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INTELLECTUAL PROPERTY IN THE FASHION DESIGN INDUSTRY

COPYRIGHT





Foreword

The Centre for Fashion Enterprise has worked with London's emerging fashion designers since 2003. During that time it has become obvious that sound legal advice at an early stage is paramount, and the partnership with the legal firm Olswang has helped us to stem the flow of lost financial opportunity through identifying and securing the designers' assets. The financial ramifications of not understanding the key legal issues to a fashion designer in business are clear to see across the industry – which is the reason why we wanted to work with the Intellectual Property Office to produce an "Intellectual Property Guide for the Fashion Design Industry" for non legal fashion professionals. It includes clear guidelines relating to Design Rights, Trade Marks, Copyright and Licensing with a roadmap on why to use these.

Small designer businesses are operating within a global environment where, according to Chris Donegan in his July/August 2011 article in *Spears, Brand and Intellectual Property* (IP) experts estimate that over 80% of the value of typical Fortune 500 companies is represented by IP. This includes brands, trade-marks, copyrights and patents.

Understanding and managing IP has been an active basis of trade and business for decades and is now a mainstreamed activity. Small and medium enterprises and talented individuals can more readily benefit through royalties and IP revenue streams from their ideas and inventions through a better understanding of the "tools of the trade".

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**INTELLECTUAL PROPERTY IN
THE FASHION DESIGN INDUSTRY**
COPYRIGHT

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The fashion industry is an Intellectual Property (IP) intensive industry, continually generating and commercially exploiting creative ideas and innovations. Whilst IP is largely intangible, it is similar to any other types of physical property in that under the law, it has a legal owner and therefore can be sold, bought, licensed or damaged.

This series does not include a section on patents. Patents are registered intellectual property rights which protect certain new inventions. Obtaining patent protection is costly and the standard for obtaining patent protection is very high. Patents rarely arise in the context of fashion design, therefore we have focussed on Trade Marks, Design Rights, Copyright and Licensing in this guide. However, an example of where they might arise is in relation to an inventive process in the manufacture of fashion, for example, a process for creating a particular wash on denim. If you consider that patents might be relevant to you, we recommend that you should seek advice from a firm of patent attorneys or intellectual property lawyers specialising in patents.

The Hermès Kelly bag, the latest Westwood creation, the Stella McCartney collection in H&M: some last a season, some a lifetime and others just a few weeks. All are creative work the Nike 'swoosh' logo, all are the resulting from someone's intellectual effort or distinctive brands attracting goodwill through use and all are at risk of being copied, in whole or in part.

This creative IP output from the fashion industry directly generated £6.6 billion of GVA (Gross Value Added) to the UK economy in 09/10¹. However, data analysis by the Centre for Fashion Enterprise estimates that amongst small and medium-sized designer enterprises (SMEs) IP leakage (or monetary losses) is somewhere in the region of £100,000 per year. Businesses lose out as a result of copycats and wrongful trademark ownership, which can restrict a designer's ability to trade in some overseas territories under their existing brand name. As a business matures, this figure could grow to an estimated £500,000 in lost revenues including loss of licensing opportunities. Therefore, the fashion sector is capable of generating further significant economic returns if IP is considered, protected and commercialised at an earlier stage. Some of these issues are explored in this series of papers including:

- Counterfeiting – a copy bearing the trade mark of the copied designer. Usually of inferior quality to the original.
- Knock-offs – producing garments that copy the design and style of another product, but without using the trade mark.
- Passing off – using an unregistered mark, characteristic, or get-up of another company in order to trade on the good will (reputation) of the company.

By offering IP protection through copyright, design rights and patents, innovation is encouraged, as the creator or owner of the IP rights is rewarded with exclusive rights to commercially exploit their ideas and inventions. The creator is thereby incentivised to continue innovating. Equally the enforcement of IP rights is essential to prevent counterfeiters and copycats cannibalising their sales which will also deter people from investing the time and capital in creating new and innovative works.

Within the fashion industry it has also been argued that to some extent the opposite is true. The very fact that fashion designs are copied is one of the drivers of the continued reinterpretation of styles and collections. Fashion designers innovate to stay ahead of the copiers. For example, if a collection is likely to be copied on the high street within 6 (sometimes within only 2) months, the designer needs to invent something new to stay ahead.

