

UNFASHIONABLY LATE: PROTECTING A DESIGNER'S IDENTITY AFTER A PERSONAL NAME BECOMES A VALUABLE TRADEMARK

Allison B. Pitzer*

I. INTRODUCTION

Shakespeare, in his famous play, *Romeo and Juliet*, wrote, "What's in a name? That which we call a rose by any other name would smell as sweet."¹ But according to trademark principles, there is a great deal of value in a name and, often, its misappropriation is far from "sweet." Herve Leger, who, in the late 1980s, designed the iconic "bandage dress,"² was a nearly unknown designer when, in 1985, he founded his fashion label.³ After his breakthrough design, however, his fashion line quickly became famous, and he was known by his namesake designs.⁴ Nevertheless, Ledger can no longer use his name on the designs he creates.⁵ This is because Ledger lost control of his company to BCBG Max Azria Group,⁶ which now promotes the acquired line as "Herve Leger by Max Azria."⁷ In selling his business, Leger sold the commercial use of his own name.⁸ As a result, Herve Ledger, the brand, is owned by BCBG Max Azria Group,

* Allison Pitzer is a third year law student expecting her J.D. from Southern Illinois University School of Law in May 2011. She would like to thank Professor Michele Mekel for her invaluable guidance, suggestions, and time throughout the entire writing process. She would also like to thank her parents for their continued support, especially her father for the many hours spent discussing designer's vulnerabilities and for the lifelong fashion influence from her mother.

1. William Shakespeare, *Romeo and Juliet*, act 2 sc. 2.

2. This design quickly became popular due to its novel, body-conscious lines. *History*, HERVE L. LEROUX, http://www.hervelleroux.com/historique_eng.htm (last visited Jan. 23, 2011).

3. *Id.*

4. *Id.*

5. *Id.*

6. BCBG Max Azria bought a controlling interest in the Herve Leger company, and Leger planned to stay on as an employee to continue designing. The relationship between the designer and the company, however, soured, and Leger was fired six months later. *Herve Leger*, ANSWERS, <http://www.answers.com/topic/herv-l-ger> (last visited Jan. 23, 2011).

7. *About BCBG MAX AZRIA*, BCBG MAX AZRIA GROUP, INC., <http://www.bcbgmaxazria.com/spring2010/index.php?fc=about&int=bf2> (last visited Jan. 23, 2011).

8. *History*, HERVE L. LEROUX, http://www.hervelleroux.com/historique_eng.htm (last visited Jan. 23, 2011).

while Herve Ledger, the man, was forced to promote his new designs under his new design name, Herve L. Leroux.⁹

Fashion designers often sell his or her designs under a personal name and, as a result, designers need to become aware of the legal consequences should they ever wish to sell his or her interest in the company.¹⁰ When launching their dreams, most designers would give anything to have their fashions become famous and their names appear on the pages of magazines. At this nascent time in their careers, however, such designers may be unaware of, or may simply fail to consider, the legal consequences of selling his or her line if and when fame arrives.

Part II of this Comment reviews the basics of trademark law and how one can infringe upon another's trademark, and discusses previous case law regarding the use of one's personal name in business and the consequences of selling the rights to a personal name. Part III reviews a recently decided case regarding the sale of a designer's namesake line, including the personal and professional impacts of that decision. Finally, Part IV analyzes how to better protect the designer when selling a design line bearing the designer's personal name and the limitations that should be imposed, given the personal nature of the item at issue, including the designer retaining ownership of the trademark opposed to the company, and the unnecessary use of disclaimers.

II. LEGAL BACKGROUND

Trademarks are used to advertise and sell goods, to identify and distinguish seller's goods, and to show goods containing the trademark are produced from the same source and are of equal quality.¹¹ Trademark law allows the holders of the mark to keep his or her asset safe from unfair competition and to retain value in the mark.¹² Trademark law is also intended to protect consumers from confusion.¹³ When a person's name has been used as a trademark, however, courts attempt to narrowly tailor

9. *Id.*

10. Using a personal name is the simplest approach to choosing a brand name and it is the most ideal way to be widely recognized in a particular field. Bob Baker, *Lesson 8: Choosing Your Brand Name*, THE WRITE MARKET, <http://www.thewritemarket.com/branding/index.php?branding=name&title=Choosing%20Your%20Brand%20Name> (last accessed Jan. 19, 2011).

11. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (4th ed. 2009).

12. Stanton "Larry" Stein & Jonathan E. Stern, *The Name of the Brand: Emerging Issues in the Application of Trademark Law to Personal Names*, 20 No.5 *Intell. Prop. & Tech. L. J.* 17, 18 (2008).

13. *Id.*

injunctions against the use of the name in order to allow the individual to maintain some portion of his or her identity.¹⁴

Enacted in the Lanham Act are federal provisions governing trademark law, including trademark infringement.¹⁵ To determine trademark infringement, the Lanham Act sets forth laws to determine whether a person or entity has used any mark that is likely to cause confusion to the purchasers of the trademark owner's product.¹⁶ Put differently, the issue is whether "there is any likelihood that an appreciable number of ordinary prudent purchasers are likely to be misled, or indeed simply confused, as to the source of goods in question."¹⁷ The first part of the test requires determination of whether the goods at issue are either competitive or related.¹⁸ Only if the first part of the test finds the goods in question are related, rather than competitive, the second part of the test arises.¹⁹ If the goods are related, the facts are then analyzed under eight factors to determine whether confusion is likely to occur.²⁰ The facts, however, also must be viewed as a whole, and the eight factors cannot be strictly applied in every given circumstance.²¹ Often, determination of the issues "depends upon a consideration of the facts and circumstances in each case."²²

A. Review of Trademark Infringement

To determine liability for trademark infringement under the Lanham Act, the main issue is whether it is likely that purchasers of the trademark owner's products will be confused.²³ The relevant part of the Lanham Act states:

Any person who, on or in connection with any goods or service, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof ... which—(A) *is likely to cause confusion*, or to cause mistake, or to deceive as to the affiliation,

14. Paolo Gucci v. Gucci Shops, Inc., 688 F. Supp. 916, 927 (S.D.N.Y. 1988).

15. The Lanham Act, 15 U.S.C. § 1125(a)(1)(A) (2006).

16. *Id.*

17. Plus Prods. v. Plus Discount Foods, Inc., 722 F.2d 999, 1003 (2d Cir. 1983) (citing Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978)).

18. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979).

19. *Id.*

20. *Id.* at 348–49.

21. Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1141 (9th Cir. 2001).

22. *Plus Prods.*, 722 F.2d at 1003.

