

INTELLECTUAL PROPERTY: LUXE EN BLANC

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Abstract

The paper revolves around the physical aspect of Intellectual Property: types of Intellectual Property and how the Intellectual Property is required for luxury and the way Intellectual Property can be considered as the backbone of the luxury industry in respect to protection. Intellectual Property has always been considered static when it is ever-changing like a chameleon. Constantly improving with the improving technology, the reliability of rights governed under Intellectual property over luxury aspects can be seen under, Patent law, Trademark law, Copyright law, Design law with the desired need for enforcement of Intellectual property under WIPO. Moreover, the paper revolves around the functional aspect of Intellectual Property and how Intellectual Property's different region protects the luxury. Under the sublime headings of Parody, Counterfeit, Knock offs, and Licensing under U.S and Indian perspective for the protection. Provided that the Intellectual Property signifies certain laws and aspects to protect the brands from damage. Furthermore paper discusses different cases which provide a better understanding of Indian Provision in respect to luxury and protection of luxury under multiple heads of Design Act, Copyright Act and Trademark Act. It specifically discusses the challenges relating to luxury and the overlapping of rights. Lastly, the paper concludes the practicality of Intellectual Property Rights and taking a brief look at what the future may hold.

Introduction

Intellectual Property Rights let the standard innovations and novel ideologies stand out in the society without any special difficulty. Nonetheless, when the same is sought by any luxury brand, multiple complications emerge. The downfall of luxury production is the violation of their rights. The creative the luxury gets, the easier the infringement occurs to be. Creativity is a form of luxury which provides the reason to compete. The creative world is to be considered the "Second Life", which is a case of pure creativity, and the protection of creativity falls under Intellectual Property. Whilst different legal tools of Intellectual Property can be utilized to protect luxury, fashion, etc., the protection is generally not clearly mentioned nor been developed quintessentially. The protection in India is comparatively lacking concerning luxury. Though the required tools are considered up-to-the-mark: are not being utilized properly. In May in 2004, a bracket of French lawyers marshalled by Annabelle Gauberti published a supplement titled "Droit du luxe" which can be interpreted as "Law of Luxury" in the honoured French legal fortnightly "Revue Lamy Droit Affaires". The paper focuses on the requirements of the Intellectual property law concerning Luxury. Protection of luxury is composite and revolving around key ingredients of Intellectual Property is respect to luxury. Further, it escalates to the multiple aspects of knock-offs, counterfeits, parodical methodology of infringement. We generally think that Intellectual Property Rights as a whole are not compatible to govern the violations regarding luxury, although its specific provisions are. Everywhere, in any circumstances. The trajectory of the paper then falls back to the elaborating certain present laid out Intellectual Property Rights through the individualistic point of view especially in the case of Luxury.

“Jeans represent democracy in Fashion” – Giorgio Armani

Intellectual Property

o **Copyright:** The Copyright refers to the works of authorship, including writings, music, and works of art, in the original form. Copyright exists at the foremost stage: during the time of creation. Fashion and luxury include the different cuts or shapes of garments, accessories, and furniture (articles which are considered as useful) shall not be given protection under Copyright Act¹. Moreover, specific articles containing useful features might qualify for certain protections under Copyright Act². Considering an article has applied some form of art (design or decoration to make the article appealable to the human eye) or ornamental quality

¹ The Copyright Act, 1957, No. 14, Acts of Parliament, 1957 (India).

² Id.

and the respective decorative work can be distinguished independently from the utilitarian aspects of the article. It is adequate to obtain copyright protection and to be termed as "original". In the U.S., copyrights have been registered for ornamental decorations on belt buckles and watch faces.

o **Trademarks/service marks:** The words, phrases, symbols, and designs (inclusive of trade dresses, i.e., the outlook and the feel of the product) being used to identify and distinguish the products/services from other party's products/services under the Trademark Act³.

