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## ESSAY

### THIS IS NOT GUCCI: THE INTELLECTUAL PROPERTY AND COUNTERFEIT PROBLEMS FACING THE AMERICAN LUXURY FASHION INDUSTRY

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#### INTRODUCTION

“In order to be irreplaceable, one must always be different.”<sup>1</sup> This quote was once spoken by Coco Chanel, whose brand would later become one of the most famous fashion brands in history. Designers like Dior, Louis Vuitton, Gucci, Yves Saint Laurent, and Prada have all followed in Chanel’s footsteps. Millions of people, from all around the world, stand in line outside of stores to get their hands on newly-released shoes and handbags. These fashion brands—and countless others—have unique designs that are easily identifiable. People all over the world will do

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\* Juris Doctor Candidate, Oklahoma City University School of Law, May 2024. I would like to dedicate this Essay to my late grandmother, Laura L. Dunmar. Thank you for reaching me so many important life skills and inspiring my interest in fashion law. I would also like to thank my husband, Micky Willis, my family, and my friends for their love and support. Lastly, thank you to the Oklahoma City University Law Review for making this publication possible.

1. Coco Chanel, *Coco Chanel Quotes*, BRAINY QUOTES [https://www.brainyquote.com/quotes/coco\\_chanel\\_382612](https://www.brainyquote.com/quotes/coco_chanel_382612) (last visited Apr. 5, 2024).

whatever it takes to own a designer good whether they are original or not. The problem here is that there are only so many Louis Vuitton Neverfull bags or Gucci belts to go around—and they are extremely expensive. This problem has caught the attention of bad actors and has created an underground, criminal market for fake designer goods to enter the market, known as counterfeits, to the misfortune of these designer brands. According to the International Trademark Association, the definition of counterfeiting is “the manufacture, import, export, distribution, and sale of consumer goods that are not genuine but are designed and branded to look identical to the authentic product in order to deceive consumers into believing that they are authentic.”<sup>2</sup> No matter how hard counterfeit manufacturers try, they will never be able to deliver the same quality as the original designer.

Luxury fashion companies will do whatever it takes to protect their brand’s reputation and quality. They believe it is their responsibility to protect their brands and police the criminal enterprises that engage in the sale and production of counterfeits. Luxury brands are frequently suing infringers in the United States to stop this criminal activity. The counterfeit industry has evolved into a worldwide, insidious crime epidemic and luxury fashion brands cannot tackle it on their own without the help of the international community.

Luxury fashion brands advocate to governments all over the world to create and enforce anti-counterfeit laws. In America, the intellectual property (“IP”) protections available to fashion companies to tackle counterfeit issues are scarce.<sup>3</sup> Fashion companies have very few comprehensive options available to them compared to other industries.<sup>4</sup> For example, while a book author can count on copyrights to protect a published book, fashion designers do not have a specific area of IP law they can rely on to protect their garments. Fashion companies must jump through hoops to get design patents, trademarks, and copyrights.<sup>5</sup> Even

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2. *Fact Sheet: Protecting a Trademark: Counterfeiting*, INT’L TRADEMARK ASS’N (Aug. 31, 2020), <https://www.inta.org/fact-sheets/counterfeiting-intended-for-a-non-legal-audience/> [https://perma.cc/V8H2-BUGW].

3. Dagmar Strukelj, *Comparison of the Intellectual Property Protections Available for Fashion Designs in the U.S. and the EU* 5 (Transatlantic Technology Forum, Working Paper No. 58, 2020) [https://law.stanford.edu/wp-content/uploads/2020/06/strukelj\\_wp58.pdf](https://law.stanford.edu/wp-content/uploads/2020/06/strukelj_wp58.pdf) [https://perma.cc/YQM6-29DG].

4. *See id.* (“[F]ashion is not relevantly different from other creative industries where the same processes are engines of innovation, and thus also worthy of legal protection.”).

5. *See* Nicole Martin, *Current Intellectual Property Regime in the U.S. Fail to Protect*

then they can hit roadblocks that make it virtually impossible to legally protect their creative designs and prints. This is incredibly unfair because the law is currently punishing fashion designers for picking one medium (like clothing design) to channel their artistic expression over another (such as a tangible painting).<sup>6</sup> The world needs fashion designers, but fashion designers need the law to protect them from infringers and counterfeiters.

This Essay will explore the different forms of IP protection available to fashion brands, identify the difficulties facing these companies associated with those protections, and put forth legislative and judicial suggestions to fix the issues to offer improved protections for luxury fashion brands against counterfeits. In Part I, an overview of American IP law will be provided. This will also include a description of how those protections currently apply to the fashion industry. Part II will discuss the problems that those protections impose on the fashion industry. Part III will offer analysis of the issues, suggestions on how to improve IP protections to combat counterfeit infringement, and responses to foreseeable critiques of the policy improvements proposed.

## II. HISTORICAL DEVELOPMENT OF RELEVANT LAW

### *A. Applicable Legislative History*

Fashion law is an area of law that derives its framework from American IP law.<sup>7</sup> Before understanding how fashion law works it is important to understand the basics of American IP law. In this section, the United States Constitution's IP Clause will be analyzed in conjunction with applicable federal statutes that facilitate laws against counterfeit goods and the responsible parties.

#### *i. Intellectual Property and the United States Constitution*

The United States Constitution empowers IP jurisprudence. In Article

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*Fashion Designs*, SCI. RSCH. & CMTY. J. OF MEDIA & MGMT. <https://www.onlinescientificresearch.com/articles/current-intellectual-property-regimes-in-the-us-fail-to-protect-fashion-designs.html> [https://perma.cc/Q4VE-AW73].

6. *Id.*

7. Bogdan Enica, *What is Fashion Law*, PRACTUS, LLP (Feb. 15, 2021), <https://practus.com/news/what-is-fashion-law/> [https://perma.cc/H8NG-FQGN].

I, Section 8, Clause 8, the Constitution states, “Congress shall have the power . . . to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>8</sup> “Progress of the sciences” gives the government the ability to regulate patent law while “useful arts” provides the authority to oversee copyright law.<sup>9</sup> In *In re Trade-Mark Cases*, the United States Supreme Court held that this clause did not grant the United States federal government jurisdiction over trademark protection, but that the Commerce Clause, which is also in the United States Constitution, did.<sup>10</sup> The IP Clause and the Commerce Clause allowed the United States Government to create laws that would later give luxury fashion companies protection in the United States.<sup>11</sup>

*ii. Fashion Law and the Applicable Federal Statutes*

Patent, copyright, and trademark law are the three main areas of law associated with intellectual property.<sup>12</sup> All three concepts aim to facilitate registrations of works of science or art to protect unique, innovative ideas.<sup>13</sup> They also include rights and remedies available to the work’s owner if infringement occurs.<sup>14</sup>

*a. United States Patent Code*

The Constitution’s IP Clause gives Congress jurisdiction over patent lawmaking.<sup>15</sup> In 1952, Congress codified Title 35 of the U.S. Code.<sup>16</sup> It

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8. U.S. CONST. art. 1, § 8, cl. 8.

9. *Id.*

10. *In re Trade Mark Cases*, 100 U.S. 82, 95 (1879).

11. *Id.*

12. *Intellectual Property Basics*, SMITH GAMBRELL RUSSELL, <https://www.sgrlaw.com/ttl-articles/919/> [<https://perma.cc/423R-TJXV>].

13. *Id.*

14. Ryan Santurri, *Remedies for Intellectual Property Infringement*, ALLEN, DYER, DOPPELT, & GILCHRIST, PA (Oct. 10, 2023), <https://allendyer.com/remedies-for-intellectual-property-infringement/#:~:text=Court%20Orders%3A%20Courts%20can%20issue,and%20prevent%20further%20unauthorized%20use> [<https://perma.cc/VJE2-A394>].

15. Brandon Smith, *The Patentability of Human Embryonic Stem Cells in Light of Myriad*, 96 J. PAT. & TRADEMARK OFF. SOC’Y 112, 117 (2014).