23. 15 U.S.C. §1125(a)(1)(A) (2006).

connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.²⁴

If the goods are competitive, infringement occurs when the two trademarks are “sufficiently similar that confusion can be expected.”²⁵ When goods are merely related, several additional factors need to be determined.²⁶ Related goods are defined as “products that would be reasonably thought by the buying public to come from the same source if sold under the same mark.”²⁷ If the goods in question are found to be completely unrelated, infringement cannot result because it is not likely that confusion will be caused.²⁸ For example, in *AMF Inc., v. Sleekcraft Boats*, the dispute regarded two producers of speedboats where one boat was designed for family recreation and the other boat was designed for persons who desired high-speed recreation.²⁹ The court determined that the boats were related but appealed to different sub-markets; competition was negligible.³⁰ Because the goods were related, the court then analyzed whether a likelihood of confusion was present by establishing the eight factors now used in such analysis.³¹

B. The Likelihood of Confusion

If goods are found to be related, the second issue is whether a likelihood of confusion exists.³² The test to determine the existence of a likelihood of confusion is “whether a ‘reasonably prudent consumer’ in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.”³³ While actual confusion is not required, “there can be no more positive proof of likelihood of confusion than evidence of actual confusion.”³⁴ To determine if the consumer is likely to be confused, the Ninth Circuit, in *Sleekcraft*, created a test to analyze eight relevant factors, including: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing

24. *Id.* (emphasis added).

25. *Sleekcraft*, 599 F.2d at 348.

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.*

30. *Id.*

31. *Id.* at 348–49.

32. *Id.* at 348.

33. *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998).

34. *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F.Supp. 707, 715–16 (S.D.N.Y. 1973).

channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.³⁵

These eight factors, however, are not exhaustive and are simply a "guide" to decision making.³⁶ Additionally, the factors do not carry equal weight because, frequently, "the determination of one factor is often only another way of viewing the same consideration already taken into account in finding the presence or absence of another one."³⁷ Furthermore, some *Sleekcraft* factors "are much more important than others, and the relative importance of each individual factor will be case specific."³⁸ To use the *Sleekcraft* test, each factor, as well as the entire analysis, must consider the likelihood of confusion as to the origin of the product with the allegedly infringing mark.³⁹

C. The *Sleekcraft* "Great Eight"

While analysis of each of the eight factors may not prove determinative, knowing how each factor is defined and applied is important to resolving a likelihood of confusion issue.

1. *Strength of the Mark*

The more distinctive a mark is, the more likely it is to have greater conceptual strength.⁴⁰ As such, trademarks are classified into four categories ranging from least distinctive to most distinctive: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful.⁴¹ Descriptive marks are those that "define qualities or characteristics of a product in a straightforward way that requires no exercise of the imagination to be understood."⁴² A suggestive mark is one that requires "a consumer [to] use imagination or any type of multistage reasoning to understand the mark's significance ... [because] the mark does not *describe* the product's features,

35. *Sleekcraft*, 599 F.2d at 348–49.

36. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1141 (9th Cir. 2002) (quoting *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992)).

37. *Id.* at 1140.

38. *Brookfield Commc'ns Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999).

39. *Smith*, 279 F.3d at 1141.

40. *Id.*

41. *M2 Software, Inc. v. Madacy Entm't, Inc.*, 421 F.3d 1073, 1080 (9th Cir. 2005).

42. *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 n. 8 (9th Cir. 1998).

but *suggests* them.”⁴³ A suggestive mark, however, is afforded protection without proof of a secondary meaning.⁴⁴

Nevertheless, differentiating a suggestive mark from a descriptive mark can be extremely difficult and must be done on a case-by-case basis.⁴⁵ Three criteria aid in making such differential determinations: (1) the “imaginativeness involved in the suggestion”; (2) if giving the owner of the trademark a “limited monopoly” will actually restrain lawful use of the mark by others; and (3) if when seen by the public, the mark is seen as an indicator of the origin of the product or a “self-serving description of it.”⁴⁶

The first factor is analyzed by “how immediate and direct” the thought process is between the mark and the good.⁴⁷ The second factor in *Sleekcraft* showed no one desired to use “Slickcraft” to describe goods and plaintiff’s use did not inhibit the use of the mark by the defendant and other sellers.⁴⁸ Finally, under the third factor, the court in *Sleekcraft* determined consumers would understand that “Slickcraft” was a trademark.⁴⁹ That court determined “Slickcraft” to be a suggestive mark and afforded it some protection that could have been increased from advertising, however as a whole a suggestive mark is a weak mark.⁵⁰ The court stated: “Only if the marks are quite similar, and the goods closely related, will infringement be found.”⁵¹

2. Proximity of the Goods

If goods are related or complementary, the risk of confusion rises.⁵² The Ninth Circuit in *Entrepreneur Media, Inc., v. Smith*, propounded that “the more closely related the goods are, the more likely consumers will be confused by similar marks.”⁵³ Thus, noting that a “logical way to connect relatedness of products with the likelihood of confusion,”⁵⁴ the *Smith* court went on to apply a sliding scale to measure the weight of relatedness versus the strength of the mark.⁵⁵

43. *Id.*

44. *Id.*

45. *AMF v. Sleekcraft Records*, 599 F.2d 341, 349 (9th Cir. 1979).

46. *Id.*

47. *Id.* (citing RESTATEMENT (FIRST) OF TORTS §271 cmt. a (1938)).

48. *Id.*

49. *Id.*

50. *Id.* at 350.

51. *Id.*

52. *M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1081–82 (9th Cir. 2005).

53. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1147 (9th Cir. 2002).

54. *Id.* at 1148.

55. *Id.*

3. *Similarity of the Mark*

The test for determining the similarity of marks includes sight, sound, and meaning.⁵⁶ With regard to sight, the mark must be analyzed as it is seen in the marketplace.⁵⁷ Under such sight analysis, similarities weigh more heavily than differences.⁵⁸ In *Sleekcraft*, the names “Sleekcraft” and “Slickcraft” were found to be similar to the eye.⁵⁹ The defendant in *Sleekcraft*, however, persuasively argued a distinctive logo displaced the resemblance of the words, and the court agreed.⁶⁰

Sound is also an important factor in judging similarity because often a good’s reputation travels by word of mouth.⁶¹ As a result, courts have stated “slight differences in the sound of trademark will not protect the infringer.”⁶²

Finally, the meaning of the trademark is critical because it, alone, can establish likeness between two marks.⁶³ The defendant in *Sleekcraft* alleged “Sleekcraft” and “Slickcraft” had distinctly different meanings; but the court remained unconvinced.⁶⁴

4. *Evidence of Actual Confusion*

Actual evidence that confusion has already occurred as a result of the use of the two marks, serves as highly influential evidence that future confusion will occur as well.⁶⁵ If the evidence is “unclear” or “insubstantial,” courts frequently have discounted the evidence.⁶⁶ For example, the *Sleekcraft* court found that, “in light of the number of sales and the extent of the parties’ advertising, the amount of past confusion was negligible.”⁶⁷ Yet the court commented that, had the court been acting as the trial court, where the facts are found, the court may have viewed such evidence more favorably.⁶⁸ Nevertheless, if this factor is successfully

56. *Sleekcraft*, 599 F.2d at 351.