In the face of the culture of copying on the high street and the existence of counterfeiters it is difficult to see how any designer can protect their brand, image and designs. Yet, legitimate trade not only continues but also thrives, leading some economists to conclude that sometimes counterfeiting can have positive outcomes for fashion brands:

- Firstly, elite shoppers of a much-copied brand, such as Chanel, will continue to seek out new, genuine items to differentiate themselves from the crowd clad in fake outfits and so may change their wardrobes more regularly.
- Secondly, the imperfect copies create their own market, which enhances the status of those products in the real market. A real YSL bag is clearly more aspirational than a fake. So amongst casual consumers of designer products, purchasing the "real thing" can add considerable status benefits. Brands follow the trends and therefore produce similar items for elite consumers.

Whichever argument holds true, it is undeniable that every level of the fashion industry, from haute couture to supermarket clothing ranges, is to some extent reliant on designers taking inspiration from the work of others to reinterpret styles and re-visit old ideas in new colours, fabrics and configurations. It is this ability to imitate, borrow and reinvent that keeps the fashion industry so vibrant. The fashion cycle begins at the catwalk shows, from which ideas and inspiration filter through the industry until mass-produced, budget friendly alternatives hit the high street chains and market stalls. And with some high street retailers investing in the latest manufacturing and inventory technologies, this cycle is reducing so that they can introduce new ranges within weeks rather than months.

As with any industry, counterfeiting can be seen as a good sign for a business. It demonstrates that a copied work or brand has considerable value. But this is only if the designer/brand owner has the resources to challenge, litigate and stay one design step ahead of the criminals. For emerging designer businesses with limited resources, it can be more challenging to protect and enforce their IP rights and therefore they do not enjoy the 'positive' aspect of copying and counterfeiters.

Designers should also keep in mind the following points:

- Misuse (infringement) of the IP of others can be damaging and costly.
- IP rights are geographically territorial, so a designer needs to check that a right is available for use in all territories in which they intend to do business, including the need to consider the IP issues before embarking on overseas fashion shows or PR activity.
- Ownership of rights that have demonstrated a commercial return is useful in convincing investors, venture capitalists or banks to the commercial value of a company.
- Protecting IP also enables designers to safely access new markets through licensing, franchising, entering joint ventures or other contractual arrangements (including overseas manufacturing, marketing and distribution) with other companies.

This guide is based on the prevailing law in the UK in 2011, which is aimed at enlightening the trade and students on the issues relating to IP in the fashion industry. It is a framework to support the earlier consideration, protection and exploitation of IP within the design and commercialisation process. The guide sections are:

- Trade Marks
- Registered Design and Design Right
- Copyright
- Licensing

Alongside the Trademark, Design Rights, Copyright and Licensing Guides, two toolkits have been developed as resources for fashion entrepreneurs. These cover the following themes:

- How a small business can develop an IP Strategy.
- How a small business can approach Licensing Opportunities.

The purpose of this collection is to provide relevant and topical resources for business planning and tuition in order to improve the commercial return from IP developed within the industry, from smarter ways of operating and from individual talent.

START

1

SELECT A BRAND NAME

CHECK - IS IT AVAILABLE?

YES

REGISTER IT AS A TRADE MARK™!

Your brand is now protected as a registered trademark.

Choose another so your name's protected!

NO

4

YOU'RE DISCUSSING YOUR LATEST COLLECTION WITH MANUFACTURERS, LICENSEES OR POSSIBLE PARTNERS.

DID THE MANUFACTURERS SIGN A NON-DISCLOSURE AGREEMENT BEFORE YOU STARTED THE TASK?

YES

Good! You have accidentally design right protection or given away important information.

You need to ensure you don't give secrets away!

NO

NO

Unless you have a...

DO YOU AGREE TO SIGNING COPYRIGHT OR COLLABORATION AGREEMENTS?

YES

Good! This will avoid any problems in the future about who designed your collection.

NO
These agreements make you come across as professional and show that you know the value of your designs.

MYTH
Non-Disclosure Agreements make me look suspicious & create bad blood with manufacturers.

YOU MAY WANT TO REGISTER IT AS A DESIGN...

IS YOUR DESIGN NEW AND INDIVIDUAL?

YOU'VE GOT A SIGNATURE DESIGN YOU PLAN TO USE SEASON AFTER SEASON

7

YOU'VE SUCCESSFULLY REGISTERED YOUR PRINT OR DESIGN. THIS MEANS THAT YOU CAN ENFORCE THAT PARTICULAR PROTECTION YOURSELF AS LONG AS YOU HAVE A LICENSE AGREEMENT IN PLACE.