16. *Id.*

requires that patentable inventions must be “new, and nonobvious.”<sup>17</sup> Patents are intended to protect inventors’ discoveries.<sup>18</sup> Therefore, patent protection gives creators significant market power and the ability to charge consumers high prices to purchase their invention.<sup>19</sup> In addition to high costs, the standard to prove patentability is high too.<sup>20</sup> A party interested in obtaining a patent must demonstrate to the governing federal agency, known as the United States Patent and Trademark Office (“USPTO”), that their invention meets the following three elements: “utility, novelty, and nonobviousness.”<sup>21</sup> This proves that the invention has never existed previously, and other people would not be able to easily think to invent it.<sup>22</sup> This process costs tens of thousands of dollars for inventors.<sup>23</sup>

Patents have traditionally been used to protect scientific advancements through the utility patent.<sup>24</sup> However, in 1842, the United States enacted a law to create a new type of patent: the design patent.<sup>25</sup> Utility and design patents serve different purposes. Sebastian Rodriguez, a writer for the University of Puerto Rico Business Law Journal explained the differences between the two types of patents:

[A] utility patent[] may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, composition of matter or any new and useful improvement thereof. Design patents may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture . . . . While a utility patent protects the way an article is used and works, a design patent protects an article’s ornamental appearance . . . . To be ornamental, the design must have an overall distinct appearance that is not

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17. *Id.*

18. Christopher Buccafusco & Jeanne C. Fromer, *Fashion’s Function in Intellectual Property Law*, 93 NOTRE DAME L. REV. 51, 62 (2017).

19. *Id.*

20. *Id.*

21. *Id.*

22. *Id.*

23. *Id.* at 63.

24. Rebecca S. Eisenberg, *Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 U. CHI. L. REV. 1017, 1020 (1989).

25. Kimberly A. Harchuck, *Fashion Design Protection: The Eternal Plight of the “Soft Sculpture”*, 4 AKRON INTELL. PROP. J. 73, 75 (2010).

dictated by the function of the article[.]<sup>26</sup>

While utility patents get twenty years of protection, design patents only get fifteen years.<sup>27</sup> Courts decide whether a patent infringement has occurred by conducting a side-by-side comparison of the original invention holding the patent and the allegedly infringing invention.<sup>28</sup>

*b. United States Copyright Act*

Like patents, copyright law derives from the Constitution.<sup>29</sup> It is codified in Title 17 of the U.S. Code.<sup>30</sup> Copyright law protects “original works of authorship fixed in any tangible medium of expression[.]”<sup>31</sup> The merger doctrine instructs that the purpose of copyright law is to protect the original expression of ideas, but does not protect an idea itself.<sup>32</sup> If the idea merges with the expression, copyright protection will not be granted.<sup>33</sup> Original, underlying ideas “cannot be removed from the public realm.”<sup>34</sup> Another copyright law doctrine, known as *scènes à faire*, says that certain ideas are conventionally expressed in ways that reflect similarities which necessarily flow from a common theme.<sup>35</sup> An example of this is that certain genres of music can use common themes across artists, like heartbreak in a country song. Currently, copyright law protects books, songs, and photographs but does not extend to “useful articles” such as clothing.<sup>36</sup>

To prevail on a copyright infringement claim, a plaintiff must show: “(1) ownership of a valid copyright; and (2) copying of constituent

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26. Sebastián M. Torres Rodríguez, *The Convergence of Design Patent Law, Trademark Law, and Copyright Law for Better Protection of Intellectual Property for Commercial Designs*, 5 U.P.R. BUS. L. J. 122, 136-37 (2014).

27. 35 U.S.C. §§ 154(a)(2), 173.

28. Rodríguez, *supra* note 26, at 138.

29. UNITED STATES COPYRIGHT OFFICE, <https://www.copyright.gov/timeline/> [<https://perma.cc/44BD-N4WE>].

30. 17 U.S.C. §§ 101-1511.

31. 17 U.S.C. § 102(a).

32. *Yankee Candle Co. v. Bridgewater Candle Co.*, 99 F. Supp. 2d 140, 144-45 (D. Mass. 2000).

33. *Id.*

34. *Matthews v. Freedman*, 157 F.3d 25, 27 (1st Cir. 1998).

35. *Pampered Chef, Ltd. v. Magic Kitchen, Inc.*, 12 F. Supp. 2d 785, 790 (N.D. Ill. 1998).

36. *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1002 (2d Cir. 1995).

elements of the work that are original.”<sup>37</sup> In addition, the plaintiff must successfully apply the “ordinary observer test” by showing that a reasonable person would find that the infringing material is substantially similar to its own protected material.<sup>38</sup>

After many questions from the public about the application of copyright law, Congress passed the Copyright Act of 1976.<sup>39</sup> Here, Congress sought to omit the “works of art” classification of the Copyright Act of 1909 and replace it with a clear line statement that “pictorial, graphic, and sculptural works” are protected.<sup>40</sup> Under this law, in order for useful articles, such as clothing, to be protected, there must be a pictorial, graphic, or sculptural work attached that can be identified separately from the utilitarian aspects of the article.<sup>41</sup> In other words, a useful article, such as clothing (for example, a shirt), can be copyrightable if some degree of artistry is severable from the physical shirt. Fashion designers have since advocated to members of Congress to extend copyright protection specifically to the fashion industry.<sup>42</sup>

### *c. Lanham Act*

In 1946, the United States Congress passed the Lanham Act. Its legislative intent was to protect persons and entities “engaged in commerce against false advertising and unfair competition.”<sup>43</sup> At the time, there was concern that companies were being defrauded and financially injured by deceptive advertisements causing customers to not return as a patron.<sup>44</sup> The Lanham Act—and consequently trademark law—was created to ensure brands were protected from false or misleading attacks that would take away revenue.<sup>45</sup> Trademark law protects any word, name,

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37. *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991).

38. *Yankee*, 99 F. Supp. 2d at 147.

39. Charles E. Colman, *The History and Principles of American Copyright Protection for Fashion Design: A Strange Centennial*, 6 HARV. J. SPORTS & ENT. L. 225, 289 (2015).

40. *Id.*

41. *Id.*

42. Robert Darwell & Ted Max, *Congress Has Designs for Piracy Prevention Legislation*, DAILY J. (Aug. 9, 2011), [https://www.sheppardmullin.com/media/publication/1013\\_0848%20EMT%20-%20Congress%20Has%20Designs%20For%20Piracy%20Prevention%20Legislation.pdf](https://www.sheppardmullin.com/media/publication/1013_0848%20EMT%20-%20Congress%20Has%20Designs%20For%20Piracy%20Prevention%20Legislation.pdf) [<https://perma.cc/QAP6-9Z3L>].

43. *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1179 (1998).

44. *Id.*

45. *See id.*

symbol, or idea used by a person to identify and distinguish their goods or services from those of another.<sup>46</sup> Companies are able to register their brands and logos to acquire a trademark which will help identify and protect their reputation in commerce.<sup>47</sup> Once a trademark is registered, the owner of the mark has exclusive rights to use it in commerce and there is a ten-year expiration which can be renewed indefinitely so long as it remains in use.<sup>48</sup>

Today, trademarks are monitored by the USPTO. To receive a valid trademark an owner must prove: (1) it was used in commerce; (2) as a mark; and (3) it is distinctive—meaning that it identifies the source of the associated product or service.<sup>49</sup> Distinctiveness is proven by showing the mark has a secondary meaning.<sup>50</sup> Secondary meaning is achieved when the primary significance of a product feature is to identify the source of the product rather than the product itself.<sup>51</sup> Trademarks can be filed either when there is an intent to use it in commerce or if the mark is already being used with a business.<sup>52</sup> Under the umbrella of trademark law, a brand can receive trade dress protection “which serves to protect a brand’s packaging” and appearance as long as secondary meaning has been proven.<sup>53</sup> Additionally, the Court has ruled that colors—that acquire secondary meaning and identify a brand—can receive trademark protection.<sup>54</sup>

Once a mark owner proves they have a valid trademark, they can sue for trademark infringement if they believe some entity has illegally compromised their mark.<sup>55</sup> The mark owner must use a two-pronged test

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46. 15 U.S.C. § 1127.

47. Amelia Sebastian, *How to Trademark a Clothing Brand: A Complete Guide*, AFFIX APPAREL, (June 27, 2023), <https://affixapparel.com/blog/how-to-trademark-a-clothing-brand/> [https://perma.cc/B9Y9-XTK8].

48. *Id.*

49. JAMES BOYLE & JENNIFER JENKINS, *INTELLECTUAL PROPERTY: LAW & THE INFORMATION SOCIETY* 105-06 (5th ed. 2021).

50. *Gucci America Inc. v. Guess Inc.*, 868 F. Supp. 2d 207, 238 (S.D.N.Y. 2012).

51. *Christian Louboutin S.A. v. Yves Saint Laurent America*, 696 F.3d 206, 216 (2d Cir. 2012).