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.* (citing *G.D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F.2d 385, 387 (9th Cir. 1959)).

63. *Id.* at 352.

64. *Id.*

65. *Id.* Nonetheless, proving actual confusion can be elusive. *Id.*

66. *Id.*

67. *Id.*

68. *Id.*

proven, it will be given significantly more weight than the other eight factors.⁶⁹

5. *Marketing Channels Used*

The likelihood of confusion increases when “convergent” marketing channels are used.⁷⁰ In *Sleekcraft*, for example, although the two boats were never sold at the same location, they were marketed through the same means, and potential purchasers were exposed to both products due to overlapping marketing channels.⁷¹

6. *Type of Goods and the Degree of Care Likely to be Exercised by the Consumer*

Courts attribute the standard of “ordinary caution” to the normal consumer in making purchase decisions in the context of trademark infringement cases.⁷² Nevertheless, a higher standard applies when the buyer has particular expertise in the given field.⁷³ Additionally, if the goods are expensive, it is imputed that the buyer will exercise greater care than when purchasing inexpensive goods.⁷⁴ Nevertheless, while the degree of care exercised by a consumer is informative, it cannot guarantee that confusion will not occur.⁷⁵

7. *Alleged Infringer’s Intent on Selecting the Mark*

The alleged infringer’s intent is relevant because the alleged infringer is likely to correctly identify what will confuse a consumer.⁷⁶ Furthermore, the intent to confuse can be inferred⁷⁷ if the purported infringer “knowingly adopts a mark similar to another’s, reviewing courts presume that ... the public will be deceived.”⁷⁸ For example, in *Sleekcraft*, the court found no intentional creation of confusion because, after the defendant received

69. *Id.* at 353.

70. *Id.*

71. *Id.* If the internet, however, is part of the marketing channels used, it cannot, alone, represent “overlapping marketing channels” as a matter of law. *Id.* The question regarding the internet is whether the internet was the substantial marketing channel used. *Id.*

72. *Id.*

73. *Id.*

74. *Id.*

75. *Id.*

76. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1148 (9th Cir. 2002).

77. *Id.*

78. *Sleekcraft*, 599 F.2d at 354.

notification of the possible creation of confusion, the defendant designed a distinctive logo.⁷⁹

8. *Likelihood of Expansion of the Product Lines*

Infringement is also more likely to be found when there is a strong possibility that either party may expand its business to compete with the other party.⁸⁰ If the products in question are strongly related, “any expansion will likely result in direct competition.”⁸¹

D. The Use of a Personal Name: Explanations and Caselaw

One may be curious as to how and why a dispute concerning a personal name trademark even arises in the first instance. To explore that query, the process of how a designer comes to have his or her own company must be examined. A fashion designer starts out like anyone else: someone with talent and a dream. If a designer lacks funds, he or she will likely seek investors, similar to any other business venture.⁸² The investors likely will have an ownership interest in the brand to protect their investment. This interest frequently includes the designer’s name because the name will later become a valuable asset if the line is successful, and the company will later trademark the name.⁸³ As a result, the designer’s name becomes a trademark, which is property of the company, and the designer no longer solely owns the commercial rights to use his or her own name; rather, the trademark constitutes an extremely valuable asset belonging to the business entity in which those initially providing funding for the designer hold an interest. Consequently, the company owning the name has both the right and the duty to protect the mark against infringement in order to maintain its value.⁸⁴ Accordingly, the company will be able to prohibit the designer from using his or her name in any new business enterprise.⁸⁵

79. *Id.*

80. *Id.* (citing RESTATEMENT (FIRST) OF TORTS § 731(b) cmt. C (1938)).

81. *Id.*

82. Baker, *supra*, note 10, at 17.

83. *Id.*

84. Macala Wright, *No Risk = No Sales: Building a Successful Retail Business*, FASHIONABLY MARKETING (Mar. 28, 2010, 5:06 AM), <http://fashionablymarketing.me/2010/03/no-risk-no-sales-building-a-successful-retail-business/>. It is necessary to register the brand-name as a trademark in order for the company to avoid exposure to liabilities and to protect the designer’s intellectual property. *Id.*

85. *Id.*

The result is harsh. Courts, however, recognize that “to prohibit an individual from using his true family surname is to take away his identity: without it he cannot make known who he is to those who may wish to deal with him; and that is so grievous an injury that courts will avoid imposing it, if they possibly can.”⁸⁶ After gaining years of experience and improving his or her skill in the fashion industry, a designer who separates from the company holding his or her namesake line as a trademark is not entering the business to use a “conveniently confusing surname to his [or her] advantage.”⁸⁷ In such instances, courts attempt to balance the individual’s interest in using his or her name against the need to avoid consumer confusion.⁸⁸ Furthermore, in crafting a remedy, the court’s critical goal is to “frame an injunction that will avoid confusion in the marketplace, protect a prior company’s property interest in its name, and permit an individual to exploit his [or her] own identity and reputation in a legitimate manner”; injunctions should, therefore, be tailored as narrowly as possible.⁸⁹

A landmark case in the fashion industry concerning the selling of a personal name involved an exceptionally public family feud over the use of an ancestral surname.⁹⁰ In the 1900s, Guccio Gucci founded a business empire in the fashion world.⁹¹ In *Paolo Gucci v. Gucci Shops, Inc.*,⁹² Guccio’s grandson Paolo became the chief designer for Gucci Shops, but he ultimately lost his position in the family fashion empire after much quarreling.⁹³ In 1983, Paolo Gucci sought an injunction to allow him to pursue business ventures using his birth name, so long as it did not infringe or unfairly compete with the trademarks of Gucci Shops.⁹⁴ Gucci Shops counterclaimed, alleging trademark infringement, among other claims.⁹⁵ The court held that Paolo was “permitted to use his name . . . to signify his participation in the design of products, but is prohibited from using the names Gucci or Paolo Gucci as a trademark or trade name.”⁹⁶

86. *Taylor Wine Co., Inc. v. Bully Hill Vineyards, Inc.* 569 F.2d 731, 735 (2d Cir. 1978) (quoting *Societe Vinicole de Champagne v. Mumm*, 143 F.2d 240, 241 (2d Cir.1944)).

