplaces, despite infringing the IP rights of the designer in question, as not all NFT platforms authenticate the identities of minters, it is unlikely that this possibility would impact on the sturdiness of the proposed use case. As previously mentioned, tokenization would be carried out by the IP right holders, whose identities would be verified on the dedicated permissioned blockchain, and only their own 'minted' tokenized goods would be eligible for becoming part of the proposed track-and-trace use case. In this way, it would be ensured that enforcement authorities receive accurate information as to products' authenticity.

Furthermore, customs authorities would need to be equipped with NFC chip scanners or other equivalent equipment, although this would possibly be for a low cost, given that most modern smartphones have an NFC reader embedded within their software. Customs would also have to slightly amend their current day-to-day duties, to perform checks on tokenized shipments' microchips or similar unique identifiers. It must be stressed that this proposed

use case is not intended to increase the workload and tasks of customs authorities, but rather simplify the authentication of shipments that contain tokenized fashion products, equally speeding up their processing through customs' checks. Even though it is yet unknown whether the actual scanning process of tagged products by customs officers would be speedy itself, the idea is that the ability to scan a segment of products and instantaneously authenticate them is expected to speed up the overall process of handling products during border controls. This is so, because blockchain tokenized and tagged products would go through customs without any doubt as to their authenticity and no extra time would be spent on their handling. This effectively means that customs could prioritise their efforts in subjecting untagged products into further controls, thereby both increasing the chances of spotting infringing goods and possibly resulting in a more effective border control process overall. While the scanning process would not necessarily be quicker per se, it is argued that due to blockchain tokenization, more products could be processed by customs officers within the same timeframe when compared to nowadays, in the absence of an instantaneous authentication option.

Lastly, the transparency of the proposed blockchain use case will potentially make communication among all different stakeholders and operators more efficient, also making the information passed to enforcement authorities more reliable and accurate, which in turn increases the chances of detecting more infringing fashion articles. Although the proposed track-and-trace use case for fashion products does not address all the practicalities and technical aspects that an IT company would address when developing such a solution, it provides some basic guidelines as to the necessary elements that must be present, i.e. authentication of participatory stakeholders' identities, giving leeway to adopters to make use of any technical means to achieve these proposed outcomes.

5.4. Conclusion

In conclusion, this Chapter has proposed two viable blockchain technology use cases to be supported by governments and industry. Both are suitable for adoption by fashion designers and brands of any size and/ or supply chain operators by any of the three surveyed jurisdictions, aimed to be utilized by consumers and governmental enforcement authorities. The proposed Use Case No.1 argues that blockchain technology and the tokenization of IP protected fashion assets has the potential to contribute to the enhancement of the current popular out-of-court settlement path to IP enforcement for any type of designer, by enabling parties to achieve fairer deals, as well as fairer remuneration for the infringement of their works, by utilizing blockchain as a low-cost and low-risk mechanism to source undisputed evidence. Use Case

No.2 focuses on tackling IP infringement in fashion from a more practical perspective, introducing a blockchain use case to authenticate and monitor all tokenized physical fashion products throughout their journey in the supply chain, drawing from the recent practices of luxury fashion brands that have adopted a blockchain track-and-trace product authentication model. This thesis argues that governments should follow their lead, in collaboration with fashion brands and all other supply chain stakeholders in a fashion product's lifecycle, in order to enhance customs authorities' effectiveness in detecting and confiscating physical fashion articles that infringe upon existing IP rights when crossing borders, as well as minimise their actual circulation in internal or external markets, thereby potentially enhancing the overall effectiveness of IPR enforcement.

Moreover, a coordinated product authentication approach through tokenization by both fashion brands and governments could have a two-fold anti-infringement effect. Firstly, the ability of consumers to double-check the authenticity of fashion products could contribute to a decrease in purchases of infringing fashion articles, at least by a segment of them, with the assurance as to products' authenticity at hand. Less purchases of infringing articles in an internal market would disincentivise copyists to produce them in the first place and/or would likely urge them to produce fewer infringing goods within the specific country where a strategy over fashion products' tokenization and authentication has been adopted. Secondly, customs and border control authorities' additional role to scan tagged and tokenized authentic products and flag untagged products for further inspection could potentially disincentivise both internal copyists from attempting to export their infringing goods outside the country of production and external copyists from importing them in those countries, in the knowledge that there are now higher chances for their incoming products to be confiscated at national borders. As such, any territory which has, in its totality, embarked on the tokenization of fashion, would likely produce fewer infringing articles and at the same time, would less likely constitute a target for infringing imports from abroad.