The Law recognizes 4 orbits of Trademarks

o **Generic Terms:** Identified as the category of luxury products i.e., watches or handbags. These kinds of luxury products can never be protected as Trademarks.

o **Descriptive Terms:** Identified as the quality of the luxury goods. The quality is generally not protectable. Nevertheless, if after excessive promotion and use, the public resonates the term solely with a certain company, then it may be protected under "acquired distinctiveness"

o **Suggestive Terms:** The terms mention some description of the luxury product. In addition to the description requires some level of creative imagination to appreciate the connection. These trademarks are instantly protected but are considered weak marks.

o **Arbitrary or Fanciful terms:** The marks which fail to resemble the connection with the product. For instance: Montblanc means white mountains and refers to a mountain in the French Alps but implicitly resonates with luxurious pens and different products manufactured by the company. Arbitrary or fanciful marks are the strongest and immediately protected marks. One essential external category to luxury brands is surnames. Some of the most luxurious brands: Chanel, Vuitton, Burberry, Gucci, Cartier, Dior- are the surnames of the founders of the brand. Surnames have the potential to be protected under Trademark⁴, given "acquired distinctiveness" is shown.

³ The Trademarks Act, 1999, No. 47, Acts of Parliament, 1999 (India).

⁴ Id.

o **Patents:** The inventions involving the novel, useful and non-obvious parameter of the innovation can be granted the protection under Patent Act⁵. Invented materials used in the manufacturing of fashion products or luxury goods or innovative processes of manufacturing the goods would also be protected under the patent law.

Enforcement of intellectual property

The World Intellectual Property Organisation (WIPO), an organization that overlooks the protection of Intellectual Property states that the protection of IP is only encouraging and worthwhile if the protected owners are capable of invoking their infringement of rights. This outlines that they shouldn't just be able to invoke the rights but to recover losses incurred vis-à-vis the respective authorities to deal with the counterfeiters to prevent further infringement. The enforcement of Intellectual Property can be said of utmost importance through these three classifications:

1. Reinforce the meaning of the law;
2. Damages caused due to counterfeiting;
3. Regarding the deficiencies in the ongoing law in respect to counterfeiting.

Intellectual Property Rights are proprietary rights granted to protect the novel products or luxury products created by an Individual. They are intended to encourage and improve fair competition in the industry or marketplace. Even though Intellectual Property Rights exist for a particular period, they can be utilized for protecting the Trademark, Patented Inventions, Copyright work, or Design. Louis Vuitton known for its Toile Monogram Design has obtained nine trademark registrations that assimilate aspects of the design for over 120 years. Louis Vuitton has a trademark over the well-known initials "LV" and the flower design. Interestingly, in 2017, the first Indian designer to get copyright protection over their entire collection was Rohit Bal. further, several other designers followed the pursuit.

"Fashion is not something that exists in dresses only. Fashion is in the sky, in the street, fashion has to do with ideas, the way we live, what is happening." -Coco Chanel

Parody

Parody, referred to in a literal sense would presume to be work done under humour and critical comments on prevailing work for the purpose to highlight the flaws of the novel

⁵ The Patents Act, 1970, No. 39, Acts of Parliament, 1970 (India)

work. To execute a parody, the parodist is required to distinguish the parody from the novelty in such a manner that proposes the audience to recognize the original work in a manner in which it has been ridiculed. Parody can be conferred as a carry-off-dependant natured to the original work.

The nature of the parody i.e., carry-off-dependant, inherently carries the potential to propose the conflict under certain circumstances in respect to Intellectual Property Law. The circumstances conclude. Firstly, parodists might violate the rights granted to the authors over duplication and distribution under Copyright law⁶. Secondly, the parodist might violate the public figure's right over publicity during the ridicule. Thirdly, a parodist might violate the moral rights of the author by modifying the work in a certain manner that damages the honour and reputation of the work or author.

In the matter, *Louis Vuitton v. Hyundai*⁷, the defendant produced and aired a commercial just after the Super Bowl 2010 which had "a four-second scene of an inner-city basketball game played on a lavish marble court with a gold hoop" but not identical. According to the defendants, the commercial represented a social construct about "what it means for a product to be luxurious" and not mimicking comments regarding Louis Vuitton,". The court adjudicated that the parody defence is not applicable.