87. *Id.*

88. *Paolo Gucci v. Gucci Shops, Inc.*, 688 F. Supp. 916, 927 (S.D.N.Y. 1988).

89. *Joseph Scott Co. v. Scott Swimming Pools, Inc.*, 764 F.2d 62 (2d Cir. 1985).

90. *Paolo Gucci*, 688 F. Supp. at 917.

91. *Id.*

92. *Id.*

93. *Id.*

94. *Id.* at 920.

95. *Id.* at 917. Defendant’s, Gucci Shops, counterclaim included actions against Paolo Gucci for trademark infringement, dilution, unfair competition, breach of Shareholders Agreement, false designation of origin, and abuse of process. *Id.*

96. *Id.* at 917.

Thereafter, Paolo attempted to design bags under the name “Paolo Gucci” for an Italian company named “Italia Italia.”⁹⁷ Shortly after, Gucci Shops informed a buyer of Paolo’s bags that the buyer should refrain from any use of the trademark name “Gucci” in their stores.⁹⁸ Paolo sought declaratory relief which was dismissed due to a lack of justiciable controversy.⁹⁹ Additional letters from Gucci Shops were sent to other business ventures who, subsequently terminated business relations with Paolo.¹⁰⁰ Finally, Paolo sold all of his interest in the company.¹⁰¹ The settlement agreement provided that Paolo could not use his name commercially; however, the agreement went to arbitration abroad at the time the U.S. court heard the case.¹⁰² Later, Paolo continued to design products such as lamps, sunglasses, furniture, sleep wear, bedding, etc., and sought another injunction to determine how he could legally use his name in connection with the products he designed.¹⁰³ Paolo stated he typically displayed a photograph of himself, as well as a disclaimer stating he was no longer affiliated with the other Gucci lines, and he believed this to be adequate to inform consumers that there was no connection between his designs and the Gucci trademark.¹⁰⁴

The court reviewed the Gucci Shops’ Shareholders Agreement, which provided that the “Gucci” family name could not be used for any other “industrial, commercial or artisan activity, even if additions or changes were to be made to said name with a view to avoiding confusion with the name of the companies for the entire duration of the company.”¹⁰⁵ The court concluded that the agreement was not enforceable against Paolo because, when the company changed from a limited liability company to a joint-stock company, the original agreement was no longer binding.¹⁰⁶ The court stated, however, that, if the agreement had still been binding, there would be no reason to ban the use of Paolo’s name as part of his final agreement in selling his shares of the company.¹⁰⁷

Because the agreement was not binding, the court looked to whether there was a likelihood of confusion between Paolo Gucci and the Gucci

97. *Id.* at 919.

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.*

104. *Id.* at 926.

105. *Id.* at 921. This is a direct excerpt from the 1972 Stockholders Agreement. *Id.*

106. *Id.* at 922.

107. *Id.*

trademark if Paolo used his name as a trademark or as identification for his product.¹⁰⁸ In doing so, the court employed the eight factors from *Sleekcraft* to determine likelihood of confusion.¹⁰⁹ The court found that there was a likelihood of confusion with Gucci's goods if Paolo used his surname as a trademark or trade name, and the court enjoined Paolo from using his surname commercially.¹¹⁰ The court also held that: (1) Paolo may "use his name to identify himself as the designer of products sold under a separate trademark [that] does not include the name 'Gucci'"; (2) the name "Paolo Gucci" must always appear after other trademarks; and (3) Paolo must also use a disclaimer to state he is unaffiliated with the Gucci brand.¹¹¹ Essentially, the court held that Paolo had a right to use his surname in other business ventures to identify himself as the designer under a separate trademark, as long as it was clear that he was using it as his personal name, and not as the "Gucci" trademark, provided that it was accompanied with a disclaimer.

III. RECENT DEVELOPMENTS

The principles in *Gucci* remained in effect until 2008, when a similar case, *JA Apparel Corp., v. Abboud*, was distinguished from the *Gucci* holding. In *Abboud*, it was held that the defendant was permanently enjoined from *any* use of his name that was in any way associated with commercial activities.¹¹² On appeal, the Second Circuit vacated and remanded the decision to the lower court.¹¹³ The lower court released its opinion on January 12, 2010, and determined permanent injunctive relief enjoining defendant from using his name commercially was indeed warranted, as it had initially determined.¹¹⁴

A. *Abboud I* and *II*

Joseph Abboud became famous for the line of clothing sold under his namesake label, "Joseph Abboud," and his name has been a registered trademark since 1987.¹¹⁵ In 2000, Abboud sold his assets and trademarks, including the right to use "Joseph Abboud," "designed by Joseph Abboud," and "by Joseph Abboud," to his clothing manufacturer, JA Apparel, for

108. *Id.* at 925.

109. *See* AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 2001).

110. *Paolo Gucci*, 688 F. Supp. At 925.

111. *Id.* at 928.

112. *JA Apparel Corp. v. Abboud (Abboud I)*, 592 F. Supp.2d 306 (S.D.N.Y. 2008).

113. *JA Apparel Corp. v. Abboud (Abboud II)*, 568 F.3d 390 (2d Cir. 2009).

114. *JA Apparel Corp. v. Abboud (Abboud III)*, 682 F. Supp.2d 294 (S.D.N.Y. 2010).

115. *Abboud II*, 568 F.3d at 393.

\$65.5 million.¹¹⁶ Included in the agreement was a two-year, non-compete clause barring Abboud from participating in any business ventures that would compete with JA Apparel.¹¹⁷ In 2008, Abboud planned to launch a new line called “jaz” in connection with Houndstooth Corp. and Herringbone Creative Services.¹¹⁸ In the promotional and marketing materials, Abboud’s name, along with the new “jaz” trade name, were used.¹¹⁹ JA Apparel brought suit against Abboud to enjoin him from using his name in connection with the “jaz” line.¹²⁰ In response, Abboud contended that he sold the use of his name as a trademark, but did not sell the right to use his name for *all* commercial purposes.¹²¹ On appeal, the Second Circuit found the lower court erred in permanently enjoining Abboud from the use of his personal name because the court failed to interpret the contract correctly, and did not properly consider Abboud’s fair use defense to the trademark claim because the court failed to examine the actual advertisement mock-ups.¹²²

B. *Abboud III*

On remand, the lower court considered extrinsic evidence regarding the parties’ intent regarding the sale of Abboud’s name to determine whether Abboud intended to sell the name other than as a trademark.¹²³ A letter from Abboud’s attorney stated that Abboud “understands that any effort on his part to pursue his trade as a designer of apparel could not include the use of the name ‘Joseph Abboud’ or any of the other trademarks conveyed to JA Apparel.”¹²⁴ The court explained that, because the letter included the phrase “or any of the other trademarks,” it indicated that “Joseph Abboud” was used only as a trademark, and JA Apparel only acquired the trademarks, not the absolute use.¹²⁵ The court found Abboud did not sell the exclusive right to use his name commercially.¹²⁶ Because Abboud sold his trademarks, it was necessary to examine Abboud’s

116. *Id.*

117. *Id.* at 394.