In summary, fashion product tokenization may indirectly lead to reduced production and reduced availability of infringing fashion within a territory where fashion designers and the government alike have embarked on authenticating products on the blockchain and beyond. Other than having just a territorial effect, fashion product tokenization may further impact upon the circulation of infringing fashion articles into the global market to an extent, since internal copyists would have fewer chances to export their infringing articles abroad. At the same time, given that the three jurisdictions under examination arguably constitute some of the major targets for external fashion copyists, a reduced demand for them from those territories' consumers and an increased difficulty in passing them through borders could possibly lead to an overall reduction in the production of infringing, including counterfeit, fashion

articles in other countries, too, thereby contributing to the minimisation of the global rate of IP infringement in fashion. As such, blockchain technology may facilitate the minimisation of infringing fashion articles in both the internal and external markets, thereby amounting to greater protection of intellectual property creations in the fashion sector, both nationally and internationally. The reduced availability of infringing fashion articles would not only contribute to better chances for remuneration to designers, as a higher number of consumers would opt for authentic products, either out of an informed choice offered by blockchain-based product authentication, or due to the reduced availability of infringing fashion articles on the market and their need to communicate their status to others. At the same time, greater respect for intellectual property could also incentivise designers to create and innovate, potentially resulting to a country's greater economic prosperity. Although the proposed blockchain use cases are not the panacea for each and every aspect that contributes to the high levels of IP infringement in fashion, this Chapter concludes that the possibilities offered by blockchain technology provide a strong incentive for fashion designers and brand owners to get involved with the tokenization of their fashion assets.

Chapter 6. Conclusion

This thesis has acknowledged the high levels of fashion-related IP infringement on a global scale, as well as their negative effects not just on creators' incentive to carry on with their designing endeavours, but also to the economy, society and innovation. In an attempt to shed light on the potential causes and relevant factors that contribute to the growth of this phenomenon, the state of IP protection and enforcement in the fashion sector have been assessed, through the lens of trade marks, copyright and design law in the UK, EU and US jurisdictions.

The 'Fashion Cycle', or else the industry process that describes how new designs are born and how they subsequently go to their doom, shapes the industry's dynamics and constitutes the reference point throughout the Chapters. Fashion's distinct industry dynamics can have an influence on designers' decision on when to pursue IP protection and when to seek enforcement. Two important distinctions stem from them, that directly affect the suitability of available IP protections for fashion designs and their creators' ability to enforce them. Firstly, the different types of fashion designs, particularly in respect of their expected durability in the market, as well as their price point. And secondly, the different types of designers, with size and budget as key factors when attempting to secure IP protection.

Timeless fashion designs may be on demand for multiple seasons, whereas seasonal designs typically only last a few weeks, since their low pricing and mass consumption lead to their diffusion more quickly. Not only does this affect the type of protection that is practicable to seek, i.e. unregistered protection for the latter given the rapidly changing trends and their time-limited value, but also it denotes whether enforcement via a lengthy litigation process is worth to pursue. For instance, a timeless design that is expected to endure multiple seasons, irrespective of being the subject of unauthorised copying, with a value which does not diminish as quickly as trend-led designs, would be more likely worth litigating for.

Another observation made by the author is large brands' increased likelihood to produce timeless designs compared to young or small designers, as the former would have the necessary funds to access industry reports and predict trends, as well as an entire designing team at their disposal to carefully plan and create designs that would withstand multiple seasons. In contrast, time would most likely be considered a luxury to emerging designers who are trying to make ends meet and establish themselves in the industry. Given that desirability and sales can almost be guaranteed for trend-led designs, they can facilitate smaller designers' much-needed income for preparing the following fashion collection shortly after and ensure their survival to the industry. As

such, young or small designers would be more likely to be able to produce seasonal designs, rather than timeless designs.

While there is no 'one-size-fits-all' protection model for the whole of fashion, Chapter 3 has examined how likely it is for IP protection to be granted to fashion designs, drawing a distinction between different types of designs with varying levels of meeting the thresholds of the said IP frameworks. While a potential inability of fashion designers to access the IP regimes in question and a subsequent inability to secure protection, would allow for lawful copying in fashion and could merely justify the growth of IP infringement rates, the Chapter disproved this hypothesis. It has concluded that there is an arsenal of different IPR protections available to many designs and in some instances, even the possibility of cumulative protection for a single fashion design. However, notable differences and a more reserved protection regime for fashion designs was noted in relation to the US compared to the UK and EU jurisdictions. Stemming from the above, the author makes a third observation, which relates to the availability of IP protections in relation to different types of designers, in terms of size and budget. The author supports that larger designers and brands have greater access to the IP protection framework. Having discussed that the industry's dynamics could influence young or small designers to produce fashion designs that align with seasonal trends, it could be argued that financial constraints may impact upon one's ability to produce designs that could meet, i.e. the copyright threshold, with the same ease as large brands with an accompanying high budget. Given small designers' need to produce designs which conform with the few specific 'hot looks' of the season and the pressure to sell them fast, before the trend's diffusion only a few weeks later, seasonal designs' speedy production process does not leave much room for the author to express originality and reflect their own personality in their creations. In turn, timeless fashion designs, which are arguably most likely to be produced by larger fashion brands, would be expected to meet *originality* with greater ease, as '*free and creative choices*' would probably need to be exercised into their design process by their creator in order to make them stand out or surpass trends and diffusion. As such, the author supports that the industry's dynamics indirectly shape the level of access to IP protection by fashion players of different sizes, with larger brands being vested greater choice in which IP regime to resort to for the protection of their works and smaller designers potentially being precluded from resorting to some of the available protections.

