



Increasing Brand Optimality in the Fashion Industry: Commercial and Legal Issues

Thought Leadership | by Titilade Adekun Ilesanmi

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The Nigerian Fashion Industry (NFI) has experienced tremendous growth since professional and focused practitioners entered and began to make their mark more than two decades ago. Unquestionably, clothing, handbags, prints, and shoe designers (Designers) in Nigeria through sheer determination with little input from the government have grown the NFI to a globally- reckoned with force. Nigerian fashion brands are now being showcased in reputable events all over the world and gaining international acclaim; furthermore, they have a trove of international awards to show for it.

The NFI has the potential of becoming one of the main drivers of our economy in the not too distant future, especially given Federal Government (FG) plans to increase Nigeria's non-oil export. With the FG having recently made Creative Industry eligible for Pioneer Status Incentive (a tax holiday of up to five years) the industry outlook is extremely positive and tremendous growth is realisable in the coming years.

To spur growth of the industry, Fashion Practitioners (fashion designers, handbags designers, print designers, shoe designers, fashion executives, fashion houses, distributors, manufacturers, modelling agencies, retailers and photographers etc., (FP)), need to firmly address some lingering legal issues. Some of these include: intellectual property theft, sales promotion issues, distribution challenges, licensing etc. This article seeks to create awareness and highlight some of the salient legal rights, and means of protecting/enforcing these rights around these stay awake NFI issues.

LEGAL FUNDAMENTALS OF THE FASHION INDUSTRY

1. Intellectual Property Right (IPR)

Intellectual Property (IP) in the NFI bothers mostly on *Trademark and Designs* protection. Designers in Nigeria face a complex landscape when it comes to protecting their IP rights. Nevertheless, in order to successfully seek legal redress for infringement of an IPR, the IP must be registered at the Trademarks Patents and Designs Registry. IP registration is jurisdictional, which means that an IP has to be registered in a country in order for it to be legally binding in that country. For instance, an

IP registered in Ghana cannot apply to Nigeria except it is also registered in Nigeria and *vice versa*. However, the [World Intellectual Property Organisation](#) (WIPO) recognises international registration for member states (Nigeria is a member), this means a registered IP will be recognised in any of its member states and will take priority over other applications – **section 27(3) Patents and Designs Act (PDA), Cap. P2 LFN, 2004** and **section 44(1) Nigerian Trademark Act (NTA), Cap. T13 LFN, 2004**.

a. Trademark

According to the NTA, a trademark is a recognisable devise, brand, heading, label, ticket, name, signature, word letter, numeral or a combination of these marks used in relation to goods for the purpose of identifying the goods and some person having the right to use the mark. A trademark becomes registrable where it does not conflict with an existing mark. In **Virgin Enterprise Ltd v. Richday Beverage Nigeria Ltd 52 NIPDJ (CA. 2009) 550/2005**, the Court of Appeal (CA) stated that the defendant's mark "Virgin Table Water" was capable of ordinarily confusing an average man into believing it was a product of Virgin Enterprise



Ltd-the Plaintiff's. Accordingly, **section 4 NTA** provides that all trademarks must be registered and such registration confers on the Designer exclusive control over the use of the mark covered by it and he can sue for its infringement. This position was illustrated in **Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., No. 11-3303 (2d Cir. 2013)**, where on appeal, the Second Circuit CA held that the 'Louboutin Red Sole' trademark was valid and enforceable, but to only those situations in which the red lacquered outsole contrasts in colour with the adjoining "upper" of the shoe.

An unregistered mark on the other hand, prevents a Designer from instituting an action in court for infringement of his trademark, but could successfully bring an

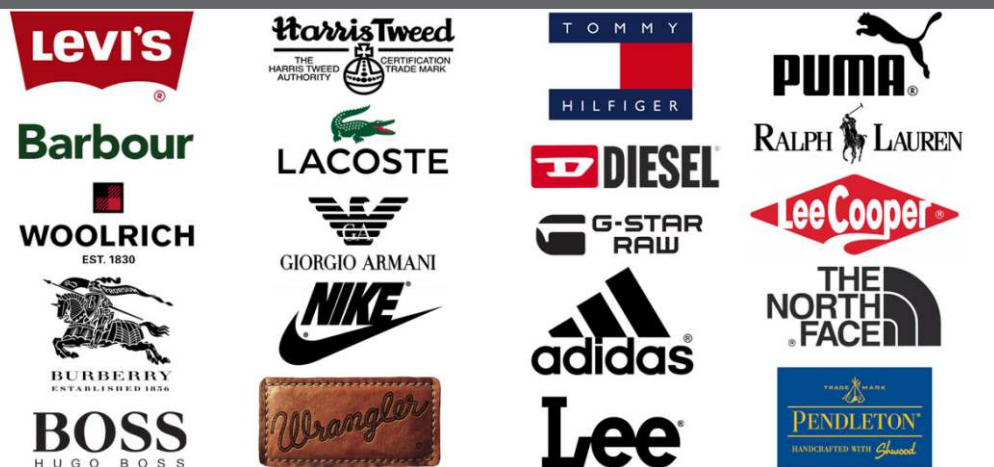
The law seeks to protect brand owners and Designers from undue infringements. Thus, copying or making offshoot or knock-off versions of a Designer's work without the owner's consent would attract compensation. The High Court of Düsseldorf, Germany, upheld this position in the ongoing matter between **Puma SE v. Topshop**, where Puma successfully sought a preliminary injunction from the court to stop Topshop from selling their knock-offs of the **Puma by Rihanna**, models creeper, fur slide and bow slides. According to Puma, Topshop was trading off the established good will of the named brand.