If your work creates the same overall impression as someone else's work you may be infringing.

NO

YES

Well Done! Your design is original & will not infringe anyone else's Copyright or Design Rights.

2

YOU HAVE DESIGNED YOUR LATEST COLLECTION

ARE YOUR DRAWINGS ALL ARCHIVED, DATED + MARKED ○?

YES

Good! Your archive drawings are in order to be licensed in the future. Creates a record of your designs, and can deter people from copying.

Go back to archive, date and copyright your work!

NO

DO YOU HAVE VALID AGREEMENTS IN PLACE THAT YOU OWN THE RIGHTS IN THEIR / COLLABORATIVE WORK?

YOU'VE GOT OTHER DESIGNERS / EMPLOYEES / FREELANCERS WORKING WITH YOU ON THE DESIGN OF THE COLLECTION.

3

Without an agreement, they may own the work and have a right to claim it!

NO
Always create designs using your own creativity. You could be infringing copyright if you use a "substantial amount" of the print. There are no rules that say that you are safe after a set number of changes.

MYTH
I have made 3, or 5, or 7 changes to the print I've licensed. I can still use the variation can't I?

5

YOU'VE DESIGNED A GREAT TEXTILE PRINT & YOU WANT TO LICENSE IT FOR BAGS AND OTHER PRODUCTS.

HAVE YOU DECIDED HOW LONG YOUR LICENSEE CAN USE THE DESIGN, WHAT THEY CAN USE IT FOR, AND IN WHAT COUNTRIES?

You need a valid license in place to set out the rights you are giving in case there are any license issues.

HAVE YOU GOT A PROFESSIONALLY DRAFTED LICENSE IN PLACE FOR ALL PARTIES TO SIGN?

NO

IF YOU'VE ALREADY LICENSED YOUR DESIGN, YOU CANNOT USE IT AGAIN AS THE ORIGINAL IS NO LONGER VALID.

6

Good Work! You can now make extra profits from your design licensee without doing any more work!

YES

CONGRATULATIONS!

ONCE YOU'VE COMPLETED STEPS 1-7 YOUR BUSINESS SHOULD BE IN GOOD SHAPE TO PROTECT AND SUCCESSFULLY EXPLOIT YOUR INTELLECTUAL PROPERTY!

FINISH

WHAT IS COPYRIGHT:

Copyright infringement can arise as a result of deliberate copying or ripping-off of another's copyright work. It can also take place more subtly and unintentionally as designers take their inspiration from a variety of sources including other designers, people on the street and other forms of creative output which may be protected by copyright such as artworks, architecture or digital design. As a result, understanding the issue of copyright helps to protect a designer's creative efforts from copyists, but also helps him/her to avoid infringing someone else's protected works.

WHEN TO REGISTER COPYRIGHT:

Unlike other forms of intellectual property, it is unnecessary to register copyright to gain protection in the UK. Copyright will arise automatically in a designer's output, provided that it:

- falls within one of the protected categories;
- is expressed in a material form;
- is 'original'; and
- has a connection with the UK.

Protected categories of works:

Copyright protects certain categories of subject matter including original 'artistic', 'literary', 'dramatic', and 'musical' works, published editions of works, sound recordings (including CDs), films (including videos and DVDs) and broadcasts.

The output of a fashion designer is most likely to attract copyright protection as original 'artistic' works. 'Artistic' works include graphic works, photographs, sculpture or collage, irrespective of artistic quality, works of architecture and works of artistic craftsmanship.

In the context of fashion design, copyright is generally concerned with two-dimensional works. For example, copyright will subsist in original prints, graphic images and photographs featured on textiles and garments. The three-dimensional aspects of a designer's output are likely to be protected by design right (in addition to some two-dimensional aspects where there may be overlap with copyright) which is covered in a separate paper. In theory, a three-dimensional garment or accessory may be protected by copyright, if it can be shown to be a 'work of artistic craftsmanship', for example it is a one-off hand-made haute couture garment not intended for mass production.

There may also be other aspects of a designer's business which are protected by copyright, such as databases of clients, aspects of its website, look-books and brochures. Internationally, there are some countries where copyright registration is either offered or essential. Therefore, designers considering exporting, manufacturing or licencing either their products or brand overseas should check whether the territory to which any copyright material may be sent has any requirement or option for copyright registration.

Fixation:

Copyright does not protect ideas or creative concepts. In order to attract protection, the work must be fixed in physical form, for example, in a sketch or a CAD drawing. For simplicity these physical expressions are referred collectively throughout this paper as "work" or "works"⁵.