The next possible justification for the growing rate of fashion-related IP infringement has been examined in Chapter 4. It enquired whether the prevalence of this phenomenon is caused due to a lack of enforcement of those IPRs by designers and/or due to the inadequacy of the currently available IP remedies to serve the needs faced by designers of different sizes and budgets. Upon evaluation of this thesis' original qualitative analysis of UK and US case law involving IP and fashion-related disputes over a number of years, the

Chapter has concluded that the litigation landscape in fashion is less than ideal. The research findings from this case study revealed low levels of IP litigation in fashion and a low volume of pre-trial remedial relief for successful claimants, that would be most suitable in such a fast-paced industry. Long procedures and time constraints, excessive litigation costs, lack of promptness and suitability of available remedies to successful fashion claimants, the type of design in question, the lack of awareness of IPRs attributable to fashion designs among certain types of designers and brands, the willingness to preserve a good public image, the role of social norms and the development of amicable agreements tailored to this industry that may replace the IPR framework, or the utilisation of this framework solely to develop a protection portfolio, and even selective litigation against direct competitors constitute potential reasons that may discourage fashion designers to litigate.

Particularly in relation to fashion SMEs and small designers, the compared UK and US litigation costs and duration frameworks make it extremely difficult to legally enforce their IPRs. In the UK, a more budget-friendly option for less complicated and lower value claims is offered under the IPEC Tracks, yet the costs remain unbearable for certain small designers, even if capped. Given that no IPEC-equivalent litigation route exists in the US, fashion SMEs arguably have the same fate as independent designers, because the amounts that would need to be spent in litigation fees are substantially higher compared to the UK. Effectively, the author concludes that the traditional IP enforcement framework mainly serves large brands which can afford litigation and in practice, precludes a large segment of SMEs and independent designers from having access to justice.

The next focal point of the thesis is the fact that IP disputes may alternatively be resolved privately and away from courts, so as to save in both costs and time compared to litigation for any type of fashion designer, irrespective of their size. Although no conclusive evidence as to whether private settlements are the norm in fashion is available, recent research suggests that the majority of UK design right holders who were notified of infringing activity decided to act upon it by contacting the copyist privately. Furthermore, recently emerged extra-legal enforcement practices, explored in Chapter 3, suggest that a number of small designers' willingness to enforce remains unaffected even when facing large famous fashion brands. While further research as to fashion designers' responses to IP infringement are needed, it could be argued that some designers will wish to act upon infringement and if small or emerging, litigation will be quickly struck out as an option and settling privately may appear more as more viable.

Yet this path to enforcement is expected to come at a higher cost to smaller industry players, in light of the inequality of the bargaining power that they hold when settling with larger brands, and the ability of the latter to

negotiate deals from a position of greater strength. In the absence of any mechanism to address the said inequality among those industry players and given the private nature of most settlement agreements, the author argues that blockchain could achieve a rebalancing of the current landscape. In Chapter 5, the author approaches this longstanding and arguably overlooked issue that many fashion designers face, especially those at the beginning of their careers, when attempting to enforce their IP against large brands across the table. The author argues that the unique qualities of blockchain technology and the tokenization of IP protected fashion assets are expected to bring about greater levels of justice when parties attempt to enforce their intellectual property through this route, by enabling them to achieve fairer deals, as well as fairer remuneration for the infringement of their works. In this original proposal, blockchain could enable fashion designers to source tamper-proof data regarding both authorship/ ownership and the exact timing of design creation, as well as supplementary evidence regarding their IP's real-time value, that could greatly strengthen their negotiating position irrespective of their size, given that tokenization constitutes a low-cost and low-risk solution for sourcing undisputed evidence. Although the extent to which the solution would be useful could vary from designer to designer, the author's position is that blockchain tokenization and the two different kinds of blockchain-stored evidence remain as valuable aids for achieving increased fairness in IP remuneration facilitated by private settlement deals. The author concludes that their utilisation is expected to be most efficient when utilised in conjunction with other pre-existing methods of IPR enforcement and in particular, the current extra-legal techniques.

In the same Chapter, the author makes another proposal for an extra-legal blockchain-based use case to complement the existing IP frameworks and enforcement endeavours of individual designers and brands, as well as governmental border control authorities, in light of fashion-related IP infringement's exacerbation and the prevalence of fashion goods in customs' seizures over the past few years. Use Case No.2 supports that the utilisation of blockchain technology to authenticate and monitor all tokenized physical fashion products throughout their journey in the supply chain, drawing from the recent practices of luxury fashion brands and other sectors, could help tackle IP infringement from a more practical perspective. This thesis argues that governments could follow their lead, so as to increase consumers' confidence in the authenticity of the goods that they purchase and optimise customs authorities' effectiveness in detecting and confiscating physical fashion articles that infringe upon existing IP rights. The expected direct impact of its uniform implementation by either of the three jurisdictions under examination would be the reduced production and reduced circulation of infringing fashion articles in both internal and external markets. This blockchain use case would need to be fully supported by the fashion designers themselves, trusted operators and

carriers of goods, customs authorities, as well as an initial governmental investment, while blockchain technology promises to do the rest. Overall, the cooperation of all those different fashion stakeholders is expected to have a real impact towards the reduction of infringing fashion articles and lead to enhanced IP protection of fashion designs, stimulate innovation and economic growth in this sector, as well as contribute to greater demand for authentic fashion goods by consumers and increased tax revenue by governments.

