IP Alert: U.S. Supreme Court Will Weigh in on Star Athletica LLC v. Varsity Brands Inc.



U.S. SUPREME COURT WILL WEIGH IN ON *STAR ATHLETICA LLC V. VARSITY BRANDS INC.*

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Today, the U.S. Supreme Court agreed to review an August 2015 ruling by the 6th U.S. Circuit Court of Appeals in Cincinnati in *Star Athletica LLC v. Varsity Brands Inc.* as to whether Varsity's two-dimensional graphic designs are entitled to copyright protection as "pictorial, graphic, and sculptural works" under the copyright law. It is the first time the U.S. Supreme Court will address copyright protection for apparel.

WHY IS THIS CASE IMPORTANT

Fashion is part of the creative economy. The fashion and apparel design sector brings together fashion creatives, executives and entrepreneurs in more than 200 countries. According to industry reports, fashion is over a $1.2 trillion global business with more than $250 billion spent yearly in the United States. Blogs and social media like Twitter cover the fashion industry as part of their international news coverage, focusing on the ever-changing world of creative designer expressions. Intellectual property rights are an essential tool to protect new innovations and developments in the fashion design business. Copyright protection can be the appropriate avenue of protection for certain aspects of apparel, but so far it has proven to be a problematic strategy for fashion designers.

COPYRIGHT PROTECTION

Copyright protection for fashion design has been difficult to obtain and is very limited, mainly due to copyright rulings that clothing designs are utilitarian or functional. In *Fashion Originators Guild v. FTC*, 114 F.2d 80, 84 (2d Cir. 1940) (L.Hand, J.), *aff'd*, 312 U.S. 457, 61 S.Ct. 703, 85 L.Ed. 949 (1941), dresses were determined to be merely useful articles not protectable by the Copyright Act. In other words, clothing design is a useful article because its function is to cover or enclose the human body of the wearer. However, many clothing designs and accessories have ornamental, artistic value that probably should be entitled to copyright protection because they are artistically expressive rather than solely utilitarian in nature. Ideally, as new expressive mediums evolve, the law should steer toward providing designers adequate protection for their creative works.

THE SEPARABILITY TEST

The difficult hurdle for copyright protection of clothing designs as useful articles is to pass the so-called "separability" test. The separability test permits copyright protection only if, and to the extent that, the design incorporates graphic, pictorial, or sculptural features that are conceptually or physically separable from the utilitarian aspects of the article. 17 U.S.C. §101. Courts have struggled to formulate an effective test for determining conceptual separability.

VARSITY BRANDS V. STAR ATHLETICA

The ruling in *Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468 (6th Cir. 2015), appears to be instructive for design-driven apparel companies seeking to overcome the obstacle of separability and obtain copyright protection. However, the U.S. Supreme Court will now have last word on copyright protection of apparel. Plaintiff Varsity Brands is a manufacturer of apparel including cheerleading uniforms. Despite the general reluctance to grant copyright protection to apparel designs, Varsity received U.S. copyright registrations for several of its cheerleading uniform designs for "two-dimensional artwork." The Varsity designs included graphical elements such as stripes, chevrons, zigzags, and colorblocks.

Defendant Star Athletica also sold cheerleading uniforms. Star advertised cheerleading uniforms that were strikingly similar in appearance to Varsity's designs, and so Varsity sued for copyright infringement based upon their registered designs.

At the district court, Star asserted that the Varsity copyright registrations were invalid because clothing is a useful article and therefore ineligible for copyright protection. The district court applied the separability framework that pictorial, graphic, or sculptural features are protectable if they are conceptually separable from the utilitarian function of the article, even if the features cannot be physically removed. *Id*. at 483. Subsequently, the district court entered summary judgment for Star by defining Varsity's uniforms as having a utilitarian function as *uniforms for cheerleading* so as "to clothe the body in a way that **evokes the concept of cheerleading**." (emphasis provided) *Varsity Brands, Inc. v. Star Athletica, LLC*, No. 10-2508, 2014 WL 819422, at *8 (W.D. Tenn. Mar. 1, 2014).