The following ironic case of Chanel and Louis Vuitton. Use of iconic fashion trademarks of Chanel and Louis Vuitton on t-shirts produced and circulated by a third party. The parody defence is applicable when it is applied as an Artistic work, but would fail to imply as a defence when used as a decorative item. The Milan court held that considering the intentions of the creators, the luxury products were created and circulated by fashion brands. The purpose regarding the iconic creations was mostly commercial and somewhat artistic.

Another instance of the parody can be understood in *Louis Vuitton v. My Other Bags*⁸, as succinctly stated by the court, "In some cases... it is advised to accept the implied prodigal compliment' and to smile than it is to sue." The court decided that the My Other bags can be considered as a parody under MOB's stylized cartoonish imaging of Louis Vuitton handbags

⁶ The Copyright Act, 1976, No. 94-553, 1976 (United States)

⁷ *Louis Vuitton Malletier S.A. v. Hyundai Motor Am.* No. 10-CV-1611 (PKC), 2012 WL 1022247.

⁸ *Louis Vuitton Malletier S.A. v. My Other Bag Inc.*, 156 F. Supp. 3d 425

signifying the distance between Louis Vuitton's expensive handbags. MOB's canvas totes are considered to be utilitarian bags, not to be mentioned preferably used for stuffing produce of supermarket, sweaty clothes at the gym or to carry clothes to the beach, unlike Louis Vuitton's expensive handbags which promise extensive care at hand and used to display and communicate certain wealth and class status in the society.

In the occurrence of *Louis Vuitton Malletier S.A. v. Diggity Dog LLC; Victoria D.N. Dauernheim; Woofies, LLC*⁹. A French company situated in Paris, that produces luxury baggage, totes, and adornments, started this activity against Haute Diggity Dogs. Haute Diggity Dog makes, in addition to other things, rich toys on which canines can bite, which, it claims, spoof acclaimed brand names on luxury items, including those of Louis Vuitton Malletier. The specific Haute Diggity Dog bite toys being referred to here, are little impersonations of purses that are named "Chewy Vuitton" and that imitate Louis Vuitton Malletier's LOUIS VUITTON handbags. The district court proclaimed that Haute Diggity Dog's "Chewy Vuitton" canine toys were fruitful spoofs of Louis Vuitton Malletier's brand name.

Parody under Indian provisions

Indian IP laws, specifically The Copyright Act, 1957¹⁰ and The Designs Act, 2000¹¹ gives two kinds of protection for designer clothes. Irrespectively under Indian provisions, there has been no mentioning of particular term "Parody", but factually Indian Copyright Act 1957, provides an exemption under section 52(1)(a) provides the term "fair dealing" in respect to any novel work, irrespective of the fact that other work amounts to copyright Infringement¹². Parody is often taken as a valuable defence under trademark infringements. Parody consists but is not limited to modifying the luxury brand names, depicting the designs in a parodical manner or including satirical one-liners, etc.

⁹ *Louis Vuitton Malletier S.A. v. Diggity Dog LLC.*, 507 F.3d 252; 2007.

¹⁰ The Copyright Act, supra note 1.

¹¹ The Design Act, 2000, No. 16, 2000 (India)

¹² The Copyright Act, 1957, § 52(1)(a), No. 14, 1957 (India)

The Indian Court accounted copying for criticism would amount to fair dealing under the Indian Contract Act-1882¹³. Also, indicated a test joined with 3 conditions which directed whether the infringer/parodist can look for the protection of reasonable use:

- 1) The quantum and estimation of the matter taken corresponding to the remarks or analysis;
- 2) The reason for which the test is taken;
- 3) The probability of rivalry between the two works.

In addition to the test, an important factor to consider was “Intent”. It has been previously established that creating parodies of novel work with a motive or intent other than mimicking in a satirical or humorous manner, shall constitute copyright infringement.

Indian case laws

District courts increasing cognizance of the protecting infringements regarding the protection of trademarks of luxury brands, indicating the prospect of growth of the Intellectual Property Rights in the Indian Judicial System. In the case of *Parfums Christian Dior v M/s Dior*¹⁴, the court in Delhi injected the defendants from using the mark “DIOR” protected under Trademark Act on their leather goods.