So, '*Can blockchain technology complement the current enforcement efforts, in order to help minimise intellectual property infringement in fashion?*' Although the proposed blockchain use cases are not capable of dealing with each and every aspect that contributes to the high levels of IP infringement in fashion, the thesis concludes that its proposed applications have a real prospect to act as innovative and highly effective complementary enforcement tools in the battle against IP infringement.

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3.*Jack Wills Ltd v House of Fraser (Stores) Ltd* [2016] EWHC 626 (Ch); [2014] EWHC 110 (Ch); [2013] 11 WLUK 110

4.*Lifestyle Equities C.V. & Anor v Ahmed & Anor* [2021] EWCA Civ 675; *Lifestyle Equities CV v Santa Monica Polo Club Ltd* [2017] EWHC 3313 (Ch); [2017] EWHC 3578 (Ch)

5.*Lifestyle Equities CV & Anor v Amazon UK Services Ltd & Ors* [2021] EWHC 118 (Ch)

6.*Lifestyle Equities CV v Copyrights Group Ltd* [2021] EWHC 1212 (Ch); [2021] 5 WLUK 67; [2021] 6 WLUK 487 (Ch)

7.*Lifestyle Equities CV v Sportsdirect.com Retail Ltd* [2018] EWHC 728 (Ch)

8.*Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch); [2014] EWHC 3258 (Ch)

9.*Walton International Ltd v Verweij Fashion BV* [2018] EWHC 1608 (Ch)

2.2. Copyright

1.*Boxing Brands Ltd v Sports Direct International Plc* (Patents Court) [2013] EWHC 2200 (Ch); [2015] EWCA Civ 185

2.3. Designs

1.*G-Star Raw CV v Rhodi Ltd* [2015] EWHC 216 (Ch)

2.*Original Beauty Technology Co Ltd v G4K Fashion Ltd* [2021] EWHC 294 (Ch); [2021] EWHC 3439 (Ch)

2.4. Overlap of IPRs

1.*Boxing Brands Ltd v Sports Direct International Plc* (Patents Court) [2013] EWHC 2200 (Ch); [2015] EWCA Civ 185 (trade mark & copyright claim)

Annex 3:

US case law (2019-2021)

3.1. Trade marks

1.*Adidas Ag v. Individuals*, 2021 U.S. Dist. LEXIS 140205

2.*Adidas Am., Inc. v. Aviator Nation, Inc*., 2021 U.S. Dist. LEXIS 4830

3.*Advance Magazine Publrs., Inc. v. Gentlemen's Quarters of Kissimmee. Inc.,* 2020 U.S. Dist. LEXIS 106063

4.*Affliction Holdings v. Teespring, Inc.,* 2020 U.S. Dist. LEXIS 101376

5.*Alfwear, Inc. v. Mast-Jägermeister US, Inc.,* 2021 U.S. Dist. LEXIS 21565

6.*Alfwear, Inc. v. Mast-JÄegermeister US, Inc.,* 2020 U.S. Dist. LEXIS 59265

7.*Aliign Activation Wear, LLC v. Lululemon Athletica Canada, Inc*., 2021 U.S. Dist. LEXIS 139350

8.*Animaccord Ltd. v. Individuals, P'ships & Unincorporated Ass'ns*, 2021 U.S. Dist. LEXIS 136497

9.*Antetokounmpo v. Searcy*, 2021 U.S. Dist. LEXIS 97197

10.*ASPCA v. J.C. Clothing Drive, Inc.,* 2019 U.S. Dist. LEXIS 221978

11.*Audi AG v. Posh Clothing, LLC*, 2019 U.S. Dist. LEXIS 74245

12.*Beach Mart, Inc. v. L&L Wings, Inc.,* 784 Fed. Appx. 118; 2019 U.S. App. LEXIS 23134

13.*Bella+ Canvas LLC v. Artcanvas Inc.*, 2020 U.S. Dist. LEXIS 73729

14.*Bliss Collection, LLC v. Latham Cos., LLC*, 2021 U.S. Dist. LEXIS 119961

15.*Cato Corp. v. Cato (HK) Ltd.,* 2021 U.S. Dist. LEXIS 43304

16.*Coach, Inc. v. Citi Trends, Inc.,* 2019 U.S. Dist. LEXIS 76417; 2019 U.S. Dist. LEXIS 208462

17.*Cornette v. Graver,* 473 F. Supp. 3d 437; 2020 U.S. Dist. LEXIS 127221

18.*Chanel, Inc. v. What Comes Around Goes Around LLC,* 2020 U.S. Dist. LEXIS 127353

19.*Chrome Hearts LLC v. Old School Fairfax, Inc.,* 2019 U.S. Dist. LEXIS 227335

20.*City of New York v. Blue Rage, Inc.,* 2021 U.S. Dist. LEXIS 191352

21.*Deus ex Machina Motorcycles Pty. Ltd. v. MGM*, 2020 U.S. Dist. LEXIS 221936

22.*Deyoung v. Wear*, 2021 U.S. Dist. LEXIS 227217

23.*Diamond Collection, LLC v. Underwraps Costume Corp.,* 2019 U.S. Dist. LEXIS 11737