52. Larry C. Russ & Nathan D. Meyer, *Fashion Sense*, L.A. LAW., July-Aug. 2016, at 26, 30, [https://www.raklaw.com/wp-content/uploads/2019/04/ArticleinLALawyer\\_Jul\\_Aug-2016.pdf](https://www.raklaw.com/wp-content/uploads/2019/04/ArticleinLALawyer_Jul_Aug-2016.pdf) [https://perma.cc/M4CM-3LXR].

53. Tina Martin, *Fashion Law Needs Custom Tailored Protection for Designs*, 48 U. BALT. L. REV. 453, 460 (2019).

54. *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 161 (1995).

55. UNITED STATES PATENT & TRADEMARK OFFICE, <https://www.uspto.gov/page/about-trademark-infringement> [https://perma.cc/GCM8-L6ZS].

to prevail in a trademark infringement case.<sup>56</sup> The first inquiry is “whether the plaintiff’s mark is entitled to protection.”<sup>57</sup> The second inquiry is “whether defendant’s use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant’s goods.”<sup>58</sup> The outcome of the second inquiry hinges on whether an ordinary person, who engages in commerce with the brand, would be confused or misled regarding the defendant’s allegedly-infringing mark.<sup>59</sup>

### B. Current Fashion Law Protections

One of the greatest issues that the fashion industry is hoping to solve is finding a fit for its protections within the standing legal frameworks.<sup>60</sup> Currently, the fashion industry focuses most of its IP registrations on design patents, trademarks, trade dress, and copyrights.<sup>61</sup> Patents protect inventions.<sup>62</sup> Trademark protects branding.<sup>63</sup> Copyrights protect original artistic works.<sup>64</sup> Clearly, since the fashion industry encompasses a wide range of entrepreneurship, there is no clean-cut fit for them within IP law—like there is for other industries.<sup>65</sup> For example, when a publishing company releases a new book, they will most likely only deal with copyright law. This has led the fashion industry to squirm to find some sort of comprehensive protection. Once they do, they throw something at the wall (the wall being the United States’ court system) and hope it sticks. Unfortunately, the problem is that conventional forms of IP are not intended to apply to fashion brands.<sup>66</sup>

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56. *Gucci*, 868 F. Supp. 2d at 237.

57. *Id.*

58. *Id.*

59. *Id.* at 237-38.

60. See M.C. Miller, *Copyrighting the “Useful Art” of Couture: Expanding Intellectual Property Protection for Fashion Designs*, 55 WM. & MARY L. REV. 1617, 1646 (2014).

61. Martin, *supra* note 53, at 459-63.

62. UNITED STATES PATENT & TRADE OFFICE, PROTECTING YOUR TRADEMARK 1 (2015) [https://www.uspto.gov/sites/default/files/BasicFacts\\_0.pdf](https://www.uspto.gov/sites/default/files/BasicFacts_0.pdf) [https://perma.cc/CT48-KVF5].

63. *Id.*

64. *Id.*

65. Strukelj, *supra* note 3, at 6.

66. See Kelly Grochala, *Intellectual Property Law: Failing the Fashion Industry and Why the “Innovative Design Protection Act” Should Be Passed*, SETON HALL U.: L. SCH. STUDENT SCHOLARSHIP, 1, 2-3 (2014), [https://scholarship.shu.edu/cgi/viewcontent.cgi?article=1135&context=student\\_scholarship](https://scholarship.shu.edu/cgi/viewcontent.cgi?article=1135&context=student_scholarship).

*i. Design Patents*

Design patents protect ornamental characteristics on a useful article (such as shoes).<sup>67</sup> An example of a fashion company that successfully used design patents to protect their products is Crocs.<sup>68</sup> Design patents are often used in the fashion industry to protect innovative “designs for shoes, handbags, [and] jewelry” if they meet the appropriate requirements.<sup>69</sup> Once a design patent is issued by the USPTO, the design is secure for fifteen years—which means that no one can copy it for that timeframe.<sup>70</sup> The fifteen-year grace period is used to develop the brand’s secondary meaning to then register for a trademark.<sup>71</sup> This strategy allows time for a brand to garner that secondary meaning so that trademark registration is easier.

The problem with design patents is that it is expensive to file an application and the protection only lasts for fifteen years.<sup>72</sup> If a designer fails to file for a patent within a year of the product entering the marketplace, the designer loses their ability to recover monetary damages.<sup>73</sup> Additionally, the damages awarded to design patent owners are nearly the same as those awarded in trademark infringement cases.<sup>74</sup> Therefore, if proving secondary meaning is possible, it makes more sense for a fashion designer to file for a less expensive trademark application which still allows them to receive protection and exclusive rights for the entirety of the brand’s life.

*ii. Copyrights*

Copyright law has been used to protect designs from infringement in the fashion industry.<sup>75</sup> However, there are limitations that continue to impose massive roadblocks for fashion designers to utilize this area of law

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67. Russ, *supra* note 52, at 30-31.

68. *Id.* at 31.

69. Mark K. Brewer, *Fashion Law: More than Wigs, Gowns, and Intellectual Property*, 54 SAN DIEGO L. REV. 739, 753 (2017).

70. *Id.*

71. *See id.*

72. Russ, *supra* note 52, at 31.

73. *Id.*

74. *Id.*

75. *See Can You Copyright Fashion Designs*, COPYRIGHT ALLIANCE, <https://copyrightalliance.org/faqs/copyright-fashion-designs/> [https://perma.cc/6VBL-Q6JB].

to protect their original works. In *Star Athletica v. Varsity Brands*, the Court held that “design[s] [on] a useful article [are] eligible for copyright protection only if the [design] can be perceived as a . . . work of art separate from the useful article and . . . would qualify as a . . . pictorial, graphic, or sculptural work—either on its own or fixed in some . . . tangible medium of expression[.]”<sup>76</sup> This means that if a designer wants to get a copyright on a clothing design, he will only be able to copyright any unique designs that could be separated from the piece of clothing. *Star Athletica*’s holding is problematic for the fashion industry because if the United States Copyright Office did not deem a design protectable under copyright law, the work was unprotected and susceptible to copying from competitors.<sup>77</sup>

*Star Athletica* continues to pose problems for the fashion industry. First, it blurred the lines between design patents and copyright law.<sup>78</sup> In the case, the Court applied standards found in design patent law to copyright law.<sup>79</sup> The issue here is that the barrier to entry for copyright protection is supposed to be much lower than design patents.<sup>80</sup> This case makes it harder for fashion designers to get copyright protection because the Court did not make clear distinctions between industrial design and fashion design.<sup>81</sup> *Star Athletica* was supposed to clarify how copyright law could extend to fashion designs, but it instead confused the fashion industry and fashion lawyers, making application of copyright law to fashion more difficult.<sup>82</sup>

Second, fashion designers were hoping a Supreme Court case on fashion designs would create protection for clothing with elaborate prints so that they could profit off of it as a piece of fashion rather than art.<sup>83</sup> Fashion companies, like Hermès, are well known for their elaborate, easily-identifiable printed garments.<sup>84</sup> Those familiar with fashion know Hermès prints when they see them. Hermès creates its garments to be worn and not to be enjoyed as artwork on someone’s wall. It does not take a

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76. *Star Athletica, L.C.C. v. Varsity Brands, Inc.*, 580 U.S. 405, 409 (2017).

77. *See id.* at 424.

78. Rebecca Tushnet, *Shoveling a Path After Star Athletica*, 66 UCLA L. REV., 1216, 1230, (2019).

79. *Id.* at 1225.

80. *Id.* at 1228-29.

81. *Id.* at 1230.

82. *See id.* at 1231.

