

LP203: Media and Intellectual Property
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Gucci America Inc. v. Guess? Inc. : An Analysis Of The Legal Dispute

The case analysis discusses the legal intricacies of fashion industry design processes. Firstly, a case summary offers insight into the main characters and key legal issues. Through analysis of the case from both the plaintiff and defendants' respective arguments, three concepts are associated: the concept of status-seeking and conspicuous consumption, reinforcing the post-sale confusion theory, leading to brand dilution. Insights are found about consumer classes in the fashion industry, and finally, the analysis leads to how the piracy paradox theory can help us understand particular case aspects and raise further thought for discussion surrounding fashion industry design cycles.

In May of 2009, the U.S. operation Gucci America Inc. of luxury fashion brand Guccio Gucci S.p.A. filed a complaint against defendants Guess? Inc. alongside handbag Signal Products Inc. and footwear Marc Fisher Footwear (MFF) licensees at New York South District Court for trademark, trade dress and industrial design infringement, as explained by Jurkovic Majic (2011: 136). Gucci sought injunctive relief and damages according to United States jurisdiction "Section 1114 and 1125 of Title 15 of the United States Code, Section 360–1 of the New York General Business Law, and the common law of New York." (Gucci Am., Inc. v. Guess?, Inc., 2012: 215) Intellectual property (IP) refers to "creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce." (WIPO, 2024b) A trademark is a "sign capable of distinguishing the goods or services of one enterprise from those of other enterprises" (WIPO, 2024a) that, like other forms of IP, also "regulates commercial competition" (Vaidhyanathan, 2017: 69). 'Trade dress' (2024) and "industrial design" (Fryer, 1989:199) are protected by the Trademark (Lanham) Act of 1946, offering nationwide protection as explained by Fryer (1989:199). Claims by plaintiff Gucci against the defendants highlighted accusations of "unauthorized copying and studied imitation" (Jurkovic Majic, 2011: 136) of Gucci's legally protected trademarks: the GRG Stripe, the Repeating GG Pattern and Diamond Motif Trade Dress, the Stylized G, and the Script Gucci, as explained in 'Gucci Am., Inc. v. Guess?, Inc.' (2012: 215). As presented in 'Gucci Am., Inc. v. Guess?, Inc.' (2012: 248-251) the District Judge Scheindlin found that the defendants have infringed the following of Gucci's trademarks under the Lanham Act and New York common law: the Repeating GG Pattern and Diamond Motif Trade Dress, the GRG Stripe, and the

Stylized G. She concluded both a likelihood of confusion and dilution by blurring concerning firstly, Gucci's Diamond Motif Trade Dress with Guess's Quattro G Pattern, when it is rendered in brown/beige colourways, secondly Gucci's GRG Stripe with Guess's GRG Stripe and thirdly, a likelihood of confusion of Gucci's Stylized G with Guess's certain Block G designs. As a remedy, Guess's registration of the Quattro G Pattern, although already abandoned, was ruled "cancelled," (Gucci Am., Inc. v. Guess?, Inc., 2012: 254) furthermore, Gucci was "entitled to receive \$4,613,478" (Gucci Am., Inc. v. Guess?, Inc., 2012: 256), much less than they initially sought.

It was concluded by the District Judge in 'Gucci Am., Inc. v. Guess?, Inc.' (2012: 227) that Guess infringed Gucci's trademarks with intention "to make the customer happy by giving him or her the feeling of having something 'designer-ish' without it being the actual one, just similar." The Judge's statement firstly raises discussion around the motivations of consumers Guess was targeting, and Veblen's (1900) theory of conspicuous consumption, where he proposes that "individuals crave status and that status is enhanced by material displays of wealth." (Bagwell and Bernheim, 1996: 350) Veblen (1900) refers to conspicuous goods as "prestige" or "status" (Bagwell and Bernheim, 1996: 350) goods, such as luxury goods sold by Gucci. Han, Nunes and Drèze (2010: 17) categorised luxury consumers into four groups, the "Poseurs" consumer class being "highly motivated to consume for the sake of status" (Han, Nunes and Drèze, 2010: 17) and the group that is prone to buy counterfeit luxury goods or substitutes. The District Judge's statement leads to the conclusion that Guess was targeting the poseur's consumer class, who would consciously buy the product copying Gucci's repeating GG Pattern and the Diamond Motif Trade Dress in order to enhance their social status.