In the case of *Hermes International Anr. V Sahil Malik and Anr*¹⁵. Hermes is famous for its luxury Birkin Bags. French luxury was disputed against the Indian leather goods manufacturer Da Milano, who argued to put an injunction over the sale of the Da Milano's handbags as they infringe the rights of Hermes luxurious handbags. The court adjudicated that the shape of the handbags is not identical but the "ornamental or decorative part of the plaintiff's handbag viz a horizontal belt and flap having three protruding lobes" were restricted from being used by the defendants.

Counterfeit

In the Black's Law Dictionary, “counterfeit” is described as “to unlawfully forge, copy or imitate an item and possess such an item without authorization and with intent to deceive or defraud by presenting the item as genuine¹⁶”, whereas, in Collin's Dictionary, "counterfeit" is referred to as "made in imitation of something genuine with the intent to deceive or defraud".

¹³ The Indian Contract Act, 1872, No. 19, 1872 (India)

¹⁴ *Parfums Christian Dior v. M/s Dior*, TM no. 176/13

¹⁵ *Hermes International Anr. V Sahil Malik and Anr*.CS (OS) 1859/2012

¹⁶ BRYAN A. GARNER, BLACK'S LAW DICTIONARY, 402-403 (West 2009)

Concerning Intellectual Property "counterfeiting" usually refers to the "unauthorized reproduction of luxury goods which are identical with or substantially indistinguishable from the genuine luxury products which infringe the rights of IP proprietors/brands"

Counterfeiting under luxury brands isn't something from recent times. IP rights were manifested to protect the creators. In the earlier days, copying has been a form of flattery for handmade luxury goods produced in small numbers, while the same produced on a large scale resulted in harm to creators. Paris Convention and Berne Convention for the protection of Intellectual Property and protection of Literary and Artistic works, both were endorsed in the 1880s exactly towards the beginning of the second Industrial Revolution.

At present, luxury brands are being counterfeited the most in China and are moving to even cheaper places i.e., Bangladesh and Indonesia. It is approximated that 85% to 95% of all counterfeited luxury products still come from China¹⁷.

The luxury goods seized by law-enforced agencies consist mainly: watches, leather articles, and branded sunglasses. In recent times, Louis Vuitton, Prada, Fendi, Gucci, Dior, and Chanel are a few of the luxury brands that's been counterfeited the most¹⁸.

Some of the few cases that erupted from China fashion counterfeits are

1. Bank of China in disdain over fake luxury products

Which expressed that Manhattan District Judge Richard Sullivan held Bank of China in scorn for denying to turn over the record data on Chinese elements blamed for selling fake luxury merchandise in the United States. Further, it was held that the Bank should pay a fine to the auxiliaries of Luxury producers, including Gucci, Bottega Veneta, and Yves Saint Laurent¹⁹.

2. Alibaba sued over Counterfeit Luxury products:

Multiple Luxury Brands including Gucci and Yves Saint Laurent sued the Chinese online shopping giant Alibaba Group Holding Ltd. for knowingly selling counterfeit products internationally which violated the terms and conditions of trademark and racketeering laws²⁰.

¹⁷ Rachit Garg, Trademark infringement of well-known marks, Ipleaders (Feb 24, 2021, 5:06 pm), <https://blog.ipleaders.in/trademark-infringement-well-known-marks/>

¹⁸ HIGHSNOBIETY, <https://www.highsnobiety.com/p/counterfeit-luxury-report-2019/> (Last visited Feb. 25, 2021)

¹⁹ REUTERS, <https://www.reuters.com/article/bankofchina-gucci/update-2-u-s-judge-holds-bank-of-china-in-contempt-for-withholding-records-idUSL1N13J1PB20151124> (Last visited Feb. 25, 2021)

²⁰ REUTERS, <https://www.reuters.com/article/us-alibaba-lawsuit-fake-idUSKBN0002E120150518> (Last visited Feb. 25, 2021)

3. Chinese woman Sued for counterfeiting by eight luxury brands

° In 2009, She was ruled against her decision of controlling the fake websites, which she was using to sell fake Louis Vuitton, Marc Jacobs, and Celine luxury products.