Based on the forgoing, Designers are advised to register novel designs, for protection from infringement and the right to seek legal

To spur the NFI growth, Designers in Nigeria need to collaborate with independent stores through a RS licence agreement permitting a RST to sell their designs. Such licence must however contain provisions like proprietary rights, period of license, royalty payments duties of the RST, non-compete clause, advertising restrictions etc. to ensure that the interests of Designers are protected.

3. Contractual Matters

Contracts identifies rights, intentions, duties, expectations, as well as define party's responsibilities in any engagement. More so, it contains liabilities in the event of non-compliance with its provisions. Nonetheless, some contracts are poorly negotiated due to lack of full appreciation of the commercial points in the contract, and their legal implications. It is advisable to get professional advice when negotiating contracts. This was exemplified by Olanrewaju Onigegewura's recent masterful narration of **Sunday Adeniyi Adeyeye (aka King Sunny Ade (KSA) v. African Songs Ltd** (a 1970s case) in his BlogSpot. The dispute resurfaced in **Suit No. FHC/L/CS/196/97**, where KSA won N500 million damages in 2015 for continuing breach of his copyright (arising from failure by Defendants to return master tapes to KSA, in line with judgement in earlier case and continued reproduction of KSA's works). Both the 1975 and 2015 judgements aptly illustrates Onigegewura's point that "creativity and business goes hand in hand."



action in passing-off of goods - **section 3 NTA**. As a Designer, trademark registration is imperative for the prevention of trademark theft. More so, it increases international recognition of a Designer's brand, whilst allowing the proprietor to obtain remedies such as damages, prohibition, delivery up etc. for infringement.

b. Designs

A registrable design is based on the novelty and originality of a design, however not all designs are registrable (or even expedient from a cost benefits perspective); a Designer should rather focus on ground breaking or revolutionary designs that can prove a Designer's novelty. Upon registration the proprietary rights conferred on a Designer protects unique, conceptual designs and their overlapping interests. According to **section 12 PTA**, a design is: "any combination of lines or colours or both, and any three-dimensional form, whether or not associated with colours..." and it can only be registered by the statutory creator of the design - **section 14 PDA**.

action.

2. Sales Promotion

As budding businesses envision growth and expansion, business risk also increases. However, the business owner must put in place legal and business strategies to mitigate such risks. One of the ways business growth and brand expansion is envisioned is through Retail Sale (RS) outlets.

RS can be described as a license right given to a Retail Store (RST) to sell goods on behalf of a manufacturer for a specified period of time. Retail selling may seem relatively new in Nigeria unlike the UK and US with stores such as: Nordstrom, Macy's, Dillards etc. who sell on behalf of famous brands like Calvin Klein, Jimmy Choo, Tommy Hilfiger etc. The importance of RS in the industry cannot be over emphasised. It helps in the expansion of a Designer's business, it increases the popularity and local credibility of a designer, some consumers prefer to patronise stores that are unique and a part of their community, and it makes purchasing goods convenient where stores are located close to consumers etc.

Some contracts needing emphasis in the NFI include:

Fashion Designer Contract (FDC): This is an agreement between a fashion show organiser and the Designer. Normally one-sided contracts or standard forms are usually used to express rights and duties of parties, still parties might be left dissatisfied with the outcome - FDC should ideally protect the interest of both parties. Terms of an FDC must state, amongst others: the minimum and maximum number of fashion models provided or allowed, provision of makeup artists, types of models needed and provided, rehearsal days, booth provision, photography matters, etc. This is because a breach of any of the agreed terms in writing is a breach of contract and punishable by law.

Another one is a **Celebrity Endorsement Agreement (CEA)**. This involves a Designer making use of a celebrity's name, likeness, and reputation for the promotion of his or her brand. This could be by designing the celebrity's wardrobe for a movie role, television series, marketing events, red carpet interviews, award shows, etc. This arrangement is becoming commonly used in



Nigeria. A CEA protects the Designer whilst ensuring that the model or celebrity keeps to his side of the bargain. An example of this occurred where pictures of Charlize Theron surfaced in the media at a number of societal events wearing a Dior watch in breach of her exclusive contract with Raymond Weil a Swiss watchmaker. Some of the CEA terms must include: exclusivity obligations, specific termination rights, mitigation measures, intellectual property rights etc. If the agreed terms are not documented, there are chances that the terms might be breached, or even misinterpreted and this can lead to conflict. Hence, the need to have documented transactions cannot be over emphasized.

In the same vein, under a Distribution Agreement (DA), a Designer grants a distributor an exclusive or non-exclusive right, to buy, sell and promote its products in a defined geographical area. This agreement is not commonly used in Nigeria for fashion related arrangements, however it is important to note that DA guarantees a well-run distribution network and enhances expansion of a Designer's market. For instance, Luxottica Group is licensed to distribute CHANEL worldwide and Michael Kors (MK) Hong Kong (HK), is licensed by MK New York, to distribute MK in the whole of HK. Some DA terms must include: basis of appointment, the geographical area, duties of distributor and supplier, purchase price, termination etc.

Conclusion

With the emergence of fashion law all legal issues specific to the industry are catered for. Consequently, FPs have legal backing and can enjoy optimal protection. However, irrespective of the contribution of the FG through its incentives to promote NFI growth, Designers also need to embrace and deploy legal provisions to protect themselves in order to commercially reap the fruit the of their labour and attain fulfilment in their careers.

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