83. Russ, *supra* note 52, at 31.

84. Taylor M., *Hermès 101: Silk Scarves*, REBAG (June 19, 2020), <https://www.rebag.com/thevault/hermes-101-silk-scarves/> [https://perma.cc/GY9K-PQLS].

fashion savant to know that prints on clothing are not severable from the garment—they are meant to exist together. *Star Athletica* is tremendously problematic because it created significant roadblocks for designers to protect recognizable prints.<sup>85</sup> This holding requires designers to make a decision they do not want to make. It requires them to separate the art from their desired medium. It forces them to decide between treating their print as a separate piece of art to qualify for IP protection or to continue treating the garment as they intended—a beautiful piece of clothing with a brand-identifying print—that is not entitled to any IP protection.<sup>86</sup> This is unfair to the designer and disrespectful towards their craft. Further, this case discourages artistry in the fashion industry by creating a legally determined distinction between the artwork and the garment rather than treating the print as a feature of the garment as a whole.<sup>87</sup>

### *iii. Trademarks*

Generally, trademark law offers the fashion industry the widest range of legal protections.<sup>88</sup> Trademarks serve two functions in the fashion industry: (1) to identify a brand or logo; and (2) to protect a brand's packaging or appearance via trade dress protection.<sup>89</sup>

Brands have used trademark law to protect logos that are placed on shoes and clothing.<sup>90</sup> For example, this occurred when Nike was able to get trademarks for “Nike,” “Just Do It,” and the infamous swoosh.<sup>91</sup> Then, Nike used these already-trademarked designs and placed them on shoes and apparel.<sup>92</sup> Now, no other company can sell apparel with the same mark

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85. Dani N. Cohen, *Fashion and Intellectual Property: Protecting Creative Works*, THE MICHELSON INST. FOR INTELL. PROP. (June 2, 2021), <https://michelsonip.com/fashion-and-intellectual-property/> [https://perma.cc/63X8-3F7H].

86. Tina Martin, *Fashion Law Needs Custom Tailored Protection for Designs*, 48 U. BALT. L. REV. 453, 455 (2019).

87. *Id.* at 463.

88. Brewer, *supra* note 69, at 752.

89. *Id.* at 752-53.

90. See generally Dayoung Chung, *Law, Brands, and Innovation: How Trademark Law Helps to Create Fashion Innovation*, 17 J. MARSHALL REV. INTELL. PROP. L. 492, 547 (2018) (discussing shoe and clothing brands).

91. Michael Kondoudis, *NIKE Trademarks – A Complete Guide*, MICHAEL E. KONDOUDIS AN INTELL. PROP. L. FIRM, <https://www.mekiplaw.com/nike-trademarks-explained/> [https://perma.cc/F75D-KM47].

92. See *id.*

since Nike has attained exclusive rights.<sup>93</sup> If another brand were to put the swoosh on a t-shirt and it looked like a dead ringer for Nike's swoosh, Nike could bring a trademark infringement suit against them.<sup>94</sup> Nike's suit would have little to do with protecting the garment itself, but entirely to do with protecting the logo as a source-identifier for the Nike brand.<sup>95</sup> So, what does a brand do if they do not have a logo, like Nike, that has developed a secondary meaning? Many brands have turned to trade dress if they are able to prove inherent distinctiveness.<sup>96</sup>

Trade dress protection is a segment of trademark law. In *Wal-Mart Stores v. Samara Brothers*,<sup>97</sup> Wal-Mart decided to reproduce Samara Brothers' ("Samara") dress designs and sell it for less. Samara sued but was unsuccessful.<sup>98</sup> The Court held that Samara's designs had not developed enough of a secondary meaning to be protected under trademark law.<sup>99</sup> The Court reasoned that consumers would not be able to recognize their designs without first glancing at the label.<sup>100</sup> Therefore, for a trade dress to be granted, the brand must be easily identifiable when a reasonable consumer looks at its designs, also known as inherent distinctiveness.<sup>101</sup> This was evident in *Christian Louboutin SA v. Yves Saint Laurent America Holdings Inc.*, where the Second Circuit Court of Appeals granted trade dress protection to Christian Louboutin for their infamous red-bottom soles.<sup>102</sup> The court reasoned that a trademark was correctly granted because the red-bottom soles had acquired meaning in commerce.<sup>103</sup> This means that when consumers see a red-bottomed shoe they immediately know Louboutin is the designer rather than the red paint

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93. *See id.*

94. *See* Riley Jones, *Nike Sues Designers Kool Kiy & Omi for Trademark Infringement*, COMPLEX (Dec. 1, 2022), <https://www.complex.com/sneakers/a/riley-jones/nike-sues-designers-kool-kiy-omi-trademark-infringement>.

95. Mark Sweney, *Nike Wins Swoosh Injunction*, THE GUARDIAN (Feb. 20, 2007), <https://www.theguardian.com/media/2007/feb/20/advertising.marketingandpr#:~:text=Nike%20has%20won%20a%20legal,and%20criticises%20its%20sponsorship%20strategy>.

96. William F. Gaske, *Trade Dress Protection: Inherent Distinctiveness as an Alternative to Secondary Meaning*, 57 FORDHAM L. REV. 1123, 1126 (1989).

97. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 207-08 (2000).

98. *Id.* at 206.

99. *Id.*

100. *See id.* at 212-13.

101. *Id.*

102. *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings Inc.*, 696 F.3d 206, 212 (2d Cir. 2012).

103. *Id.* at 228.

just being a feature of the shoe.

*a. Trademark Dilution*

If a fashion designer—and their products—has attained a certain level of fame and recognizability, they are subject to remedy from infringers under the Federal Trademark Dilution Act.<sup>104</sup> Under this statute, designers, like Christian Louboutin, are entitled to certain remedies from an infringer for the illegal use of their mark in commerce, if such use begins after the mark became *famous* and tarnishes the distinctive quality of the mark.<sup>105</sup> The definition of a “famous” mark is instructive here. In *Adidas America, Inc. v. Thom Browne*, the Southern District of New York court said a mark is “famous” when it is “widely recognized by the general consuming public of the United States.”<sup>106</sup> In other words, the mark must be a household name.<sup>107</sup> If fame is proven, a court can impose an injunction against the infringer.<sup>108</sup> While this may seem like a step in the right direction for fashion industry IP protection, this course of action can only be employed by famous brands with a lot of money and resources to litigate leaving lesser-known designer with no comparable alternative. This does not suit a legal system that is supposed to be built on equity.

*b. Knockoffs Versus Counterfeits*

A lack of wholistic IP protections has created the perfect storm for the designer fashion industry.<sup>109</sup> Fast fashion brands and counterfeiters have decided to profit off these legal holes by creating a whole new industry selling designer knockoffs and counterfeits.<sup>110</sup> Increased usage of the black

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104. 15 U.S.C. §1125(c).

105. *Id.*

106. *Adidas America, Inc. v. Thom Browne Inc.*, 599 F. Supp. 3d 151, 161 (S.D.N.Y. 2022).

107. 15 U.S.C.A §1125(c)(2)(A) (also known as Lanham Trade-Mark Act §43).

108. *Cartier, Inc. v. Deziner Wholesale L.L.C.*, No. 98 Civ. 4947(RLC), 2000WL347171, at \*1, \*7 (S.D.N.Y. 2000).

109. See Lauren Maturri, *The Devil Wears Nada: How the Current Statutory Damages System for Counterfeit Trademarks As Demonstrated in Chanel, Inc. v. Matos Is Out of Style*, 62 VILL. L. REV., 327, 328 (2017).

110. See Arthur Zaczekiewicz, *Counterfeits, Knockoffs, Replicas: Parsing the Legal Implications*, WOMEN'S WEAR DAILY (June 2, 2016), <https://wwd.com/business-news/retail/counterfeit-knockoff-replica-legal-10437109/> [https://perma.cc/WZ8W-BDRD].

market may stem from a high demand in luxury goods for a cheaper price, or the ability for consumers to easily purchase them on the internet and city sidewalks. This industry is possible because luxury goods are often too expensive for the average person. A customer's desire to still own a fake Louis Vuitton or Gucci bag—at a lower price—has created a black market. What many people do not know is that the designer fashion counterfeit industry is operated by organized crime.<sup>111</sup> These illegal organizations have taken advantage of a lack of IP protections and a lack of attention from law enforcement to create a profit. The existence of these criminal enterprises is dangerous and an international threat.

There is a clear legal distinction between knockoffs and counterfeits: one is legal and the other is not. Today, in the United States, there are no legal consequences if a fast fashion designer decides to knockoff, or copy, a more expensive design and sell it at a higher quantity for a cheaper price.<sup>112</sup> Knockoffs are consistent with the principles of capitalism and legally permitted in order to avoid creating a monopoly since there are only so many ways a handbag can be produced.<sup>113</sup> This means that a company like Michael Kors (who sells handbags ranging from \$100 to \$500) can legally copy Louis Vuitton's design (whose bags range from \$1,000 to \$4,000) and put their logo on it instead of Louis Vuitton's.<sup>114</sup> Luxury fashion brands have been advocating for stricter laws against this issue because knockoff copies cost them around \$12,000,000,000 in lost revenue annually.<sup>115</sup>

However, manufacturing and selling counterfeited fashion products with trademarked logos is illegal—but it is not illegal to purchase those counterfeits.<sup>116</sup> A counterfeited good is defined as “a spurious mark . . . that is identical with, or substantially indistinguishable from . . . a

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111. Nicole Giambarrese, *The Look For Less: A Survey of Intellectual Property Protections in the Fashion Industry*, 26 *TOURO L. REV.* 243, 278 (2010).