24.*Easton v. Primal Wear, Inc.*, 2019 U.S. Dist. LEXIS 53907

25.*Evans v. Gavin*, 2020 U.S. Dist. LEXIS 103162

26.*Fibertex Corp. v. New Concepts Distribs. Int'l, LLC*, 2021 U.S. Dist. LEXIS 17101

27.*Fleet Feet, Inc. v. Nike Inc.,* 419 F. Supp. 3d 919; 2019 U.S. Dist. LEXIS 207068

28.*Flogrown v. Heritage,* 2019 U.S. Dist. LEXIS 239043

29.*Goat Fashion Ltd. v. 1661*, Inc., 2020 U.S. Dist. LEXIS 178636

30.*Haas Outdoors, Inc. v. Dryshod Int'l, LLC*, 2020 U.S. Dist. LEXIS 17543

31.*Hallmark Indus. v. Hallmark Licensing, LLC*, 417 F. Supp. 3d 1180; 2019 U.S. Dist. LEXIS 166665

32.*Hanesbrands Inc. v. Keds*, LLC, 2021 U.S. Dist. LEXIS 97652

33.*H-D U.S.A., LLC v. Square Wear LLC*, 2020 U.S. Dist. LEXIS 63156

34.*Hitters v. Hitters, 2021 U.S. Dist. LEXIS 150565*

35.*House v. Players' Dugout, Inc.,* 2021 U.S. Dist. LEXIS 202789

36.*I.M. Wilson, Inc. v. Otvetstvennostyou "Grichko",* 397 F. Supp. 3d 721; 2019 U.S. Dist. LEXIS 124373

37.*Khaled v. Bordenave*, 2019 U.S. Dist. LEXIS 71892

38.*Lauren Moshi, LLC v. Fuentes*, 2020 U.S. Dist. LEXIS 40345

39.*Levi Strauss & Co. v. Dorsaz, Inc.,* 2019 U.S. Dist. LEXIS 84787

40.*Levi Strauss & Co. v. J. Barbour & Sons, Ltd.,* 2019 U.S. Dist. LEXIS 38802

41.*Levi Strauss & Co. v. Neverland Online Pty*, 2020 U.S. Dist. LEXIS 223939

42.*Levi Strauss & Co. v. Richard I Spiece Sales Co.,* 2019 U.S. Dist. LEXIS 82219

43.*Levy v. Adidas AG,* 2020 U.S. Dist. LEXIS 73532

44.*Lifeguard Licensing Corp. v. Kozak*, 371 F. Supp. 3d 114; 2019 U.S. Dist. LEXIS 41860

45.*Live Nation Merch., Inc. v. Does*, 2019 U.S. Dist. LEXIS 168434

46.*Lontex Corp. v. Nike, Inc*., 384 F. Supp. 3d 546; 2019 U.S. Dist. LEXIS 97268

47.*Lopez v. Adidas Am., Inc.,* 2020 U.S. Dist. LEXIS 88375

48.*Lopez v. Nike, Inc.,* 2021 U.S. Dist. LEXIS 110352

49.*LTTB LLC v. Redbubble, Inc.,* 840 Fed. Appx. 148; 2021 U.S. App. LEXIS 1503

50.*Luxottica Grp., S.p.A. v. Cheung*, 2020 U.S. Dist. LEXIS 17251

51.*Luxottica Grp. S.p.A. v. Wafa Ali, Inc*., 2021 U.S. Dist. LEXIS 115304

52.*Melwani v. Nature Republic Int'l LLC*, 2019 U.S. Dist. LEXIS 53284

53.*Moa Moa, Inc. v. New Moa Collection*, 2019 U.S. Dist. LEXIS 228469

54.*Nirvana, LLC v. Mark Jacobs Int'l, LLC*, 2019 U.S. Dist. LEXIS 225708

55.*Off-White Llc v. Ali,* 2021 U.S. Dist. LEXIS 137947

56.*Pure & Simple Concepts, Inc. v. I H W Mgmt.*, 857 Fed. Appx. 652

57.*Q&A7 Llc v. Letarte United States*, 2019 U.S. Dist. LEXIS 228771

58.*Rave Wonderland, Inc. v. City Lingerie, Inc.,* 2019 U.S. Dist. LEXIS 216653

59.*Rider Clothing LLC v. BoardRiders, Inc.*, 2019 U.S. Dist. LEXIS 228819

60.R*oberts v. Puma N. Am., Inc.*, 2021 U.S. Dist. LEXIS 100560

61.*Roor Int'l BV v. Amused Clothing, LLC*, 2020 U.S. Dist. LEXIS 69289

62.*Saleh v. Sulka Trading, Ltd.,* 957 F.3d 348; 2020 U.S. App. LEXIS 13878

63.*Salt Life v. Iling,* 2020 U.S. Dist. LEXIS 148605

64.*Savannah Coll. of Art & Design v. Sportswear, Inc*., 983 F.3d 1273

65.*Sh Group Global Ip Holdings v. 2399 Collins Ave. Condo. Ass'n*, 2020 U.S. Dist. LEXIS 255631

66.*Spy Optic, Inc. v. AreaTrend, LLC,* 2020 U.S. Dist. LEXIS 64212

67.*Tiffany (NJ) LLC v. 925 Silver Jewellry Collection*, 2019 U.S. Dist. LEXIS 223870