This argument leads to and is reinforced by the following wording in the judgement: "Gucci's infringement claims are premised solely on post-sale confusion...the harm that is addressed by post-sale confusion claims is not a misdirected purchase, but a purchase intended to confuse." (Gucci Am., Inc. v. Guess?, Inc., 2012: 238). The theory of post-sale confusion is based on "the idea that while purchasers may not be confused at the time they purchase counterfeits or goods bearing a confusingly similar mark, the consuming public may believe that the goods are genuine and may be unimpressed as to the quality or prestige of the original goods." (Powell, 2012:17) Hence the case sheds light on how the post-sale confusion theory can lead to brand dilution, the "weakening of positive brand associations, or strengthening/addition

of negative brand associations” (Macías and Cerviño, 2017:3) in the consumer’s mind. As Torremans (2019:402) explains, a trademark allows a consumer to get information about a brand’s goods, creating goodwill in a brand. The interlocking theories of conspicuous consumption, post-sale confusion and brand dilution convey the plaintiff’s implications that trademark infringement of a brand selling conspicuous goods can attract poseur consumers and can cause harm such as brand dilution, misinforming potential customers and tarnishing goodwill.

Conversely, when considering the defendant’s implications, the case opens a discussion around design processes in the fashion industry, which can be related to the piracy paradox theory as explained by Raustiala and Sprigman (2006). The fashion industry is one in which a tremendous variety of accessories and clothing designs are developed at a fast pace, yet a sector of the creative industries that is surprisingly “quiescent” (Raustiala and Sprigman, 2006: 1691) about copying, fashion firms appearing to “accept appropriation of design as a fact of life” (Raustiala and Sprigman, 2006: 1691). The authors explain this occurrence with the piracy paradox, arguing that copying in the fashion industry “fails to deter innovation” because it counter-intuitively may “promote innovation and benefit originators” (Raustiala and Sprigman, 2006: 1691). The defendants raised two arguments that demonstrate the piracy paradox. Firstly, Guess and MFF brought in expert witnesses Bonnie Smith and Gabrielle Goldaper, who “testified that copying the designs of other companies is accepted practice in the fashion world. Both also testified as to the importance of following trends.” (Gucci Am., Inc. v. Guess?, Inc., 2012: 232). The District Judge further noted in the case ‘Gucci Am., Inc. v. Guess?, Inc.’ (2012: 232), that the legal framework permits the imitation of successful product attributes to encourage competition and advantage consumers, whilst it forbids such imitation from evolving into replication that leads to confusion among consumers. In the second argument, as explained by Davis (2013: 271), the defendant claimed Gucci should not have waited so long to take action, raising an affirmative defence of ‘Laches’ (2024), alongside ‘Unclean Hands’ (2024). Unimpressed by their defence, the Southern District New York Court responded that the plaintiff’s IP enforcement budget was consumed by “the fight against counterfeits” (Davis, 2013: 271). Even so, both of these arguments raised by the defendants evoke discussion around why copying designs in the fashion world is an accepted practice and whether, ultimately, luxury brands have any benefit from it.

In her study, Jurkovic Majic (2011:136) discusses how Gucci, being one of the most copied and imitated luxury brands, never took definitive actions against it. The piracy paradox theory could hence explain why Gucci had not accused Guess of infringement sooner, as the District Judge stated, “Gucci knew or should have known about Guess’s use of the Quattro G Pattern by 2006... about Guess’s use of the Square G before 2000... and the highly similar Script Guess marks in the 1990s, if not the 1980s.” (Gucci Am., Inc. v. Guess?, Inc., 2012: 231) Ultimately, “the significance of design copying turns somewhat on the closeness of copying.” (Raustiala and Sprigman, 2006:1722). The “fashion cycle is driven faster by widespread design copying because copying erodes the positional qualities of fashion goods.” (Raustiala and Sprigman, 2006:1722) Meaning, Gucci only reacted once the design got too close to theirs, potentially meanwhile accepting appropriation as explained by the piracy paradox theory. Given the court ruling of Gucci’s delayed pursuit of infringement and dilution claims against the defendants to be a purely “tactical choice” instead of an “unconscionable act,” (Gucci Am., Inc. v. Guess?, Inc., 2012: 256), application of this theory in favour of the defendant’s case is only to provoke further discussion around lawful design copying and as explained by Raustiala and Sprigman (2006:1722) the induced obsolescence cycle fostered by the fashion industries low-IP law regime.

The case raises concerns surrounding the intentions behind purchases of status-seeking consumers, who are influenced by the allure of conspicuous goods. Importantly, in addition to providing concrete insights for designers and the wider public into how the United States jurisdiction handles trademark law disputes, the analysed case is significant for the fashion industry as it provokes discussion surrounding IP law in the sector and its influence on the induced obsolescence cycle of the industry. An industry where brands copy each other’s designs, a thin line being formed between encouraging competition alongside inducing rapid turnovers, and contrasting induction of harm to brands by confusing consumers.

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