118. *Id.*

119. *Id.*

120. *Id.*

121. *Id.*

122. *Id.* at 403.

123. *Abboud III*, 682 F. Supp.2d 294, 298 (S.D.N.Y. 2010).

124. *Id.* at 304.

125. *Id.* at 305.

126. *Id.* at 307.

proposed advertisements in connection with “jaz” to determine whether his defense of trademark fair use could succeed.¹²⁷

1. The “Fair Use” Defense

The courts in *Abboud I* and *II* examined the eight applicable factors and determined there was a substantial likelihood of confusion. In order for Abboud to avoid being liable, he had to establish a valid defense.¹²⁸

The fair use defense, which permits for a certain degree of confusion, is an absolute defense to claims of trademark infringement.¹²⁹ To succeed under the fair use defense, Abboud needed to show that:

The use of the name, term, or device charged to be in infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such a party, or their geographic origin.¹³⁰

In sum, Abboud needed to show he used the term descriptively, not as a mark, and in good faith.

The first element of the fair use defense is proving the use of a trademark is descriptive.¹³¹ A term is used descriptively if “the name or term is used to describe the goods,” and the use may be “words or images in their descriptive sense.”¹³² On the other hand, courts will find use as a trademark if the mark indicates the origin of the product.¹³³ If, however, the use of the words is accompanied by the defendant’s own trademark, trademark infringement will not be found.¹³⁴

Abboud claimed he only used his name “descriptively to convey information to the public about the products sold under his trademark ‘jaz.’”¹³⁵ The court found Abboud’s advertisements were descriptive because of the large size and attention on Abboud’s trademark, “jaz.”¹³⁶ The additional words, “by the award-winning designer Joseph Abboud,” were much smaller and were not the focal point of the advertisement, and

127. *Id.* at 308.

128. *Id.* at 309. Abboud claims he only used his name “descriptively to convey information to the public about the products sold under his ‘jaz’ trademark.” *Id.* at 310.

129. *Id.*

130. 15 U.S.C. § 1115(b)(4) (2006).

131. *Abboud III*, 682 F. Supp. 2d at 310.

132. *Id.*

133. *Id.* at 312.

134. *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30–31 (2d Cir. 1997).

135. *Abboud III*, 682 F. Supp. 2d at 310.

136. *Id.* at 313.

did not attract significant attention.¹³⁷ Additionally, the court concluded that the accompanying words were the only way to inform customers of the designer's identity.¹³⁸

The *Abboud III* court found the second element of "use other than a mark" satisfied because the purpose of the suit was that Abboud was not intending to use his personal name as a trademark, thus the element was not discussed in detail.¹³⁹

The third element of a fair use defense requires the designer to use the word in good faith.¹⁴⁰ Bad faith can be defined as "intent to confuse."¹⁴¹ A defendant "who intends to trade on the good will of the trademark holder by creating confusion as to the source or sponsorship" cannot claim that his use is employed in good faith.¹⁴² The defendant, however, can still invoke the fair use defense if he or she is aware of the plaintiff's registered trademark.¹⁴³ And, even though a surname can acquire secondary meaning as a trademark, the surname will "continue to serve the important function to its bearer of acting as a symbol of that individual's personality, reputation and accomplishments as distinguished from that of the business, corporation or otherwise."¹⁴⁴ Moreover, courts have traditionally found that "every man has the absolute right to use his own name in business, even though he may interfere with and injure the business of another bearing the same name."¹⁴⁵ Nevertheless, modern courts have determined that this notion is not without limits.¹⁴⁶ Courts will not allow the seller of a name the ability to retain what he sold.¹⁴⁷ Yet, if a seller only sells his or her name as a trademark, the seller is allowed to advertise his or her subsequent association with a new company so long as it is not done in an "overly intrusive manner."¹⁴⁸

Abboud, however, wanted to use his name as a tagline or slogan for the brand, thereby attempting to create an association between his new brand, "jaz," and the JA Apparel-owned Joseph Abboud brand.¹⁴⁹ Abboud

137. *Id.*

138. *Id.*

139. *Id.*

140. *Id.* at 310.

141. *Id.* at 312.

142. *EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopolos, Inc.*, 228 F.3d 56, 66 (2d Cir. 2000).

143. *Id.*

144. *Madrigal Audio Labs., Inc. v. Cello, Ltd.*, 799 F.2d 814, 822 (2d Cir. 1986).

145. *Meneely v. Meneely*, 62 N.Y. 427, 427 (1875).

146. *David B. Findlay, Inc. v. Findlay*, 18 N.Y.2d 12, 19 (1966).

147. *Levitt Corp. v. Levitt*, 593 F.2d 463 (2d Cir. 1979).

148. *Madrigal Audio Labs.*, 799 F.2d at 823.

149. *Abboud III*, 682 F. Supp. 2d 294, 314 (S.D.N.Y. 2010).

also desired to inform the public that he was the creator of the new “jaz” line.¹⁵⁰ Nevertheless, the court found that, because Abboud had previously sold his trademark, his fair use defense was without merit given that he subsequently intended to capitalize on his reputation.¹⁵¹ The court recognized the harsh result, even saying it may “seem unfair,” but the court, nonetheless, found the law was clear on the matter that “the seller cannot attempt to arrogate to himself the trade reputation for which he received valuable consideration.”¹⁵² The court did, however, note that Abboud could have satisfied the elements of fair use had he included a disclaimer on some of his advertisements.¹⁵³ It is likely the court reached a harsher result in *Abboud* than *Gucci* because Abboud was the original designer selling the rights to his name, while Paolo Gucci was not the initial designer and did not receive benefits of the bargain when he was terminated from the business.