112. Gil Appel et al., *The Short- and Long-term Impacts of Fashion Knockoffs on the Original Items*, *MKTG, SCI. INST. WORKING PAPER SERIES*, 3 (2013).

113. See Alissandra Burack, *Is Fashion an Art Form That Should Be Protected or Merely a Constantly Changing Media Encouraging Replication of Popular Trends*, 17 *JEFFREY S. MOORAD SPORTS L. J.* 605, 605 (2010).

114. Shirin, *Did Michael Kors Straight Up Copy Louis Vuitton Capucines?*, *PURSE BOP*, <https://www.pursebop.com/boptalk/topic/theres-something-about-these-louis-vuitton-and-michael-kors-bags> [<https://perma.cc/5D5J-SW92>].

115. Erin Fitzgerald, *The Fashion Police: Criminalizing the Knowing Purchase of Trademark Counterfeit Fashion Items*, 47 *NEW ENG. L. REV.* 127, 128 (2012).

116. *Id.* at 129.

registered trademark.”<sup>117</sup> Unlike knockoffs, a counterfeit is created when the design and logo are both copied onto a cheaper, lower quality product. The most typical counterfeits are bags, sunglasses, watches, and belts.<sup>118</sup> The Lanham Act was enacted to establish trademark law but the language did not do enough to hold counterfeit infringers accountable.<sup>119</sup> While the Lanham Act did impose fines on infringers, those fines did nothing to deter.<sup>120</sup> It made more financial sense for counterfeiters to pay a fine than to walk away from the incredible revenue stream that the black market produced. To put it simply, without criminal liability there was no incentive for counterfeit infringement to stop. This led luxury fashion designers, who were engaged in United States commerce, to seek legislation that was narrowly tailored to their industry’s concerns.<sup>121</sup>

In 2006, the Trademark Counterfeiting Act was amended.<sup>122</sup> This law made it illegal for anyone to intentionally traffic or attempt to traffic goods with a counterfeited mark.<sup>123</sup> It also made manufacturing a good with a counterfeited mark illegal.<sup>124</sup> Both offenses are subject to a fine of \$2,000,000, a ten-year prison sentence, or both.<sup>125</sup> While this may seem like a workable mechanism for deterrence, it hardly cures the problem. The United States Border Patrol continuously sees over \$2,000,000,000,000 worth of counterfeited goods smuggled into the United States from overseas every year.<sup>126</sup> While the United States Border Patrol does claim that seizing counterfeit products is one of their highest priorities (due to the risk it poses to American economic and national security), their seizure strategies are ineffective because counterfeits continue to infiltrate American borders and are easily purchasable.<sup>127</sup>

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117. *Id.* at 134 (quoting 18 U.S.C. § 2320(e)) (internal quotations omitted).

118. *Watch Out for 9 Most Counterfeited Products*, BE SAFE BUY REAL, <https://besafebuyreal.ul.org/resource/watch-out-9-most-counterfeited-products#:~:text=Footwear%20is%20the%20most%20counterfeited,of%20the%20year%3A%20the%20holidays> [https://perma.cc/QW7X-LP68].

119. Fitzgerald, *supra* note 115, at 133.

120. *Id.*

121. *Id.* at 135.

122. *Id.* at 133.

123. *Id.* at 133-34.

124. *See id.*

125. *Id.* at 134.

126. *Id.* at 136.

127. *Id.*

### III. ANALYSIS

Even though there are several paths for fashion designers to get IP protection in the United States, there are still many holes in the legal framework that encourage the counterfeit industry to exist. For starters, fashion designers repeatedly get their IP applications rejected for one reason or another—making it difficult to get protection in the first place.<sup>128</sup> Even if a designer does have IP protection, the United States government has not done enough to protect this industry from counterfeiters. The weaponization of counterfeit goods by organized crime and complacency by foreign governments are two major issues.

#### A. The Problem

##### i. Counterfeit Link to Organized Crime

The fashion counterfeit industry has become a bustling money-making venture.<sup>129</sup> Counterfeit manufacturers have been able to rapidly produce counterfeits due to improvements in technology such as three-dimensional printers.<sup>130</sup> This enables counterfeit production to occur at a fast rate.<sup>131</sup> Countries that have permitted the production of counterfeits include: China, Turkey, Singapore, and the United Arab Emirates.<sup>132</sup> These countries are able to produce counterfeits at extremely low rates.<sup>133</sup> The goods are then shipped to a port in the United States.<sup>134</sup> If these goods are not confiscated, they often land in the hands of organized crime.<sup>135</sup>

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128. See Dana Dickson, *How to Avoid Fashion Trademark Faux Pas*, A.B.A. (Mar. 30, 2022), [https://www.americanbar.org/groups/intellectual\\_property\\_law/publications/landslide/2021-22/march-april/avoid-fashion-trademark-faux-pas/](https://www.americanbar.org/groups/intellectual_property_law/publications/landslide/2021-22/march-april/avoid-fashion-trademark-faux-pas/).

129. Giambarrese, *supra* note 111, at 278.

130. Paul Pastore, *Is the Future of Fashion Counterfeiting 3D Printing?*, CR FASHION BOOK (Mar. 31, 2017), <https://crfashionbook.com/fashion-a9228937-is-the-future-of-fashion-counterfeiting-3d-printing/> [<https://perma.cc/X6MQ-GXQT>].

131. Giambarrese, *supra* note 111, at 278.

132. E.U. INTELL. PROP. OFF., GLOBAL TRADE IN FAKES A WORRYING THREAT 27 (2021) <https://www.oecd-ilibrary.org/docserver/74c81154-en.pdf?expires=1712361247&id=id&accname=guest&checksum=1397B8CEF6CE060F081F213D171FF8FA> [<https://perma.cc/DY82-99QH>].

133. Giambarrese, *supra* note 111, at 278.

134. Jennifer O. Dawkins, *How knockoffs took over America*, BUS. INSIDER (Sept. 14, 2023), <https://www.businessinsider.com/why-sales-of-knockoffs-have-soared-2023-9>.

135. Sam Cocks, *The Hoods Who Move The Goods: An Examination of the Booming*

Because of the criminal aspect and high fines, quick turnover and sale is highly encouraged and practiced effectively.<sup>136</sup> In New York City, you can easily find counterfeit goods sold on the sidewalks along Fifth Avenue or Canal Street.<sup>137</sup> Organized crime has been attracted to the fast-paced nature of the counterfeit industry because the laws against it are not as rapidly and strictly enforced as compared to drug or sex trafficking laws.<sup>138</sup>

These organizations engage in crimes like drug, human, and sex trafficking to fund their operations. In the 1980s, the United States government busted many of these organizations under RICO laws.<sup>139</sup> However, these organizations are known for their ability to adapt and have continued finding ways to commit crimes.<sup>140</sup> The use of counterfeit luxury goods is their shiny new toy. The problem here is that police in America's cities, where these goods are sold publicly, are inundated with more violent crimes. Additionally, the sale of counterfeits online occurs at an incredibly fast rate making regulation and enforcement difficult. The truth of the matter is that law enforcement does not have the time or enough resources to effectively enforce anti-counterfeit measures. When crime is high, it is not their priority—but it should be.

The real-world, international effects of not enforcing anti-counterfeit laws are apparent, dangerous, and important to highlight. First, evidence shows that the terrorist groups associated with the 1993 and 2001 attacks on the World Trade Center were tied to the counterfeit goods industry.<sup>141</sup> Second, while the sale of counterfeit goods may seem like a harmless criminal venture, it is not. The profit acquired from selling counterfeits to the public goes into the pockets of criminals so that they can easily

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*International Trade in Counterfeit Luxury Goods and an Assessment of the American Efforts to Curtail Its Proliferation*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 501, 508-09 (2007).

136. Giambarrese, *supra* note 111, at 278.

137. Dean Balsamini, *Bag, shoe counterfeiters back in force on NYC's Canal Street: 'More illegal sales than ever'*, N.Y. POST (July 15, 2023), <https://nypost.com/2023/07/15/bag-shoe-counterfeiters-back-in-force-on-nycs-canal-street/>.

