

LEGAL

## Typography firm's legal woes shows problems of protecting creations without IP rights

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The existence of intellectual property rights is an imperative for luxury goods and fashion companies that wish to protect their designs and other creations from misappropriation.

These IP rights provide a basis for commencing a lawsuit containing enforceable claims that their owners can use to prevent or stop the theft of ideas or other creative expressions that took considerable time and effort to create.

Without such IP rights, companies are often in the wilderness when confronted with instances of such misappropriation.

Outside of traditional IP rights there are few paths that the originators of creative expressions can take to prevent the theft of their intellectual property, leaving them practically defenseless when confronted with such misuse.

In a recent decision, *Moshik Nadav Typography LLC v. Banana Republic, LLC*, pending in the federal court in New York, this is precisely the situation that Moshik Nadav Typography LLC, a typography and graphic design company, found itself in when it discovered an ornamental ampersand it had designed was being used in a marketing campaign by Banana Republic, without license or permission from Nadav.

The problem was that, apparently Nadav did not have any IP rights protecting its typeface design. And while Nadav tried to proffer several non-IP claims in a lawsuit against Banana Republic, none of these questionable claims were able to pass legal muster, leading to the complaint being dismissed.

The *Nadav* case provides an exemplary illustration of why IP rights are so important.

Had Nadav's ampersand been protected by, say, a copyright or trademark, Nadav's claim would have been significantly stronger and it may even have won the case. Yet without such protections Nadav's claim was doomed to fail.

Fundamental intellectual property law rights

Generally, there are three significant areas of intellectual property rights, with each protecting a different form of creative property.

intellectual property.

First, there are copyrights. We discussed the basis of copyrights in our article titled, "*Must Know Basics of Copyright Law for the Luxury Business.*"

The second main form of intellectual property rights are patents. Of specific note to fashion and luxury goods companies are design patents. We discussed this right in our article titled "*Must-Know Basics of Design Patent Law for Fashion and Luxury Goods.*"

And the third mode of IP is trademarks. We discussed trademarks in our article "*Must-Know Basics of Trademark Law for the Luxury Business.*"

"The Case of the Stolen Ampersand"

The facts of the *Nadav* case are rather straightforward.

As we said above Nadav is a typography and graphic design company that designs "artistic typefaces and logotypes in digital formats for headlines in fashion magazines, as well as logos for luxury and high-end brands."

Most of Nadav's business comes from commercial licenses of the typefaces and logotypes it designs. Its list of clients includes *Vogue*, Estee Lauder, Target and Ann Taylor, among several other high profile names.

Back in 2012 Nadav designed a typeface called the Paris Pro FS which included a stylized ampersand. Sometime later the apparel company Banana Republic began using a strikingly similar ampersand in an extensive digital marketing campaign.

[pictures]

Banana Republic did not obtain a license nor other authorization from Nadav before using the ampersand.

Nadav's initial suit against Banana Republic was based on unjust enrichment which was later amended to include additional charges of unfair competition and a claim under New York's General Business Law.

Protecting rights without IP

While not explicitly discussed in the case it appears that Nadav's lack of IP rights in its stylized ampersand proved fatal to its case.

To begin, it is clear that neither a trademark, patent, nor copyright protected the ampersand.

While it was claimed that the ampersand is "the centerpiece of Nadav's brand identity," an ampersand even a highly stylized one never used as an indication of source, *i.e.*, as a trademark or a service mark, is thus not covered by trademark rights.

A design patent would be similarly unhelpful as the ampersand was not an article of manufacture.

Though copyright may seem like a natural fit for Nadav's artistic ampersand it is, after all, a graphic work courts have previously held that typeface is an industrial design in which the design cannot exist independently and separately as a work of art, and therefore is not entitled to copyright protection.

Without any of these IP rights Nadav's ampersand remained vulnerable to copying.

After all, as Justice O'Connor opined in *Bonito Boats v. Thunder Craft Boats*, ideas that have been placed before the public without the protection of a valid IP right "are subject to appropriation without significant restraint."

While there are additional, non-IP, claims that a company may still proffer to protect their intellectual property these can prove rather challenging, as Nadav learned the hard way.

This is because these other causes of action are not generally intended for theft of ideas and expressions normally covered by IP rights, and are thus a poor fit for misappropriation claims.

As they were not designed for such types of claims, these causes of action often include stringent requirements that are difficult to meet in a case like Nadav's.

Nadav's alternative but flawed claims: Unjust enrichment, unfair competition, and Section 349 of the New York General Business Law

The first claim that Nadav argued was that Banana Republic had engaged in unjust enrichment through its misappropriation of the ampersand.

Fatal to Nadav's claim was the fact that unjust enrichment claims require the parties to have some relationship.

As Nadav never pleaded any relationship between the company and Banana Republic, the court deemed this claim to be "fatally deficient."

The next, equally flawed, claim advanced by Nadav was for unfair competition.

Under New York law the essence of an unfair competition claim is that the defendant acted with some element of bad faith.

Precedent dictates that for an unfair competition claim to survive bad faith must be demonstrated.

While Nadav did plead that Banana Republic acted in bad faith by "deliberately and/or intentionally" copying the ampersand, this was merely a conclusory assertion without any factual allegations to back it up.

Thus, as the court noted, the visual similarity between Nadav and Banana Republic's ampersands was insufficient to support an inference of bad faith, and this claim also fell short.

The final claim advanced by Nadav was under Section 349 of the New York General Business Law, which prohibits "deceptive acts or practices in the conduct of any business, trade, or commerce or in the furnishing of any service."

Crucial to such a claim is a showing that a *consumer* suffered a cognizable injury as a result of the alleged action.

Nadav, however, did not allege that any such injury occurred as a result of Banana Republic's misappropriation of the ampersand. Nor, in all likelihood, could it have given that it is unlikely that any such injury occurred.

As the court noted, the core of Nadav's claim is a dispute between businesses, not any harm to consumers.

THE FAILURE OF Nadav's non-IP claims proves the point why IP rights are so important for any company involved in creative industries.

Simply put, IP rights provide the best form of protection against unwanted appropriation.

This is not to say that without such rights one is totally defenseless against bad actors.

If Nadav, for example, had facts showing bad faith on the part of Banana Republic, for instance, their complaint might not have been dismissed.

What it does mean, however, is that the bar to holding such misappropriation to account becomes much higher sometimes insurmountably so.

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