Simply put, the court reasoned that in order to be a cheerleading uniform, the clothing must have certain essential graphical features that make it look like cheerleading apparel to the observer so that the observer recognizes that the wearer is a *cheerleader and/or a member of a cheerleading team*. For this reason, the district court concluded that the aesthetic ornamental elements (e.g., stripes, chevrons, zigzags, and colorblocks) in Varsity's cheerleading uniforms were not separable from the clothing's utilitarian function of identifying the wearer as a *cheerleader*. Dissatisfied with the result, Varsity appealed the district court's entry of summary judgment to the U.S. Court of Appeals for the Sixth Circuit.

On August 19, 2015, Varsity prevailed at the Sixth Circuit. The district court's judgment was vacated and Varsity won on the issue of whether the designs are copyrightable pictorial, graphic, or sculptural works. The court provides a unique framework to the vexing problem of shaping copyright protection for garment designs applying separability analysis. The court set forth a five factor/question test to determine whether "pictorial, graphic, or sculptural features" are conceptually separable from the utilitarian function of a useful article:

1. Is the design a pictorial, graphic, or sculptural work?
2. If the design is a pictorial, graphic, or sculptural work, then is it a design of a useful article?
3. What are the utilitarian aspects of the useful article?
4. Can the viewer of the design identify "pictorial, graphic, or sculptural features" separately from the utilitarian aspects of the useful article?
5. Can "the pictorial, graphic, or sculptural features" of the design of the useful article exist independently of the utilitarian aspects of the useful article?
   Varsity, 799 F.3d at 476.

THE *VARSITY* COURT ANALYSIS OF SEPARABILITY

As to the first question, the court ruled the Varsity uniform designs have two-dimensional graphic

works. For the second question, they held that it was clear the cheerleading uniform designs are useful articles. For the third question, the Sixth Circuit deviated from the district court's view of the definition of utility. The Sixth Circuit determined that Varsity's uniforms had a utilitarian function to cover the body, to wick away moisture and withstand athletic movements of the wearer. It rejected the definition of utility that the uniforms convey information to the observer that merely identifies the wearer as *a cheerleader or member of cheerleading team*. The court reasoned, by the statutory definition, a useful article must not only convey information (e.g., identifying the wearer) but must have a useful function, such as "to clothe the body." The court also rejected the argument that the graphical elements in the clothing only serve a utilitarian function of decorating clothing for a cheerleading uniform. The court notes that this definition of "decorative function" as a utility would "render nearly all artwork unprotectable." *Varsity* at 490.

For the fourth question, the court noted that the graphic features can be identified separately from the parts of the uniform design as "the record establishes that not all cheerleading uniforms must look alike to be cheerleading uniforms." *Id*. at 491. The graphic features of the design, including the stripes, chevron, zigzags, and color-blocking, are separately identifiable because customers can identify differences between the graphic features of each of Varsity's designs, and thus a graphic design and a blank cheerleading uniform can appear "side by side." *Id*.

On the fifth question, the court observed that the arrangement of the stripes, chevrons, color blocks, and zigzags can exist independently of the cheerleading uniform; these designs are interchangeable on articles of clothing that can be incorporated on the surface of other types of garments, such as practice athletic wear, warmups, and jackets. Finally, the court articulated the opinion that Varsity's graphical elements are more akin to protectable "fabric designs" imprinted on fabric rather than generally unprotectable "dress designs," which primarily pertains to the cut or silhouette of an article of clothing. *Id*. at 490.

CONCLUSION

The dissent in *Varsity* notes that separability analysis has been a metaphysical quandary for the courts and "[t]he law in this area is a mess—and it has been for a long time." *Varsity* at 496-97. "[C]ourts will continue to struggle and the business world will continue to be handicapped by the uncertainty of the law." *Id*. at 497.

Under this uncertainty, to present a stronger case of copyright protection for an article of apparel, seek to clearly identify the pictorial, graphic, or sculptural feature in the work of art, and make sure that the utility function of the clothing can be defined separate and apart from any graphical, pictorial or structure features. In most cases, high-value fashion designs will need a blend of copyright, trademark, and design patent protection to combat fashion piracy. Given the current ambiguity highlighted by *Varsity*, clients and attorneys will need to carefully consider the best

routes for intellectual property protection of each article to determine which is most consistent with the client's business objectives. Hopefully, the U.S. Supreme Court will provide more certainty in this area of the law.

We will continue to monitor the developments in this case.

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