Originality:

To be 'original', the work does not need to be creative or innovative, it simply means the designer used his/her own skill and effort to create the work rather than copying it from someone else. This is a fairly low threshold and therefore, most non-copied artistic works will enjoy protection.

As a result, it is entirely conceivable that two designers may be able to claim copyright in the same or similar works, as long as they can prove that they did not copy each other (or someone else) when they created their works.

Connection with the UK:

In most cases, the creator of the work must have a connection in the UK in order to enjoy copyright protection (for example, the individual was a UK citizen or the company is domiciled in the UK). However, if there is no such connection, the work may still attract copyright protection by virtue of international conventions to which the UK is a party.

What is not protected:

Copyright does not protect:

- ideas and concepts in the mind of the creator or voiced by the creator (unless this is captured in a recorded – written or audio - format);
- utilitarian and mass-produced three-dimensional objects, such as a manufactured garment, necklace or shoe (although these may be protected by design right, details of which can be found in the paper in this series on design rights);
- names or titles (although these may be eligible for trade mark protection, details of which can be found in the paper in this series on trade marks);
- inventions (although these may be protected by patents).

Case Study 1:

Alice the Designer sends a sketch to a bespoke manufacturer to have a sample made.

At each stage of the design process, copyright may arise. This case study looks at where copyrights are likely to arise and who may own them.

Alice wants to design a skirt and get a sample made. She makes several sketches of the skirt and finally produces the final sketch. Each of her sketches will be protected by copyright. As author, she will own the copyright, unless she is working under a contract which specifies otherwise, or she is an employee in which case her employer is likely to own the copyright if she made the sketch in the course of her employment. If she made the sketches in collaboration with another designer, the designs may be in joint ownership. Assuming that she is the author however, she should mark the sketches '© 2011 Alice, London'.

Alice send the sketch to a pattern maker, who then makes up a pattern for the skirt. Again, the pattern will be automatically protected by copyright, and the pattern maker will be the owner of that copyright (assuming that she is not an employee in which case the above note).

Key point: *In this short example of the initial process of creating a skirt, it is clear that copyright works can arise in different aspects of the creative process.*

COPYRIGHT NOTICES:

Where possible, designers should include a copyright notice to accompany each copyright work. A copyright notice reads as follows:

© Name of copyright owner, Year of creation

It is not a legal requirement to use a copyright notice and a copyright notice does not confer any copyright protection in itself. However, it is a useful tool to display to third parties that the designer is claiming copyright in the work. This might deter third parties from copying the work. It might also be useful evidence to show that an infringer was on notice that the designer is claiming copyright in the work. It will also identify the designer as the copyright owner to third parties who may wish to contact the designer because they are interested in licensing the work.

COPYRIGHT DURATION:

In the UK, most copyright protection (including copyright in artistic works) lasts for 70 years after the death of the author. If an artistic work is put into production using an industrial process, as is generally the case with fashion design, then the copyright is reduced to 25 years from the end of the calendar year when the copies of the artistic work were first marketed. An article is considered to have been made using an industrial process where more than 50 copies the article are made, or where the article consists of goods which are not hand-made and are manufactured in lengths or pieces.

A designer might consider protecting the manufactured items through a design right, details of which can be found in the Design Rights toolkit in this series.

It should be noted that broadcasts and published editions of books and papers have shorter duration of copyright and works produced outside of the UK may enjoy different periods of protection. Legal advice should be sought if a designer is seeking to use such material in their work.

COPYRIGHT OWNERSHIP:

Ownership of a copyright is distinct from ownership of a product. For example, when an original painting is purchased, the purchaser takes legal ownership of the physical painting, but not the copyright in the painting. The same is true within the fashion industry.

Case Study 2:

Right to wear, not right to copy

Where a customer buys a piece of fabric featuring a print that is protected by copyright, they will own the physical piece of fabric itself, but they do not own any intellectual property rights in the work, i.e. the print. Those rights remain with the copyright owner. The intellectual property rights, such as copyright, are a separate commodity from the print itself and can also be bought and sold. So if a purchaser makes a copy of a print that they have bought, they are infringing copyright in that print unless they have also purchased the copyright in it.

Key point: *Ownership of a physical copyright item and ownership of intellectual property rights (such as copyright) in that item are separate commodities, capable of being sold to and/or owned by different parties.*

Normally, the first owner of copyright in a work is the 'author' of the work, i.e. the person who creates the expression of the work. The exception is that where employees create a copyright work during the course of the employment, in which case, the employer will be the first owner of copyright.