2. *Abboud III Conclusion*

In light of the court’s rejection of Abboud’s fair use defense, the court found in *Abboud II* that two of Abboud’s mock-up advertisements, which included the name “Joseph Abboud” in extremely small print, constituted trademark infringement, which could have been averted with the use of a disclaimer.¹⁵⁴ The court further found that other advertisements, which included “by Joseph Abboud” in small type under the “jaz” trademark, also constituted trademark infringement.¹⁵⁵ As a result, the court issued an order enjoining Abboud from using his name in any manner: on “jaz” clothes, labels, hang-tags, or product packaging;¹⁵⁶ and in promotional or advertising materials, unless it was merely descriptive and in the context of a complete sentence or phrase.¹⁵⁷

IV. ANALYSIS

Designers should be entitled to ownership of personal name trademarks rather than the company, until the time that the designer freely

150. *Id.* at 315.

151. *Id.*

152. *Id.*

153. *Id.* at 316.

154. *Id.*

155. *Id.*

156. *Id.* at 322.

157. *Id.*

chooses to relinquish their rights.¹⁵⁸ Designers are disadvantaged at the commencement of a company and should retain ownership of the mark to establish balance between the parties due to the distinctive personal nature of one's identity coupled with the unique use of brand names particular to the fashion industry. The Lanham Act's purpose cannot be achieved if personal names are sold as commodities while the consumer is led to believe the name represents the individual designer is the source of the product. Finally, disclaimers should not be required in order to employ the fair use defense because of their ineffective use on garments and they do not further protect the consumer from confusion.

A. Designers Should be Entitled to Individual Ownership of the Trademark due to an Inherent Disadvantage.

The courts correctly recognize that there must be a balance between the interests of the designer and the interests of the investor in resolving these difficult personal name-based trademark issues. Courts, however, have failed to acknowledge that the designer is inherently at a disadvantage during the negotiations of the sale because the designer typically is the party who depends on the investor for funding, while the investor can simply walk away and invest his or her money in other ventures. Additionally, after the business begins, if the designer wants to leave the business, he or she must do so at the risk of losing the right to his or her professional identity, a risk investors do not share should they want to sell his or her interest. Due to this disadvantage, designers have few options when leaving a business or selling a line, especially one that bears his or her name.

The simplest solution would be to use another name, other than the designer's personal name, when creating a fashion line in order to avoid such disputes. In spite of this easy solution, choosing a name other than the designer's may take years to establish and be quite costly.¹⁵⁹ The fashion industry is unique in that most profitable lines are named after the designer

158. Individuals do not have an absolute right to use their name in business and are prohibited from registering their personal name as a trademark if the trademark name already exists. *Id.* It is well-settled law that, "while it is true that every man has a right to use his own name in his own business, it is also true that he has no right to use it for the purpose of stealing the good will of his neighbor's business." *Garret v. T.H. Garret & Co.*, 78 F. 472, 478 (6th Cir. 1896). Here, however, the concern is not two separate individuals with the same name vying over a trademark, but, rather, a corporate entity and an individual vying over the exact same individual's name.

159. Karen E. Klein, *A Label that Sticks*, BUSINESSWEEK (Sept. 24, 2003), http://www.businessweek.com/smallbiz/content/sep2003/sb20030924_5027.htm (last accessed Jan. 23, 2011). The article gives examples, such as Nike and Fila.

because fashion is driven by name recognition.¹⁶⁰ In the fashion industry, “cults of personality are the norm far more often than in other industries.”¹⁶¹ Naming a line something other than the designer’s name or failing to include the designer’s identity as a tag line may put the new line at a significant disadvantage. Naming and brand consultant Steve Manning states that “a lot of fashion names come and go quickly because the clothing, brand, and name are dated to a particular moment in time,” and that “a name that is linked to one of today’s red-hot trends will become passé far too quickly.”¹⁶² Manning expressed that using the designer’s name is the easiest way to surpass the “styles of the moment.”¹⁶³ If the designer’s full name is used, the brand will enjoy stronger identification with the actual designer.¹⁶⁴ Choosing a name other than the designer’s personal name, therefore, could prove fruitless for the venture.

Another solution would be to anticipate the departure of the designer at a later point in time and negotiate the terms prior to forming the business. While this solution would work in theory, often, investors and designers embarking on building a fashion empire simply fail to consider, let alone negotiate such provisions, because, at the time of inception, there are more pressing concerns. Furthermore, the designer is in a weaker position in such negotiations due to his or her dependency on investors, and making such requests may compromise the ability to obtain the much needed financing.¹⁶⁵ Fashion lawyer Staci Riordan recommends that, if a designer wishes to use his or her personal name, the designer should register the trademark personally instead of the company and then license the name to the company.¹⁶⁶ Nonetheless, Riordan advises this will be challenging if the designer has partners.¹⁶⁷

Once a designer sells his or her personal name, he or she can no longer use it in a commercial context, even though his or her talents are widely recognized and any new ventures virtually depend on making the public aware of the identity of the designer behind the novel line. Basically, once a designer sells his or her interest in the business and loses the personal name trademark, the designer either relinquishes his or her

160. *Id.*

161. *Id.*

162. *Id.*

163. *Id.*

164. *Id.*

165. Wright, *supra* note 84.

166. *Id.* Staci Riordan is the Fashion Law Practice Group Chair for Fox Rothschild, LLP and frequently writes about concerns in the fashion industry. See Staci Jennifer Riordan, FOX ROTHSCHILD LLP, <http://www.foxrothschild.com/attorneys/bioDisplay.aspx?id=6978>, (last accessed Jan. 23, 2011).

167. Wright, *supra* note 84.

career in designing, or must start back from scratch in popularizing his or her designs and building a reputation, which is neither easy nor certain.

The situation is akin to an employee working in a particular industry for several years and then departs from the company. Afterwards, the person likely desires to continue working in the industry, but for a different company. If the person were restricted from telling future employers or clients that he or she had years of experience in the industry, it is likely the person could not obtain any clients or jobs. Comparable is the designer who leaves a business venture and cannot use his or her name to start another business venture and associate credibility.

Because it is very common in the fashion industry to use personal names for fashion lines, it is in the designer's interest to obtain a trademark to protect against counterfeiters and knock-off's. The problem, then, becomes that the trademark is converted to company property, and should the designer ever want to leave the company and sell his or her interests in it, the designer must relinquish professional use of his or her name.¹⁶⁸ Should relations sour between the designer and investors, the designer is forced to choose between staying in an undesirable employment situation, or risk losing the right to use his or her own identity. If tensions become elevated, the situation could become tantamount to an indentured servitude if the designer is not willing to give up his or her personal identity because the designer is, in reality, stuck with his or her future creativity being owned by today's investor.