138. Giambarrese, *supra* note 111, at 278.

139. Joan H. Spiegel, *Racketeer Influenced and Corrupt Organizations: Distinguishing the "Enterprise" Issues*, 59 WASH. U. L. Q. 1343, 1343-44 (1982).

140. Jose Kerstholt et al., *Organized crime requires dynamic decision making*, FRONTIERS (Feb. 2, 2024), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10869610/pdf/fpsyg-15-1205135.pdf>.

141. Giambarrese, *supra* note 111, at 280.

continue engaging in more heinous crimes.<sup>142</sup> Therefore, the counterfeit industry is a dangerous threat to United States' national security and in need of more legislation and regulation.

The only way to fix the counterfeit epidemic is to view it wholistically—not just as a problem for the fashion industry, the legal community, or the police force—but all of them combined. This is a problem that will not be solved until all bases are covered and new, more effective anti-counterfeiting laws are implemented with stronger enforcement measures. The combination of stronger legislation and enforcement could have saved countless lives in the past—and will save lives in the future. There is a substantial likelihood that new IP legislation for the fashion industry may have positive, unintended, trickle-down effects on anti-crime and anti-terrorism efforts too.

*ii. Impact on the United States Economy*

The American economy is deeply affected by a lack of IP protections in the fashion industry. The luxury fashion industry in the United States generates \$27,670,000,000 per year and grows at a 1.82% rate annually.<sup>143</sup> The sale of counterfeit goods takes \$29,000,000,000 away from the economy each year.<sup>144</sup> That means that if the counterfeit industry did not exist, the luxury goods industry would produce double the revenue that they are currently producing. Additionally, nearly 750,000 jobs are lost annually in the United States because of these disparities.<sup>145</sup>

Evidently, there is a huge financial incentive for the United States government to act and create laws to stop this illegal activity. The counterfeit industry takes revenue and profits not only away from the luxury fashion brands, but also lowers the tax revenue that the government could receive from legitimate tax paying businesses—such as Prada and

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142. Gabriella Manduca, *Thread of Terror, Crime & Slavery: "He Who Would Pry Behind the Scenes Of It Sees a Counterfeit"*, 27 J. L. & POL'Y. 453, 464 (2019).

143. *Luxury Fashion – United States*, STATISTA, <https://www.statista.com/outlook/cmo/luxury-goods/luxury-fashion/united-states> [https://perma.cc/NN53-XRS8].

144. *U.S. Intellectual Property and Counterfeit Goods – Landscape Review of Existing/Emerging Research*, LIBR. OF CONG., Feb. 2020 at 9, <https://www.uspto.gov/sites/default/files/documents/USPTO-Counterfeit.pdf> [https://perma.cc/DS2M-CU79].

145. *Id.*

Gucci.<sup>146</sup> This revenue is lost to the black market, and it perpetrates a vicious cycle of illegal activity that not only harms the United States' interests but also the international community.<sup>147</sup> It is imperative that the government acts swiftly to protect our businesses, economy, local, and national security.

### *iii. Foreign Governments*

The unfortunate financial impact that the illegal counterfeit industry has on the United States would not be as tremendous if it was not aided by complicit countries.<sup>148</sup> The problem is two-fold. The first problem is that there are countries that are known to be safe harbors for counterfeit product manufacturing.<sup>149</sup> Examples of these countries include: China, Hong Kong, Singapore, Turkey, and the United Arab Emirates.<sup>150</sup> The second problem is that there are countries like Italy and France that have outlawed the manufacture, sale, and purchase of counterfeit products.<sup>151</sup> While this is a framework that the United States should follow, a lack of similar, strict anti-counterfeit laws here only negatively affects us and diverts the criminal activity here.

#### *a. The Safe Harbor Countries*

While there are many countries where the manufacturing of counterfeit goods is widespread, it is widely agreed upon—and proven through data—that China is the counterfeit superpower of the world.<sup>152</sup>

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146. *Id.*

147. *Illicit goods – the issues*, INTERPOL, <https://www.interpol.int/en/Crimes/Illicit-goods/Illicit-goods-the-issues#:~:text=The%20trade%20in%20fake%20and,corruption%2C%20bribery%20and%20money%20laundering> [https://perma.cc/2MZ9-QUUH].

148. OECD & EUIPO, *ILLICIT TRADE: TRENDS IN TRADE IN COUNTERFEIT AND PIRATED GOODS* 15 (2019), [https://www.google.com/books/edition/\\_/\\_2WQDwAAQBAJ?hl=en&gbpv=](https://www.google.com/books/edition/_/_2WQDwAAQBAJ?hl=en&gbpv=) [https://perma.cc/E2HA-QDQE].

149. *Id.*

150. *Id.*

151. J. Francesca Gross, *Bye, Bye, Bye, Bye: How the United States, Italy & France Use Trademark Anti-Counterfeiting Mechanisms to Combat the Proliferation of Fake Goods in China*, 7 TEX. A&M J. PROP. L. 539, 558 (2021).

152. Kerrijane John, *Combating Counterfeits: Using U.S. Law to Analyze the Potential Application of China's Amended Trademark Law to Online Marketplaces*, 35 CARDOZO ARTS & ENT. L. J. 415, 420 (2017).

According to the United Nations Office on Drugs and Crimes, over two-thirds of the world's counterfeit goods come from China.<sup>153</sup> In 2013, after an international effort to encourage China to crack down on counterfeit production in their country, China decided that the best way to enforce anti-counterfeit laws was to go after the websites creating platforms for the sales because it was too difficult to go after those manufacturing the counterfeits.<sup>154</sup> This tactic was employed under the theory that cutting out the middleman website would dramatically decrease all other aspects of the counterfeit network.<sup>155</sup> Since the United States already had similar laws enacted, China created similar ones too.<sup>156</sup>

Any anti-counterfeit policies in China should not be framed to mimic American policies because the problems in each country are not the same. In America, the problem is the purchase of counterfeit goods which should be illegal but is not.<sup>157</sup> However, in China, the production of counterfeit goods is the problem. China's laws must deal with the problem of production. Until that occurs, the international community cannot expect China's government to hold bad actors responsible.

*b. European Countries with Stronger Regulations  
Than the United States*

The problems posed to the United States by the counterfeit industry cannot be addressed without first understanding how the laws in other countries affect us. When several first-world countries have stronger anti-counterfeit laws than the United States, counterfeit goods are bound to flood through the United States' borders because it is easier to sell those items here. Many luxury fashion houses create their unique innovative designs in Italy and France.<sup>158</sup> Consequently, it should come as no surprise

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153. U.N. OFF. ON DRUGS AND CRIME, TRANSNATIONAL ORGANIZED CRIME IN EAST ASIA AND THE PACIFIC: A THREAT ASSESSMENT 123 (2013), [https://www.unodc.org/roseap/uploads/archive/documents/Publications/2013/TOCTA\\_EAP\\_web.pdf](https://www.unodc.org/roseap/uploads/archive/documents/Publications/2013/TOCTA_EAP_web.pdf) [<https://perma.cc/2HGZ-7NE8>].

154. John, *supra* note 152, at 426-27.

155. *See id.*

156. *Id.* at 425.

157. *See* 18 U.S.C. § 2320(f)(5) (2016); U.S. Dep't of Just., Crim. Res. Manual § 1709, <https://www.justice.gov/archives/jm/criminal-resource-manual-1709-joint-statement-parts-c-and-d-definitions-trafficking-counterfeit> [<https://perma.cc/6HAQ-G4XG>].

158. Jael Rucker, *A Guide to the 13 Biggest Fashion Houses and Their Current Creative Directors*, ONE37PM (Mar. 7, 2023), <https://www.one37pm.com/style/fashion-houses-and-their-creative-directors> [<https://perma.cc/9QFC-8HSM>].

that these countries have some of the strictest anti-counterfeit laws.<sup>159</sup> Because the sale of counterfeits is illegal in Italy and France but *not* in the United States, criminals are drawn here—thereby aggrandizing the market.<sup>160</sup> This needs to change and America needs to catch up with its European counterparts. If the United States’ government makes it illegal to not only manufacture and sell but also to knowingly purchase counterfeits, it is likely that the sale of counterfeit luxury fashion goods will lose traction by decreasing the demand for illegal products and, therefore, running the counterfeiters out of business.