68.*Turn on Prods. v. Almost Famous Apparel, LLC*, 2019 U.S. Dist. LEXIS 64328

69.*TWD, LLC v. Grunt Style LLC*, 2019 U.S. Dist. LEXIS 183288

70.*Under Armour, Inc. v. Battle Fashions, Inc.,* 2019 U.S. Dist. LEXIS 119543

71.*Undiscovered Corp. v. Heist Studios*, 2019 U.S. Dist. LEXIS 229041

72.*Vans, Inc. v. Target Corp.,* 2020 U.S. Dist. LEXIS 100031

73.*Vargas v. Zumiez, Inc*., 2020 U.S. Dist. LEXIS 140346

74.*Vineyard Vines, LLC v. Outlet Tent Sales, LLC*, 2019 U.S. Dist. LEXIS 22964

75.*Warner Bros. Entm't v. Random Tuesday*, 2020 U.S. Dist. LEXIS 260875

76.*Wright v. New Moda, LLC*, 2020 U.S. Dist. LEXIS 132427

77.*New Moda, L.L.C.,* 2019 U.S. Dist. LEXIS 79517

78.*Xin Lin United States Int'l Corp v. Henry William Corp.,* 2019 N.J. Super. Unpub. LEXIS 3849

79.*YZ Prods. v. Redbubble, Inc.,* 2021 U.S. Dist. LEXIS 118417

80.*4 Pillar Dynasty LLC v. N.Y. & Co.,* 2017 U.S. Dist. LEXIS 131712

3.2. Trade dress

1.AirWair Int'l Ltd. v. ITX USA LLC, 2021 U.S. Dist. LEXIS 218498

2.Airwair Int'l Ltd. v. Pull & Bear Espana SA, 2021 U.S. Dist. LEXIS 129674

3.Diamond Collection, LLC v. Underwraps Costume Corp., 2019 U.S. Dist. LEXIS 11737

4.Mackeen Denims v. V., 2020 U.S. Dist. LEXIS 259421

5.R & A Synergy LLC v. Spanx, Inc., 2019 U.S. Dist. LEXIS 228629

6.Silvertop Assocs. v. Kangaroo Mfg., 931 F.3d 215; 2019 U.S. App. LEXIS 22989

7.Steven Madden, Ltd. v. Jasmin Larian, LLC, 2019 U.S. Dist. LEXIS 10423

8.Vans, Inc. v. Target Corp., 2020 U.S. Dist. LEXIS 100031

9.YZ Prods. v. Redbubble, Inc., 2021 U.S. Dist. LEXIS 118417

3.3. Copyright

1.*Am. Clothing Express, Inc. v. Cloudflare, Inc.,* 2021 U.S. Dist. LEXIS 34451

2.*Animaccord Ltd. v. Individuals, P'ships & Unincorporated Ass'ns,* 2021 U.S. Dist. LEXIS 136497

3.*Caribbean Queen, Inc. v. Lee*, 2021 U.S. Dist. LEXIS 144493

4.*Cat & Dogma v. Target Corp.,* 2020 U.S. Dist. LEXIS 152762

5.*Cooley v. Target Corp.,* 2021 U.S. Dist. LEXIS 59525

6.*Desire, LLC v. Manna Textiles, Inc.,* 2017 U.S. Dist. LEXIS 217691

7.*Deyoung v. Wear*, 2021 U.S. Dist. LEXIS 227217

8.*Exist, Inc. v. Vt. Country Store, Inc*., 2019 U.S. Dist. LEXIS 181409

9.*Fashion Ave. Sweater Knits, LLC v. Poof Apparel Corp.,* 2021 U.S. Dist. LEXIS 54193

10.*Gogo Apparel, Inc. v. True Destiny*, LLC, 2020 U.S. Dist. LEXIS 170616

11.*Gold Value Int'l Texile, Inc. v. Sanctuary Clothing*, LLC, 2017 U.S. Dist. LEXIS 181296

12.*Haas Outdoors, Inc. v. Dryshod Int'l, LLC*, 2020 U.S. Dist. LEXIS 17543

13.*John Mills v. Finley,* 2020 U.S. Dist. LEXIS 192244

14.*Johnson v. Amazon.com, Inc.,* 2021 U.S. Dist. LEXIS 8338; 2021 U.S.P.Q.2D (BNA) 66

15.*Kilina Am., Inc. v. Bonded Apparel, Inc.,* 2019 U.S. Dist. LEXIS 228186

16.*Klauber Bros., Inc. v. QVC, Inc.,* 2020 U.S. Dist. LEXIS 223308

17.*LA Gem & Jewelry Design, Inc. v. Groupon, Inc*., 2020 U.S. Dist. LEXIS 165918

18.*Lopez v. Fashion Nova, Inc.,* 2021 U.S. Dist. LEXIS 26581

19.*Malibu Textiles, Inc. v. Label Lane Int'l, Inc*., 922 F.3d 946; 2019 U.S. App. LEXIS 11946

20.*Neman Bros. & Assocs. v. One Step Up Ltd*., 2019 U.S. Dist. LEXIS 228588

21.*Nirvana, LLC v. Mark Jacobs Int'l, LLC*, 2019 U.S. Dist. LEXIS 225708

22.*Romex Textiles, Inc. v. HK Worldwide, LLC*, 2020 U.S. Dist. LEXIS 23633

23.*Silvertop Assocs. v. Kangaroo Mfg*., 931 F.3d 215; 2019 U.S. App. LEXIS 22989