In the fashion industry, the fashion designer will usually be the author of the work, in which case the designer owns the copyright. However, if the designer is employed by a fashion house and creates the work in the course of that employment, the fashion house will own the copyright. For certainty, the fashion house might include specific provisions in the employment agreement which state that all copyright will vest in the fashion house. Where an employee creates his/her own works outside of the scope of employment, the copyright will remain with them.

Care should be taken where the author of the work is a freelancer or contractor rather than an employee of the designer/fashion house. This may include freelance or commissioned designers, illustrators or pattern cutters, interns, or any other independent contractor.

In such cases, the author will retain ownership of the copyright, unless the agreement engaging them states that any copyright in work they create while providing their services, will be owned by the designer/fashion house. It may also be prudent to obtain an assignment agreement or confirmatory assignment (i.e. documents which transfer ownership) which expressly transfers the copyright to the designer/fashion house. Failure to take these steps will mean that the author will have a legitimate claim to the copyright in any work they produce.

Case Study 3:

Contracting

Designer D employs a freelance graphic designer, Illustrator A, to develop some digital illustrations following the creative concept of Designer D and for application on the A/W collection and a range of soft furnishings. Although a fee is agreed, Designer D and Illustrator A have known each other since school and have not signed a contract. The illustrations are prepared as electronic data. The relationship breaks down and Illustrator A walks out taking the electronic files. The illustrations are integral to the A/W collection, so Designer D demands they are returned. Illustrator A refuses claiming that the copyright belongs to her.

Key point: *In this scenario A will own the copyright in the illustration as she is a freelancer and has not assigned the copyright to D. It therefore shows that a designer should always enter into an agreement with freelancers if they want to own the copyright in the freelancer's work. Once the designer owns the copyright, it has control of the work and removes the risk of the freelancer walking away with an important element of a project. It is also common within the fashion industry for designers to work either in creative partnerships or with a business partner. Regardless of whether such partnerships are short or long term, care needs to be exercised in establishing who will own copyright in the works produced.*

If more than one person collaborated to create the work (not just through contributing ideas, but actually in producing the work) and the contribution of each is not distinct, then all those involved would be considered 'joint authors' who own the copyright in equal, undivided shares. Where there is joint ownership of a copyright work, each owner must obtain the other owner's consent before exploiting the copyright. Joint ownership can be restrictive and get complicated if the joint owners become estranged or one joint owner dies; therefore joint ownership should be avoided if possible or entered into with caution.

Out of copyright works and orphan works:

When a designer is seeking inspiration or wants to use the works of others to express a creative idea, it is worth noting that there are considerable resources available in which there is no longer any copyright protection. As mentioned above, copyright usually lasts the life of the author plus 70 years. The works of Shakespeare, for example, are no longer in copyright, so designers are at liberty to quote the original works of the Bard in anyway they wish without infringement. However, care needs to be taken with derivative works based on Shakespeare, for example the text to a hip hop version of Romeo and Juliet or a recently printed edition are likely to be under copyright.

Care needs to be taken in relation to orphan works. These are works for which the owner is unknown and therefore (i) the owner cannot be contacted for permission to use the work and (ii) it may not be possible to calculate whether the work is in copyright if the author is also unknown. Designers should not use such works, as a potential owner may at any point come forward to claim copyright in the work and claim that the designer is infringing their copyright. The key problem in trying to determine whether a work is protected under a copyright is the lack of a reliable database of works, due to the lack of registration. The issue of orphan works has been subject of a recent review but plans to reform the law have been shelved. There are however a number of databases being created to acknowledge copyright ownership, to which designers can refer. A representative list of these can be found in the Useful Resources section of this paper.

Proof of authorship:

If a designer brings or defends a copyright infringement claim, they may be called to prove the origination of the work that is the subject of dispute. For example, the claimant may request copies of the original work, the date of creation, the name of person who created the work and whether they were an employee.

Therefore designers should keep dated records of the creation of all of their output. In practice, this may simply involve keeping dated sketches drafts, scribbles and notes and/or electronic files which led to the final work together with a copy of the final work itself.

In the past designers and creators have relied on an old trick to establish when a copyright item was produced: mailing and retaining a copy in a self-addressed, sealed envelope so that the Post Office provides confirmation of the date. However, this is not a fool-proof method, can be impractical and is not recommended. At a minimum, the designer should retain dated records as set out above.