### *B. The Solution*

A great deal needs to be done to completely bring the counterfeit industry to a halt both in the United States and abroad. Despite continued attempts by fashion designers to advocate for stronger IP protection in the United States, legislators have failed to act.<sup>161</sup> An example of this occurred in 1976 when the United States Congress deleted a whole provision from the Copyright Act of 1976 that would have extended wide-ranging protection to original designs.<sup>162</sup> The government continues to ignore the calls from the fashion industry to expand protections. One could say that the prospect is nearly impossible because the demand for counterfeit goods will always exist. The theory is if a product is successful, a counterfeit will surely be created.<sup>163</sup> However, not all is lost. The United States can still play a significant role in stopping the sale of luxury fashion counterfeit goods by improving laws and policies that protect fashion designers’ interests.

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159. Gross, *supra* note 151, at 559, 561.

160. Kristoff Grospe, *Proposed Law Purchasers of Counterfeit Goods*, 18 CITY L. 1 (2012) (noting how bill sponsor, City Councilmember Margaret Chin indicated that “[s]ubstantial fines are something people understand” and how the proposed law will “ultimately... cut down on the demand for these illegal goods.”) (internal quotations omitted).

161. Farella Bruan + Martel LLP, *The Devil Wears Trademark: How the Fashion Industry Has Expanded Trademark Doctrine to Its Detriment*, 127 HARV. L. REV. 995, 998-99 (2014).

162. *Id.* at 999.

163. *Combating Trafficking in Counterfeit and Pirated Goods*, U.S. DEP’T OF HOMELAND SEC., 8 (January 24, 2020), [https://www.dhs.gov/sites/default/files/publications/20\\_0124\\_plcy\\_counterfeit-pirated-goods-report\\_01.pdf](https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf) [<https://perma.cc/EN4K-PBGM>].

*i. Design Patents*

Design patents are an area of law, that is already in use, which can provide valuable IP protections for fashion companies.<sup>164</sup> Design patents currently only protect the ornamental surface design of an item and permits its reproduction.<sup>165</sup> They do not protect a distinctive garment. If existing legislation is improved and amended to not just protect the ornamental surface of a garment, but protect the entire garment, the confusion that currently exists in the fashion industry can be fixed.

Another already-established aspect of design patent law that can benefit fashion designers, if expanded, are infringement suits.<sup>166</sup> Once a design patent has been issued to a fashion company for a design, the company can sue and be awarded damages by counterfeiters by proving infringement.<sup>167</sup> If design patents are expanded to protect not just the ornamental surface, but the garment as a whole, and designers consistently enforce their rights as patent owners, infringers will be wary of copying brands that have registered design patents to avoid the cost of litigation.<sup>168</sup> Instead of infringing, companies that would like to use protected IP will be more likely to reach out to the design patent holder to get a license for user rights rather than infringing.<sup>169</sup> This is already occurring with existing design patents and allows fashion designers to be in control of who uses their designs. If design patent law is expanded, lower-tier companies, that are considering infringing, would most likely rather pay for a license to a patented design than pay litigation fees later.<sup>170</sup>

However, some scholars who study fashion law argue that design patents are too expensive for fashion designers because design trends are fleeting.<sup>171</sup> Once the patent is certified, the trend will already be in style

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164. See Elizabeth Ferrill & Tina Tanhehco, *Protecting the Material World: The Role of Design Patents in the Fashion Industry*, 12 N.C. J.L. & TECH. 251, 279-80 (2011).

165. *Design patent application guide*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/patents/basics/apply/design-patent#def> [<https://perma.cc/L2JE-RLTV>].

166. Ferrill, *supra* note 164, at 293.

167. Mark D. Janis, *How Should Damages be Calculated for Design Patent Infringement?*, 37, ARTICLES BY MAURER FACULTY 241, 242 (2018), <https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=3740&context=facpub>.

168. See Ferrill, *supra* note 164, at 293.

169. See *id.* at 294-96.

170. See *id.* at 294-95.

171. Anya Jenkins Ferris, Note, *Real Art Calls for Real Legislation: An Argument*

and the use of the patent will be obsolete.<sup>172</sup> While this argument does have some merit, it is not up to legal scholars or the courts to decide what will work for fashion designers. Courts determine the legality of IP protections—not whether a method of IP protection is worth it for the fashion designers.<sup>173</sup> Neither legislators nor the courts know the fashion industry well enough to make these judgment calls. Protections ought to be made available to fashion designers as expansively as the law permits. It is up to the fashion designers to decide which IP protection path they want to take. Right now, the options are limited, confusing, and scattered. Expanding the accessibility of design patents achieves the fashion industry's two main objectives: protecting fashion IP and battling the counterfeit epidemic.<sup>174</sup>

### *ii. Copyrights*

Copyrights are supposed to be the easiest and most obvious protection for fashion goods.<sup>175</sup> If they protect original works by writers and performers why not protect unique designs by fashion designers? When it comes to copyright protection, the legal problems affecting fashion designs stems from a case known as *Star Athletica*.<sup>176</sup> As stated above, this United States Supreme Court case prevents the grant of copyright protection to any useful articles: clothing, purses, and shoes are included in this classification.<sup>177</sup> *Star Athletica* poses serious problems for the fashion industry and should be overturned because it delivered a separability test that was intended to clarify the ten different tests used in various lower courts—but this test just led to further confusion regarding its implementation throughout the legal community and the

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*against Adoption of the Design Privacy Prohibition Act*, 26 CARDOZO ARTS & ENT. L. J. 559, 567 (2008).

172. *Id.*

173. *Intellectual Property Litigation in Federal Courts*, MCNEELY, HARE, & WAR LLP, <https://www.patentek.com/intellectual-property-litigation-federal-court-overview-intellectual/> [https://perma.cc/5DYE-6WN9].

174. Rose Acoraci Zeck, *Analysis: Fighting the Wave of Countefeit Goods, by Design*, BLOOMBERG LAW (Jan. 20, 2023), <https://news.bloomberglaw.com/bloomberg-law-analysis/analysis-fighting-the-wave-of-counterfeit-goods-by-design> [https://perma.cc/5WXY-NJBR].

175. Miller, *supra* note 60, at 1646.

176. *Star Athletica, L.C.C. v. Varsity Brands, Inc.*, 580 U.S. 405 (2017).

177. *Id.* at 409.

fashion industry.<sup>178</sup>

*Star Athletica*'s ultimate flaw is that it tried to create too much of a distinction between patent and copyright law.<sup>179</sup> In doing so, it blurred the lines between what is required for design patent protection versus copyright protection.<sup>180</sup> The threshold required for applicants to receive copyright protection should not be nearly as high as that of a design patent. Consequently, *Star Athletica* created way more confusion than necessary. Therefore, *Star Athletica* should be overturned, and a new test should be implemented that delivers clarity for the fashion industry. Whatever new test is decided on should find the appropriate balance between protection for fashion designers while ensuring there is enough room for competition in the industry for new designs.

However, some legal scholars argue that *Star Athletica*'s holding serves an essential purpose in the free market: to keep useful articles—such as clothing—in the public realm because they are essential to basic liberties and should stay free from copyright restraints.<sup>181</sup> Whoever holds this view does not understand the artistic innovations that some “useful articles” can hold. Just because an item is deemed a useful article does not mean it is not creative or innovative enough to deserve IP protection. Denying copyright protection to useful articles denies basic property ownership rights to fashion designers and should not continue to be sustained in the American legal system.

### iii. Trademarks and Trade Dress

Trademarks and trade dress protections are currently the most prevalent forms of IP used in the fashion industry.<sup>182</sup> They protect the

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178. See Stephen Grey, *Star Athletica and the Future of Design Litigation*, NYU J. INTELL. PROP. & ENT. L. (Nov. 2, 2018), <https://jipel.law.nyu.edu/star-athletica-and-the-future-of-design-litigation/> [https://perma.cc/U8TB-YZBZ].

179. See Brett R. Tobin, *Copyright Protection for Fashion Designs in the Wake of Star Athletica*, 22 HAW. B. J. 4, \*6 (2018).

180. *Id.* at \*11.

181. Jeffrey H. Greene, *You've Gotta Keep'em Separated: Star Athletica v. Varsity Brands and the Copyrightability of Elements of Useful Articles*, FOLEY & LARDNER LLP (Oct. 31, 2016), <https://www.foley.com/insights/publications/2016/10/youve-gotta-keep-em-separated-star-athletica-v-var/> [https://perma.cc/64FB-DBXN].