24.*Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.,* 959 F.3d 1194; 2020 U.S. App. LEXIS 17097

25.*Universal Dyeing & Printing v. All Fashions Clothing*, 2021 U.S. Dist. LEXIS 200222

26.*Warner Bros. Entm't v. Random Tuesday*, 2020 U.S. Dist. LEXIS 260875

27.*YZ Prods. v. Redbubble, Inc.*, 2021 U.S. Dist. LEXIS 118417

3.4. Design patent

1.*Columbia Sportswear N. Am., Inc. v. Seirus Innovative Access., Inc*., 2021 U.S. Dist. LEXIS 12388

2.*Columbia Sportswear N. Am. v. Seirus Innovative Accessories*, 202 F. Supp. 3d 1186

3.*Columbia Sportswear N. Am., Inc. v. Ventex Co.*, 2019 U.S. Dist. LEXIS 168055

3.5. Overlap of IPRs

1.*Animaccord Ltd. v. Individuals, P'ships & Unincorporated Ass'ns*, 2021 U.S. Dist. LEXIS 136497 (trade mark & copyright claim)

2.*Diamond Collection, LLC v. Underwraps Costume Corp*., 2019 U.S. Dist. LEXIS 11737 (trade mark & trade dress claim)

3.*Deyoung v. Wear,* 2021 U.S. Dist. LEXIS 227217 (trade mark & copyright claim)

4.*Haas Outdoors, Inc. v. Dryshod Int'l, LLC*, 2020 U.S. Dist. LEXIS 17543 (trade mark & copyright claim)

5.*Nirvana, LLC v. Mark Jacobs Int'l, LLC,* 2019 U.S. Dist. LEXIS 225708 (trade mark & copyright claim)

6.*Silvertop Assocs. v. Kangaroo Mfg.,* 931 F.3d 215; 2019 U.S. App. LEXIS 22989 (trade dress & copyright claim)

7.*Vans, Inc. v. Target Corp.*, 2020 U.S. Dist. LEXIS 100031 (trade mark & trade dress claim)

8.*Warner Bros. Entm't v. Random Tuesday*, 2020 U.S. Dist. LEXIS 260875 (trade mark & copyright claim)

9.*YZ Prods. v. Redbubble, Inc.,* 2021 U.S. Dist. LEXIS 118417 (trade mark, trade dress & copyright claim)

Annex 4:

4.1. US e-commerce related case law (TM only) (2019-2021)

1.*Abercrombie & Fitch Trading Co. v. Abercrombieandfitchsaleuk.xyz,* 2019 U.S. Dist. LEXIS 78864

2.*Abercrombie & Fitch Trading Co. v. Gesdy*, 2019 U.S. Dist. LEXIS 169201

3.*Abercrombie & Fitch Trading Co. v. Individuals, P'ships & Unincorporated Ass'n,* 2020 U.S. Dist. LEXIS 204825

4.*Adidas AG v. GSHWJS,* 2019 U.S. Dist. LEXIS 140476

5.*Adidas AG v. Individuals*, 2019 U.S. Dist. LEXIS 78028

6.*Adidas AG v. 1Jerseys.com*, 2019 U.S. Dist. LEXIS 40943

7.*Apple Corps v. Alchemytee*, 2021 U.S. Dist. LEXIS 212096

8.*Apple Corps v. Animeking*, 2021 U.S. Dist. LEXIS 211070

9.*Apple Corps, Ltd. v. Avila Norma Shop*, 2019 U.S. Dist. LEXIS 221411

10.*Apple Corps Ltd. v. Bagani.Mobi*, 2020 U.S. Dist. LEXIS 225138

11.*Apple Corps Ltd. v. BettyRobeson*, 2019 U.S. Dist. LEXIS 78862

12.*Apple Corps Ltd. v. Bronte*, 2019 U.S. Dist. LEXIS 171466

13.*Adidas AG v. Global Online Shopping*, 2019 U.S. Dist. LEXIS 225858

14.*Apple Corps v. Funtionroad,* 2020 U.S. Dist. LEXIS 108114

15.*Apple Corps v. Individuals*, 2021 U.S. Dist. LEXIS 115771

16.*Apple Corps Ltd. v. lockalita.com*, 2020 U.S. Dist. LEXIS 25052

17.*Apple Corps v. Merchclan*, 2020 U.S. Dist. LEXIS 145402

18.*Burberry Ltd. v. Individuals P'ship & Unicorporated Ass'ns*, 2020 U.S. Dist. LEXIS 248453

19.*Cartier Int'l A.G. v. Buying*, 2019 U.S. Dist. LEXIS 41958

20.*Chanel, Inc. v. aaachanelshop.ru*, 2019 U.S. Dist. LEXIS 175511

21.*Chanel, Inc. v. A134688*, 2020 U.S. Dist. LEXIS 201969

22.*Chanel, Inc. v. Bdlady*, 2020 U.S. Dist. LEXIS 108307

23.*Chanel, Inc. v. Chanel*, 2021 U.S. Dist. LEXIS 212141

24.*Chanel, Inc. v. Classic-Bag-Shop*, 2019 U.S. Dist. LEXIS 42688

25.*Chanel, Inc. v. Fashionbestchanel.com*, 2019 U.S. Dist. LEXIS 225775

26.*Chanel, Inc. v. HandbagStore*, 2020 U.S. Dist. LEXIS 248563

27.*Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422; 2020 U.S. Dist. LEXIS 55505

