

Footwear IP Protection and Litigation on the Rise

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It could be called the *Sex and the City* effect, or maybe people have always had a love affair with shoes—but shoes are a hot item, even in a cooling economy. And when something is hot, intellectual property law is on the scene. Based on a review of federal court filings, litigation involving footwear companies has been increasing over the last four years. Perhaps the most notable recent case is that of *Adidas America, Inc. v. Pay Less Shoesource, Inc.*, in which Adidas won at trial a US \$304.6 million judgment in connection with its three-stripe design mark. The judgment was recently reduced to \$64.4 million. *Adidas America, Inc. v. Payless Shoesource, Inc.*, No. 01-1655, original verdict returned (D. Or. May 5, 2008).

Imitation seems to be the double-edged sword of the fashion world. It creates trends and also leads to designs ultimately going out of style—typically to be resurrected yet again, years later. For example, the Manolo Blahnik suede stiletto work boot, inspired by a Timberland work boot and popularized by Jennifer Lopez's 2002 "Jenny from the Block" music video, was in turn mass-produced by a variety of manufacturers, and even recreated by Timberland itself in a series of high-heeled work boots.

The increased demand for high fashion footwear—a phenomenon sometimes attributed to Carrie Bradshaw, the fictional heroine of the HBO television series *Sex and the City* mentioned above—creates a market for those seeking the same look without the luxury price tag. The popularity of this is evident from monthly magazine features such as "Splurge vs. Steal" in *Marie Claire* or the Style Network's television show *The Look for Less*.

Not surprisingly, companies are guarding their successful shoe designs with intellectual property law. For example, Crocs, Inc., the maker of the popular comfort clog-like footwear, has found its products inspiring a whole product category of competing footwear. As a result, Crocs has filed several lawsuits to protect its IP rights, including one in April 2006 in the District of Colorado against 11 entities for patent infringement (Crocs footwear is manufactured with a proprietary resin), trade dress infringement and unfair competition. *Crocs, Inc. v. Acme Ex-Im, Inc. et al.*, No. 06-cv-00605.

Even well-known high fashion brands have been accused of making a "knockoff." In late September 2008, athletics brand Asics filed a complaint in the Central District of California against fashion house Dolce & Gabbana (D&G) claiming trademark infringement and dilution in connection with its registered stripe design mark.

The increase in footwear litigation is not surprising when considered in context with how much money is at stake in the industry. The U.S. footwear industry has an annual retail revenue of US \$25 billion. See First Research, Inc., *Footwear Manufacture, Wholesale, and Retail* (2008), www.marketresearch.com.

A quick overview of which IP protections should be considered when reviewing an article of footwear is instructive for both practitioners and brand owners alike. Trademark and, in particular, design mark protection should be the first and most obvious consideration. Next up would be to consider whether the footwear has any protectable trade dress—which requires that consumers associate the overall look and feel of the shoe with a particular source. For example, Christian Louboutin, shoemaker to the stars, uses a

signature red-colored sole to distinguish its products. Louboutin was recently successful in proving the acquired distinctiveness of its red soles and securing a U.S. registration for its red sole trademark (pictured, U.S. Registration No. 3,361,597). Even prior to that, Louboutin was enforcing its rights in red-soled shoes against others using a similar design.

Trade dress protection can sometimes be difficult to achieve given the seasonal turnover of footwear designs. With regard to patents, utility patents protect the technological advances in shoes and boots, while design patents protect the ornamental features of a footwear product. In fact, over the past 20 years, 7 percent of litigated design patents covered ornamental features of shoes, making footwear the most commonly litigated subject in design patent litigation. (Source: PatentlyO, www.patentlyo.com (Sept. 4, 2007).) Additionally, there may be other intellectual property considerations, such as copyright for a pattern or fabric design used on a shoe. Therefore, it is extremely important that experienced counsel provide a comprehensive review. If one is selling shoes outside of the United States, it is particularly important to have designs reviewed by counsel in those jurisdictions, as design protection varies by country.

All of this leaves designers and brand owners asking, "How close is too close?" It is obvious that in the present-day legal landscape, the analysis behind determining what constitutes "too close" in the footwear and fashion industry requires a more in-depth review than ever before. Indeed, a broad knowledge of the marketplace and prior art, from shoe uppers and soles to the packaging and marketing of shoes, is a necessity in evaluating intellectual property in the footwear industry. Such expertise can guide a company through the proper steps it should take to protect itself when bringing new designs and footwear to market.

Therefore, it is important to have a working collaboration between the legal and design teams to review a new season's shoes before a problem develops. While cost is always a concern, a good review procedure should be scalable according to budget and need for a particular design.

Skimping on a proper review to save money in the short run may be only a temporary savings, as litigation can be the more costly result.

Avoiding litigation requires the advice of experienced counsel who understands both the legal and the practical business aspects involved. With a workable footwear design process in place, designers and brand owners can avoid stepping into a costly IP dispute.