° In 2010, a lawsuit against her, her husband, her mother, her brother, and six other people for selling counterfeit luxury products which included handbags and wallets from Gucci, Balenciaga, Bottega Veneta, and Yves Saint Laurent²¹.

° Gucci is currently seeking damages worth \$12 Million. The Trademark Act, 1999²², does not provide the term "Counterfeit", rather the Act provides for injunctions, damages, delivery up, under the civil remedies for infringement under section 135 of the Trademark Act²³. The Trademark act also provides criminal remedies. Specifying provisions under sections 102 and 103 of the Act²⁴.

In the *Ritika Private Limited v. Biba Apparels Private Limited*²⁵. The court adjudicated the matter of "designer dilemma". The plaintiff, an owner of the designer brand filed a suit against the defendants, the owners of an ethnic designer brand. The relief claimed was to injunct the defendants from reproducing, publishing, printing, selling, or offering the prints or garments for which the plaintiff was claiming to be the first owner. The court held: The distinction between the designs eligible for protection under the copyright act-1957 and designs under the designer act. The copyright act protects the original expression of the artistic works, whereas the designs act is the epitome tool to protect the industrial application of the designs. The dispute was argued against the plaintiff and thus got dismissed, complying with section 15(2) of the copyright act, 1957²⁶.

Licensing

Licensing: The term not exclusive to Trademarks but is considered as a form of Trademark licensing- is the procedure of contracting with another party to gain the permit for using their

²¹ INSIDER, <https://www.businessinsider.com/chinese-woman-sued-for-counterfeiting-millions-worth-of-luxury-brands-2015-7?IR=T> (Last visited Feb. 25, 2021)

²² Trademark Act, supra note 3.

²³ The Trademark Act, 1999, § 135, No. 47, Acts of Parliament, 1999 (India)

²⁴ The Trademark Act, 1999, § 102 & 103, No. 47, Acts of Parliament, 1999 (India)

²⁵ Ritika Private Ltd. v. Biba Apparels Private Ltd., CS(OS) No. 182/2011.

²⁶ The Trademark Act, 1999, § 15(2), No. 47, Acts of Parliament, 1999 (India)

rights under certain conditions and considerations by the means of fee or royalty. Licensing generally includes a valid contract between two parties i.e., Licensor and Licensee. The licensor is the owner of the Trademark and the Licensee being any other party.

Considering Luxottica, the eyewear enterprise that was authorized to produce and distribute Prada, Burberry, Tom Ford, and Chanel sunglasses. Prada, Burberry, Tom Ford Chanel continue to proclaim the ownership for luxury brand names and have been permitted to utilize their names (otherwise known as their brand names) in the shades/eyewear class; they have decided to authorize Luxottica to do it for them. Without such authorization, Luxottica would not be able to produce eyewear under the name “Chanel” without any penalties. Benefiting the parties to the licensing agreement. It allows both parties to benefit without anyone’s intellectual property being violated.

Licensing in luxury fashion mostly is resonated with the Trademarks, inclusive of designer names and luxury brands. Patents or trademarks are usually licensed to other third parties for manufacturing purposes only. Licensing under luxury is often used to broaden the territory for luxury products. Moreover, appropriate provisions relating to how the trademark may/may not be used (e.g., prohibitions against co-branding, repackaging/relabelling) and maintaining the image of the brand (e.g., retailing conditions, quality of retail stores, distribution network, supply chain, etc.) should be included in the agreement.

Other important provisions include:

- The number of royalties;
- Termination rights;
- Whether a particular designer constitutes an essential term of the contract; and
- Quality control.

The licensor should have the right to periodically audit and inspect the licensee's premises, use of the mark, quality of goods, and the manufacturing and/or distribution process. Such provisions are crucial as the level of control often directly affects the reputation and goodwill of a brand. In certain jurisdictions, including the U.S., the absence of quality control in a trademark license can constitute an abandonment of your company's trademarks.

License under Indian provisions

Under contract law, any formal agreement enforced by law between any 2 parties or more, where one party agrees to allow to share the special specified rights to the other party, subject to conditions and consideration is termed as “License”. Where the former party is coined as “Licensor” and the latter party is coined as “Licensee”.