1. Similarity to Other Industries with Unique Assets

This situation is reminiscent of former Major League Baseball (MLB) contracts under which teams basically "owned" the player until the team decided to trade the player to another team under a reserve clause in the contract.¹⁶⁹ The situation is analogous because the value of the baseball

168. Wright, *supra* note 84. Designers in the United States have common law rights to his or her brand name but do not own it until the name is legally registered. Registering costs range from \$2,000 to \$3,000 and take 24 months to complete. *Id.*

169. See *Flood v. Kuhn*, 407 U.S. 258 (1972), where professional baseball player Curtis Flood challenged the reserve clause in player's contracts. The reserve clause perpetually renewed a player's contract and obligated the player to the team for life or until the team terminated the contract. *Id.* While Flood's case proved unsuccessful, it began the movement towards free agency by other players. *Id.* In 1975, Andy Messersmith and Dave McNally successfully contested the reserve clause when independent arbitrator Peter Seitz held the clause only allowed for one additional year of play, ending the perpetual renewal of contracts. *History of the Major League Baseball Players Association*, MAJOR LEAGUE BASEBALL PLAYERS ASS'N, <http://mlbplayers.mlb.com/pa/info/history.jsp> (last accessed Jan. 23, 2011).

player was measured according to the intangible asset of athleticism, and in the fashion industry, the intangible asset that determines value is the designer's creativity. Baseball players fought to change the system, and, now, players operate under free agency, signing on to play for a team for a fixed period, after which they may re-negotiate or are free to leave.¹⁷⁰ Another analogous situation is that of the contract early film actors and actresses had with motion picture studios. Like the MLB baseball teams, *vis-à-vis* their player, the studios essentially "owned" the exclusive right to use actors and actresses indefinitely.¹⁷¹ The intangible asset at issue in the film star scenario was the intangible asset of acting talent. Like MLB players, movie stars began to negotiate time-based contracts, and now they work on film-based agreements.¹⁷² The fashion industry, however, still operates on the notion of "owning" the designer, and his or her name in cases where the line uses the designer's name. Designers, as a result, have limited freedom to move between companies within the industry, and the cost of doing so, especially where one company owns their namesake line, is exceedingly high.

2. *The Solution for Designers*

The solution to this dilemma rests in trademark law reform, which must change to allow designers, rather than business entities, to retain ownership rights in personal name trademarks. This reform would allow designers who choose to leave a company to keep their professional identity. Currently, the balance rests in favor of the company and the investors. This change could mean, however, that when a designer leaves a company, especially where a namesake line exists, the corporate value will be significantly reduced. In practice, the trade off will be that investors will: pay less to buy out the designer's shares; be less willing to invest in design startups; negotiate with the designer up front with regard to the designer's potential departure from the company; and be more hesitant to invest in namesake brands. Then, should a designer choose to leave the company, the designer is able to keep his or her identity and continue working in the industry.

Additionally, the designer could grant the company the option to use the personal name trademark for a period of time, similar to licensing, and

170. *History of the Major League Baseball Players Association*, MLBPLAYERS.COM, <http://mlbplayers.mlb.com/pa/info/history.jsp> (last accessed Jan. 23, 2011).

171. See Gilbert Cruz, *A Brief History of the Screen Actors Guild*, TIME, Dec. 18, 2008. Actors were constrained to exclusive contracts with Hollywood studios and were unable to choose films to act in. *Id.* The actors were "essentially the studios' property, and anyone who dared protest ... was suspended, effectively blacklisted for a time." *Id.*

172. See *United States v. Paramount Pictures*, 334 U.S. 131 (1948).

the worth of the trademark could be properly valued based on the time limits. If the trademark is sold outright, the investor is getting an unreasonable return because the investor is retaining ownership of the designer's artistic worth for perpetuity. The investor should not be entitled to unreasonable returns in perpetuity.

Conversely, courts may reason that this is a paternalistic approach that interferes with and restricts the freedom of contract. Courts and legislators may reason that restricting the ownership of a personal trademark to the individual may open the door for individuals in other industries to attempt to similarly claim ownership, and find it cannot favor the fashion industry alone. Furthermore, allowing only the individual to own the trademark could usurp basic business organization principles and accompanying state statutes that dictate what becomes the property of a business.¹⁷³ For example, if the business were a partnership, and partnership funds were used to pay for the registration of a trademark, it would be problematic to allow what would typically be partnership property to be retained by the individual.¹⁷⁴

Then again, courts could, instead, utilize contract principles to aid the designer while not restricting freedom of contract. For instance, the term in a contract relinquishing the designer's rights to his or her personal name trademark could be declared unenforceable on grounds of public policy.¹⁷⁵ The Restatement (Second) of Contracts § 178 deems a term unenforceable "if legislation provides that it is unenforceable or the interest in its enforcement is clearly outweighed in the circumstances by a public policy against the enforcement of such terms."¹⁷⁶ A court can consider relevant legislation or the need to protect public welfare, such as restraint of trade, impairment of family relations, or interfering with other protected interests.¹⁷⁷ Additionally, courts may question the proposed solution in a situation when a designer legitimately wants to sell his or her name in order to profit and retire from the fashion business forever.

The purpose of the relevant legislation, the Lanham Act, is to prevent consumers from confusion between the trademark holder and the competitor, and to protect consumers against deceptive designations of the

173. For instance, in Illinois, under the Revised Uniform Partnership Act, property becomes partnership property if acquired in the partnership name or is purchased with partnership assets. 805 ILL. COMP. STAT. 206/204 (2003).

174. *Id.*

175. RESTATEMENT (SECOND) OF CONTRACTS § 178 (1981).

176. *Id.*

177. RESTATEMENT (SECOND) OF CONTRACTS § 179 (1981).

source of the products.¹⁷⁸ The advantage of keeping the ownership of the trademark with the designer would be to prevent consumer confusion as to the origin of the designs. If the designer owns the trademark, the designer will continue to be associated with the source of goods bearing that trademark, precluding consumer confusion. This solution, however, may somewhat chill the fashion industry because the business entity would not be able to hold what may be the company's most valuable asset. Nevertheless, this is unlikely to be viewed as unreasonable because, when the company buys out the designer's interest, the price paid will be much lower. Additionally, the solution could allow for the designer to own the trademark, and not the company, until the designer chooses to sell the trademark. That way, the designer is in control of the trademark and can make his or her own choice as to keep the mark and continue designing under his or her name, or sell the mark for profit knowing they may no longer design under his or her name. The decision will be within the designer's control in order to afford the designer protection in the beginning, and later allow him or her to decide which direction to take.