28.*Chanel, Inc. v. Replicachanelbag*, 2018 U.S. Dist. LEXIS 222113

29.*Chanel, Inc. v. 7areplica.ru*, 2019 U.S. Dist. LEXIS 128220

30.*Chanel, Inc. v. 8CREPLICACHANEL.COM*, 2019 U.S. Dist. LEXIS 146369

31.*Chanel, Inc. v. 100chanel.com.ua*, 2019 U.S. Dist. LEXIS 62005

32.*Fendi S.R.L. v. Individuals*, 2021 U.S. Dist. LEXIS 126828

33.*Fendi S.R.L. v. Joe Bag*, 2019 U.S. Dist. LEXIS 169132

34.*Fendi, S.r.l. v. Wat*, 2020 U.S. Dist. LEXIS 202198

35.*Gianni Versace S.R.L. v. Individuals*, 2020 U.S. Dist. LEXIS 108119

36.*Golden Goose Deluxe Brand v. AADCT Official Store*, 2020 U.S. Dist. LEXIS 195562

37.*Gucci Am., Inc. v. Aaareplicaretail.com*, 2019 U.S. Dist. LEXIS 223907

38.*Gucci Am., Inc. v. Gucci-Taschens.com*, 2019 U.S. Dist. LEXIS 170582

39.*Gucci America, Inc. v. Hut*, 2019 U.S. Dist. LEXIS 78040; 2019 WL 1989202

40.*Gucci Am., Inc. v. Individuals, P'ships & Unincorporated Ass'ns,* 2019 U.S. Dist. LEXIS 78861

41. *Hem & Thread, Inc. v. Wholesalefashionsquare.com, Inc.,* 2021 U.S. Dist. LEXIS 141099

42.*Hem & Thread, Inc. v. Wholesalefashionsquare.com, Inc.,* 2020 U.S. Dist. LEXIS 250492

43.*Kenzo S.A. v. Ariefstore*, 2019 U.S. Dist. LEXIS 79800

44.*Kors v. Bayzamzam0*, 2019 U.S. Dist. LEXIS 125403

45. *Lopez v. Bonanza.com, Inc.,* 2019 U.S. Dist. LEXIS 170715

46.*Louis Vuitton Malletier v. Baglouisvuitton.store*, 2019 U.S. Dist. LEXIS 112036

47.*Louis Vuitton Malletier v. Individuals,* 2020 U.S. Dist. LEXIS 143179

48.*Malletier v. Aaalvshop.com*, 2019 U.S. Dist. LEXIS 171467

49.*Malletier v. Caromy&LV*, 2019 U.S. Dist. LEXIS 82907

50.*Malletier v. Store*, 2020 U.S. Dist. LEXIS 173342

51.*Michael Kors, LLC v. Airtnmax Store*, 2021 U.S. Dist. LEXIS 121701

52.*Michael Kors, L.L.C. v. Andrewfenncelebrant.Com*, 2020 U.S. Dist. LEXIS 109866

53.*Michael Kors, L.L.C. v. Individuals*, 2020 U.S. Dist. LEXIS 239472

54.*Moncler S.P.A. v. Aadd2*, 2021 U.S. Dist. LEXIS 201699

55.*Moncler S.P.A. v. Aimluxuryslouisre*, 2021 U.S. Dist. LEXIS 202635

56.*Mpl Communs. Ltd. v. 123ohoh Store*, 2020 U.S. Dist. LEXIS 90675

57.*Mycoskie v. Cheapecco*, 2021 U.S. Dist. LEXIS 212615

58.*Mycoskie, LLC v. Individuals, P'ships & Unincorporated Ass'ns*, 2019 U.S. Dist. LEXIS 41441

59.*Mycoskie, LLC v. 2018prettycat*, 2019 U.S. Dist. LEXIS 72496

60.*N. Face Apparel Corp. v. Aa19841210*, 2020 U.S. Dist. LEXIS 145639

61.*N. Face Apparel Corp. v. Individuals,* 2020 U.S. Dist. LEXIS 143626

62.*N. Face Apparel Corp. v. Individuals, P'ship & Unincorporated Assns.,* 2019 U.S. Dist. LEXIS 224146

63.*North Face Apparel Corp. v. Aothenorthface.com*, 2019 U.S. Dist. LEXIS 145926

64.*Off-White Llc v. Ali*, 2021 U.S. Dist. LEXIS 137947

65.*Salvatore Ferragamo S.p.A. v. Does*, 2020 U.S. Dist. LEXIS 27582

66.*Tiffany (NJ) LLC v. Account N*, 2019 U.S. Dist. LEXIS 176769

67.*Tiffany (NJ) LLC v. Individuals, P'ships & Unincorporated Assocs.*, 2021 U.S. Dist. LEXIS 217063