182. Derek A. Hawkins, *Using Trademark & Trade Dress to Protect Fashion Designs*, LINKEDIN (Apr. 24, 2018), <https://www.linkedin.com/pulse/using-trademark-trade-dress-protect-fashion-designs-derek-hawkins/> [https://perma.cc/MJP6-7NQ9] (stating that trade dress is a lucrative method for fashion design protection); *Fashion Law Series – Strike a*

logos and branding of fashion designers to avoid confusion in the marketplace. When counterfeiters place a designer logo on a fake, cheaper bag with lower quality, it hurts the designer's brand. This is evident through the loss of revenue and jobs discussed above.<sup>183</sup> The problem with the fashion industry's heavy reliance on trademarks is that the trademark protection only protects the branding—not the design.<sup>184</sup> The difficulty here is that fashion designers cannot turn to copyrights because of the useful article limitation. They are also hesitant to turn to design patents because they are expensive—and it may not be worth the cost to protect a fashion trend that is, as they say, in one day and out the next.<sup>185</sup> Additionally, the Court's decision in *Wal-Mart Stores v. Samara Brothers* presents greater difficulties because brands without distinctive secondary meanings cannot protect themselves from those who want to infringe on their designs.<sup>186</sup> New designers have not had the time to acquire a secondary meaning, and before they can, an infringer may have already stolen their design.

Brands must spend enormous amounts of money on advertising to expose their companies in the marketplace to the extent necessary to accrue “secondary meaning.”<sup>187</sup> IP protection must include both the branding and the design to create a fair landscape for newly-emerging as well as well-known fashion designers. However, this may not be possible just through current trademark law. Two courses of action to ameliorate the problem are possible: (1) change trademark law to not require a secondary meaning just for designs so that newer designers do not have an unnecessary burden to prove just because they have not been in the marketplace as long as their famous counterparts or (2) create a new area of IP law that combines the protection of branding (found through trademarks) and the protection of unique designs (found through design patents) without any barrier for useful articles. Useful articles are entitled

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*Pose, Vogue: Trade Dress Walks the Runway*, KLEMCHUK LLP (June 24, 2016), <https://www.klemchuk.com/ideate/fashion-law-series-famous-designers-use-trade-dress-protection> [<https://perma.cc/E7XZ-BFF6>] (stating that trade dress is an extension of trademark that has become widely used in the fashion industry for IP protection).

183. LIBR. OF CONG., *supra* note 144.

184. Farella Bruan + Martel LLP, *supra* note 161, at 1001.

185. *See id.*

186. *See Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205 (2000).

187. Jerry W. Thomas, *Secondary Meaning: The Measure of Brand Strategy*, Decision Analyst (2023), <https://www.decisionanalyst.com/blog/secondarymeaning/> (“[t]rademark law has an interesting concept called ‘secondary meaning,’ and over time a brand acquires secondary meaning through usage and advertising.”).

to IP protection too. Those who are concerned that offering IP protection to useful articles could stifle competition should have more faith in the ingenuity and innovation of artists. And, if infringement occurs, there are procedures in place to offer recourse.

However, some argue that secondary meaning is an essential barrier to entry for trademark protection because the purpose of trademark law is to protect the brand and not the item itself.<sup>188</sup> While this may be true of some industries that seek trademark protection, it does not fit well with the fashion industry. As seen in *Samara Brothers*, Samara was denied trademark protection for her clothing items because her brand designs had not acquired secondary meaning.<sup>189</sup> This means that consumers could not identify her clothing brand without looking first at the label on the clothing.<sup>190</sup> Therefore, Wal-Mart was permitted to continue infringing on her designs despite evidence that showed that Wal-Mart had found Samara's design in the marketplace and chose to copy it.<sup>191</sup> New fashion designers will never be able to achieve secondary meaning (as well as other seasoned designers have been able to) if the bar to prove it is so high. New fashion designers need to be given more deference to protect their designs. This can be achieved if the courts ease the standard needed to prove secondary meaning specifically for new fashion designs.

#### iv. Counterfeits

The counterfeit industry is detrimental not just to America's national security but also to the entire world. Right now, we are witnessing China rise as a serious adversary to the entire free world. While diplomatic efforts seem unsuccessful and pointless, America's leaders must continue to communicate the dangers that the counterfeits pose. If China becomes aware that their economy and national security is also at risk because of

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188. See *Christian Louboutin S.A. v. Yves Saint Laurent America*, 696 F.3d 206, 216 (2d Cir. 2012) ("A mark has acquired secondary meaning when, in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.") (internal quotations omitted).

189. *Samara Bros.*, 529 U.S. 205.

190. *Id.* at 212-13.

191. Daniela Deane, *Wal-Mart Cleared of Stealing Designs*, WASH. POST (Mar. 22, 2000), <https://www.washingtonpost.com/archive/business/2000/03/23/wal-mart-cleared-of-stealing-designs/75ef2b31-3b6e-46fe-b84a-5f037a4ea55d/> [https://perma.cc/C9YR-V6QT] ("Samara said in court documents that Wal-Mart had sent photographs of its seersucker playsuit to Judy-Philippine Inc., a manufacturer in the Phillipines that copied the clothes for the giant discount retailer.").

this epidemic, perhaps they will be encouraged to implement changes.

There are at least three steps that should be taken to combat the counterfeit epidemic: (1) China and other countries, where counterfeit production is prevalent, must realize the threats that it poses to their own national security. They must improve their IP protections because what is currently on the books is not effective deterrence;<sup>192</sup> (2) the international community must come together to criminalize the manufacturing, distribution, sale, and purchasing of counterfeit goods (in a way similar to how RICO statutes brought down organized crime);<sup>193</sup> and (3) local law enforcement across the world needs to be consistent in their enforcement of their anti-counterfeit laws, be cognizant that counterfeit crackdowns can directly improve safety, and speak up when there are not enough resources available to go after counterfeits.<sup>194</sup> All three of these anti-counterfeit measures must take place cohesively and collaboratively before any real change can be expected. If these three steps are followed, every angle that contributes to the insidiousness of the counterfeit industry will be targeted and disbanded.

However, some believe that the counterfeit industry provides a competitive alternative to fashion goods that can have positive effects on the marketplace and encourage luxury designer goods to lower their prices. But luxury fashion companies will never allow counterfeiters to control the prices of their goods in the fashion industry. It is not right to validate the counterfeit industry when they may use the funds derived from the sale of counterfeit goods to fund criminal and terrorist activity. The only way to stop the insidious illegal counterfeit industry is by cracking down on it from all possible angles. This is achieved by criminalizing the manufacturing, distribution, sale, and purchase of all counterfeit goods across all affected industries.

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192. Jennifer Lei, *Makeup or Fakeup?: The Need to Regulate Counterfeit Cosmetics through Improved Chinese Intellectual Property Enforcement*, 88 FORDHAM L. REV. 309, 338 (2019).

193. See Phillip A. Rosenberg, *A Legislative Response to Tiffany v. eBay: In Search of an Online Commerce Certification Act (OCCA)*, 36 RUTGERS COMPUT. & TECH L.J. 99, 116 (2009) (concluding that government would be well advised to consider criminal penalties for consumers who knowingly buy counterfeit products).

194. Brandon A. Sullivan, *A Systematic Analysis of Product Counterfeiting Schemes, Offenders, and Victims in the United States* 1, NAT'L CRIM. JUST. REFERENCE SERV. (Oct. 2019), <https://www.ojp.gov/pdffiles1/nij/grants/253933.pdf> [<https://perma.cc/Z3XG-F4FW>] (concluding that there is a lack of resources available to law enforcement to deal with counterfeit issues).

#### IV. CONCLUSION

The luxury fashion industry is currently in a precarious situation. They have been advocating since the 1970s for stronger IP protections that are narrowly tailored to the unique demands of their industry with little to no attention from legislators. Courts are often left with confusing legal tests to decode. In the background, counterfeit luxury goods are being produced which degrade fashion designers' reputation and branding. The sale of these less expensive goods is likely fund crime, thereby imposing global national security risks. It is imperative that governments around the world coalesce to find a solution to stop counterfeiters. The counterfeit industry was able to gain traction and pose significant risks to the world economy mostly because of a lack of IP protections afforded to fashion designers. Implementing stronger IP protections and anti-counterfeiting legislation will target the root causes of the counterfeit epidemic. There is a lot more work that needs to be done to completely eradicate the counterfeit industry, but this is a good start for granting fashion designers the change that they have sought over the past fifty years.