The person bringing a copyright infringement claim will have to show that they own the copyright. This can be complicated if there is a long chain of title. Therefore, it is also important to keep records of all transfers of ownership of a work by ensuring that assignment agreements are properly executed and copies retained. This is particularly pertinent to designers who engage contractors or freelance staff to create works or if the designer's intellectual property are held by a company.

INTERNATIONAL COPYRIGHT:

All facts and legislation referred to in this paper are based on UK law in 2011, however the designer fashion trade is inherently international, whether through designers actively seeking customers or using manufacturers overseas, or through international press coverage of the key fashion shows. Designers coming through the London College of Fashion and the Centre for Fashion Enterprise have had coverage throughout the fashion press in Europe, Asia and Australasia, the Middle East and Africa, and North and South America. Internet coverage means that a design featured on a catwalk in London can be seen on the other side of the globe as soon as an image is uploaded.

Whilst this ease of exposure is good news for the emerging designer, it increases the opportunities for copyright infringement. For example, if it creates a demand in a territory that the designer is unable to satisfy, it may open a door for counterfeiters to satisfy that demand.

Additionally, there are some countries where copyright registration is required, so before beginning discussions with overseas commercial partners, such as suppliers, distributors or licencees, it is worth seeking legal advice regarding the possibility of registering copyright in the relevant territory and ensuring that the designer enters into a non-disclosure/confidentiality agreement⁶ which expressly states that all copyright disclosed to the other party belongs to the designer.

INFRINGEMENT:

Infringing acts:

As the name suggests, copyright is the right to prevent copying without the copyright owner's permission (which includes storing it on a computer and making a 3D object from a 2D illustration). It also gives the owner the right to prevent others from:

- issuing copies of the work (distributing);
- lending or renting copies of the work to third parties;
- publicly showing the work;
- communicating the work to the public (broadcasting and electronically transmitting); and
- creating an adaptation of the work.

Certain dealings with copyright works/copies of the works are also prohibited. Additionally, it is an infringement of copyright to authorise another person to commit an infringing act set out above.

Substantiality:

It is not necessary for the whole work to be reproduced in order to amount to an infringement. It will be sufficient if there has been copying of a substantial part. In this context, 'substantiality' will be determined by reference to the quality rather than the quantity of what has been taken.

Therefore, a designer may have a copyright infringement claim against a third party who has not made an identical copy of the work but has copied an important and original part of the work.

Conversely, a designer could be at risk of infringing a third party's copyright by drawing inspiration too heavily from its literary, musical or artistic works. For example, by reproducing a substantial part of a poem or a photograph on a t-shirt or playing the substantial part of a song at a catwalk show without permission.

It is also worth noting that works (photos, lyrics, images, etc.) accessed or sent via the internet are likely to attract copyright protection and permission will be required before they are to be used. Some images, by their ubiquity, might appear free from copyright, but again, caution should be taken.

In practice, it may not be possible to prove that an unrelated third party actually copied the designer's work. In such instances, copying can be inferred where it can be shown that the third party had access and opportunity to copy it.

REMEDIES FOR INFRINGEMENT:

The types of legal remedies available for infringement of copyright:

- an interim injunction - a temporary order to stop the infringer from committing the infringing activity until the matter is resolved at a full trial;
- a permanent injunction - a legal order to permanently stop the infringer from continuing to commit the infringing activity;
- an order for delivery up or destruction of the infringing goods;
- an award for payment of damages or an account of the net profit made from the infringing goods;
- a declaration that copyright subsists in a specific work and has been infringed.

There are also criminal penalties for copyright infringement, where the infringer has knowledge or reason to believe that they are committing an infringement/dealing with infringing goods.

In cases where the copies are arriving from outside the EU, copyright owners may request seizure by customs of infringing copies.

Case Study 4:

Designers Guild v Russell Williams

Designers Guild was a designer of fabrics. An employee of Designers Guild painted a design called 'Ixia' which consisted of stripes and flowers in an impressionistic style. Russell Williams subsequently began offering design called 'Marguerite', which featured a similar pattern featuring stripes and flowers, also in an impressionistic style. Designers Guild brought court proceedings against Russell Williams for infringing the copyright in its 'Ixia' design. Russell Williams claimed that any similarities between 'Ixia' and 'Marguerite' were purely coincidental and denied copying and/or copying a substantial part.