Under Intellectual Property Law the conditions remain the same and the licensee is authorized to use the Intellectual Property. The condition being it shall satisfy the requirements under the Indian Contract Act-1872²⁷.

Intellectual Property revolves around a few of the Licenses; Licenses in the region of application generally are combinations of the said licenses:

1. **Exclusive License:** The type of license which revolves around the exertion of Intellectual Property Rights of the licensor, by the licensee, excluding everyone, including the licensor. The authority to use Intellectual Property.
2. **Sole License:** The type of license which permits the licensee to use the Intellectual Property, but is exclusive to the licensor and the licensee. Regardless the rights cannot be transferred to any third party.
3. **Non-Exclusive License:** The type of license permits the licensee to use the Intellectual Property and authorizes the licensor to transfer the licensing rights to any other party as well.

Case in Point: Tom Ford

Tom Ford is an evolution in the luxury brand. After the departure from Gucci and left on heels, launched Ford's eponymous label based solely on two licensing deals: one with Estee Lauder for perfume and cosmetics, another with Marcolin Group for eyewear. With the help of former CEO of Gucci Group, Domenico de sole, Tom Ford was quick to build the business with a relatively small investment. Moreover, most of the luxury brands start with very expensive in-house-ready-to-wear-fashion collections which requires a huge investment

²⁷ Contract Act, supra note 14

upfront. Whereas the Tom Ford brand launched the luxury products at more acceptable price points, ran by trusted points and little to zero investment from Tom Ford himself.

“I realized that [the licensing deals] would keep my name very public, [so] that if I chose to go back into fashion it would even make my name bigger.” Tom Ford on his brand Tom Ford.

Conclusions and Suggestions

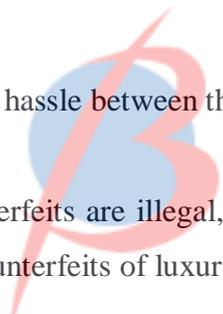
Brand owners put away huge investments and efforts to make exceptional, luxurious items. In this way, protection from forging parties is necessary to keep up business goodwill and the standing of luxury as a very good quality luxurious product. Misappropriation of luxury products brands can take on various structures, for example,

- Counterfeiting** – Manufacture and offer of phoney merchandise or knockoffs
- Gray Market Goods** – Sale of goods made explicitly available to be purchased in one market to another market
- Piracy** – Illegal duplicating of copyright works

This misappropriation of IP rights can cause an impressive monetary loss and market share by the rightful owner. It can likewise cause hurt by tarnishing the brand, as the fake, grey market, and pirated goods are of inferior quality. These issues have become a developing test for luxury products and brand owners in the worldwide economy and with ease of Internet sales. Additionally, the reproduction of trademarked goods and genuine-looking product inserts has become easier with the technology available for duplication. Therefore, an enforcement program for proactive luxury brand protection is an important consideration for growing businesses.

This misappropriation of IP rights can cause financial loss and market share by the rightful owner. It can moreover cause hurt by tarnishing the brand, as the fake, grey market, and counterfeited goods are of inferior quality. These issues have developed tests for luxury items and brand proprietors in the overall economy and with ease of Internet sales. Moreover, the duplication of luxury merchandise and genuine-looking item embeds has gotten simpler with the innovation accessible for duplication. In this manner, enforcement of future laws concerning luxury is essential, given the required laws are not adhering to the ever-changing fast fashion.

- Further technological laws under Intellectual Property can be created to minimize duplicate luxuries and is essential to be stopped at the base.
- The luxuries cannot remain a luxury unless there remains a bridge between the ordinary public and the core clients.
- Certain improvements regarding the parodical law in Indian Provisions to eliminate the derogatory humour which might result in luxury brands reputation.
- Eliminate the counterfeits in the market to eliminate the disposition of luxury brands. Rather encourage the creativity of the generation to provide Indian Luxury instead of creating counterfeits.
- Provide a speedy trial to eliminate the hassle between the luxury brands.
- Initiate the laws where buying counterfeits are illegal, i.e., France is the only country that provides the punishment for buying counterfeits of luxury.



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