Furthermore, a contract term may be deemed unconscionable by a court to avoid any unreasonable result.¹⁷⁹ Comment (b) of the Restatement (Second) of Contracts states that "the principle is one of the prevention of oppression and unfair surprise and not of disturbance of allocation of risks because of superior bargaining power."¹⁸⁰ While Comment (d) of the Restatement (Second) of Contracts provides that "gross inequality of bargaining power, together with terms unreasonably favorable to the stronger party . . . may show that the weaker party had no alternative . . . or did not in fact assent or appear to assent to the unfair terms."¹⁸¹

The designer could be subject to unfair surprise if he or she did not fully comprehend the consequences of forming a business with other investors using his or her personal name. Simply because the company may have superior bargaining power should not automatically result in the term being held unconscionable. Nevertheless, currently the designer effectively has no alternative to protecting his or her personal name and establishing a profitable fashion line and therefore unconscionability could be found.

178. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867 (2d Cir. 1986).

179. RESTATEMENT (SECOND) OF CONTRACTS § 208 (1981).

180. RESTATEMENT (SECOND) OF CONTRACTS § 208 cmt. b (1981).

181. RESTATEMENT (SECOND) OF CONTRACTS § 208 cmt. d (1981).

B. The Lanham Act's Purpose is Defeated When Designers Lose the Right to Their Identity.

At the inception of a namesake brand, the original designer, whose personal name trademark may later be at issue, is the creative force behind the success of the line. While investors may furnish the cash-flow, without the artistic genius of the individual designer, no line would exist. Once a brand becomes successful, the consumer believes the garments they purchase have been created by the designer whose name they bear. If, however, the company buys out the designer's interest and retains the personal name trademark, garments are, in actuality, being designed by a completely different designer.¹⁸² Because the purpose of the Lanham Act is to protect the consumer—and outright misrepresentation—about the origin of a product, such as presented in this situation, defeats that purpose.¹⁸³ For example, on the Joseph Abboud website, it describes the company by saying, “Joseph Abboud can now outfit a man in style throughout his entire life,” and “Joseph Abboud delivers tailored apparel . . . designed to reflect the enduring quality and fit for which the brand is so highly regarded.”¹⁸⁴ This certainly would cause confusion to the consumer because the consumer is led to believe that the individual Joseph Abboud is actually designing the apparel.

If, however, the designer was able to retain ownership of his or her namesake trademark, the company would retain all other assets associated with the brand, and the business entity would be able to bring in a new designer under a different name and continue producing clothing of equal quality. As a result, the playing field between the designer and the company would be balanced, and the Lanham's Act's purpose of avoiding consumer confusion, at best, and misrepresentation, at worse, would be honored. Conversely, the company would lose something intangible, yet vital. Investors may not be as willing to invest in fashion brands, thus harming future fashion designers in attempt to procure financing. The interest in the individual's identity, however, outweighs these costs

182. When the consumer purchases the garment, the purchaser will likely believe it is designed by the person whose name appears on the tag, but several large-scale designers simply approve of an outsourced design and do not necessarily participate in the design process. Tova O'Brien, *Do Fashion Designers Actually Design Their Own Clothes?*, 3 NEWS (Nov. 11, 2009, 10:10 PM), <http://www.3news.co.nz/Do-fashion-designers-actually-design-their-own-clothes/tabid/728/articleID/129289/Default.aspx>.

183. *Lois Sportswear*, 799 F.2d at 867.

184. See *Brand Philosophy*, JOSEPH ABBOUD, <http://www.josephabboud.com/> (follow “philosophy” hyperlink) (last accessed Jan. 23, 2011).

because, while an investor has many options in selecting investments, and a designer may need to look further to obtain financing or fund it alone, an individual has only one identity, which could arguably be the most personal trait and valuable asset possessed. As a result, this right to identity should be protected to the fullest extent possible.

C. Clothing Disclaimers are Ineffective and Should Not be Required to Comply with Fair Use

If courts and legislators are unwilling to allow designers to retain ownership of personal name trademarks, statements on designer advertising material and clothing tags such as “the award-winning designer” are apparent to show the consumer that the individual made the clothing, and not a company, and a likelihood of confusion is improbable to exist. The first name that appears on the label is understandably viewed to be the brand name, and any accompanying terms simply describe who was involved in the design process. In the Herve Leger scenario discussed above, however, this seemingly operated in reverse.¹⁸⁵ A consumer of the clothing could easily read the label “Herve Leger by Max Azria” to mean that the brand or clothing line is “Herve Leger” and “Max Azria” has designed it. This is akin to “jaz by Joseph Abboud” because it articulates that the brand is “jaz” and simply designed by Joseph Abboud. Nevertheless, designers should not be allowed to use his or her former company’s trademark first, and would need to use a new trademark, to identify the new brand.

On the other hand, the trademark owner may argue that it would appear “jaz” is a new line established by JA Apparel, the company, and that alone would lead to consumer confusion. Therefore, statements such as “by the individual designer” indicate it is the individual’s design, and not the company’s. Contract law and equity principles make it clear that Abboud should not profit from the sale of his line, and then turn around and make another virtually identical line from which he profits. A solution, however, lies within the fair use defense. Abboud’s new line, “jaz,” is his new trademark. So long as this is displayed first on the label, Abboud should be able to descriptively state “by the individual designer Joseph Abboud” without any additional disclaimers. This practice should constitute good faith because the designer simply wants to convey who actually designed the product, after using the new trademark first. Requiring disclaimers, however, greatly diminishes the caché associated with designer-garments, especially the currently popular logo-based designs, such as t-shirts,

185. See discussion *supra* Part I.

handbags, scarves, and other items. Furthermore, such disclaimers are impractical for logo goods, which will not be likely to sell if they also include a disclaimer. While courts may believe that omitting disclaimers will lead to customer confusion and will defeat the purpose of the Lanham Act, such confusion is, in actuality, unlikely to occur because a layperson's reading of the label will unambiguously convey the brand name, following only that the product was designed by the individual designer, and not another company.

IV. CONCLUSION

Designers who form a business with other investors and name the brand after his or her personal name run a serious risk in losing the right to use his or her identity in future business ventures. Because the fashion industry is unique in its use of personal names, more protection needs to be afforded to designers in order for them to retain the right to use his or her identity. While it will require a delicate balancing act, involving the investor, the designer, and the consumer, there must be limits in the benefits the investor may reap. Designers should be entitled to retain individual ownership of a personal name trademark and should not be forced to use disclaimers to be in compliance with the fair use defense. This reform is necessary in order to protect designers from losing something as personal as the identities of these creative individuals.