'Marguerite' was not identical to 'Ixia' and in the absence of evidence of actual copying, the Court had to determine whether:

- *Russell Williams had the opportunity to copy 'Ixia'; and*
- *the similarities between 'Ixia' and 'Marguerite' were sufficient to give rise to an inference of copying of a substantial part of 'Ixia'.*

'Ixia' had been displayed in pattern sample books, brochures, trade shows and in stores by the time that 'Marguerite' was created. Therefore, the Court found that Russell Williams had access and opportunity to copy 'Ixia'.

In order to assess whether a substantial part of 'Ixia' had been copied, the Court compared the similarities between 'Ixia' and 'Marguerite' to determine whether those aspects amount to the essential features and substance of the original, assessed qualitatively rather than quantitatively. The Court held that in this case, 'Marguerite' was a substantial copy of 'Ixia'.

Key point: *What constitutes 'substantial' copying can be a fine line. The Court will look at the similarities between the two designs, rather than the differences. Therefore, where some qualitatively important element of another work has been taken, even with changes, this will still amount to a breach of copyright. Note that if two people independently come up with very similar works, without copying each other, then each of them will have copyright in their own work and not infringe the work of the other. It is not similarity per se, but copying, which is an offence.*

WHAT TO DO BEFORE GOING TO COURT:

In the event that there is an allegation of copyright infringement, the usual course of action is for the copyright owner (or their solicitors) to write to the suspected infringer asking them to stop the infringing activity. This is known as a "cease and desist request".

In response, the alleged infringer may:

- admit they have infringed and cease to do so and agree to pay the copyright owner compensation in connection with the infringement;
- open negotiations to try to reach a settlement (see below);
- deny infringement on the basis that they created the alleged infringement completely independently (i.e. it was not copied) or a substantial part of the copyright work was not taken;
- deny they are liable because one of the defences to copyright infringement applies;
- threaten to counterclaim for a declaration of non-infringement.

If the alleged infringer does not capitulate or a settlement cannot be reached, the copyright owner can resort to legal proceedings. Before commencing proceedings, designers should be aware that litigation is expensive and if the claim is unsuccessful, the designer may be ordered to pay the other side's costs (in addition to its own costs).

SETTLEMENT:

Since court proceedings can be expensive, time-consuming and uncertain, it is common for parties to reach an out of court settlement.

Such settlement negotiations are usually conducted on a "without prejudice" basis which means that anything said as part of those negotiations cannot be raised in Court.

A settlement may also be reached through mediation, which is a method of resolving disputes with the assistance of an independent third party mediator.

The settlement of copyright infringement may involve the alleged infringer doing the following:

- give an undertaking to stop the infringing activity;
- pay the copyright owner a sum for damages or its net profit gained from the alleged infringement;
- pay the copyright owner's legal costs;
- enter into a licensing arrangement with the copyright owner.

Often settlements are agreed on a confidential basis so that neither party can disclose details of the settlement. The alleged infringer may insist that the settlement is made on a 'non-admissions' basis, that is, without having to admit liability for the infringement.

Given the costs of court proceedings, the key to tackling copyright infringement is deterrent rather than defence. A creator should clearly signal to all business and creative partners, that they take the ownership and enforcement of their copyright seriously, through:

- marking all copyright material with the © symbol, copyright owner and date, including very obvious notices on websites;
- keeping records of all steps, processes and materials that led to a copyright work;
- maintaining a log of all discussions and transmissions of copyright material and making the other party aware that the rights are reserved and that the use has been recorded. For example, including a paragraph on copyright in every covering letter or email accompanying a copyright work; and
- where applicable, retrieving any works in copyright provided to third parties as soon as possible.

COMMERCIALISING COPYRIGHT:

A copyright owner can exploit copyright in works to generate additional revenue while retaining control of how the work is used.

The methods for commercialising a work are detailed below:

Licensing Copyright: Licensing involves the owner of the copyright works granting permission to another party to use the copyright work on certain terms set out in the licence, such as:

- for a specified time period (e.g. for a five year period);
- in a certain geographical territory (e.g. only in the UK and Ireland);
- for a limited types of products/uses (e.g. use on t-shirts).

The owner of copyright will receive a fee in return for granting the licence, which may be a one-off payment or a royalty on sales.

It is always best to set out the terms of the licence in writing. The licence can also include provisions to ensure the quality of the licensed goods and which allow the copyright owner to approve the use of the copyright work.

A licence does not transfer the ownership of the copyright. However, an exclusive licence means that the exclusive licensee can make the licensed use of the copyright work to the exclusion of all others, including the copyright owner. Whereas if the licence is non-exclusive, the copyright owner is free to negotiate further licences with other third parties.

Further details can be found in the paper on licensing.

Case Study 5:

Designer E – product design extensions

Fashion Designer E specialises in original print designs and has a successful A/W show incorporating prints inspired by travel. Designer E is approached by a high-end luggage manufacturer keen to utilise these original prints on a limited range of travel accessories.

Key point: Licensing a work such as a print to another company can be a lucrative way for a designer to exploit copyright in that work. It is important to have a carefully drafted licence in place which sets out the parameters for the company's use of the work (e.g. time, type of products, territory) and also to ensure the designer retains the ability to approve the licensed products.

Transferring/Assigning a copyright:

The owner of a copyright work has the right to transfer or assign ownership of the copyright to another person or organisation. The assignment can be full or partial (for example, to relate only to certain uses of the copyright work). This is usually done in return for a one-off payment.

A designer might assign ownership of the copyright in a work to his/her own company. A designer may also assign copyright in a work that he/she has created on a freelance basis for a fashion house, as part of the engagement.

Case Study 6:

Designer F – exclusive accessory range

Fashion Designer F is spotted at a show by a retailer keen to introduce a limited range of graphic t-shirt designs. The retailer approaches Designer F to produce a range of 8 original, exclusive graphics and states in the contract that all copyright in the 8 graphics is assigned to the retailer.

Key point: *Assigning copyright in a work is a good way for designers to commercially exploit their copyright. You should be aware that by assigning copyright in works to a third party, you will no longer be able to use those work without the new copyright owner's permission. Therefore, you need to be careful not to infringe the copyright that you have sold when you create new works in the future.*

**COPY RIGHT OTHER
USEFUL RESOURCES:**

UK IPO (www.ipo.org.uk)
Free downloads

- Copyright: Basic Facts (WS0007DPS/MWL/08-10), February 2010
- Confidential Disclosure Agreements (WS0019), November 2010
- Agreeing a Price for Intellectual Property Rights (DPS/C450/04-11), April 2011
- MyIP: Intellectual Property Explained, November 2010

**Own-it Factsheets
(<http://www.own-it.org>)**
Free downloads

- Copyright, Briffa, 2004
- The Intellectual Property Guide to ... Fashion, Gallant MacMillan, 2009
- Confidentiality, Briffa, 2004
- Own-it Contract Templates (<http://www.own-it.org>)
May be subject to a download fee
- Short-form Copyright Assignment, CT36A
- Acknowledgement of Joint Ownership of Intellectual Property, CT240A (inc. patents, copyright, designs and trademarks)
- Assignment of a Licence or Licence Agreement, CT266A
- Non Disclosure Confidentiality Agreement, CT239A
- Prospective Investor Confidentiality Agreement, CT243A
- Joint Development and Commercialisation Agreement, CT245
- Intellectual Property Due Diligence Questionnaire, CT267
- Merchandising Agreement, CT135
- Merchandising Licence, CT122
- Agreement to Engage Design Consultant as an Independent Contractor, CT233A

**Own-it Podcasts
<http://www.own-it.org>**
Free downloads

Building a fashion brand: An insider's guide to licensing:

- www.own-it.org/uploads/files/25/original/Building_fashion_brand.mp3
- www.own-it.org/uploads/files/24/original/Building_fashion_brand_p2.mp3

Protecting and licensing your textile designs:

- www.own-it.org/uploads/files/57/original/textiles_25_9_07_part1.mp3
- www.own-it.org/uploads/files/56/original/textiles_25_9_07_part2.mp3

How not to get ripped off: Enforcing and protecting your IP:

- www.own-it.org/uploads/files/33/original/Intro_Copy_LCF_p1.mp3
- www.own-it.org/uploads/files/32/original/Intro_Copy_LCF_p2.mp3

You are what you own:

- www.own-it.org/uploads/files/103/original/you_are_what_you_own_part_1.mp3
- www.own-it.org/uploads/files/102/original/you_are_what_you_own_part_2.mp3

OTHER USEFUL RESOURCES

CFE IP Toolkits

- How a small business can develop an IP Strategy.
- How a small business can approach Licensing Opportunities

CFE IP Guides

- Trade Marks
- Design Rights
- Licensing

The Centre for Fashion Enterprise (CFE) is London's pioneering business incubator that supports and nurtures emerging fashion design talent.